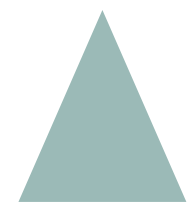




**AKKÖK HOLDING
UNITED NATIONS
GLOBAL COMPACT
COMMUNICATION
ON PROGRESS
REPORT 2017**



AKKÖK
HOLDING

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About the Report

Akkök Holding United Nations Global Compact Communication on Progress for 2017 was prepared in line with the requirements of the United Nations Global Compact, of which the Akkök Holding (Holding) is a signatory. The policies, practices and performance results of Akkök Holding and its subsidiaries in relation to the 10 core principles put forward by the compact under the headings of “Human Rights”, “Labor Standards”, “Environment”, and “Anti-Corruption” during the period between 01.01.2017 and 31.12.2017 were presented to the views of stakeholders as it is required by the Company’s principles of transparency and accountability.

While the consolidated data of Akkök Holding and all its subsidiaries were included for social and financial performance indicators, environmental indicators include data only for subsidiaries carrying out sustainability reporting practices, namely Aksa Akrilik, Ak-Kim and Akenerji. Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) constitute another reference point for the disclosed performance results.

Please communicate feedbacks, suggestions, questions and criticisms regarding the report to:

surdurulebilirlik@akkok.com.tr

MESSAGE FROM THE CEO

Esteemed Stakeholders,

While we are leaving behind an economic, cyclical and commercially challenging year, we are proud of Akkök Holding's contribution to our country's economy and employment with 905 million TL of investment and 1.6 billion TL of export in 2017.

With this report that we prepared based on our commitment to UN Global Compact, of which we are a signatory as of 2017, we present our performance in line with the 10 principles set out to our stakeholders. We will continue to sustain this reporting practice which represents a summary of our performance in the related subjects in the forthcoming periods as well.

With our 65 years of experience and sustainable growth-oriented strategy, we continue to implement value-added projects.

Our corporate governance approach, an indispensable component of our operations, embraced by all of our companies continued to win approval based on the evaluations in 2017. Our subsidiaries participating in the Corporate Governance Index were subjected to assessments like before within the framework of Capital Market Board (SPK) Corporate Governance principles. Akış GYO increased its rating from 9.44 over 10 which was identified in the previous period to 9.49 while Aksa Akrilik increased its rating from 9.60 to 9.63. We took pride in Aksa Akrilik which achieved the highest score and ranked first both in 2016 and 2017, and ranked as the 1st company, rising up to the 3rd highest ranking in Corporate Governance Index with this score.

Creating a pluralistic and participatory business environment that shows respect to human and employee rights is among Akkök Holding's main business priorities. In this regard, we take advantage of effective communication and audit mechanisms in order to prevent possible violations of rights and discrimination. In this context, we carried on our activities that ensure the complete implementation of "Akkök Group of Companies Code of Business Ethics" that we established in 2014 as our key guide in the reporting period as well.

As part of our environmental sustainability strategy, we continued to make significant investments in fighting against climate change and conserving natural resources, and also reducing the



Ahmet C. DÖRDÜNCÜ
CEO of Akkök Holding

environmental impact of our Group companies' operations. Akenerji, which voluntarily shares its carbon performance data with the public every year as part of the Carbon Disclosure Project (CDP), raised its performance score from "C" level to "B" level in 2016; and in addition to this success, received CDP Turkey 2017 Water Leadership award as a result of grading conducted for CDP Turkey Water Program in 2017.

Aksa Akrilik, the first company in Turkey to receive the ISO 14046 Water Footprint Standard Certificate in the field of sustainable water management, obtained 85% of the total water consumption in 2017 from the Reverse Osmosis Facility, which was commissioned in 2015. In 2017, 2,956,500 kwh electricity and 12,035 tons of steam were saved with the projects realized within the scope of Ak-Kim operations.

In addition to creating sustainable added values for our stakeholders in the region we operate, we continued our projects and practices in culture & art and sports in 2017 as well. We aim to increasingly continue our investments and activities in corporate social responsibility in the forthcoming periods.

All the successful results we have achieved as Akkök are possible thanks to our sustainable business approach and our operations carried out in this direction with precision. I would like to thank all our stakeholders, especially our employees, who are striving for our further enhancement of this value.

