

Sustainability Report 2014



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About the Report

As one of Turkey's well-established energy companies, we give priority to solutions that minimize environmental and social risks in all of our production practices. 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.

Scope of the Report

This is our third sustainability report developed and issued in line with the expectations of our employees, customers, creditors, shareholders, and local communities of the regions we operate in. Reflecting our environmental, social, ethical and economic practices and performance in the period between 1 January 2014 and 31 December 2014, this Report covers the performance 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 quality, environment and occupational health and safety (OHS) management systems that combine to form Akenerji Integrated Management System and that are approved and regularly audited by independent accredited institutions.

Boundaries of the Report

The words "Akenerji", "we", "us", and "our Company" mean all Akenerji Group companies listed below. Unless mentioned otherwise, the financial, environmental and OHS performance data stated in this Report cover all Akenerji Group companies listed below as well as 12 power plants operating in Turkey in 2014 and the Head Office in İstanbul. Sustainability practices in a power plant that is still in investment phase is disclosed in the "Responsibility in the Value Chain" section of this Report.

Major Changes That Affect Trends

Among the plants included in the Report, three hydroelectric power plants (HEPP) were put into operation in 2012 and one natural gas power plant (NGPP) started operations in mid-2014. In addition, one NGPP was closed as of the end of 2012 and two more were closed in 2014. Due to such major changes in our operations, meaningful comparison of performance data of the last three years is often not possible. Details of the decrease or increase in figures are given below the related tables and graphs.

Compliance with GRI G4 Guidelines

All processes regarding the collection of data and information as well as the development of the content of the Report have been performed by the Sustainability Committee within Akenerji, with support from independent experts. Scope and depth of the topics mentioned in the Report reflect the results of the materiality analysis made during the reporting period. The content of the Report covers all material and important sustainability issues identified by our stakeholders and Akenerji. This content is in conformity with the G4 "core" application level of the Sustainability Reporting Principles of the Global Reporting Initiative (GRI). This conformity is disclosed in detail in the GRI Index section of the Report.

Feedback

With the goal of issuing a report every year, 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 our sustainability performance and practices.

• E-mail: info@akenerji.com.tr

Akenerji Group Companies Included in the 2014 Sustainability Report: (G4-17)

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, Fekeli II HEPP, Fekeli I HEPP)

Mem Enerji Elektrik Üretim San. ve Tic. A.Ş. (Power plants: Bulam HEPP, Himmetli HEPP, Gökkaya HEPP)

Egemen Elektrik Üretim A.Ş. (Power plants: Erzin NGCCPP)

Investments in Construction Phase:

Ak-EI Kemah Elektrik Üretim A.Ş. (Kemah HEPP)

Other:

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

Note: Ak-EI Yalova Elektrik Üretim A.Ş. and Akenerji Doğalgaz İthalat İhracat ve Toptan Tic. A.Ş., which are both subsidiaries of Akenerji, have not been included in the Report as they were not operative in 2014.

“We, as Akenerji, are proud to be the first energy company in Turkey to issue a Sustainability Report based on G4, the most recent version of GRI Sustainability Reporting Guidelines.”

Ahmet Ümit Danişman
Chief Executive Officer



Message from the CEO



MESSAGE FROM THE CEO

Dear Stakeholders,

I am honored to present you our third Sustainability Report that covers our environmental, social and economic practices and performance in 2014, based upon the fundamental principles of our concept of sustainability. As in previous years, Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) have been the reference point for our Report. In addition, I am proud to announce that, as a company focusing on continuous development, Akenerji has been the first energy company in Turkey issued a Sustainability Report based upon the most recent G4 version of GRI Sustainability Reporting Guidelines.

In parallel with global economic fluctuations, 2014 has been a difficult year especially for developing countries and Turkey. During 2014, a combination of factors including fluctuation of foreign exchange rates, interruptions in natural gas delivery and existing subsidies, drought and the decrease in the demand for electricity has negative impact on the energy industry. This is especially true for recently built power plants that are under the heavy burden of paying large sums of debts.

Despite such negative impacts in 2014, the contribution of industry to the economic growth will be the determining factor for electricity demand in 2015. In terms of electricity consumption per capita, Turkey still maintains its potential for growth in demand thanks to its dynamic structure that has not yet reached the level of OECD and EU economies.

In order to maintain its strong position in the industry and secure the supply of electricity more efficiently, Akenerji aims to preserve its well-balanced portfolio in 2015. To fulfill this aim, Erzin Natural Gas Combined Cycle Power Plant (NGCCPP), construction works of which has started in late 2011, was completed and started operations with a capacity of 904 MW in the third quarter of 2014. With an annual energy generation capacity of 7.2 TWh, Erzin NGCCPP is the largest investment made by our Company in a lump. Doubling its installed capacity with this huge investment, Akenerji ceased operations in power plants with lower efficiency -such as Kemalpaşa and Bozüyük- taking the existing market conditions into consideration.

As 2015 is expected to be a tough year both in Turkey and the world in terms of economy, Akenerji will continue its optimization and risk management practices initiated in 2014 and thus not only operate more productively and with the cost-efficiency required by the current rules of competition thanks to its increasing volume of trade, but also better adapt to the changing conditions.

We, as Akenerji, support transition to the low-carbon economy that aims to combat the global issue of climate change. Within the scope of this support, we give priority to environment-friendly and high-tech power plants. We also support our customers' environmental efforts by offering "Carbon-Neutral Electricity" that provides emission mitigation certificates to neutralize the carbon footprints caused by the use of electricity. As a voluntary member to the CDP Turkey Climate Change Program since 2011, we have been reporting our climate strategy and carbon emissions performance to international investors.

I also would like to remind that within the scope of ISO 9001 Quality, ISO 14001 Environment, TS 18001 OHS Management Systems, we have achieved "zero nonconformity" in independent audits and internal quality, environment and OHS provisions in all our processes.

In 2014, we continued to provide trainings to protect the health and safety of local communities within our power plants' regions. Awareness-raising trainings were given to a total of 1,026 students and 61 teachers in 2013 and 2014 to provide information on hydroelectric power plants and answer questions on potential hazards. In addition, our employees were given 2,741 man.hour of OHS training in 2014.

As in previous years, we have again paid special attention to including not only the material and important issues for Akenerji, but also those that are material to our stakeholders.

I kindly invite all stakeholders to share their feedback and suggestions in order to support us in improving our sustainability performance and communication.

Sincerely,

Ahmet Ümit Danişman
Chief Executive Officer

Company Profile

About Akenerji

Akenerji in Figures

Operations Map

Breakdown of Installed Capacity by Source

Shareholder Structure of Akenerji

As a company with one of the largest customer portfolios in its industry, Akenerji takes determined steps to reach its aim of becoming the leading energy company in the country. Our Company identifies its goals with full awareness of the responsibility of energy companies in creating a safe future.

About Akenerji

Well-established and leading company in the energy sector

As a member of the Akk k Group of Companies, Akenerji started its operations in 1989 as an auto producer and has today become one of the leaders of the energy sector. Akenerji underwent a status change in 2005 to become an independent generation company.

Akenerji is a symbol of foresight and stability with its advances especially in the field of renewable energy sources. Akenerji reached a renewable energy installed capacity of 388 MW with the activation of three hydroelectric power plants successively in 2012. The Company's progress achieved by closely monitoring market conditions sets an example to the power generation sector.

With its flexible and dynamic structure that rapidly conforms to global competition conditions, its visionary strategy and its adherence to international standards in business processes, Akenerji has always distinguished itself on various platforms since its establishment. Thanks to such characteristics that reinforce its position in the industry, Akenerji has been on the list of "Turkey's 500 Largest Industrial Establishments" released by the Istanbul Chamber of Industry uninterruptedly since 1993.

Guarantee of the future: Renewable energy resources

In full awareness of the responsibility of energy companies in creating a safe future, Akenerji shapes its objectives accordingly. Considering its environmental and social responsibility in every step it takes for 25 years, Akenerji sets an example to the industry with its sensitivity towards modern energy generation solutions. Therefore, the Company supports clean and sustainable energy resources and employs environment-friendly and efficient technologies in energy generation. In addition to natural gas, Akenerji also makes large-scale investments in renewable energy sources. Thus, we aim to reach a well-balanced portfolio and manage fuel supply risk by diversifying our energy sources.

Akenerji started its investments in renewable energy sources by participating in the first hydroelectric power plant tenders held by the Energy Market Regulatory Authority (EMRA) in 2005.

Ayyıldız Wind Energy Power Plant started operations in 2009, as the first renewable plant of Akenerji. This initiative continued with successful launches of Akocak, Bulam, Bur  Bendi, Feke II and Uluabat Hydroelectric Power Plants (HEPP) in 2010 and of Himmetli , Feke I and G kkaya HEPPs in Adana in 2012. Thus, the share of the renewables in the total installed capacity of Akenerji increased to 30% as of the end of 2014.

One of the most important investments of Akenerji in this field is the acquisition of  kale Enerji Elektrik  retim ve Tic. A. . in 2010. The acquired company possesses the license of Kemah Dam and HEPP, which has an installed capacity of 160 MW. Kemah Dam and HEPP is the largest HEPP project in the portfolio of Akenerji. Project designing process of Kemah Hydroelectric Power Plant Project, the installed capacity of which is increased from 160 MW to 198 MW, continued in 2014.

Contributing to the Turkish energy industry with its pioneering and modern energy generation solutions, Akenerji continues to work on renewable energy sources to build a safer future.

Strong partnership, appropriate investments

The cooperation between Akk k and Czech energy company  EZ became an equal-share strategic partnership in Akenerji in October 2008. The first investment of this strong partnership has been the Erzin Natural Gas Combined Cycle Power Plant. Described as a "bold and robust step" in a fluctuating global economy, Erzin NGPP started operations in the third quarter of 2014. Doubling its installed capacity with this investment, Akenerji decided to close its natural gas power plants with less productivity –namely those in  erkezk y, Kemalpa a and Boz y k– taking the current market conditions into consideration.



High performance through accurate market analyses

Being one of the most well-rooted energy generation and sale companies in Turkey with an expertise of over 20 years, Akenerji had a very successful year in 2014 in terms of energy trade. In wholesale operations, the company traded not only the electricity generated in existing power plants, but also the energy supplied from other market players. Akenerji increased its wholesale electricity trade transaction volume approximately 1.5 TWh compared to 2013 and reached 9.1 TWh to reinforce its leading position.

Akenerji's expert staff offer accurate analyses, products and services tailored to the needs of customers in the retail sector by identifying the respective sectors of its customers. Being an expert, innovative and reliable company, Akenerji Retail devised Carbon-Neutral Electricity products and services for its existing and potential customers. Announced with the motto "Smart Power", these products and services aim to reinforce the leading position of Akenerji in the industry as well as to add value to stakeholders by preserving the bond with the nature.

Mission

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

Vision

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

Corporate Values

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

Akenerji in Figures

Current Installed Capacity

Electricity: **1,292 MW** (Natural gas, hydroelectric and wind)

Steam: **273 ton/h**

Services

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

Operating Power Plants as of 2014



Number of Employees

255 

Note: As of the end of 2014

Investments in Project Phase

198 MW (Hydroelectric)

2014 Turnover

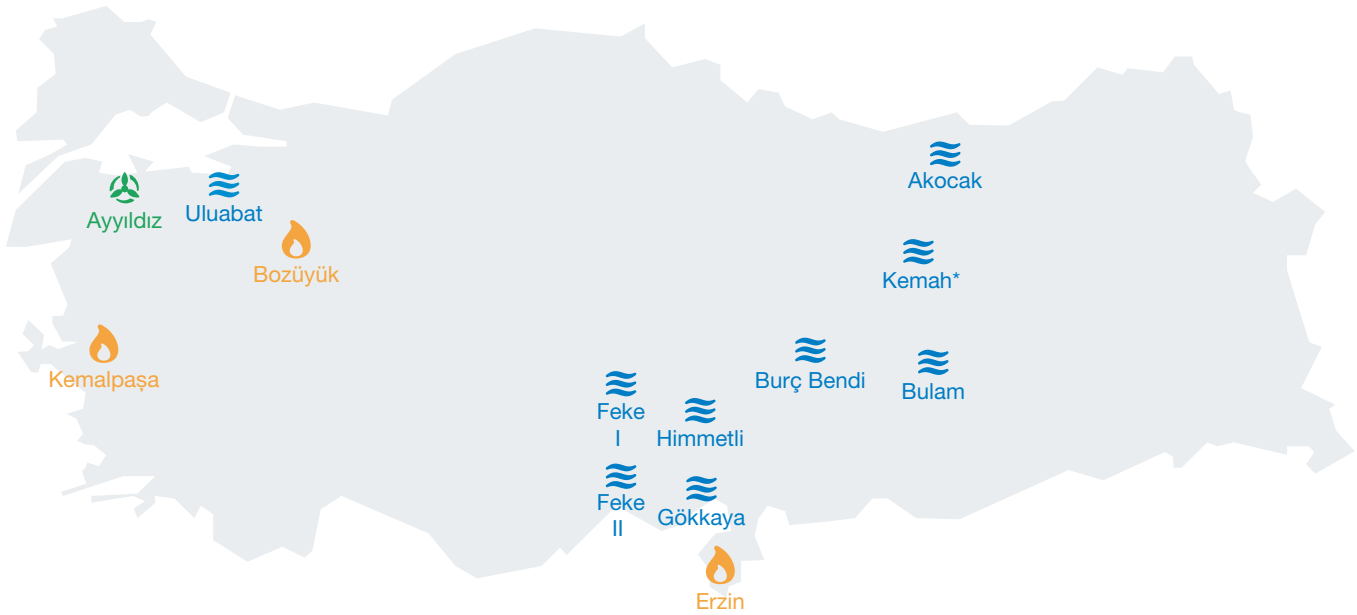
TL 1,125 million

Operations Map

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



COMPANY PROFILE



Wind



Hydroelectric

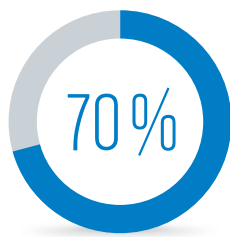


Natural Gas

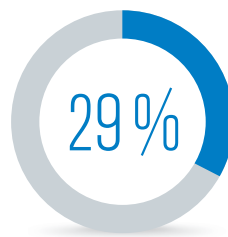
* Kemah Plant is in project phase.

Breakdown of Installed Capacity by Source

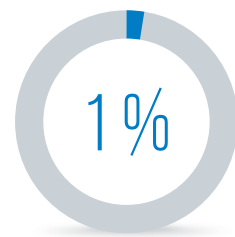
Installed Capacity as of the end of 2014



Natural gas



Hydroelectric



Wind

Installed Capacity



1,292 MW

Installed Capacity

Power Plants
in Operation

Commercial
Operation Date

 Erzin NGCCPP	2014	904 MW
 Bozüyük NGPP *	1997	132 MW
 Kemalpaşa NGPP *	2005	127 MW
 Ayyıldız WPP	2009	15 MW
 Akocak HEPP	2010	81 MW
 Bulam HEPP	2010	7 MW
 Burç Bendi HEPP	2010	28 MW
 Fekeler I HEPP	2012	30 MW
 Fekeler II HEPP	2010	70 MW
 Gökkaya HEPP	2012	30 MW
 Himmetli HEPP	2012	27 MW
 Uluabat HEPP	2010	100 MW

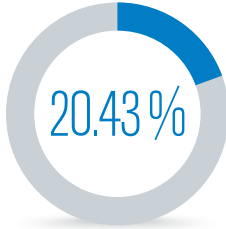
* Ceased operations in 2014.

Investment in Project Phase

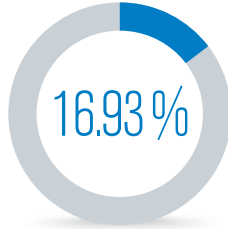
 Kemah HEPP	198 MW
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Shareholder Structure of Akenerji

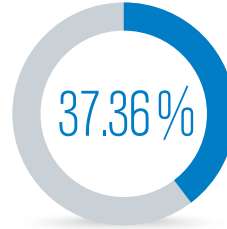
Akenerji has a paid capital of TL 729,164,000 and the main investors are Akkök Holding and ČEZ a.s. The shareholder structure is given in the chart below.