Sincerely,

CORPORATE PROFILE

Founded by dear departed Raif Dinçök in 1952, Akkök Holding operates in chemistry, real estate and energy sectors, comprises 19 trade and industrial companies of which one is overseas and also 19 production facilities within its body. Exporting to over 50 countries with its more than 5,000 employees, Akkök Holding aims to meet the global competition conditions in all of its companies and reach world standards.

5,138
Number of employees

19
Number of actively
operating countries

11
Million TL
Combined net sales

1.6
Billion TL
Export revenue

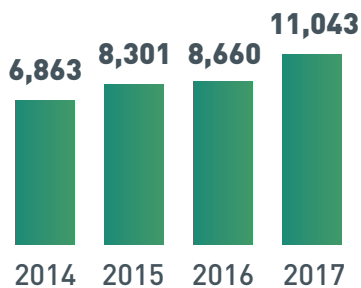
905
Million TL
Investment

1,410
Million TL
Consolidated EBITDA

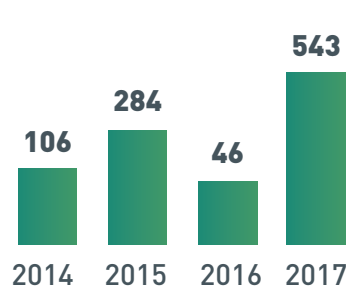
8,420,647
Thousand TL
Total Assets

4,818,781
Thousand TL
Total Liabilities

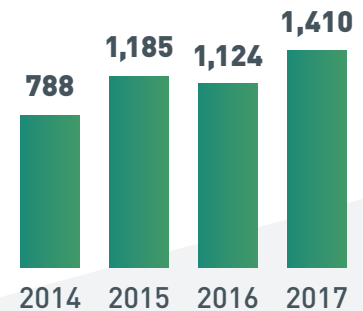
Net Sales
Combined
(Million TL)



EDBITDA
Combined
(Million US Dollar)



EDBITDA
Combined
(Million US Dollar)



CHEMICALS	ENERGY
AKSA	AKENERJİ
Founded in 1968 as part of Akkök Holding.	Coalition between Akkök Holding and Czech Energy Company CEZ Group
Production capacity of 315 thousand tons/year with 100% Turkish capital	Representative of foresight and stability in the energy industry
Established on a site of approx. 502 thousand m ²	1224 MW of installed power, of which 320 MW is renewable
The only domestic acrylic fiber manufacturer of Turkey	10.2 TWh sales volume in Energy Trade
AK-KİM	EGEMER
800 thousand tons of total production capacity and more than 1,500 products	Akenerji's largest investment
Exports spreading across 70 countries on six continents	Erzin Natural Gas Combined Cycle Power Plant with a capacity of 904 MW installed power and 7.4 Twh annual production capacity
488 employees in total	A capacity that can provide 3% of the electric energy needs of Turkey by itself became operational in the third quarter of 2014
GİZEM FRİT	SEDAŞ
Established in 1979, Gizem Frit embarked upon its first frit production	Uninterrupted energy distribution service for 24/7 on a 20,000 square kilometers area comprising the regions of Sakarya, Kocaeli, Bolu and Düzce, to a population of 3.5 million in total of four regions, 45 districts, 49 municipalities, 766 villages and 1366 neighborhoods
Annual production capacity of 132,500 tons with 30 thousand m ² of indoor plant area on a 60 thousand m ² site	Prospective plans and projects following new technology for high quality and reliable electric energy
Over 400 employees, indirect employment to 1,000 individuals	Modern business management at a speed suitable for today
DOWAKSA	SEPAŞ ENERJİ
A joint enterprise of The Dow Chemical Company and Aksa Akrilik Kimya Sanayii A.Ş.	Electricity retail sales company as the end supplier for the region in Bolu, Düzce, Sakarya and Kocaeli.

One the strongest companies in production of carbon fiber and its byproducts	1.7 million customer portfolio throughout Turkey
Integrated carbon fiber composite solutions offered to industrial sectors, mainly energy, transportation, defense	Investments in technology with the aim of maximizing customer experience
One and only Turkish company operating in the carbon fiber sector	Efforts to maintain market leadership in the designated supply zones
SERVICES	REAL ESTATE
AKMERKEZ LOKANTACILIK	AKIŞ GYO
An atmosphere offering both elegance and comfort at Paper Moon	An achievement born out of the experience and expertise of Akkök Holding in shopping center investment
An urban classic among the distinguished brands of food and beverage sector in İstanbul	World class investments Diversified projects
World class food and service quality	The leading company in the real estate sector for its quality and credibility
Interior design reflecting luxury and simplicity	A wide portfolio offering different real estate investment options such as shopping center and lifestyle center, housing, land and factory buildings
AKASYA ÇOCUK DÜNYASI	AKMERKEZ GYO
Owner of the franchise license in Turkey for KidZania which operates in 19 countries and 24 cities	Innovative perspective, an aesthetic and comfortable space
Nearly 100 role-play opportunities for children in 65 activity areas according to their skills and areas of interest	More like a lifestyle center than a shopping mall
8,000 m ² site	Brings liveliness to urban life with its authentic design and social and cultural activities
AK-PA	AK TURİZM
Exports to over 70 countries on five continents (acrylic fiber, carbon fiber, inorganic and organic chemical materials and frit)	Tourism investments planned in Kaşık Island which has a significant investment potential as it is located in the city center

Brand power in the market with fiber and yarn group products (polyester, polyamide, viscose, cotton)	Cultural and touristic opportunities away from the city buzz
Among Turkey's leading exporter companies in the textile sector	Elaborate approach towards the needs of the city, environmental and social conditions
AKTEK	DİNKAL
The most contemporary practices in information technologies	Among the preferred companies of the insurance sector
Developing applications to keep Group companies' technological infrastructure up to date	Potential to provide services in all branches of insurance
Among the leading brands of the informatics sector	Offering creative solutions to customers specific to their needs
High standards of service and customer satisfaction	High quality service standard

CORPORATE MEMBERSHIPS

Turkish Ethics and Reputation Association (TEİD)	Internal Audit Institute of Turkey (TİDE)
Istanbul Chamber of Commerce (İTO)	Turkish Corporate Governance Association (TKYD)
Business World and Sustainable Development Association	Yenidenbiz Association
Corporate Risk Management Association (KRYD)	30% Club
Private Sector Volunteers Association (ÖSGD)	Professional Women's Network (PWN)
Turkish Industrialists and Businessmen's Association (TÜSİAD)	



CORPORATE GOVERNANCE

An open, transparent and accountable corporate governance approach is one of the most important factors that underlie Akkök Holding's success. Together with this understanding and structure formed in light of its 65-year of business experience, the Holding undertakes operations that add value to societies in which it exists by focusing on sustainable development. Akkök Holding's sustainability approach is to actualize projects that create added value in social, environmental and economic areas in addition to its policies, practices and targets. In this context, all Group companies embrace Akkök Holding's sustainability approach and continue their activities determined in this common agenda.

Adherence of all subsidiaries to laws and Code of Business Ethics is a process Akkök Holding manages meticulously, and is a key component of its corporate governance approach. While full compliance is achieved through internal audit and internal control activities that are conducted, corporate risk management program identifies risks that might endanger the existence and future of the Holding upon which relevant actions and business strategies are formed.

Akkök Holding senior management consists of a two-level system that embodies Board of Directors and Executive Board. While Akkök Holding Board of Directors that consists of 9 members, carries the responsibilities of taking action in the name of the Company and representing it, the Chairman of the Board of Directors

has no executive duties. Chairman of the Executive Board which is under the Board of Directors and consists of 6 members including the Executive Board Advisor, is the CEO of the Company and is responsible for all the executive operations of Akkök Holding before the Board of Directors. The Company has identified its senior staff as the Executive Board, the members of the Board of Directors, General Managers and Company Directors. 44% of Akkök Holding Board of Directors members and 30% of the Board of Director members of all Group companies are female.

Akkök Holding supports its corporate governance approach and relevant sustainable growth strategy with policies envisaged by the international initiatives of which it is a party. Having signed the UN Global Compact, the Holding presents its activities conducted in line with principles and headings to the views of its stakeholders through the reporting practices it undertakes annually.