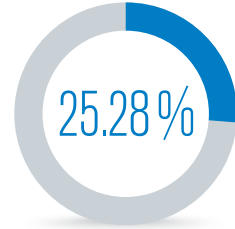
Akkök Holding
A.Ş.



Akarsu
Enerji Yatırımları
Sanayi ve Ticaret
A.Ş.



ČEZ a.s.



Free-float



Akkök Holding

Founded in 1952 by the late Mr. Raif Dinçkök, Akkök Holding is one of the most well-rooted corporations in Turkey with its 62 years of experience. Currently operating in the chemical, energy and real estate sectors, the Holding consists of 17 commerce and industrial companies, including one located overseas and 18 production facilities. Closely monitoring the developments in foreign markets in the related industries, Akkök Holding aims to reach global competition and standards with all of its subsidiaries.

Akkök Holding creates employment in industry, generates value and makes investments not only for today, but also for the future. Sustainable growth and social responsibility have been the determining factors in setting a roadmap for the Holding. At the same time, the concept of corporate governance which is defined by fairness, transparency and accountability and has gradually gained vital significance is an indispensable value in all operations of the Holding companies.

By signing the United Nations Global Compact in 2007, Akkök Holding reinforced its principles of transparency and accountability within all subsidiaries. The Holding establishes all relationships with social stakeholders (mainly employees, customers, suppliers, and shareholders) based upon these two fundamental principles. All companies within Akkök not only fulfill their financial liabilities, but also add value to the society, environment and economy in every operation performed as a corporate citizen.

ČEZ a.s.

Headquartered in the Czech Republic, ČEZ a.s. operates mainly in generation, distribution and sale of electricity and heat. The company also has operations in sale of natural gas and coal extraction. The largest shareholder of ČEZ is the Czech Republic with 70% stake in the Company's shares.

In addition to its operations in Turkey and the Czech Republic, ČEZ also has a number of subsidiaries in Poland, Bulgaria, Romania, Hungary, and Slovakia that generate, distribute and sell electricity.

Strong ethical standards that identify the operations of ČEZ include responsibility towards its employees, society and environment. Operating in line with sustainable development principles, ČEZ not only supports energy efficiency and new technologies, but also creates a suitable environment for professional development of its employees.



Our Approach to Sustainability

Our Approach

Sustainability Management

Our Policies and Principles

Dialogue with Stakeholders

Material Sustainability Issues

Corporate Memberships

Milestones in 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

The fundamental of our approach to sustainability is to operate to create value for our stakeholders while minimizing our environmental and social impacts. While doing this, we do not compromise our standards of quality, ethics, corporate governance and customer satisfaction. We support clean and sustainable energy sources to create a safer future for Turkey and the world. By investing in renewable energy sources and high-efficiency technologies, we provide safe, economical, environment-friendly energy to our customers. Our corporate policies and principles that are developed based on international standards and approaches include Quality, Environment, OHS and HR policies and Ethical Principles.

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, which are not financial but definitely of great influence to our Company's reputation and profitability.

In our operating power plants, the Directorate of Environment, Quality and Occupational Health and Safety that operates under the Production Assistant General Manager is responsible for the management of environmental and social issues. Project teams assume the responsibility in the management OHS performance during the period between project designing and operational phase of power plants. Key environmental and social performance data of our power plants and project areas are reported to the Board of Directors. In addition, annual or periodical environmental and social performance monitoring reports and annual sustainability reports prepared in line with the principles of the institutions that we are signatories to and that are required by agreements are also reported to the Board of Directors via the Executive Board.

All practices regarding the employees, such as recruitment, training, performance management, are managed by the Directorate of Human Resources. Corporate management and business ethics issues are mainly the responsibility of the Directorate of Corporate Management.

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, related units consider potential environmental, social and economic impacts of actions in an integrated way.

Units represented in Akenerji Sustainability Committee:

- Health, Safety, Environmental and Quality (HSEQ)
- Fuel Supply and Power Plant Coordination
- Human Resources
- Energy Trading
- Strategic Planning and Risk Management
- Corporate Communications
- Sales & Marketing
- Legal Affairs
- Financial Affairs
- Procurement



Our Policies

Quality Policy

We work to provide our customers with reliable, economical and environment-friendly energy while efficiently meeting the increasing demand with our quality-focused approach. In line with our quality policy, we, as Akenerji, are committed to:

- Becoming the leading company in the competitive market by diversifying fuel sources in line with changing global and domestic conditions,
- Improving our efficiency by integrating state of the art technologies into our processes which are dependent on sectoral developments,
- Producing and supplying energy in accordance with applicable laws by closely monitoring the changing conditions in the energy sector and our country,
- Considering each employee as the greatest "source of energy", we are committed to encourage employees to become team members who are able to develop and refresh themselves in multiple aspects,
- Believing that this team approach will allow Akenerji to create a quality workforce that will attract top talent and set an example for the sector,
- Operating and continuously improving our business processes in line with company objectives,
- Offering each of our stakeholders the privilege to work for a transparent and reliable company.

Environmental Policy

To create a future as bright as today, we always aim to operate with an environmentally sensitive approach. In line with our environmental policy, we are committed to:

- Using energy sources and natural resources in the most efficient manner,
- Minimizing our emissions by choosing the best available and environmentally friendly technologies,
- Following greenhouse gas emissions by implementing effectively Carbon Management,
- Minimizing our waste through efficient use of resources and by complying with the applicable regulations in the systematic collection and disposal of waste,
- Discharging our wastewater in the most environmentally friendly manner possible,
- Continuously improving our processes which has environmental impact through pollution prevention within sustainability approach,
- Fulfilling our legal obligations and responsibilities involving environmental aspects as well as other conditions and also becoming involved in activities that allow us to set new standards which are appropriate for the requirements of our era,
- Ensuring that our stakeholders, especially our employees, are trained to become environmentally conscious individuals.

OHS Policy

Our occupational health and safety policy is based upon the value we attach to humans. In line with our OHS policy, 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 relevant conditions and technical developments,
- Providing all of our stakeholders with an awareness of possible risks in order to take the necessary measures required to protect themselves against these risks,
- Conducting trainings to ensure that we have the necessary knowledge, attitude, and experience to undertake our roles in a safely manner,
- Reviewing possible emergency procedures and preparing necessary action plans to ensure the safety of our stakeholders,
- With commitment and leadership of our managers and effective participation of our employees;
- Promoting physical and mental wellbeing of our employees and working conditions,
- Conducting regular risk assessments to continuously improve our performance on occupational health and safety.

Human Resources Policy

Fundamentals of our human resources policy are as follows:

- Providing equal opportunities for everyone.
- Employing and assigning the right people to the right positions.
- Equal payment for equal job/the affect of performance and capability.
- Evaluating success in terms of performance and competencies; improving productivity by creating motivation and loyalty.
- Timely recognition and appreciations of others' success.
- Increasing efficiency by ensuring sustainable labor peace.
- Informing promptly, accurately, openly and multi-dimensionally.

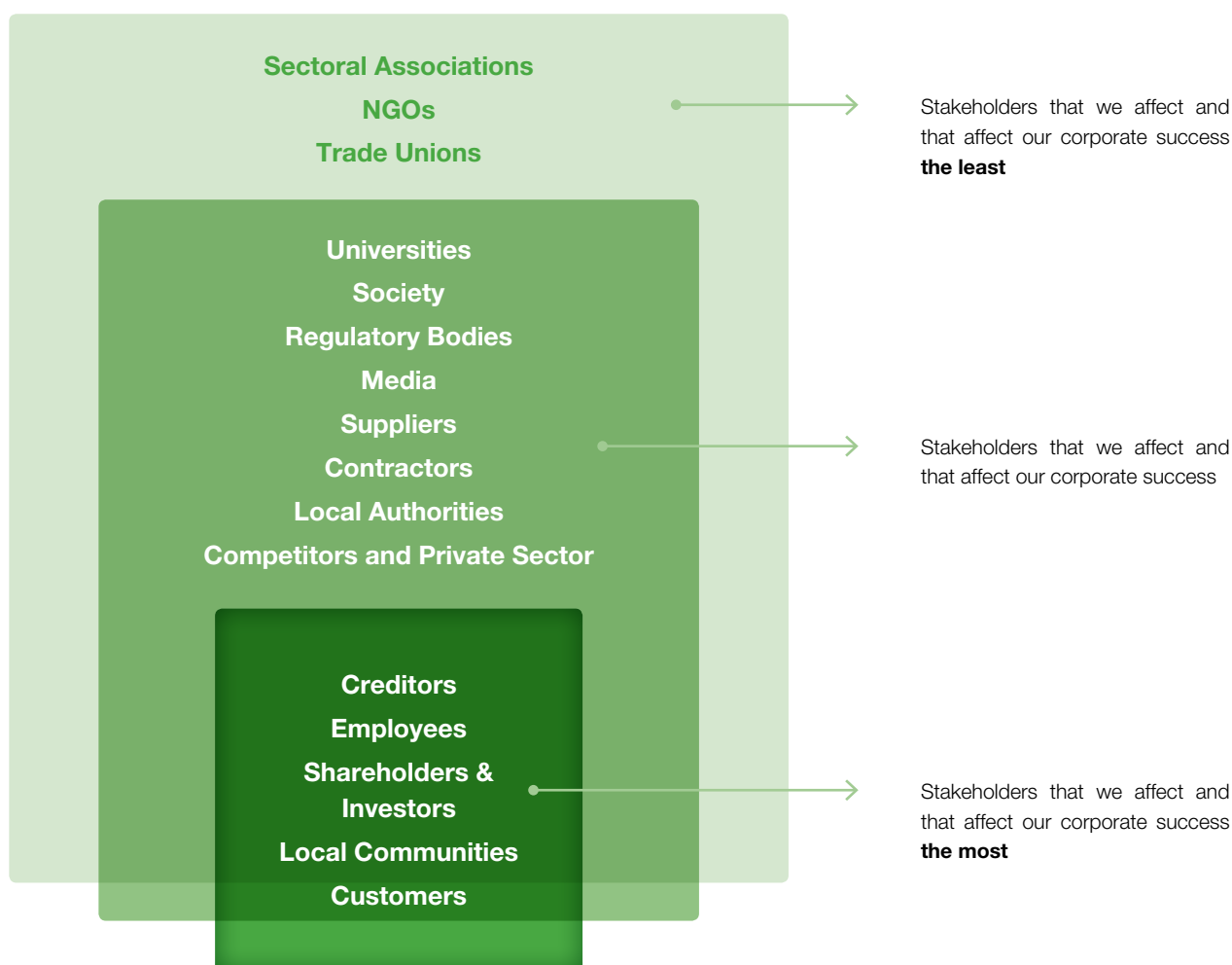


Dialogue with Stakeholders

Our Stakeholders (G4-25)

Our stakeholders are companies and institutions as well as people and communities that influence or are influenced by the operations of our company. In order to identify material sustainability issues, we held a “Stakeholder Analysis and Materiality” workshop with the participation of Sustainability Committee members in January 2014. We updated the outcomes of this workshop in December 2014, based upon our changing priorities and reporting standards. We re-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/investors, creditors, and local communities were identified as stakeholders that we affect and that affect our corporate success the most. On the other hand, stakeholders with secondary materiality in terms of sustainability include regulatory bodies, media, and local authorities.

The graph below indicates the level of interaction with stakeholders, with the ones in the center having the greatest influence.



Dialogue Platforms with Stakeholders (G4-24, G4-26, G4-27)

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 also inform our stakeholders regularly through our corporate website, annual reports, sustainability reports, and CDP Climate Change Program reports.

Dialogue Platforms with Stakeholders (G4-24, G4-26, G4-27)

Stakeholders	Stakeholder Engagement Platform	Content/Practice	Period of Dialogue
Employees	Quality, Environment and OHS suggestion system	Power plant employees share their opinions and suggestions mainly in technical issues.	Suggestions are reviewed at monthly Quality-Environment-OHS Committee Meetings.
	"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.	All suggestions are evaluated by the Human Resources Department every two months.
Customers	Customer satisfaction surveys	We hold surveys to evaluate expectations and satisfaction of Akenerji customers.	Questionnaires are given at the end of each year.
	Customer visits and brochures	During customer visits, we introduce products such as Smart Electricity and Carbon-Neutral and we deliver related brochures.	During customer visits.
Creditors	Annual monitoring reports	We regularly present Environmental and Social Performance Monitoring Reports to creditors.	Information is shared and site visits are made continuously.
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.	Information is shared regularly and continuously.
	Informative brochures and trainings	We prepare brochures to explain potential hazards and proactive prevention ways for local communities. We also transfer this information through trainings and answer questions of the local people.	Organized according to plan every other year for each plant.
	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.	Frequency of communication depends on the questions coming from local communities before the investment and during construction.
Investors	Meetings, informative messages, and investor presentations	We reply inquiries of responsible investors on the performance and practices of Akenerji. An annual report is issued within the scope of CDP Climate Change Program.	Current information is shared continuously in the "Investor Relations" section of our corporate website. In addition, inquiries sent to info@akenerji.com.tr are replied.
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.	Dialogue with regulatory bodies is established through meetings of sectoral associations that we are members to.
Contractors	Meetings, performance evaluation reports	We regularly monitor (both verbally and in writing) environmental and OHS performance of contractors working in power plant construction site.	Monthly.
Suppliers	Supplier evaluation	While selecting a supplier, existence of Quality, Environment and OHS Management Systems are a part of the evaluation procedure.	Applied in every procurement process.
Society and the media	Press releases	We issue press releases and give interviews on our recent sustainability practices and performance.	When needed, depending on the agenda of our Company and the market.

Platforms to Share Our Approach to Sustainability and Related Practices



OUR APPROACH TO SUSTAINABILITY



Material Sustainability Issues

(G4-18, G4-19, G4-20, G4-21)

At the “Stakeholder Analysis and Materiality” workshop we held with the participation of the representatives of the Sustainability Committee in preparation to our 2013 Sustainability Report, we evaluated the material sustainability issues. During this workshop, we assessed not only the sustainability issues with the greatest influence on our corporate success and stakeholders, but also the issues which our stakeholders -that are most influenced by our operations and that have most influence on our corporate success- care about the most and would like to have information about. As we improved the content of our Sustainability Report 2014 from GRI G3 version to G4, we renewed our material issues list for compliance with the

new criteria. By implementing the GRI Reporting Principles on Identifying Content of the Report, we refreshed the materiality matrix of the previous year in line with our changing corporate priorities, stakeholder expectations and new elements in G4 version.

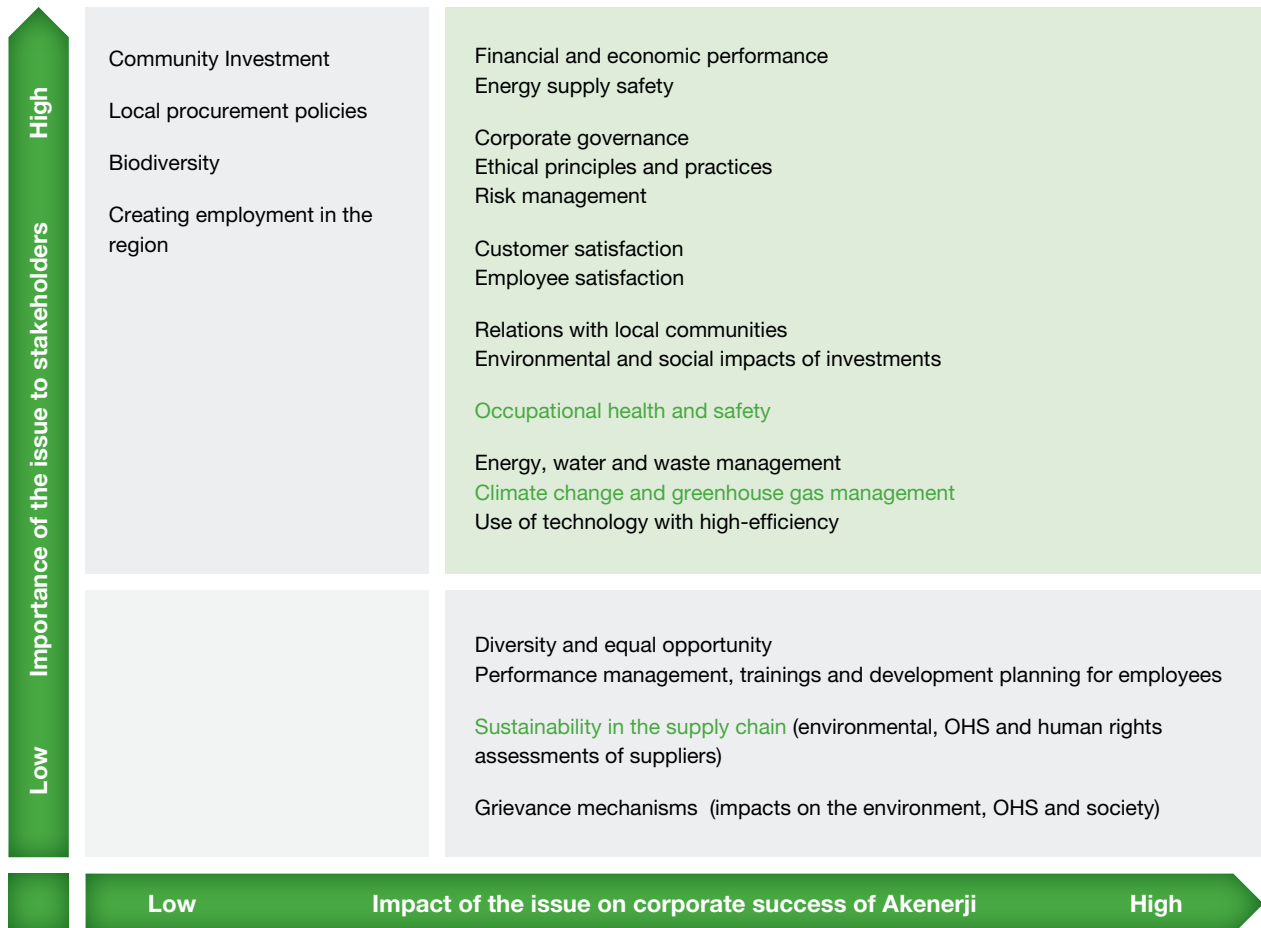
In this Report, we focused especially on policies, practices and performance issues that are material for Akenerji and our stakeholders. These issues are given in the upper right corner of the matrix.

In addition, we also included our practices and performance in issues that are important to stakeholders (issues given in the upper left corner of the matrix) and those that have strong influence on the corporate success of Akenerji (issues given in the lower right corner of the matrix).

Finally, in line with GRI G4 reporting principles, we also evaluated all elements in terms of our supply chain. For instance, occupational health and safety is material not only for Akenerji employees, but also for contractor employees. Therefore, the information on OHS performance and practices in this Report covers contractors as well. Issues that are outside the corporate boundaries of Akenerji that

are still material are emphasized in green and detailed information is provided in related sections of the Report.

Issues listed in the upper right corner of the graph are identified as “Primary Material Issues” in GRI G4 index at the end of the Report, whereas those in the other quadrants are “Secondary Material Issues”.



Note: The issues given in the four quadrants above are not listed in terms of importance.

Note: The issues given in green are those also material for our supply chain.

Corporate 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.

Initiatives We Take Active Part In

Within the framework of the global initiative of **CDP Climate Change Program**, 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** (2011) that was launched by the Ministry of Environment and Urban Affairs to establish voluntary carbon markets and register ongoing projects.

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 **Borsa İstanbul (İstanbul Stock Exchange-BIST) Sustainability Index Project** aimed to ensure that major Turkish companies compete successfully in global markets. The Index was put into practice in November 2014 for BIST-30 companies. As BIST-100 companies will be included in the Index in the future, we will continue to improve our sustainability communication in consideration of the requirement for transparency.

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
- World Energy Council Turkish National Committee (DEK-TMK)
- Association of Electricity Distribution Services (ELDER)
- Electricity Producers Association (EÜD)
- Endeavor Association

- Energy Traders Association (ETD)
- Hydroelectric Power Plants Industry and Business Association (HESİAD)
- Corporate Risk Management Association
- Petroleum Platform Association (PETFORM)
- Windpower and Hydropower Plants Businessmen's Association (RESSİAD)
- Sabancı University İstanbul International Center for Energy and Climate (IICEC)
- Hydro Energy Association (HESİAD)
- Association of Turkish Electricity Industry (TESAB)
- Turkish Association of Human Resources Management (PERYÖN)
- Turkish Wind Energy Association (TÜREB)
- Turkish Industry and Business Association (TÜSİAD)
- International Investors Association (YASED)



Milestones 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 recent milestones in sustainability efforts are listed below.

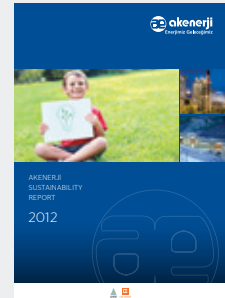
2014

- In 2014, the transparency level of our CDP report that covers greenhouse gas emissions and our climate change strategy scored 85 out of 100.
- The second Sustainability Report of Akenerji, covering our sustainability practices and performance in 2013, was prepared within the scope of GRI G3 Guidelines and received B-application level approval from GRI.
- ISO 9001, ISO 14001 ve TS 18001 Management System certification processes of all active power plants were completed with zero nonconformity.
- Two seminars were given to students and teachers in the cities of Adıyaman and Trabzon to inform the public on potential dangers of HEPPs and ways of protection.



2013

- At the Aegean Chamber of Industry Environmental Awards announced in December 2013, 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.
- With our new CDP Climate Change Program 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 issued within the scope of Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.



2012

- Akocak, Uluabat, Burç Bendi, Bulam, and Fekke 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.

Corporate Governance & Risk Management

Corporate Governance

Ethical Practices

Ensuring Efficient Business Processes

Risk Management



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

Corporate Governance

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. In accordance with our approach to corporate governance, we pay utmost attention to implement the principles stipulated by the Capital Markets Board (CMB) in its Corporate Governance Principles.

Shareholder and Investor Relations

Our relations with shareholders and investors are managed by the Investor Relations Division. The Division 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 Division, 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 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 emails 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 Investor Relations Division can be obtained from our website.

Public Disclosure Policy

Akenerji Public 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:
www.kap.gov.tr/en/home.aspx
- Corporate Website:
www.akenerji.com.tr/Eng
- e-GOVERNANCE - Corporate Governance and Investor Relations Portal of the Central Securities Depository Institution:
www.mkk.com.tr/wps/portal/MKKEN

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, 2014, 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 of Directors
Tomas PLESKAC	Vice Chairman of the Board of Directors
Raif Ali DİNÇKÖK	Member of the Board of Directors
Peter BODNAR	Member of the Board of Directors
Ahmet Cemal DÖRDÜNCÜ	Member of the Board of Directors
Petr STULC	Member of the Board of Directors
Hamdi Yaman AKAR	Member of the Board of Directors
Martin PACOVSKY	Member of the Board of Directors
Ahmet Ümit DANIŞMAN *	Member of the Board of Directors/ General Manager
Vratislav DOMALIP *	Member of the Board of Directors/ Deputy General Manager
Hakan AKBAŞ	Independent Member of the Board of Directors
Jiri SCHWARZ	Independent Member of the Board of Directors
* 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)

2012		2013		2014	
Male	Female	Male	Female	Male	Female
10	0	12	0	12	0

Distribution of Board Members by Age (number of members)

2012			2013			2014		
Under 30	30-50	50 and Over	Under 30	30-50	50 and Over	Under 30	30-50	50 and Over
0	5	5	0	5	7	0	5	7

Our Board of Directors is composed of members with and without executive duties. The members without executive suites 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 workflow 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 2014. 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. None of the members of the Board of Directors casted a vote against any decision in the meetings in 2014.

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 Akenerji. Resumes of the Board members are included in the General Assembly information document and submitted for the shareholders' information.

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 of Directors.

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 Investor Relations Division.

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 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 Members 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 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 Detection of Risk Committee are established in accordance with the capital market legislation. Early Detection of Risk 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. These committees reporting to the Board are have the authority and responsibility in taking decisions on economic, environmental and social issues on behalf of the Company.

Committee Members reporting directly to the Akenerji Board of Directors as of December 31st, 2014 are as follows:

Corporate Governance Committee

Name	Title
Jiri SCHWARZ	Chairman
Hamdi Yaman AKAR	Member
Jindřich WEISS	Member
Serhat Ergin BAYKARA	Member
Özge ÖZEN	Member
Vakhtang DARCHIASHVILI	Member

Audit Committee

Name	Title
Hakan AKBAŞ	Chairman
Jiri SCHWARZ	Member

Early Detection of Risk 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 six members, two of whom are non-executive members of the Board of Directors and four are executives of the Company. 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, during remuneration of independent members of the Board of Directors, stock options or payment plans based on the Company's performance are not employed. Wages of the independent Board members are set during the General Assembly by making sure that they are at a decent level that ensures 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 for the Board and Senior Executives 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 Holding A.Ş. and CEZ a.s. 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 practice, 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 Information Documents" drawn up to include aspects stated in the Communiqué of Corporate Governance by Capital Markets Board (CMB) are issued prior to General Assembly meetings.

Our shareholders have the opportunity to inform the Investor Relations Division 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, our website is designed and updated in compliance with the Turkish Commercial Code and the Communiqué of Corporate Governance by CMB. 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.

Ethical Practices

Akenerji considers adherence to the Ethical Principles as a prerequisite in all operations and a cornerstone in the corporate culture. All employees, including the Board, are expected to abide by Akenerji Ethical Principles while working.

Our Ethical Principles are prepared in accordance with the Turkish regulations and laws and by considering the best practices in the world. Compliance with these principles are ensured and monitored through the Ethical Principles Procedure and Personnel Regulations. Our Ethical Principles Procedure covers anti-corruption measures and is shared with all employees through our document management system. Compliance with all Company procedures and regulations including the Ethical Principles is an integral rule in our Personnel Regulations. 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.

Employees who believe to have witnessed acts non-conforming to our Ethical Principles can e-mail their complaints to etik@akenerji.com.tr and request further investigation of the issue.

Ethical Principles Training

We started to provide Ethical Principles training to employees in the second half of 2014. A total of 110 employees in all operating sites of Akenerji attended these trainings. Informative trainings for Head Office employees are planned to be completed in 2015. In addition, Compliance with Ethical Principles Procedure became a part of the orientation program in 2014. This practice ensures that every new employee is informed on our Ethical Principles.

Ensuring Efficient Business Processes

We, as Akenerji, launched a project named ATOM (Akenerji Target Operating Model) in the second half of 2013 with the aim of establishing an Operational Model that is required to maintain and improve our competitive advantages in the changing market conditions. The main objective of the project is to review and organize the operating model of our Company (which has been developing even faster than the energy industry itself) by taking future strategies into consideration as well.

Our project adopts three perspectives – namely, organizational structure and governance model, business processes, and implementation model for information technologies. In the first quarter of 2014, we completed the first phase of the project and made some organizational changes. Then we launched the implementation of 22 complementary projects that have been prioritized and scheduled. As planned, the resulting Corporate Governance, Strategic Planning and Purchasing practices were put into effect in 2014. Other planned practices of this long-term project will be activated in 2015. The aforementioned practices are grouped as Risk Management, Strategic Planning, Corporate Governance, Sales, Trade and Customer Support, Purchasing, Operations/Production, Change and Transformation, Information Technologies, and Human Resources.

Although not a direct objective of the project, additional areas of development in Finance, Human Resources, Information Technologies and Risk Management were identified during the project designing period or due to changes in the market. Additional areas of development in Finance were also completed in 2014 as planned. Projects that require longer terms are continuing.

Risk Management

Risk Management Department was established in 2012 with the 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 the Board of Directorate and in compliance with the shareholders' risk appetite. With the Enterprise Risk Management (ERM) project initiated in 2012 and completed in 2013, risk inventories were formed in the Company which enabled the creation of a corporate risk map and the description of roles and responsibilities. Akenerji Risk Appetite Statement was then approved. The Risk Appetite Statement declares that there is zero tolerance in the areas of compliance, corporate governance, reputation, health, safety, security, environment and financial reporting and all activities in Akenerji are executed accordingly.

The Company Risk Inventory is updated 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 Unit supports all business units and power plants by executing risk assessments by key risk indicators and incidents.

As competitive market conditions became more severe and the trade volume increased with the activation of Erzin Natural Gas Combined Cycle Power Plant in the third quarter of 2014, Akenerji launched market risk and credit risks projects in 2014 with the aim of operating more efficiently and with more competitive costs as well as adapting more easily to changing market conditions. These projects will continue in 2015.

Ethical Principles

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 distinguish 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.

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.

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.

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.

"As of the end of 2014, half of our employees received Ethical Principles training."

Responsibility in the Value Chain



Our Approach

Investment in Project Phase

Customers

Suppliers



We operate responsibly in full awareness of the fact that our environmental, social and economic responsibility reaches far beyond our own plants and employees and also cover our suppliers and customers.

Our Approach

Our sustainability practices and expectation of high-performance have a direct influence on our customers and suppliers which are significant stakeholders within our value chain. With the smart electricity solutions we offer to our customers, we support them in improving their own sustainability performance. We encourage contractors and other suppliers working on projects and construction to operate with high-sustainability standards.

Investment in Project Phase: Kemah Dam and Hydroelectric Power Plant

Kemah Dam and HEPP project, which is implemented by Akenerji to add value to the Turkish economy and the energy sector, is an indicator of the importance that we attach to renewable energy generation.

The project engineering works for the power plant to be established near the town of Kemah, in Erzincan, continued in 2014. 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. This report was approved and "EIA Positive" certification was given to the project in February 2014. With this certification, Energy Generation License of Kemah Plant was amended as 198 MW.

In addition, we completed the basic design works of Kemah HEPP Project and continued to work on preparing technical specifications of construction works and electro-mechanical works. We aim to submit basic design to the approval of State Hydraulic Works (SHW) in 2015.

Before initiating the acquisition process for the lands within the scope of our Kemah Dam and Hydroelectric Power Plant project, in the last quarter of 2014 we launched 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 2019, the project is expected to generate 547 GWh of electricity per year.

Customers

With our investments in renewable energy to achieve a variety of sources in energy generation as well as with the activation of 904 MW Erzin NGCCPP in 2014, our installed capacity reached 1,292 MW. Thanks to the contribution of our well-balanced energy generation portfolio, today we operate as one of the largest private energy companies in Turkey and have a leading role in the retail and wholesale electricity market with the support of our high-generation capacity.

Akenerji Retail not only sells electricity to industrial and commercial customers that are classified as independent consumers, but also steers the industry with the effective solutions and services it offers by considering rapidly-changing market dynamics.

Our Company closely monitors the needs of customers and supports their business operations with the strategies it devises through accurate analyses. We have improved our customer portfolio thanks to the products and services we offer within our "Smart Power" approach, which is created as a result of such analyses.

Regional Sales Project that we launched in 2012 expanded in 2014 and we 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. In 2015, we will continue to reach more customers in a more extended regional network and assign employees for constant contact with customers. To achieve this goal, we established and activated the Akenerji Authorized Agents Network. We aim to include new companies in the Network and improve the practice by supporting our agents with new marketing projects in 2015.

Smart Electricity Solutions

We, as Akenerji, perform sector-based analyses of customer needs to develop new products and services. With the aim of adding value to our customers and distinguishing our company in terms of solutions offered to the market, we launched "Smart Electricity" solutions in 2014. With these solutions, we provide continuous support to our customers and prove our commitment to serve them with our energy generation and sales services. We aim to reach a high level of customer satisfaction with the products and services within our smart electricity portfolio.

Smart Electricity Solutions include three major services: consultancy services for energy efficiency, reactive energy consumption management, and carbon-neutral certification.

With the consultancy services for energy efficiency, we aim to decrease the energy consumption per unit and thus to lower the energy consumption costs, which generate a major section of overall expenses for many companies. Our authorized energy consultancy firms offer energy screening services to companies in return for a certain fee. The screening process reveals areas to be improved in terms of energy efficiency and alternative solutions are then offered to companies.