Group companies present their performance in the areas of corporate governance and sustainability management in the most transparent and accountable way. Besides Akkök Holding, Aksa Akrilik, Akenerji and Akiş GYO publish annual reports as well. While Aksa Akrilik and Akenerji publish sustainability reports annually, Ak-Kim publishes Communication of Progress Report biannually as part of the United Nations Global Compact.

Akkök Holding's subsidiaries are subject to assessments every year under the main headings of shareholders, public disclosure and transparency, stakeholders and board of directors within the framework of Capital Market Board (SPK) Corporate Governance principles. In this context, Akiş GYO, increased its Corporate Governance Rating from 9.28 (out of 10) which was identified in 2015, to the level of 9.44 in 2016 and to the level of 9.49 in 2017. With this rating, Akiş GYO achieved to preserve its position of highest company with its Corporate Governance Rating among real estate investment companies and construction companies. Another Akkök Holding subsidiary, Aksa Akrilik Kimya Sanayii A.Ş. increased its Corporate Governance Rating from 9.50 that was identified in 2015, to the level of 9.60 in 2016, and to the level of 9.64 in 2017. Rising up to the 3rd highest ranking in Corporate Governance Index with its rating in 2015, the Company achieved the highest score and ranked first both in 2016 and 2017, and ranked as the 1st company. Aksa Akrilik, the world's largest acrylic fiber producer, won the first prize in the 7th Corporate Governance Awards organized by Corporate Governance Association of Turkey.



HUMAN RIGHTS

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

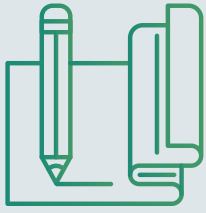
Principle 2: make sure that they are not complicit in human rights abuses.

Akkök Holding considers undertaking operations that respect to human rights among its main priorities. In this context, one of the fundamental principles of Akkök Holding is to establish an effective dialogue with its stakeholders, guard the rights of its stakeholders and regulate its activities based on this approach. For this purpose, communication and auditing mechanism is actively used to expand human rights approach in the value chain. Akkök Holding and Group companies execute evaluations on human rights principles in auditing practices for suppliers and contractors.

The Holding strives to create a democratic working environment respectful of human rights in all Group companies while

benefitting from effective communication and audit mechanisms to spread this understanding in its value chain. All the Group companies adopt Akkök Holding Human Resources Policy and the principle of providing equal opportunities for everyone in any human resources process as they act proactively against discrimination based on religion, language, race and gender.

The companies organize trainings and conduct communication works in order to raise consciousness among employees regarding human rights issues. In the reporting period, Aksa employees were provided with 121 man*hour while Ak-Kim employees were provided with 141 man*hour of ethical training comprising human rights topics.



LABOR STANDARTS

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

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

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Akkök Holding, which embraces its employees as the main component of its achievements and the most valuable capital, strives to create a pluralistic and participatory business environment that respects human and employee rights. In line with its Human Resources Policy that is accepted as the main reference in all Group companies, fair and non-discriminative approach is pursued in all human resources processes from recruitment to performance evaluation, from remuneration to employee development practices. Employees are encouraged to participate in the decision-making processes through effective communication mechanisms with which a democratic working environment is achieved.

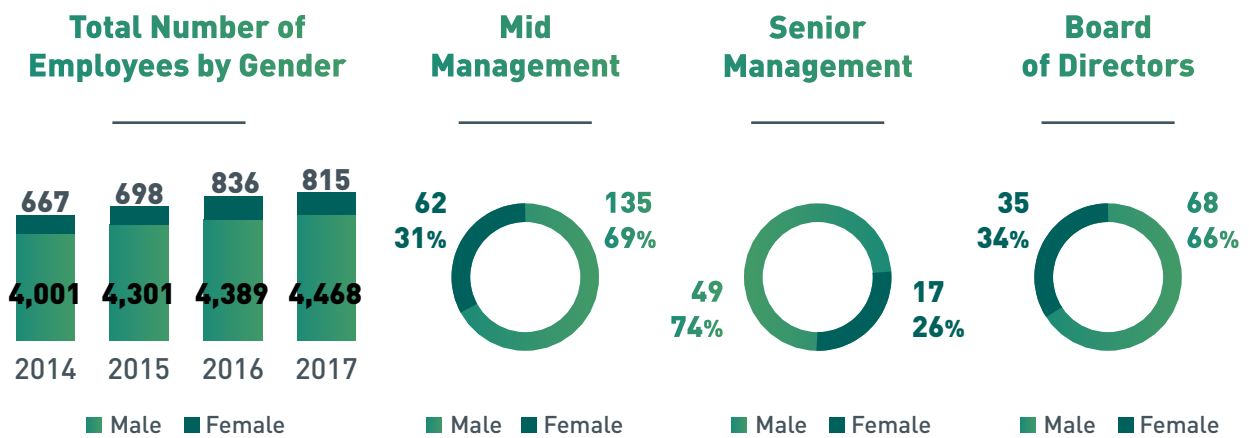
Aksa TV Starts Broadcasting!