Another solution is to install remote monitoring systems that allows customers to monitor and manage their reactive energy consumption. Customers using this system avoid reactive energy consumption and related fines. Our objective is to add value to our customers by controlling this cost, which significantly increases electricity expenses when not managed properly.

Finally, we offer internationally-approved emission reduction certifications to customers through our renewable energy investments. These certifications enable companies to become carbon-neutral in terms of the electricity they consume. This solution helps environment-friendly companies that would like to mitigate or “zero” carbon footprints resulting from electricity consumption and other processes.

In addition to Smart Electricity solutions, we continued to implement “Smart Invoice” procedure launched in 2013. Aiming to send invoices to customers on time and increase their level of satisfaction with our services, this practice is adopted by approximately 30% of our customers.

Customer Satisfaction Survey

The primary component of our efforts to ensure customer satisfaction is our survey. In this year’s online survey, we asked 11 questions to our customers to identify the level of customer satisfaction. With these questions, customer feedback on general level of satisfaction, attitudes of Akenerji employees, level of expertise, service quality

“According to the outcomes of the customer satisfaction survey, the highest level of satisfaction is achieved for the attitudes of Akenerji employees category.”

of Akenerji, etc. were received. In addition, this year’s survey included the Net Promoter Score, which revealed whether our customers would recommend Akenerji to other companies or not. Within the implemented survey, customers rated our performance on the scale of 5. The results of the survey are given in detail in “Our Performance” section of this Report.

The outcomes of 2014 surveys reveal that our customers are, in general, fond of the performance of Akenerji. Answers indicate that companies are satisfied with working with Akenerji. Average satisfaction score is 3.95 out of 5. Expertise of Akenerji employees and offering rapid solutions to customers’ problems play an important role in achieving such a high level of satisfaction. Customers give positive feedback on Akenerji’s service levels thanks to our capability to understand and quickly meet needs. This, in return, increases our recommendation score.

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.

Suppliers

It is our priority to establish and maintain legal and contract-based relationships with our suppliers. While procuring products and services from our suppliers, we take into consideration international and sectoral standards. We also consider supplier information as trade secrets and therefore protect their confidentiality.

Within the framework of our Supplier Selection and Evaluation Procedure, before starting to work with a supplier, we perform a pre-selection phase to decide on the most appropriate candidate. We evaluate suppliers’ practices regarding Quality, OHS and Environmental management systems as well as criteria such as compliance with Akenerji specifications and delivery deadlines, prices, and methods of payment. We expect all of our suppliers to share our vision of responsible approach towards sustainability and environmental issues. Therefore, among suppliers that equally meet all of our selection criteria, we prefer those with ISO 9001, ISO 14001 and TS 18001 certifications.

After we select and start to work with suppliers as a result of our Supplier Selection and Evaluation Procedure, we evaluate their performance once the product and service purchase is completed. We use evaluation criteria such as accordance of raw materials, products or services with the Akenerji specs, delivery time, complaint management, and ability to work in harmony with Akenerji. As a result of this evaluation, we continue to work with suppliers meeting the required criteria and maintaining good performance.



In 2014, with the aim of documenting that our suppliers operate in conformity with the laws, we reviewed and re-prepared the lists of documents required for each service procurement. For instance, before starting to work regularly with a supplier in areas such as planned maintenance, waste disposal, disinfection, health screening, etc., we request the required documents in advance. These documents may include certifications of equipment subject to periodical control and tests, certifications and/or competency documents, employment and periodical health report of employees to work in the site, OHS trainings, occupational trainings, Social Security Institution (SSI) service scheme, risk management documents, MSDS of chemicals to be used in the site, etc. Thanks to this practice, we ensure that our suppliers operate in conformity with the laws.

We aim to evaluate at least one supplier in terms of integrated management systems and thus to employ a new procedure in our supplier evaluation processes in 2015. The goal of this procedure is to exchange opinions on problems and successful implementations in order to achieve continuous improvement. Outcomes of the evaluation will help us identify the areas to be improved and encourage our suppliers to work on these areas.

Contribution to Local Economy

We, as Akenerji, try to make direct and indirect contributions to the local economies of the regions we operate in. Therefore, we pay attention to select local suppliers for products and services required in our power plants. This approach also aims to minimize commuting time and to enhance our local supplier pool to immediately solve potential problems in power plants. For instance, we worked with local suppliers in a major section of the product and service purchases made for the Erzin NGCCPP that became operational in 2014.

Environment

A large green pipe, likely a water tunnel or aqueduct, runs through a mountain valley. The pipe is made of several large, green, cylindrical sections joined by metal flanges. It is supported by concrete structures and runs alongside a dirt path with a metal railing. The surrounding landscape is lush green with dense forests and steep mountainsides. The sky is not visible, but the overall scene is bright and natural.

Our Approach

Integrated Management System

Environmental Management

Energy Management

Greenhouse Gas Management

Water Management

Waste Management

Biodiversity

Climate Change

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 and to use natural resources in the most efficient way with the help of advanced technological solutions.

Our Approach

As Akenerji, 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”.

Our environmental performance data and practices cover eight hydroelectric, one wind and three natural gas power plants that are active as of 2014 as well as our Head Office in Akhan, İstanbul. Kemah HEPP that is still in investment phase as of 2014 year-end is covered in the “Responsibility in Value Chain” section of the Report.



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 Head Office are subject to integrated management systems, including ISO 9001 Quality Management, ISO 14001 Environmental Management and TS 18001 Occupational Health and Safety Management Systems. Our Bozüyük and Kemalpaşa NGPPs were shut down in 2014 and therefore they were removed from the list of certification in 2014. All Akenerji locations subject to independent Quality, Environment and OHS audits in 2014 achieved “zero nonconformity” and Feke I, Gökkaya and Himmetli power plants that started operations in late 2012 were also included in the certification after related audits. As of the end of 2014, 10 Akenerji locations (Head Office, Akocak, Ayyıldız, Bulam, Burç, Feke II, Feke I, Gökkaya, Himmetli and Uluabat Power Plants) obtained and maintained their Integrated Management Systems certifications.

Quality, Environment and OHS performance of Akenerji is managed by the Directorate of HSEQ within the Office of the Production Assistant General Manager. Integrated

Management System is within the responsibility of the Quality Project Team led by the Directorate of HSEQ. The Quality Project Team consists of Head Office and power plant employees that hold 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. Outcomes of the mentioned audits are evaluated by the Company executives and are shared with all employees. While the number of internal auditors was 58 in July 2013, following the increase in demand due to new HEPPs, the number increased to 74 in 2014. As of the end of 2014, 29% of our employees have the competency to perform internal audits.

In our power plants, a Quality, Environment and OHS Suggestion System that encourages employees to share their opinions is utilized. In 2014, power plant employees made 73 suggestions through this platform which is a part of the Integrated Management System. Each suggestion is carefully reviewed and executed depending on their feasibility.

Environmental Management

We 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 certificated by independent audits.

Our Directorate of HSEQ monitors our compliance with the environmental regulations and legislations. The Directorate is responsible for the operation of our Head Office in İstanbul and electricity generation plants in various cities in compliance with environmental legislations. In addition, each power plant has Environmental Representatives with Quality, Environment and OHS Management Systems internal auditor certifications. 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,
- Internal Environmental Audit performed in all sites by the Environmental Management Unit at least once a year within the scope of the Environmental Audit Regulations.

Non-conformities detected are monitored through Environmental Internal Audit reports prepared in conformity with the format used by the Ministry of Environment and Urbanization. Such non-conformities 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.

Erzin Natural Gas Combined Cycle Power Plant

Established in the town of Erzin in Hatay, Erzin Natural Gas Combined Cycle Power Plant (Erzin NGCCPP) is Turkey's 18th largest power plant and 8th largest natural gas power plant. With an average electricity generation capacity of 7 billion kWh, the plant will generate electricity to meet the need of approximately 2.25 million households based upon current household electricity consumption. The first unit of Erzin NGCCPP was activated in April 2014 and the Plant became fully operational in the last quarter of 2014.

In the natural gas combined cycle power plant, electricity is generated not only by using natural gas as fuel, but also by using steam of the waste exhaust gases. In other words, the plant performs high-efficiency production by benefiting from waste energy.

The plant's liabilities in terms of the Environmental Regulations are monitored by our Directorate of HSEQ as well as an expert consultancy firm with legal competence. Site practices are performed in coordination with the HSEQ Specialist in the site.

Environmental monitoring, analysis and evaluation of Erzin NGCCPP as stated in the "Environmental Impact Assessment Report" and "International Environmental and Social Impact Assessment Report" were launched in March 2011, covering pre-construction phase. In addition to studies to identify environmental and biological factors, we also measured noise, air and water quality 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.

Monitoring of construction phase was completed in September 2014 and "Items in Operational Period" were initiated. In this period, in addition to monitoring the impact of the Plant on the environment, the liabilities of the Plant within the scope of the Environmental Regulations are monitored.

In 2014, the Plant obtained a Temporary Operating Certificate during the Environmental Licensing for Air Emission and Deep Sea Discharge within the scope of Environmental License Regulations. The Plant applied for Environmental License and the evaluation process is in progress.

Our practices to monitor and mitigate environmental impacts of the Plant are as follows.

Air Emissions: The plant generates electricity from natural gas, using "dry low NOx" technology that generates low-emission NOx. The level of flue gas emissions are monitored continuously through emission

monitoring system. An air quality measuring and monitoring system was built in coordination with the Directorate of Environment and Urbanization in Hatay in order to monitor a variety of air quality parameters. Thus, air quality is checked continuously and necessary actions are taken on time.

Greenhouse Gas Monitoring: The "Greenhouse Gas Monitoring Plan" prepared for the Erzin Power Plant within the scope of the Regulation regarding Monitoring of Greenhouse Gas Emissions was submitted to and approved by the Ministry of Environment and Urbanization. With the approval given in 2015, greenhouse gas emission monitoring will be initiated in conformity with the Greenhouse Gas Monitoring Plan. When monitoring, confirmation and reporting of greenhouse gas emissions in plants become operational, Turkey will have measurable, reportable and verifiable emission data.

Waste Water Discharge: Waste water generated in domestic waste water treatment plants, cooling water blow-off, industrial waste water treatment plants, and reverse osmosis systems using sea water is combined in a discharge pit and then discharged within the boundaries of the deep sea discharge parameters. In addition, the Plant has a remote waste water monitoring station and various parameters of discharged water are also monitored online by the Ministry of Environment and Urbanization.





Environmental Trainings

We aim to provide environmental trainings to our employees on issues such as waste, energy and energy efficiency and to improve their level of knowledge and awareness as well as our Company's performance. In 2014, our Directorate of HSEQ gave at least one Environmental Accident and Complaint Reporting Procedure training in each power plant. Employees of Erzin Power Plant also received environmental regulations and waste management trainings from an environmental

consultancy firm. New employees are also informed about our environmental practices during their orientation process.

"We provided a total of 688 man.hour environmental and quality training to employees in 2014."

Total Hour of Environmental and Quality Trainings Given to Employees (man.hour)

Environmental and Quality Trainings (man.hour)

2013 1,317

2014 688

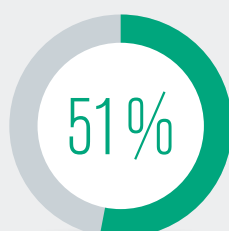
Average Annual Hour of Environmental and Quality Trainings Given to Employees

Environmental and Quality Trainings (hour/man)

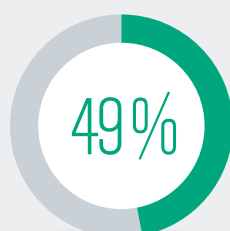
2013 5.4

2014 3.3

Trainings Given to Employees



EQOHS Trainings



Other Trainings

"In 2014, EQOHS (environment, quality, OHS) training given to employees amount for the 51% of all trainings."

Being Prepared for Environmental Accidents

In order to monitor, control and register all potential environmental accidents in Akenerji Head Office and sites, we created an Environmental Accident and Complaint Procedure in 2014. We started to classify environmental accidents and complaints registered in previous years in line with this new procedure. The Directorate of HSEQ is responsible for the control, management and operation of all real or potential environmental accidents in sites in

conformity with this Procedure. According to the Procedure, our Directorate of HSEQ devises accident scenarios and organizes Environmental Emergency Drills to keep employees prepared for potential environmental accidents. With drills held at least once in each site, the competence of employees and methods in responding to an environmental accident are evaluated. Following the scenario, Directorate of HSEQ fills in an Emergency Drill Form for Environmental Accidents.

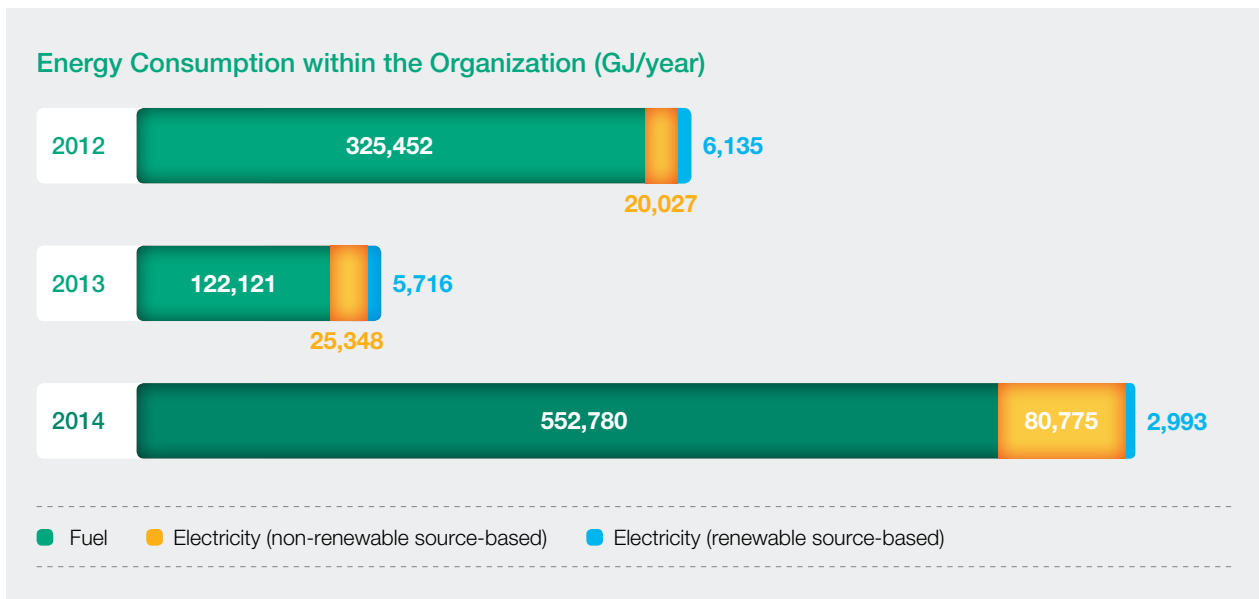
The environmental accident drills held in Ayyıldız WPP and all our HEPPs in 2014.

Energy Management

The majority of the energy consumed by Akenerji results from the transfer and sale of natural gas into electricity. In addition, we need to consume fuel in our internal operations. These include natural gas used in power plants and Head Office, fuel oil, diesel fuel used in generators, and diesel fuel and gasoline used in vehicles are among the directly consumed energy sources. On the other hand, we purchase electricity from the network to be used in buildings and power plants when necessary. In our hydroelectric and wind power plants, we use renewable-based electricity that we generate, though partially. We closely monitor the amount of energy we consume and take measures for energy saving.

Energy Consumption

The graph below shows our fuel and electric energy consumption data by source. Natural gas is the major fuel we consume. “Non-renewable source-based” energy means the electricity purchased from suppliers or the electricity generated by our own sources and internally consumed at plants. Electricity generated and internally used at HEPPs and WPPs is stated as “renewable-based” in the chart. The table indicating detailed energy consumption data is given in “Our Performance” section of this Report.



* 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. On the other hand, with the activation of Erzin NGPP in 2014, total natural gas consumption increased.