In addition to the improvements regarding Aksa and Aksa employees, Aksa TV which includes Turkey's and world's most up-to-date news has started broadcasting. Aksa TV that operates with close circuit broadcasting system started its first operation in Aksa Yalova factory in 4 different broadcasting location. Aksa TV which aims to increase the number of broadcasting locations in the forthcoming period include various dynamic content such as weather forecast, fixtures, stock and exchange information.

At Akkök Holding companies where the principle of equal pay for equal work policy is adopted, there is no base salary practice discerned by gender. The performance and competencies of employees are taken as a basis in remuneration and promotion practices and also the proportion of female employees working at decision-making positions is increasing steadily. During the reporting period, there was not any case of discrimination reported within the operations of Akkök Holding and Group companies.

Respecting human and employee rights is considered as the fundamental principle in all activities of Akkök Holding and Group companies. Accordingly, the employees' right to unionization and collective bargaining are protected and the continuity of labor peace is guaranteed. During the reporting period, there were no cases of child labor or forced/compulsory labor within the scope of the operations of Akkök Holding and Group companies. Again, there are no activities bearing risks regarding these issues within the supply chain of the Holding and Group companies.

Representation of Women in Mid-Senior Management and Boards of Directors



Akkök Holding conducts its business activities transparently while encouraging its employees to participate in decision-making processes through effective and bi-directional communication mechanisms offered both at the level of the Holding and the Group companies. Believing in the importance of a participatory working environment, the Holding builds trust and loyalty in its relationship with its employees and obtains important inputs in favor of business processes and the working environment by reaching out employees' innovative ideas.

Suggestion systems are one of the most important means of receiving feedback from the employees at Akkök Holding companies. During the reporting period, 858 suggestions were received from employees at Aksa Akrilik, 247 of these suggestions were actualized. Again, in the same period, 63 of 158 suggestions received from Ak-Kim employees were implemented.

Great Place to Work

Aksa Akrilik and Ak-Kim receive feedbacks of their employees regarding the working environment through 'Great Place to Work' Trust Index and obtain important inputs for their performance in this field. Companies make improvement plans after survey studies they conduct under the headings of "Trust," "Respect," "Fairness," "Pride," and "Team Spirit" to receive the evaluations of the employees.

Ak-Kim Innovation Culture Project

Ak-Kim Innovation Culture Project aims to raise awareness in regards to values that form the basis of innovation culture, to encourage participation and to execute an action plan to create an environment that embraces innovation. In this project, the target is to increase the revenue obtained from incentives, the total revenue from innovation projects, and the profitability of the company. Higher level of endorsement obtained through less number of new products in 2017 is the proof of the development of the new products and the high added value. Ak-Kim innovation index has risen from 7.5% to 13.9% since 2014.

Aksa Culture and Internal Communication Project

Aksa Culture and Internal Communication Project is initiated in 2017 at Aksa Akrilik in order to define the elements of company culture and to strengthen interaction and communication with employees according to the dynamics of company culture. Based on this purpose, over 100 documents reflecting the internal operation and practices that are related to employees were examined. A meeting was organized that hosted 174 employees with an aim to detect how employees perceive Aksa culture and how communication can be strengthened. In this project, the long-term target is to expand cultural elements that help Aksa reach its strategic goals, to strengthen internal communication, to increase commitment, sense of belonging and motivation of employees by focusing on their experiences, to make Aksa an ideal employee brand by making employees the ambassadors of the brand, to solidify corporate dignity, to increase attraction, and to contribute to keep the talents in hand and to reach high qualified nominees.