Energy Efficiency and Saving

While generating energy, our priority is to ensure that the natural gas we consume is used in the most efficient way. We monitor and manage energy efficiency in the micro and macro scale. In the macro scale, 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.

In the micro scale, i.e. per power plant, efficient consumption of natural gas is a material issue as it has direct effect on costs. Fuel efficiency performance data are monitored continuously by the Directorate of Fuel Supply and Power Plant Coordination. 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. In order for hydroelectric power plants to operate with maximum efficiency, we monitor production programs daily and ensure optimum operational performance.

While making sure that our power plants operate with high performance to generate electricity, we also implement energy saving methods in our plants. For instance, in 2013 we connected the open area lighting system at Ayyıldız WPP to a photocell-based lighting control device. By the shift from manual lighting to photocell-based system, we achieved energy saving.

Greenhouse Gas Management

In addition to internal practices to combat climate change, Akenerji also plays an active role in projects implemented by government and the business world. Fossil fuels such as natural gas, fuel oil, diesel fuel, and gasoline cause greenhouse gas emissions. The world of science recognizes the fact that greenhouse gas emissions cause climate change, which is a global issue. Therefore this issue is included in the environmental regulations in Turkey. We, as Akenerji, try to fulfill our responsibility in combating the global problem of climate change in the best way possible. To this purpose, we not only continue with our renewable energy investments, but also monitor, control and mitigate the greenhouse gas emissions resulting from our operations.

The chart below shows the ton CO₂-equivalent of greenhouse gas emissions resulting from our operations. Almost all of the Scope 1 greenhouse gas emissions are created due to the burning of natural gas in our natural gas power plants. In addition, diesel fuel and gasoline consumed by our leased vehicles as well as natural gas and fuel oil used for heating in buildings cause Scope 1 emissions, though in minor amounts.

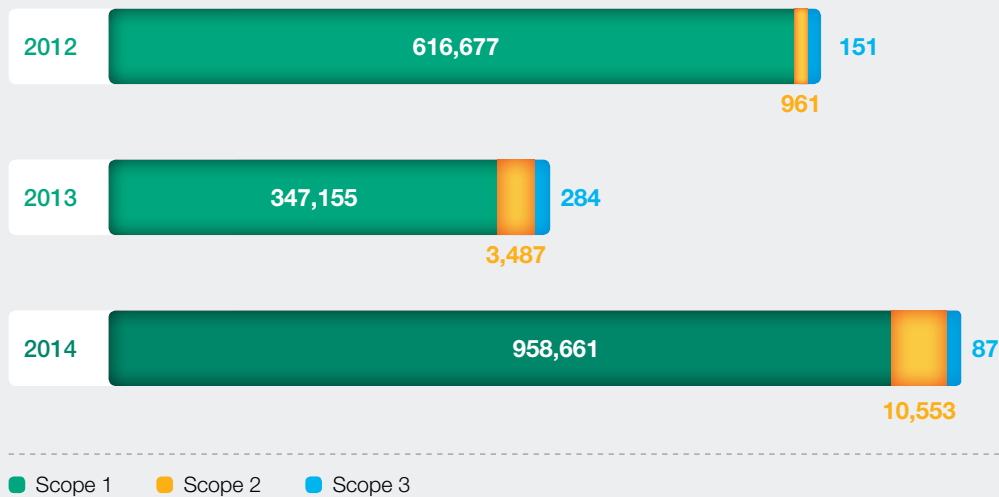
Scope 2 emissions result from the electricity consumed at the Head Office in İstanbul and from the electricity purchased to consumption at power plants. Emissions resulting from business related air travels are reported

under the topic of Scope 3. As a change from 2013, Scope 3 emissions were calculated in 2014 by using the "International Civil Aviation Carbon Emission Calculation Methodology (Intergovernmental Panel on Climate Change Tier 3A)".

With the aim of producing more detailed and wide scope data on greenhouse gas emissions of our operations, we enhanced the scope of our 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 Scope 2 emission figures of 2013. This inclusion caused a significant increase in the Scope 2 greenhouse gas emission amounts compared to 2012. We also added the diesel fuel and gasoline consumed by vehicles leased for employees into the 2013 Scope 1 emission data. Despite this addition, Scope 1 emissions fell significantly in 2013. This is due to the shutdown of Çerkezköy NGPP at the end of 2012. In 2014, with the activation of Erzin NGCCPP, non-renewable energy consumption increased, which was reflected on Scope 1 values as well. When the Erzin power plant became operational, purchased electricity almost tripled compared to the previous year, which resulted in the same level of increase in Scope 2 greenhouse gas emissions. On the other hand, fuel consumption in vehicles and generators decreased both in terms of diesel and gasoline, compared to the previous year.



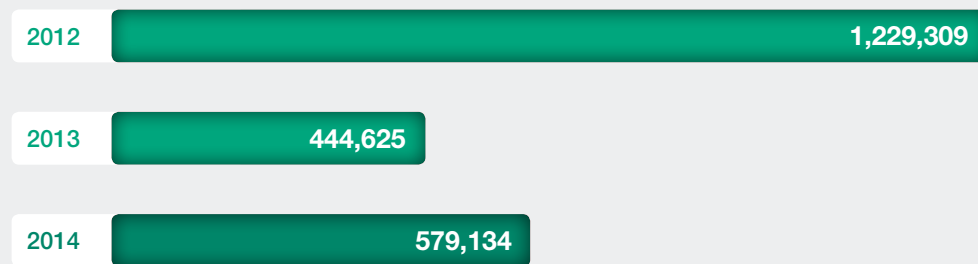
Greenhouse Gas Emissions (Ton/CO₂-e)



Water Management

During our operations, the greatest amount of water is consumed at natural gas power plants. At our Head Office, 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. The main reason is the shutdown and activation of some power plants. As Çerkezköy NGPP was shut down at the end of 2012, water consumption fell significantly in 2013. On the other hand, the reason for the increase in consumption in 2014 is the activation of Erzin NGCCPP.

Total water consumption (m³/year)



The source of water consumed varies depending on the location of power plants. Water sources may be rivers, springs, seas, wells or waterworks. In order to save water we implement savings projects within the framework of efficiency goals set for raw water consumption. Water consumption per power plant decrease last year, thanks to measures taken for water saving.

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 region, 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 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 and these reports were approved 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 site 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. By supporting waste management with effective projects, we aim to continuously improve the knowledge and awareness of our employees. To reach this aim, we provide environmental regulations and waste management trainings in the site and Head Office.

Waste management is performed within a plan at power plants and the Head Office in accordance with our Waste Management Procedure. As a requirement of this procedure, our environmental representatives in sites fill in waste records every month and to the knowledge of the Plant Manager these records are sent to the Directorate of HSEQ at the Head Office for monitoring. In landfills built in line with the Environmental Regulations, these wastes are stored temporarily. When they reach a certain level, they are delivered to companies licensed by the Ministry of Environment and Urbanization.

In 2014, with the aim of reducing environmental impact of our wastes, we improved the landfills in Akocak, Feke II, Gökkaya, and Himmetli HEPPs in Adana. As a result, landfills within power plants possess the following qualities as of 2014:

- There are separate sections for each type of waste and name of the waste to be stored is written on each section.
- Our wastes are stored on a leak-proof concrete floor.
- Landfills are closed areas with no contact with the outside.
- To avoid leakages, spills and splashes of liquid wastes, related sections are equipped with pool-shaped grids. Absorbent materials are always ready for use in case of leakage, spill or splash.
- Emergency fire extinguishers and warning signs are in place.

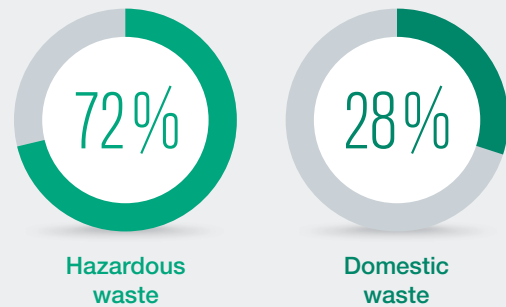
Solid Wastes

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 the delivery of these wastes to companies licensed by the Ministry of Environment and Urbanization is reported to related public institutions.

In accordance with the waste categories identified in laws, we sort wastes into two groups: hazardous wastes and domestic (non-hazardous) wastes. We deliver non-hazardous wastes generated at our power plants and the Head Office to municipalities and send all other wastes to disposal companies licensed by the Ministry of Environment and Urbanization for recovery or disposal, under the supervision of our Directorate of HSEQ.

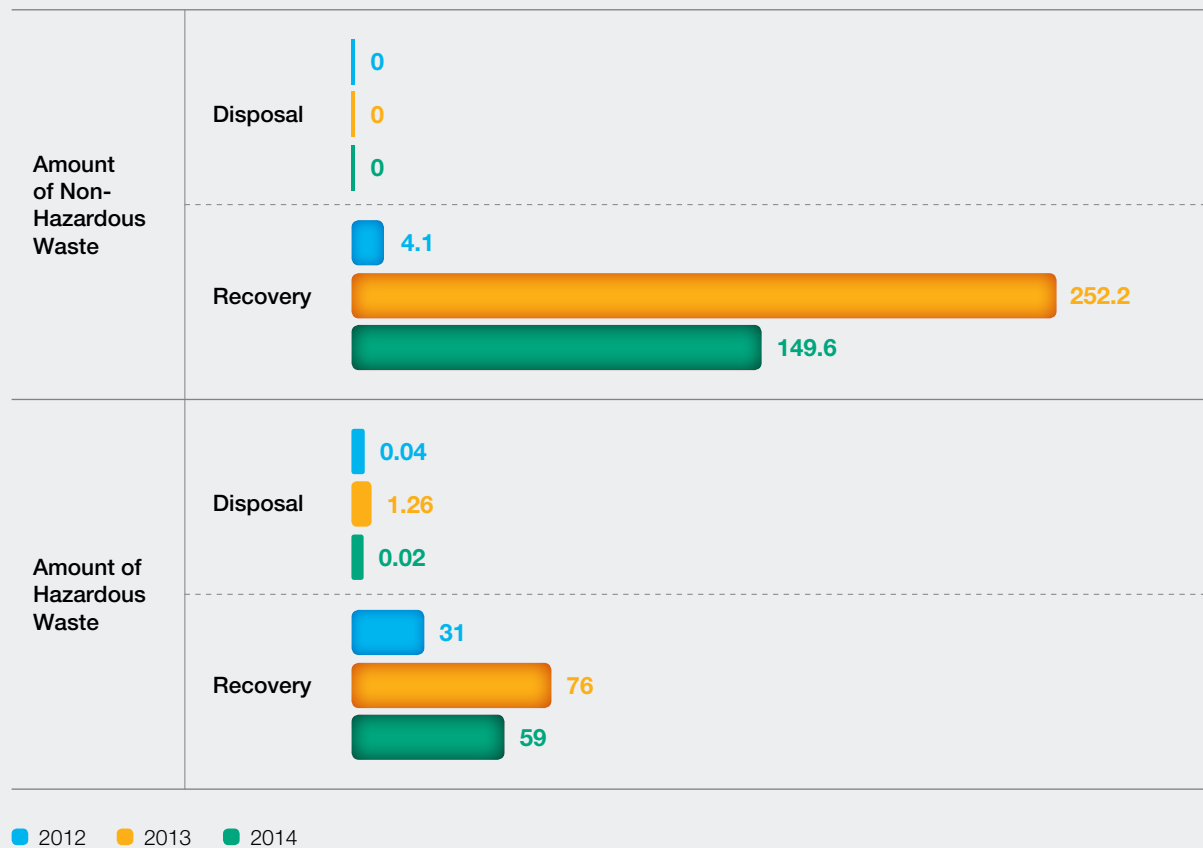
Distribution of the total hazardous and domestic wastes generated at our power plants operating as of 2014 year-end and at our Head Office is given in the chart below.

Total Amount of Waste in 2014



Note: These ratios are calculated on the basis of the wastes generated at power plants operating as of the end of 2014 and at the Head Office.

Amount of Waste (ton)



Note:

1. Within the framework of the "Regulations on the General Principles of Waste Management", "disposal" methods include landfills, incineration etc., whereas "recovery" methods include recycling and reuse.
2. While chemically-loaded waste water is not included in the 2013 figures in line with the definition in the GRI indicator (this issue was reported within the "Waste Water" data), this waste has been included in the hazardous wastes as of 2014. Therefore, hazardous waste figures of 2013 have also been revised.

Waste Recovery and Disposal

As Akenerji employees, we reflected our environment-friendly corporate culture upon our practices of collecting recyclable wastes. In 2014, we collected approximately 2.7 tons 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 2014 and we recycled 27 kg of electronic wastes. In 2014 we collected waste batteries in separate boxes in our Head Office in Akhan and delivered a total of 19 kg of waste batteries to the Association of Portable Battery Producers and Exporters (TAP).

Paper Consumption and Recycling

Paper consumption is an issue we focus on and monitor in a location-based manner. Our paper consumption in operating power plants and the Head Office was 3.9 tons in 2013 and 2.8 tons in 2014. Paper wastes sorted by our employees are collected by the municipalities and recovered and recycled by a contracted licensed institution of the municipality.

"In the last three years, almost all of the wastes generated during our operations have been recovered. Disposal rate is zero in non-hazardous wastes and almost zero in hazardous wastes."



Waste Water

Our power plants generate two types of waste water: process waste water and chemical-loaded waste water. Anti-freeze and chemical-loaded waste water at HEPPs and turbine wash waters generated during the operation or breakdown of NGPPs are reported as hazardous wastes in line with the regulations and therefore are delivered to licensed disposal companies.

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. Process waste water of Kemalpaşa NGPP 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 Kocadere stream after all discharge standards are ensured.

Except for Kemalpaşa NGPP and Erzin NGCCPP, 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. Waste water of the domestic waste water treatment plant, cooling water blow-down and industrial waste water treatment plant of Erzin Power Plant is collected at a discharge pit and then discharged within the boundaries of the deep sea discharge parameters stated in the related regulation.

Amount of hazardous waste water discharged and the places of discharge in the last three years are presented in the table below. In addition, in 2014 Erzin Power Plant used 5,443,200 m³ of sea water as cooling water in closed system and then delivered this water back to the sea without any processes.

Water Discharge (m ³ /year)	Place of Discharge	2012	2013	2014
Process Waste Water				
Bozüyük	Kocadere via Bozüyük Municipality waste water line	42,344	29,512	43,200
Çerkezköy	Çerkezköy Organized Industrial Zone waste water infrastructure	30,727	-	-
Erzin	Mediterranean	-	-	273,960
Kemalpaşa*	Kemalpaşa Organized Industrial Zone waste water infrastructure	50,000	19,704	11,062
Total **		123,071	49,216	328,222

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

Note: Çerkezköy Natural Gas Power Plant ceased operations in 2012 and Erzin NGCCPP became operational in 2014.

* 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 in 2013. Therefore the data shows a significant decrease.

** Turbine wash water used to be included in this table in previous years. However, as of this year, regulations demand that such water should be included in hazardous waste water. Therefore, 2012 and 2013 data have also been revised.

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 implement legal processes by taking necessary precautions in both investment and operation phases in order to minimize the impact of power plants on the natural ecosystem. In order to perform environmental monitoring, analyses and evaluation of our Erzin NGCCPP as stated in the "Environmental Impact Assessment Report" and "International Environmental and Social Impact Assessment Report", we started to cooperate with an expert service provider as of March 2011, before the construction started. 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. Sea water quality parameters were checked and land fauna works were completed in September 2014. In addition to these processes to be continued during the operation of the power plant, soil quality, planktons, benthic invertebrates and fish will continue to be monitored until the end of August 2015.

With the aim of contributing to the improvement of wildlife and afforestation, in 2014 we planted 2,315 saplings in the regions where our WPPs and HEPPs operate. We have also performed rehabilitation works in many of these regions.

"Since 2010, Akenerji has planted a total of 16,395 saplings in various sites."

Climate Change

We are 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

CDP Climate Change Program

In order to publicly disclose our climate change strategy and carbon performance data calculated accordingly, we participated in the CDP in 2011. As a global voluntary initiative with 4,000 new members annually, 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. Being one of the two Turkish energy companies performing CDP reporting, with the public report in 2014, we increased our transparency degree from 69 to 85.



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 3% of the total energy demand in Turkey, we 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 such as wind and hydroelectric 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 increased 388 MW. Thus, the share of the renewables in the total installed capacity of Akenerji increased to 30% as of the end of 2014.

Carbon Certification and Emission Trade

Another area that we pioneered the sector is the 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 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 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.

“At the time of registry, Uluabat HEPP has been the largest hydroelectric power plant with a dam in Turkey that was registered with Voluntary Carbon Standard (VCS).”



Power Plant	Certification Sold (ton CO ₂ -e)	Approximate Corresponding Electricity Consumption (kWh)	Type of Certification
Akocak	45,200	80,468,483	VCS
Ayyıldız	16,874	28,482,538	GS
Feke II	6,583	12,035,205	VCS
Uluabat	2,040	3,655,350	VCS – (Carbon-Neutral)

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 is provided by an independent confirmatory institution. Customers benefiting from this service will 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 general public as well as 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.



Occupational Health and Safety

Our Approach

OHS Management

OHS Trainings and
Awareness-Raising Practices

OHS Performance





Based upon our corporate principle of “human comes first”, occupational health and safety forms the basis of every phase of our operations.

Our Approach

Our priority is to ensure that our employees work in a happy and peaceful environment, that they commute between their homes and workplace safely, and that we reach the highest occupational health and safety performance by integrating all practices stipulated by law into our business 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 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 TS 18001 Occupational Health and Safety Management System in our Head Office and power plants. Details of TS 18001 and other management system certifications are given in the “Our Approach to Sustainability” section of this Report. Our future commitments on OHS and the evaluation of 2014 commitments and goals are stated in “Our Performance” section of the Report.

In Akenerji, communication and coordination of OHS operations are performed by the Directorate of HSEQ employees who directly report to the Office of Production Assistant General Manager, Health and Safety Representatives and their assistants who were selected by their own Plant Managements. Production Assistant General Manager is also the Management Representative of Integrated Management Systems including TS 18001. In addition, there is an OHS committee in each power plant.

OHS Management in Supply Chain

While selecting suppliers for services, full compliance with the OHS criteria identified within the scope of our

purchasing procedure is a prerequisite. In line with these criteria, contractor companies are requested to submit documents such as risk analyses, OHS trainings of employees, professional competencies of employees, health reports, personal protective equipment and their debit records, material safety data sheets of chemicals used, periodical control documents of machinery, etc. By making it obligatory to submit these documents to our Company before receiving services, we aim to improve the OHS requirements and awareness in regions where we receive services.

The Directorate of HSEQ organizes and monitors all outsourced health and safety services and OHS processes of contractor companies serving our power plants. Therefore, organization and monitoring of OHS services, OHS trainings of employees, accident reports, occupational trainings in contractor companies is performed by Akenerji and the OHS standards of these companies are kept at the same level with those in Akenerji.

OHS Site Visits

In order to fulfill the liability to perform audits, the Directorate of HSEQ at Akenerji pay announced or unannounced visits to sites. We monitor findings based upon the site visit reports prepared during the visits, identify corrective and preventive actions, and ensure that such actions are included in the general work plan. OHS site visits are performed at operating power plants as well as those still in project phase.

In 2014, number of site visits increased 41.2% compared to the previous year, meanwhile findings to be improved decreased 18.8%. In addition, we enhanced the scope of our OHS site visits in 2014 to include “evaluation of conformity with OHS regulations” in site audit reports.





Risk Assessments for OHS

In order to assess potential OHS risks and take necessary actions in operational locations, we established Risk Assessment Teams in the Head Office and in power plants in 2013 and we devised an assessment procedure in line with the related regulations. We held a risk assessment in our Erzin Power Plant activated in 2014 and made revisions in already operating power plants.

Emergency Management

Every power plant has Emergency Plans that are 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 Head Office 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 2014, we restructured our emergency management system in Akhan building 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. We also increased the number of Fire Extinguishing and Search & Rescue Team members with support from our employees. In addition, 111 Akenerji employees received a two-hours Basic Disaster Awareness training from Disaster and Emergency Management Presidency (AFAD).

In 2014, with the participation of the Head Office employees, we held two emergency drills. Akenerji employees also attended the emergency drill in Akhan. Another emergency drill was organized by the authorized company on the boat that commutes the Head Office employees to the Anatolian side of İstanbul.

OHS Committees at Power Plants

Occupational Health and Safety Act requires workplaces with more than 50 employees to have OHS committees. As the number of employees at Erzin Power Plant exceeds 50 when contractors are included, the OHS committee meets monthly. Although the number of employees in other power plants are less than 50, voluntary "Quality, Environment and OHS Committees" operate in order to achieve functionality and participation of all parties. All of our employees at power plants are represented in these committees.

With monthly meetings, the 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, Periodical Control Charts of OHS, OHS site visit reports and actions defined, Monthly Waste Inventory Form.

OHS Committee at the Head Office

As the number of employees at our Head Office exceeded

50 in 2014, we established the Akenerji Head Office OHS Committee in accordance with the Regulation on Occupational Health and Safety Committees. The Committee is composed of Employer Representative, Occupational Safety Specialist, Workplace Doctor, Manager of Administrative Affairs, Staff Manager, two Worker Representatives and Manager of HSEQ. 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. In line with these efforts, in 2015 we aim to improve ergonomic conditions of the laptop computer users in our Head Office.

In addition to these, Akenerji Employer Representative, Occupational Safety Expert and Worker Representatives attend the monthly OHS Committee meetings in Akhan, where our Head Office is located.

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.

Employee Trainings

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 at source.

In 2014, we transcended our goal of having 4 man/hour/year non-obligatory trainings for performance improvement (advanced driving techniques, orientation trainings, employee representative trainings). In addition to targeted OHS trainings, we also organized trainings on hygiene, scaffold, basic first aid and emergency teams. We provided “Advanced Driving Techniques” training to Head Office employees who need to drive frequently for professional purposes.

In addition to general OHS trainings, we offer special trainings for new employees, power plant administrators and senior executives. The orientation training given to all new employees of Akenerji includes a detailed OHS training. We also aim to make sure that site administrators develop competence to reflect our OHS sensitivity to the site in terms of administration. With this aim, since 2010, 10 engineers at our power plants have attended the International Occupational Safety and Health Qualification trainings given by the National Examination Board in Occupational Safety and Health (NEBOSH). 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. Senior executives also attend basic OHS trainings.

“In 2014, we provided 2,741 man. hours of occupational health and safety trainings to our employees.”

OHS training days per Akenerji employee in the last three years are given in the graph below. The table indicating location-based distribution of OHS training hours is provided in “Our Performance” section of this Report.

“With the awareness-raising trainings held in 2013 and 2014, we reached a total of 1,026 students and 61 teachers.”

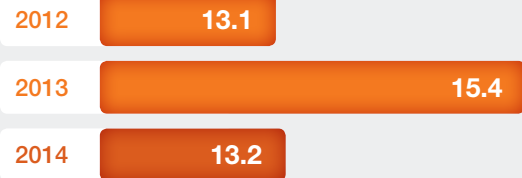
Total OHS Training Hours Provided to Our Employees

OHS Trainings (man.hour)



Average Annual OHS Training Hours for Employees

OHS Trainings (hour/man)



Note: Monitored figures represent employees of operation sites and the Head Office (excluding employees at the sites of investment).

OHS Trainings in Supply Chain

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

Awareness Activities for Local Communities

In locations where we have hydroelectric plants, we organize trainings to create awareness in local communities on potential hazards of HEPPs and means of protection. We also issue brochures and posters on our website and hand our print versions in the regions of power plants.

Within the scope of our awareness-raising efforts, in 2014 we visited Kızılın Yılmaz Yığılı and Yeşiltepe schools in Adıyaman and Araklı Çankaya Boarding School in Trabzon, respectively. During these trainings, we gave information on the working principles of Akocak HEPP in Trabzon and Burç and Bulam HEPPs in Adıyaman as well as on personal safety measures to be taken against HEPPs. We replied questions coming from teachers and students and reached a total of 673 students and 38 teachers. The students also received information on renewable energy and electricity generation during these trainings. We plan to continue HEPP awareness-raising meetings in the cities of Bursa and Adana.



OHS Performance

It is a material issue for us to ensure that Akenerji employees adopt the OHS culture in order to continuously 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

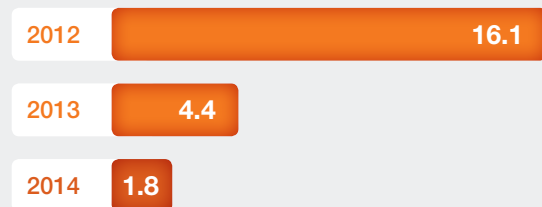
The nature of the operations performed especially at hydroelectric plants requires our employees to drive vehicles in rough site conditions and this creates a risk factor that needs to be monitored. In 2014, only one vehicle accident was recorded at Head Office, there were no accidents at the power plants.

The total number of vehicle accidents and the total vehicle accident rates of the last three years show a significant decline as illustrated in the charts below. (2014 data also includes data of the Head Office).

Number of Vehicle Accidents



Total Vehicle Accident Rate



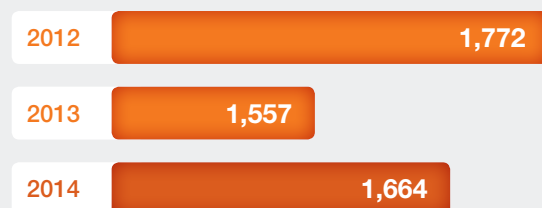
Lost Days and Absenteeism

Lost days and absenteeism rates due to health issues in 2012, 2013 and 2014 are given in the charts below. Absenteeism rate is calculated using the formula below and it includes maternity leaves. The data of Erzin Power Plant that became fully operational in the last quarter of the year and the data of Bozüyük and Kemalpaşa Power Plants that ceased operations are also included in 2014 data.

Number of Lost Days at Power Plants



Absenteeism Rates at Power Plants



Absenteeism rate =

Number of days of absence due to health issues

Total workdays

x 200,000



Occupational Accidents

Workplace incidents that occur within the requirements identified by regulations and that cause negative effects on employees are defined as “occupational accidents”. We record frequency and weighted rates of all occupational accidents.

In 2014, three occupational accidents involving employees of Akenerji and its subsidiaries at the Head Office and Power Plants occurred. After these accidents, investigations were made and preventive actions were identified and put into effect. Frequency and weighted rates of occupational accidents in the last three years are given in the table below.

Frequency and Weighted Rates of Occupational Accidents

Employees of Akenerji Subsidiaries	2012	2013	2014
Frequency of occupational accidents	0.0	0.0	5.95
Weighted rates of occupational accidents	0.0	0.0	73.37
Employees of Akenerji Contractors and Subcontractors			
Frequency of occupational accidents	7.7	0.0	0.0
Weighted rates of occupational accidents	53.7	0.0	0.0

Note: The figures given above cover power plants being actively operated by Akenerji. The data of Erzin Power Plant that became fully operational in the last quarter of the year and the data of Bozüyük and Kemalpaşa Power Plants that ceased operations are also included in 2014 data.

The following formulae have been used in calculating rates:

Frequency of occupational accidents =	Number of accidents with loss of days	x 1,000,000
	Total working hours	
Weighted rate of occupational accidents =	Number of days lost due to occupational accidents	x 1,000,000
	Total working hours	

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 site.

Due to its nature which includes non-routine operations and time pressure, scheduled and extensive maintenance poses more specific dangers and higher risks. Similar to the procedure in 2013, during scheduled maintenance held at Akenerji power plants in 2014, mostly Akenerji employees performed the maintenance works. A total of 23,692 hours of operations were performed, including the working hours of contractor and subcontractor employees. These maintenance processes were completed with zero accident in 2013 and one accident in 2014. The lessons taken from this accident were shared with all power plants.



People Oriented Practices

Our Human Resources Approach

Common Competencies of Akenerji Employees

Employee Profile

Selection and Recruitment

Performance Management

Training

Development Planning

Talent Management

Benefits to Employees

Employee Involvement in Company Management

Internal Communication

Community Investment

Relations with Local Communities



“People oriented practices” that include all practices aimed at development and satisfaction of employees as well as our contribution to the local communities and the society in which we operate are among the basic components of our approach to sustainability.

Our Human Resources Approach

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

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.

Our human resources policy that is based upon equal opportunities and respect for human rights prevails in 2014 as well. 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.

We work to provide appropriate and fair support for employees’ needs and offer 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.

Within the requirements of Investors In People (IIP) certification that we obtained in 2012, we continued to improve and raise awareness in areas such as continuous development, participation and authorization, recognition and rewarding, management efficiency, leadership and management strategy, learning and development, and performance measuring.

One of the significant projects of 2014 was the “Redoing

Job Sizing Of Positions”. As Akenerji’s organizational structure changed and developed in time, a re-evaluation of the structure became necessary due to reasons such as the increase/decrease in the number of positions, changes in roles, launch/shutdown of departments, new business processes, etc. Therefore all mid-level positions were re-evaluated through interviews which were done by position-owners. We have started to employ the Business Family and Business Family Level structure which is also used at Akkök Holding and other group companies. During the interviews, managers also had the opportunity to review and evaluate the positions of their subordinates. Within the scope of the project, all employees at the Head Office and power plants were informed on their related business family and level with one-to-one and face-to-face communication.

We also held an Employee Satisfaction Survey in 2014. Attended by 60% of employees, the survey aimed to measure the level of expectations and needs of 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.

Result Orientation: 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 Organization: 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 Orientation: 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. This section and “Our Performance” section of our Report includes demographical structure and positions of our employees at the power plants and the Head Office.

Most of Akenerji employees work on a fixed-contract full-time basis and we do not employ any part-time employees. In 2014, only one out of 255 employees works on a definite-term contract. In 2013, we also had one employee on a definite-term contract, whereas in 2012 no employees were in this category. Disabled employees have 3% share in the total number of personnel.

Number of Employees by Region



Number of Employees by Position	2012	2013	2014
Senior Management*	8	5	5
Mid-level Management **	41	47	28
Non-managing White-collars***	94	110	103
Operational Level ****	153	137	119
Total	296	299	255

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

** Mid-level Management: Group Manager, Manager, Project Manager

*** Non-managing White-collars: Advisor, Assistant Manager, Supervisor, Engineer, Chief, Project Manager, Senior Specialist, Specialist, Assistant Specialist, Consultant, Workplace Supervisor, Administrative Supervisor, Assistant (In previous years, the position of assistants was reported within operational level, however it was transferred to Non-managing White-collars in 2014.)

**** Operational Level: Shift Supervisor, Foreman, Warehouse Supervisor, Operator, Technician, Mechanist, Employee, Laboratory Assistant, Driver

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

Number of Outsourced Employees



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.

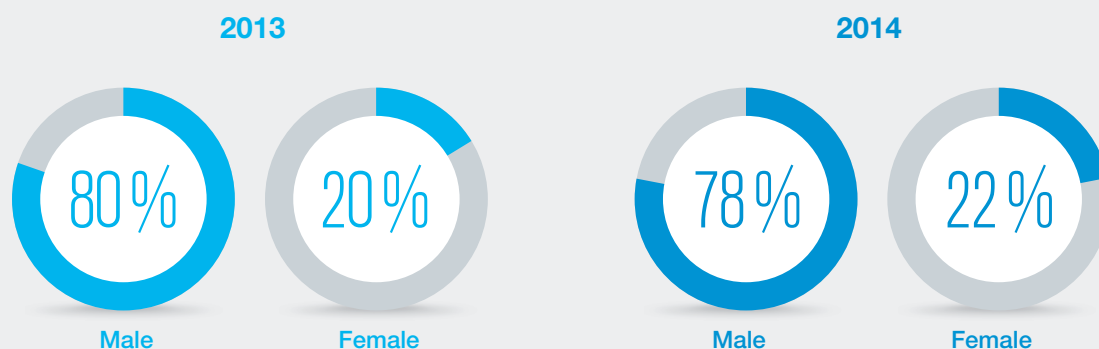


Gender Distribution by Positions

Gender distribution by positions as of 2014 is given in the table below. The number of female employees in the operational level decreased. The main reason is that assistant positions have been evaluated not within operational level, but in non-managing white-collar level in 2014.