ENVIRONMENT

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Akkök Holding acts with the awareness of its responsibilities in fighting against climate change and protecting natural resources, and also designs pioneering practices in order to minimize environmental impact arising from the operations of the Holding and Group companies. Following Akkök Holding's management approach, Group companies that create a wide sphere of impact across its wide operational geography focus on technological investments, stakeholder collaborations and product life cycle and ensure continuous development of their environmental sustainability performance.

Akkök Environmental Committee, the highest authority in the context of Akkök Holding's environmental sustainability management, is responsible for the identification of strategies in this area and the standardization of the key performance indicators monitored across the Group. Represented by all Akkök Holding companies, the Committee ensures the complete implementation of the Holding's environmental sustainability approach in all Group companies. Strategies and targets, which are formed with an understanding

that accounts for all lifecycles from product to services, from supply to development and from production to distribution are meticulously pursued and vigorous efforts are made to extend this understanding throughout the value chain.

Group companies organize regular trainings on environment in order to help employees adopt Akkök Holding's environmental sustainability approach. In this context, Aksa Akrilik provided a total of 3,540 man*hour environmental trainings to the employees of Akenerji and Ak-kim in the reporting period.

Group companies act in line with Akkök Holding's management approach in fighting against climate change and continuously improve their performance on this subject through effective energy and emission management practices. In accordance with internationally accepted standards, these practices are carried out by the Energy Management Units, Boards or related units of the Companies and the performance results are presented to stakeholders in line with voluntary global initiatives such as Carbon Disclosure Project.

Group companies manage their energy consumption and greenhouse gas emissions in light of concrete targets and monitor these targets with international standards such as ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Calculation and Reporting Standards. While Akxa Akrilik and Ak-Kim fulfill the requirements of ISO 14064-1, Akenerji meet the requirements of ISO 14064-1. An independent institution audits the emissions of all the Group companies every year and their emission amount is certified with extensive assurance.

The companies within the scope of this report achieved the following in Scope 1 and Scope 2 emissions in 2017: Compared to the previous reporting period, the basic reason of increase in Scope 1 emissions is that Erzin DGKÇS which forms almost all of Scope 1 emissions and which is the only natural

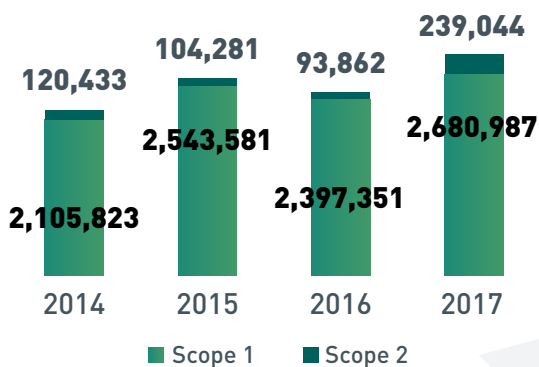
Akxa Coal Power Plant Boiler-2 Combustion Optimization

This project aims to obtain improvement in boiler efficiency by achieving the same vapor capacity with lesser coal consumption by reducing unburnt carbon ratio in ash (reduced from mean value of 9% to 4%). With this project, the target is to produce the same amount of vapor with 2,075 t/year less amount of coal, to produce 208 t/year less ash and to dispose 17 t/year less clinker.

gas plant in Akenerji activities operated more in terms of hours compared to 2016. Despite this increase in emissions, the amount of emission per electricity unit produced was reduced in 2017 compared to 2016. The most significant reason for the increase in Scope 2 emissions is that maintenance-related issues of power plant in Akxa operations is higher compared to last year; and meanwhile, the electricity was obtained from the network.

Group companies execute significant investments in energy efficiency and green energy in order to minimize carbon footprints and sign under innovation practices. Akxa Akrilik obtained 84,329 GJ thermal energy saving through 52% more efficiency and 9,747 GJ electric energy through 92% more efficiency compared to 2016 thanks to energy efficiency projects executed in the reporting period.

Greenhouse Gas Emissions (ton CO₂e)



These savings are equivalent to 10,562 tons of CO₂ reduction. Ak-Kim achieved 2,956,500 kwh electricity and 12,035 tons of vapor savings in 2017 thanks to the projects executed within its operations. In 2017, Akenerji Energy Services achieved 47% efficiency in electric energy, 89% in natural gas through projects it sustains without making any additional investment on its businesses, and equalized its own record it achieved in 2016.

Both the Holding and Group companies act with precision in preserving and conscious-use of natural resources according to Akkök Holding sustainability approach. In this context, various practices, primarily recycling and reducing wastes at source, were put into practice which results in a better performance expectation.

Ak-Kim Energy Emission Management Projects

Ak-Kim put into practice significant practices in energy and emission reduction through projects it initiated and completed during the reporting period. With inorganic facilities, the goal is to reach 300,000 kwh saving per year by increasing efficiency in water consumption and energy consumption through renewing cooling towers. 642,000 kwh saving is obtained through Driver Application and Fan Exchange at Sodium Percarbonate Plant Fans. In lighting, it is assumed to obtain 300,000 kwh saving by exchanging all armatures with led ones.

CDP Climate Change and Water Program

Akenerji, shares its carbon performance publicly on a voluntary basis within the scope of Carbon Disclosure Project (CDP) Climate Change Program of which it became a part in 2011.

Aksa Akrilik aims to complete the preliminary preparations for the CDP climate study in 2017; and the process continues. In this regard, Aksa Akrilik's goal for 2018 is to prepare climate and water reports.

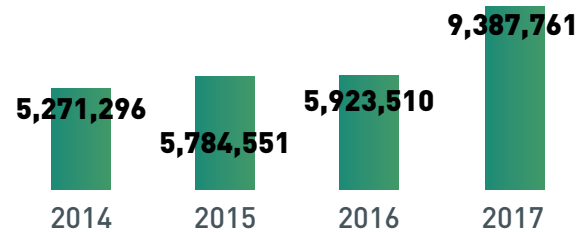
Akenerji Renewable Energy Investments

Akenerji has started its renewable energy operations by joining with the first hydroelectric power generation facility tender opened by Energy Market Regulatory Authority (EMRA) in 2005. Akenerji is among the first electricity producer in the private sector to invest in this field. Akenerji produced 5.7 TWh electricity, 11% of which was obtained from renewable resources, in 2017, increasing its electricity production by 54% compared to 2016. Akenerji enhanced the capacity of Ayyıldız Wind Power Plant by 88% from 2016 to 2017 and continues its market research with an aim to improve its renewable energy percentage and profitability.

Aksa Akrilik has become the first company to obtain ISO 14046 Water Footprint Standard Certificate in our country in chemistry and textile industry thanks to its studies on sustainable water management. In addition to this pioneer practice, in 2017, Aksa obtained 85% of its total water consumption from Reverse Osmosis plant initiated in 2015 in regards to a holistic water management approach that includes diversity of water resources, efficient consumption of water and water management approach given to receiver environments.

Group companies allocate significant resources for eco-friendly technologies and environmental protection activities and create efficiency in the use of energy, water and raw materials in their projects and practices. During the reporting period, Aksa Akrilik allocated 1.2 million USD for environmental protection expenditures and investments. In the same period, Ak-Kim allocated 10 million and Akenerji spent 500,000 TL for the investments and expenditures in this area.

Total Water Consumption (m³)



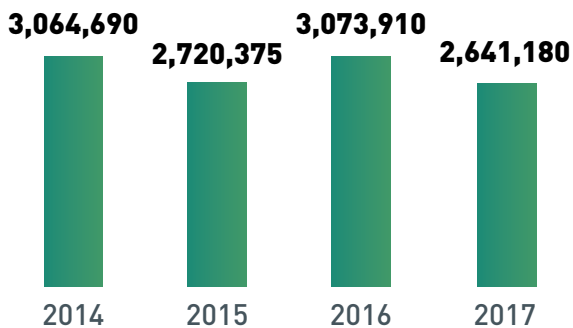
Wastewater Lines Infrastructure Project

In Aksa Akrilik's Wastewater Lines Infrastructure Project which was initiated in 2016 and planned to be completed by the end of 2018, the target is to prevent land pollution and protect environment in addition to water management. The goal is to prevent potential environmental pollution by renewing all underground lines, converting them into aerial lines and immediately detecting potential accidents.