Gender Distribution by Position	2012				2013				2014			
	Male		Female		Male		Female		Male		Female	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Senior Management	67	6	33	2	80	4	20	1	100	5	0	0
Mid-level Management	54	28	46	13	68	32	32	15	64	18	36	10
Non-managing White-collars	52	63	48	31	70	77	30	33	57	59	43	44
Operational Level	92	141	8	12	91	125	9	12	99	118	1	1
Total	80	238	20	58	80	238	20	61	78	200	22	55

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



Distribution of Seniority by Positions

Distribution of seniority among all employees reveals that most of mid-level executives have a seniority of 5-10 years. Approximately half of expert-level employees have a seniority of 0-3 years. Average seniority of Akenerji employees as of the end of 2014 is 5.8 years.

Distribution of Seniority by Position (%)	2014			
	0 - 3 years (incl. 3)	3 - 5 years (incl. 5)	5 - 10 years (incl. 10)	Over 10 years
Senior Management	20.0	0.0	80.0	0.0
Mid-level Management	25.0	14.3	39.3	21.4
Non-managing White-collars	41.7	28.2	18.4	11.7
Operational Level	27.7	25.2	26.1	21.0

Employee Turnover Rates

Employee turnover rate at the Head Office and power plants in the last three years is presented in the table below. Turnover rate based on seniority is provided in the “Our Performance” section of this Report.

Employee Turnover Rate and Number by Region	2012		2013		2014	
	%	Number	%	Number	%	Number
Head Office	12.7	14	12.8	15	23.7	26
Power Plants	4.3	8	7.7	14	23.8	39
Total	7.2	22	9.7	29	23.8	65

The major reason for the increase in the turnover rate at our power plants and the Head Office is that in previous reports, only employees who resigned on their own will were included in the calculations. In 2014 calculations, whether resigned or not, all employees who left the company were included.

Another important reason of the increase is the completion of Erzin NGCCPP, which is the largest investment of Akenerji. When the investment phase was completed, project teams left as their responsibility was over.

Another reason is the termination of operations in Kemalpaşa and Bozüyük NGPP due to low efficiency. Some employees at these plants preferred to resign instead of being transferred to other Akenerji plants.

Although we, as Akenerji, also monitor employee turnover by age and gender, this information is not presented in this Report as it is not ‘material’.

Selection and Recruitment

With the aim of serving our strategy and goals, during selection and recruitment 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 New Employees	2012	2013	2014
White-collar Employment	23	30	13
Blue-collar Employment	16	14	6
Total	39	44	19

In 2014, average age of employees was 36. Average age of newly-employed white-collars was 30, whereas that of blue-collars was 36.

We attach importance to employing fresh-graduates and have 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 9 fresh-graduates in 2013 and 4 fresh-graduates in 2014.

We, as Akenerji, also provide the opportunity for internship to university students. In 2014, a total of 65 students (40 for obligatory and 25 for voluntary internships) from a variety of universities and technical/vocational high schools worked at Akenerji as interns.

Performance Management

Our 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 ScoreCard” 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.



Training

In 2014, we focused on the development of mid-level executives and 10 executives attended the Executive Development Program devised in cooperation with Sabancı University. Similarly, executives and experts attended the finance-oriented “Managing Today’s Corporation” simulation program. Such practices that support continuous development also improve employee motivation and loyalty.

Total Trainings by Positions (man.hour)	2012	2013	2014
Senior Management	678	120	38
Mid-level Management	1,725	1,928	1,515
Non-managing White-collars	2,850	6,555	2,303
Operational Level	4,800	4,238	2,865
Total	9,443	12,841	6,720

Note: The data above are calculated by multiplying number of employees trained with training hours.

Annual Average Training Hours per Employee



Although the number of training days in 2014 was not very high, the content and quality of the trainings were highly sufficient and satisfactory.

Among the trainings we provided in 2014 are:

- **Technical Trainings:** Managing Today’s Business, Electricity Project Reading and Project Devising, Neo PIR, Media Relations, Accounting of Derivative Instruments, Overhead Crane, Substation Operation Technician, Basic Hydraulics, and International Resource Engineering.
- **Quality, Environment, Occupational Health and Safety Trainings:** General Rules of Occupational Health and Safety and Culture of Safety, Safe Use of Workplace Equipment, Basic Healthcare, Advanced Driving Techniques, First Aid, Flash, Explosion, Fire and Fire Protection, High-Risk (License-requiring) Positions, Safe Scaffolding and Supervising, Internal Audit.
- **Personal Development Trainings:** Mid-level Executive Development Program, Ethical Principles, Market Orientation, and English.

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 2014, although development plans of employees within the scope of talent management were prioritized, development of mid-level executives was also given great importance. A development program covering all business and process functions were launched in cooperation with Sabanci University. The program was attended by around 40% of mid-level executives and concluded with a business simulation project presented to senior executives.

While making development plans for employees, our main objective is to learn, develop and generate business outcomes continuously. 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. We shared the results of such feedback with employees in 2014. These interviews are expected to continue in 2015. Enabling employees to examine themselves, this evaluation system proved to be a tool with added value in terms of personal development.

Talent Management

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 2013 we started to use online HR processes in an active way and continued with this system in 2014. The system not only enabled employees to have online, more practical and faster access to HR practices, but also helped the Company to achieve efficient process management.

Another talent management practice adopted in 2014 was the "Mentor & Mentee" system. Each employee within the talent pool was assigned a Mentor -a senior executive within Akkök Holding- and these Mentors were also given training during the process. The major aim of the project is to bring Mentors and Mentees together on certain occasions and discuss their development plans and goals.

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 personnel shuttle services for commuting. Employees choosing not to use the personnel shuttle services are paid for their commuting expenses. White-collar employees in the Head Office and power plants are provided with private health insurance. All employees benefit from personal accident insurance. Some senior and mid-level executives are provided with official cars or get supplementary allowance instead.

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 top management for issues about his/her job and our Company.



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

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



Internal Communication

In order to improve the motivation and efficiency of our employees, we organize a variety of communication activities and events within the Company. Some of these may be listed as follows:

- 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.
- “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.

Community Investment

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.

Believing that education is the fundamental prerequisite for a better and safer future of our society, we contribute to education. 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. Our donations to festivals in the regions in 2014 can be given as examples of this approach. We have also been sponsoring Erzinspor football team since 2013.

“In 2014, Akenerji allocated TL 714,000 to donations and sponsorships, mainly for educational institutions, public institutions and foundations.”

Feedback Mechanisms

Akenerji employees may report their complaints regarding environmental, ethical, human rights and labor force practices as described to Akenerji Environmental Accident and Complaint Reporting Procedure as well as the Ethical Principles Procedure. We provide training to all employees on both Procedures. In addition, local communities and all other stakeholders in the areas where we operate can report their feedback on any issue to our Company through various channels. Among these channels, the one we prioritize the most is direct communication with power plant managers. In this way, every request, suggestion and complaint can be

processed rapidly. In project areas in the investment phase, we proactively manage complaint and feedback processes. During environmental and social impact assessments we build direct contact with local communities, NGOs and local administrations.

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.

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 regulations. In addition, we provide trainings in local schools to create awareness and give information on potential dangers in areas where our hydroelectric power plants operate. In order to mitigate social impacts, ensure social responsibility and inform local communities in areas in the phase of investment or construction, we establish dialogue with local people and implement a variety of social impact practices.

Our Performance

Strategic Sustainability Goals

Economic Performance Indicators

Social Performance Indicators

Environmental Performance Indicators

Strategic Sustainability Goals

Evaluation of 2014 goals and the goals set for 2015 in parallel with our policies, regarding our Integrated Management System and employees are presented in the table below.



QUALITY, ENVIRONMENT AND OHS

Subject	Commitments for 2014	Status	Evaluation of 2014	Commitments for 2015
Sustainability Management	To increase GRI application level of our 2013 Sustainability Report from C to B.	A	We issued our 2013 Sustainability Report in May 2014 at the GRI B-application level.	To prepare our 2014 Sustainability Report based upon GRI G4 principles.
	In the 2013 reporting of Carbon Disclosure Project, to increase our disclosure and performance grade compared to last year.	A	Our performance grade in 2014 CDP Turkey reporting increased to 85.	In the 2014 reporting of CDP Climate Change Program, to increase our disclosure and performance grade compared to last year.
Management Systems	To achieve continuation of ISO 9001 Quality management System, ISO 14001 Environmental Management System and TS 18001 Occupational Health and Safety Management System certifications of Ayyıldız, Uluabat, Akocak, Burç, Bulam, and Fekeli HEPPs. To obtain certification for Fekeli, Himmetli and Gökkaya HEPPs.	A	ISO 9001, ISO 14001 and TS 18001 Management Systems certification was obtained for all HEPPs.	To achieve continuation of ISO 9001, ISO 14001 and TS 18001 Management System certifications of Ayyıldız, Uluabat, Akocak, Burç, Bulam, Fekeli I, Fekeli II, Himmetli, and Gökkaya HEPPs. To obtain ISO 9001, ISO 14001 and TS 18001 certification for Erzin NGCCPP. To obtain ISO 27001 Information Safety Management System certification for all production plants with at least 100 MW of installed capacity. To meet the requirements of ISO 14064 Greenhouse Gas Emission Mitigation, Avoidance, Calculation and Verification standards at Erzin NGCCPP; to collect data for verification in 2016; and to complete all required works.
	To improve the evaluation method of supplier evaluation system in terms of environmental and occupational health and safety criteria.	A	Environmental and occupational health and safety criteria were identified for service suppliers and requested documents have been listed .	To evaluate at least one supplier within the scope of integrated management systems.
	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.	A	Availability ratios in 2014: 98.66% at natural gas power plants, 99.91% at hydroelectric and wind power plants.	To maintain the following availability ratios at our power plants: 85.17% at natural gas power plants, 98.48% at hydroelectric and wind power plants.

Achieved: **A** Partially achieved: **P** Not achieved: **N** Ongoing: **O**

QUALITY, ENVIRONMENT AND OHS

Subject	Commitments for 2014	Status	Evaluation of 2014	Commitments for 2015
Workplace Accidents	To ensure that frequency and weighted rate of workplace accidents in each of our operating power plants are zero.	N	Total frequency of workplace accidents at our power plants was 5.95 and weighted rate was 73.37.	To ensure that frequency and weighted rate of workplace accidents in each of our operating power plants are zero.
	To achieve zero frequency and weighted rate of workplace accidents by contractors and subcontractors of operating power plants.	A	Zero frequency and weighted rate of workplace accidents by contractors and subcontractors of operating power plants.	To achieve zero frequency and weighted rate of workplace accidents by contractors and subcontractors of operating power plants.
Vehicle Accident Rate	To maintain Total Vehicle Accident Rate (TVAR) below 3.93 at each operating power plant.	A	Average Total Vehicle Accident Rate (TVAR) was zero in operating power plants and 2.77 at Akenerji Head Office. The average in Akenerji in general was 1.8.	To maintain Total Vehicle Accident Rate (TVAR) below 3.80 at each operating power plant.
Quality, Environmental, OHS Trainings	Quality, Environmental and OHS training goals: Power plant employees: 18 hours/man/year Head Office employees: 4 hours/man/year	A	Quality, Environmental and OHS trainings in 2014: Power plant employees: 27.2 hours/man/year Head Office employees: 6.8 hours/man/year	Quality, Environmental and OHS training goals: Quality: Head Office: 28 man.hours/year Power plant: 4 man.hours/year Environment: Head Office: 4 man.hours/year Power plant: 5 man.hours/year OHS: Head Office: 2 hours/man.year Power plant: 19 hours/man.year
	To organize 3 safety tool box meetings to be held by team leaders for power plant employees during annual planned maintenance.	A	Safety tool box meetings were held in all power plants in 2014.	To organize half the number of days of planned maintenance safety tool box meetings to be held by team leaders for power plant employees.
Training for Awareness raising	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.	A	We reached 678 students and 38 teachers in the trainings given in Trabzon and Adiyaman.	During the operation terms of our plants in Adana and Bursa 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 identify danger risk categories of electrical equipment (arc flash rating) at each operating power plant.	A	Danger risk categories of electrical equipment at each operating power plant were identified.	To tag danger categories of electrical equipment (arc flash rating) at each operating power plant and to re-identify Personal Protective Equipment standards accordingly.

Achieved: **A** Partially achieved: **P** Not achieved: **N** Ongoing: **O**



QUALITY, ENVIRONMENT AND OHS

Subject	Commitments for 2014	Status	Evaluation of 2014	Commitments for 2015
Renewable Energy	-	-	-	To generate electricity with PV Solar Panel projects within Adiyaman Burç HEPP, with an installed capacity less than 1 MW.
Planting Trees	-	-	-	Plant 31 oak saplings within the scope of recycling electronic wastes project.

EMPLOYEES

Subject	Commitments for 2014	Status	Evaluation of 2014	Commitments for 2015
Talent Management	To make development plans for participants, perform improvements and monitoring based upon these plans.	A	Development plans were made for participants and actions were taken in line with these plans.	To review Career and Promotion processes and to start building a Career Map or Model by the end of 2015.
Development Planning	To hold feedback interviews with employees regarding the 360-degree evaluation surveys, to identify areas of development, and to define development plans in 2014.	A	Outcomes of 360-degree evaluation surveys started to be shared with employees in the last quarter of 2014, the process will continue in 2015.	To re-implement the 360-degree evaluation process by the end of 2016.
Performance Management System	To make 2014 performance plans, interim evaluations, and final evaluations on the electronic platform named "Mozaik".	A	2014 performance target cards for white-collars were created on Mozaik and evaluations were made on the same electronic platform. Blue-collar target cards continued to be kept manually.	To review the Performance Management process and make necessary process improvements in 2015. To include blue-collars in Mozaik in 2015.
Flexible Payment System	To establish and implement a criteria based bonus system for mid-level and blue-collar employees in 2014.	N	This issue has not been included in the agenda of 2014, considering the material issues for the Company.	To enable Flexible Payment system for all employees in 2016.
Trainings	To transfer the training process to the electronic environment and to ensure that e-learning is provided within the Company in 2014.	N	E-learning issue was temporarily suspended due to other material issues for the Company.	To continue Mid-Level Development Program in 2015.
	To activate the Talent Management Process Training Module.	A	Talent Management Process is being used on Mozaik.	

Achieved: **A** Partially achieved: **P** Not achieved: **N** Ongoing: **O**

EMPLOYEES

Subject	Commitments for 2014	Status	Evaluation of 2014	Commitments for 2015
Employee Satisfaction Survey	To hold the first employee satisfaction survey in 2014.	A	The employee satisfaction survey was given to all sites and Head Office. Based upon voluntary participation, the survey was taken by approximately 60% of employees.	To repeat the Employees Satisfaction Survey in 2015..
Investors In People	To work for earning the Bronze Certificate in 2015.	N	Goal of earning the Bronze Certificate was revised and certification requirements for process improvement were implemented as much as possible.	No new goals.

Achieved: **A** Partially achieved: **P** Not achieved: **N** Ongoing: **O**

Economic Performance Indicators

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 2014 is summarized in the table below. Our operating costs amount to 95% of the total economic value distributed.

As for the companies included in the consolidated balance sheet of Akenerji, net sales were TL 1,124,671,014, total debts were TL 2,736,019,327 and total equity capital was TL 508,091,387 in 2014.

Economic Value Generated (TL million)	2013	2014
Direct Economic Value Generated		
a) Revenues	771.0	1,124.7
Economic Value Distributed		
b) Operating costs	611.9	1,126.0
c) Employee wages and other benefits	9.7	9.1
d) Payments to providers of capital	0.0	0.0
e) Payments to the government	73.4	53.2
f) Community investment	0.8	1.0

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



Social Performance Indicators

Our Customers

Customer Satisfaction Survey

Main Topics of Customer Satisfaction Survey	2014 Scores
General opinions on Akenerji	4.03
Understanding customers' needs	3.90
Availability of Akenerji staff	3.97
Employee attitude	4.17
Expertise of employees	4.03
Quick solutions	3.79
Service quality compared to other companies	3.83

Note: The highest score being 5.

Our Employees

Number of Employees by Region	2012	2013	2014
Akocak HEPP	12	13	13
Ayyıldız WPP	5	5	5
Bozüyük NGPP	25	19	9
Bulam HEPP	7	7	7
Burç HEPP	10	8	9
Çerkezköy NGPP	21	3	0
Erzin NGPP	16	47	47
Fekeli HEPP	12	6	7
Fekeli II HEPP	12	7	7
Gölkaya HEPP	11	7	6
Himmetli HEPP	7	15	13
Kemalpaşa NGPP	27	22	8
Uluabat HEPP	14	16	16
Head Office (İstanbul)	110	117	102
Ankara	7	7	6
Total	296	299	255

Employee Turnover Rate by Seniority (%)	2014			
Locations	0 - 3 years (3 incl.)	3 - 5 years (5 incl.)	5 - 10 years (10 incl.)	Over 10 years
Head Office	20.0	26.4	25.8	23.5
Power Plants	22.0	16.5	23.8	35.3
Total	21.3	20.3	24.7	31.4

Average Annual Hours of Training per Employee	2012	2013	2014
Senior Management	8	24	11
Mid-level Management	42	41	47
Non-managing White-collars	30	59	21
Operational Level	31	31	24
Total Average	33	43	26

Occupational Health and Safety

OHS Training Hours

Locations	Hours of Training per Employee (hour/man)		Total Hours of Training (man.hour)
	2013	2014	2014
Akocak HEPP	32.9	21.5	280
Ayyıldız WPP	29.4	22.0	110
Bulam HEPP	20.3	33.7	236
Burç HEPP	20.5	21.8	196
Fekeler I HEPP	29.0	23.4	164
Fekeler II HEPP	46.0	23.4	164
Gölkaya HEPP	29.0	23.7	142
Himmetli HEPP	26.1	23.5	306
Kemalpaşa NGPP	24.0	36.5	292
Bozüyük NGPP	25.6	16.9	152
Uluabat HEPP	20.7	16.1	257
Ankara Office	0.0	1.0	6
Head Office	3.6	4.3	436
Overall Average Hours of Training	15.4	13.2	
Overall Total Hours of Training			2,741

Note: On-site trainings for employees at Erzin Power Plant include OHS trainings, but these are not included in the table above as OHS training hours are not recorded separately. In 2015, OHS trainings in Erzin will be recorded separately and reported.



Total Vehicle Accident Number and Rate	2012		2013		2014	
	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
Erzin	-	-	-	-	0	0.0
Çerkezköy	1	81.4	0	0.0	-	-
Kemalpaşa	2	29.4	0	0.0	0	0.0
Bozüyük	0	0.0	0	0.0	0	0.0
Akocak	1	11.7	1	12.8	0	0.0
Burç	0	0.0	1	11.0	0	0.0
Bulam	1	30.1	0	0.0	0	0.0
Feke II	3	64.9	0	0.0	0	0.0
Uluabat	0	0.0	0	0.0	0	0.0
Feke I	-	-	0	0.0	0	0.0
Himmetli	-	-	0	0.0	0	0.0
Gökkaya	-	-	1	42.4	0	0.0
Head Office	-	-	-	-	1	2.8
Total	8	16.1	3	4.4	1	1.8

Note: The following formula has been used in calculating vehicle accident rates:

Total vehicle accident rate =	Number of vehicle accidents	x 1,000,000
	Total driving distance (km)	

Environmental Performance Indicators

Environment-Quality Training Hours

Locations	Hours of Training per Employee (hour/man)		Total Hours of Training (man.hour)
	2013	2014	2014
Akocak HEPP	4.2	2.8	36
Ayyıldız WPP	5.3	3.5	17.5
Bulam HEPP	3.1	0.9	16
Burç HEPP	8.0	2.3	13
Feke I HEPP	8.1	1.4	68
Feke II HEPP	12.1	9.7	72
Gökkaya HEPP	15.8	10.3	65
Himmetli HEPP	11.0	10.8	66
Kemalpaşa NGPP	12.7	5.1	22
Bozüyük NGPP	4.3	2.8	8
Uluabat HEPP	7.3	2.6	42
Ankara Office	0.0	0.0	0
Head Office	3.4	2.6	262.5
Overall Average Hours of Training	5.4	3.3	
Overall Total Hours of Training			688

Energy Consumption within the Organization (GJ/year)	2012	2013	2014
Non-renewable based			
Fuel	325,452	122,121	552,780
Natural gas *	317,145	111,422	546,147
Diesel (generators)	1,164	1,059	1,745
Fuel oil (heating)	64	67	50
Diesel (vehicles)	5,243	6,435	3,561
Gasoline (vehicles)	1,836	3,138	1,277
Electricity	20,027	25,348	80,775
Renewable based			
Electricity	6,135	5,716	2,993
Total Energy Consumption	351,614	153,185	636,548

* 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. On the other hand, with the activation of Erzin NGPP in 2014, total natural gas consumption increased.

Greenhouse Gas Emissions (ton CO ₂ -equivalent)	2012	2013	2014
Scope 1	616,677	347,155	958,661
Scope 2	961	3,487	10,553
Scope 3	151	284	87
Total	617,789	350,926	969,301

Note: 2012 and 2013 data given in the table are the data acquired from Akenerji CDP Climate Change Program Reports. 2014 data will be announced in 2015 within the scope of CDP Climate Change Program. Scope 1 greenhouse gas emission data include not only emission caused by fuels used for our consumption, but also all fuels used for energy generation.

Note: Unlike previous years, Scope 3 emissions were calculated in 2014 by using the "International Civil Aviation Carbon Emission Calculation Methodology" (Intergovernmental Panel on Climate Change Tier 3A). When calculated with the previously used method, this figure will be 165 tons CO₂-e.

Water Consumption (m ³ /year)	Source	2012	2013	2014
Çerkezköy *	Well	560,215	-	-
Bozüyük	Waterworks	584,174	400,963	325,497
Kemalpaşa	Well	80,000	39,373	30,389
Erzin *	Sea water	-	-	217,728
NGPP Total		1,224,389	440,336	573,614
Uluabat	Well	408	2,387	1,953
Akocak	Well	140	150	150
Feke I	Göksu River	80	365	350
Feke II	Spring water	180	146	280
Himmetli	Göksu River	250	260	362
Gökkaya	Göksu River	50	365	265
Burç	Well	255	240	242
Bulam	Spring water	150	150	132
HEPP Total		3,855	2,927	3,734
WPP Total		33	120	120
Head Office		1,032	1,242	1,666
Total		1,229,309	444,625	579,134

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

* Çerkezköy NGPP was shut down in 2012 and Erzin NGCCPP became operational in 2014.

GRI G4 "Core" Content Index

This Report includes information on the sustainability performance and practices of Akenerji between 1 January 2014 and 31 December 2014. Evaluation of strategic sustainability targets published in the 2013 Report and our new goals and strategies are included in this Report.

The contents of the Report are developed in accordance with the G4 "Core" application level of the GRI Sustainability Reporting Guidelines. The report was submitted to GRI for the Materiality Disclosures Service and GRI has verified that the Disclosures G4-17 to G4-27 were correctly located in both the table below and in the text of the final report.

STANDARD DISCLOSURES					
Profile Disclosure	Description	Reported in	Scope of Reporting	Reference Pages / Explanations	External Assurance
STRATEGY AND ANALYSIS					
G4-1	Statement from the CEO.	Message from the CEO	Full	2-3	-
ORGANIZATIONAL PROFILE					
G4-3	Name of the organization.		Full	Akenerji Elektrik Üretim A.Ş.	-
G4-4	Primary brands, products, and services.	Company Profile	Full	6	-
G4-5	Location of the organization's headquarters.		Full	Gümüşsuyu Miralay Şefik Bey Sok. Akhan No: 15 Beyoğlu-İstanbul, Turkey	-
G4-6	Countries where the organization operates.		Full	Turkey	-
G4-7	Nature of ownership and legal form.	Company Profile	Full	1	-
G4-8	Markets served.	Company Profile	Full	Turkey	-
G4-9	Scale of the organization.	Company Profile Our Performance	Full	6-7, 58	-
G4-10	Breakdown of workforce.	Our Employees Our Performance	Full	48-49, 59	-
G4-11	Percentage of total employees covered by collective bargaining agreements.		Full	Our employees are not members to trade unions.	-
G4-12	Describe the organization's supply chain.	Responsibility in Value Chain	Full	25-27	-

Profile Disclosure	Description	Reported in	Scope of Reporting	Reference Pages / Explanations	External Assurance
ORGANIZATIONAL PROFILE					
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	About the Report Company Profile	Full	1, 5	-
G4-14	Addressing the precautionary approach or principle.	Environment	Full	29	-
G4-15	External charters, principles or initiatives endorsed.	Approach to Sustainability	Full	16	-
G4-16	Membership of associations and advocacy organizations.	Approach to Sustainability	Full	17	-
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	Report coverage of entities included in the consolidated financial statements.	About the Report	Full	1	Not Assured
G4-18	Process for defining the report content and the aspect boundaries.	Approach to Sustainability	Full	15-16	Not Assured
G4-19	Material aspects identified.	Approach to Sustainability	Full	15. (Most important and material issues (regardless of importance among them) are listed in the upper right section of the graph on page 16.)	Not Assured
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	About the Report Approach to Sustainability	Full	All material issues are material for all operations of Akenerji.	Not Assured
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Approach to Sustainability	Full	15. (Material issues outside the Company are explained in the footnote under the graph on page 16.)	Not Assured
G4-22	The effect of any restatements of information provided in previous reports.		Full	There is no re-stated important information.	Not Assured
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.		Full	There is no significant change in Issues and Frameworks identified in the previous reporting period. As this indicator is a new requirement of G4, Issues and Frameworks of Akenerji have been identified in this Report for the first time.	Not Assured
STAKEHOLDER ENGAGEMENT					
G4-24	List of stakeholder groups engaged by the organization.	Approach to Sustainability	Full	13-14	Not Assured
G4-25	Basis for identification and selection of stakeholders.	Approach to Sustainability	Full	13-14	Not Assured
G4-26	Approaches to stakeholder engagement.	Approach to Sustainability	Full	13-14	Not Assured
G4-27	Response to key topics and concerns raised.	Approach to Sustainability	Full	13-14	Not Assured



Profile Disclosure	Description	Reported in	Scope of Reporting	Reference Pages / Explanations	External Assurance
REPORT PROFILE					
G4-28	Reporting period.		Full	1 January 2014 - 31 December - 2014	
G4-29	Date of most recent previous report.		Full	Our second Sustainability Report was issued in April 2014.	-
G4-30	Reporting cycle.		Full	Sustainability Report is issued annually.	-
G4-31	Contact point for questions.		Full	info@akenerji.com.tr	-
REPORT PROFILE: GRI CONTENT INDEX					
G4-32	'In accordance' option, the GRI content index and external assurance.	GRI Index	Full	The Report is prepared in accordance with the GRI G4 "Core" application level. There was no external assurance.	-
REPORT PROFILE: ASSURANCE					
G4-33	Policy and current practice regarding external assurance.		Full	Although external audit has not been used for the Report, Integrated Management Systems data and financial indicators used in the Report are audited data.	-
GOVERNANCE					
G4-34	Governance structure of the organization.	Corporate Governance	Full	19-21	-
ETHICS AND INTEGRITY					
G4-56	Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Corporate Governance	Full	22-23	-
SPECIFIC STANDARD DISCLOSURES					
Economic					
DMA Aspect: Economic Performance		Our Performance		Primary Material Issue	
G4-EC1	Direct economic value generated and distributed.	Our Performance	Full	58	-
G4-EC2	Risks and opportunities due to climate change.	Environment	Full	38-39	-
DMA Aspect: Indirect Economic Impact		Responsibility in Value Chain People Oriented Practices		Secondary Material Issue	
G4-EC7	Development and impact of infrastructure investments and services supported.	People Oriented Practices	Partial	53	-
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Responsibility in Value Chain People Oriented Practices	Partial	27, 53	-

Profile Disclosure	Description	Reported in	Scope of Reporting	Reference Pages / Explanations	External Assurance
Economic					
DMA Aspect: Procurement Practices		Responsibility in Value Chain		Secondary Material Issue	
G4-EC9	Proportion of spending on local suppliers.	Responsibility in Value Chain	Partial	26-27	-
Environmental					
DMA Aspect: Energy		Environment		Primary Material Issue	
G4-EN3	Energy consumption within the organization.	Environment Our Performance	Full	32, 62	-
DMA Aspect: Water		Environment		Primary Material Issue	
G4-EN8	Total water withdrawal by source.	Our Performance	Full	62	-
G4-EN9	Water sources significantly affected by withdrawal of water.	Our Performance	Full	62	-
DMA Aspect: Biodiversity		Environment		Secondary Material Issue	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Full	No such areas.	-
DMA Aspect: Emissions		Environment		Primary Material Issue	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Environment Our Performance	Full	33, 62	-
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Environment Our Performance	Full	33, 62	-
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	Environment Our Performance	Full	33, 62	-
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	Environment	Full	38-39	-
DMA Aspect: Effluents and Waste		Environment		Primary Material Issue	
G4-EN22	Total water discharge by quality and destination.	Environment	Full	37	-
G4-EN23	Total weight of waste by type and disposal method.	Environment	Full	36	-
DMA Aspect: Product and Services		Environment		Primary Material Issue	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Environment	Full	39	-
DMA Aspect: Supplier Environmental Assessment				Secondary Material Issue	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Environment	Full	All new suppliers.	-



Profile Disclosure	Description	Reported in	Scope of Reporting	Reference Pages / Explanations	External Assurance
Environmental					
DMA Aspect: Environmental Grievance Mechanisms		Environment		Secondary Material Issue	
Social: Labor Practices and Decent Work					
DMA Aspect: Employment		People Oriented Practices		Secondary Material Issue	
G4-LA1	New employee hires and employee turnover by age group, gender and region.	People Oriented Practices	Full	48-50	-
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	People Oriented Practices	Full	52	-
DMA Aspect: Occupational Health and Safety		OHS		Primary Material Issue	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees.	OHS	Full	42	-
G4-LA6	Injuries, lost days, absenteeism and fatalities.	OHS	Full	44-45	-
DMA Aspect: Training and Education		People Oriented Practices		Secondary Material Issue	
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	People Oriented Practices	Full	51	-
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	People Oriented Practices	Full	52	-
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	People Oriented Practices	Full	51-52	-
DMA Aspect: Diversity and Equal Opportunity		People Oriented Practices		Secondary Material Issue	
G4-LA12	Composition of governance bodies and breakdown of employees.	Corporate Governance People Oriented Practices	Full	19-20, 48-49	-
DMA Aspect: Supplier Assessment for Labor Practices		Responsibility in Value Chain		Secondary Material Issue	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	Responsibility in Value Chain OHS	Full	All new suppliers.	-
DMA Aspect: Labor Practices Grievance Mechanisms		People Oriented Practices		Secondary Material Issue	

Profile Disclosure	Description	Reported in	Scope of Reporting	Reference Pages / Explanations	External Assurance
Social: Human Rights					
DMA Aspect: Supplier Human Rights Assessment		Responsibility in Value Chain		Secondary Material Issue	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	Responsibility in Value Chain	Full	All new suppliers.	-
DMA Aspect: Human Rights Grievance Mechanisms		Responsibility in Value Chain		Secondary Material Issue	
Social: Society					
DMA Aspect: Local Communities				Primary Material Issue	
G4-SO1	Local community engagement, impact assessments, and development programs.	Responsibility in Value Chain OHS People Oriented Practices	Full	25, 43, 53	-
DMA Aspect: Anti-Corruption		Corporate Governance		Primary Material Issue	
G4-SO4	Anti-corruption training.	Corporate Governance	Full	22-23	-
DMA Aspect: Grievance Mechanisms for Impacts on Society		People Oriented Practices		Secondary Material Issue	
Social: Product Responsibility					
DMA Aspect: Product and Service Labeling		Responsibility in Value Chain		Primary Material Issue	
G4-PR5	Results of surveys measuring customer satisfaction.	Our Performance	Full	59	-

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