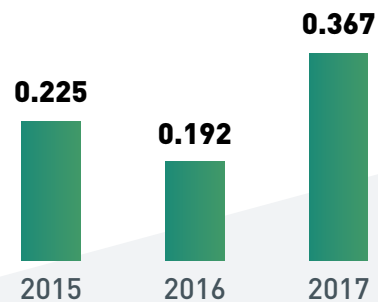
Joint Treatment Facility

With the Project that was completed in 2015, a joint treatment facility was established in YALKIM Organized Industrial Zone, where Aksa, Ak-Kim and DowAksa from Akkök Holding are located. At the facility all household and industrial wastewaters are treated together. At the facility where improvement activities were carried out in 2016, 2.641.180 m³ waste water was treated in accordance with the regulations. Waters covered at the facility are characterized as raw water at dam water quality, while impacts on ecological balance were significantly reduced with the alternative raw water source that was formed.

Total Water Discharge (m³) Ak-Kim-Aksa

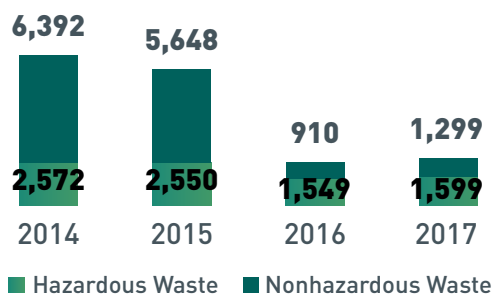


Akenerji Water Amount Discharged per Electricity Production (m³)



Akkök Group companies at Akkök Holding fully fulfill their Environmental Impact Assessment obligations regarding new investment fields or capacity increases at existing plants, and thus avoid possible negative impacts on biodiversity.

Waste Amount by Type (ton)



During the reporting period, 68% of the hazardous waste and 93% of the nonhazardous waste were recycled. As a result, the proportion of waste recycled increased from 63% to 92% compared to the previous period.

Based on the project conducted in the reporting period, Ak-Kim achieved both waste reduction and raw material recovery using ammonia stripping system; the total nitrogen was reduced from 1,130 mg/l to 730 mg/l. In addition to this project, 9 ton/month DMAC was recovered through a project on preventing DMAC escape and product loss.

Aksa reduced the waste ash ratio to 1/10 level with its project on converting the volatile ash that is disposed as waste into a product using CE certification.

CDP Water Program

Akenerji has been participating in the CDP Water Program since 2015 which aims at mobilizing private sector to take responsibility in the issue of water, provides companies with a platform where they can transparently disclose their water use and risks and strategies regarding water. Akenerji achieved to receive CDP Turkey 2017 Water Leadership award as a result of the rating conducted in 2017 in regards to CDP Turkey Water Program to which Akenerji is still the only energy company to participate.



ANTI-CORRUPTION

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

Accepting the great responsibilities that the business world bears in the combat against corruption, Akkök Holding aims to constitute an example for both the sectors where it operates and its stakeholders with the practices it carries out in this field. While the Holding perceives opposing bribery and corruption as one of its primary responsibilities for society, it conducts effective communication, training and audit practices concerning these issues at the level of the Holding and Group companies.

“Akkök Group of Companies Code of Business Ethics” that was formed in 2014, reflects the ensemble of rules that all Group companies must take basis in their relations with stakeholders. The text that defines the framework of the Holding and Group companies’ relations with its employees, partners, suppliers, customers, vendors, other stakeholders and the public, predicates upon the principles of responsibility, honesty, trust and equality, privacy and legal

compliance. The principles define the Group approach in the face of legal and ethical risks comprising the issues of bribery and corruption.

The Holding establishes the necessary organizational structure for the effective implementation of the Code of Business Ethics in the company and its subsidiaries. An Ethics Board, which was formed from Company ethics members, conducts its activities in line with Akkök Group of Companies Ethics Board Working Directives. An Ethics Line was established and is managed by an independent institution to ensure that all stakeholders, especially employees are able to communicate the violations of principles. On the line, which operates on the basis of confidentiality and is accessible every day of the week, the identifying information of notifiers are kept confidential and shared with the Ethics Board only upon the permission of the individuals concerned.

You can access Akkök Group of Companies Code of Business Ethics at <http://www.akkok.com.tr/Kurumsal/Pages/Akkok-holding-Is-Etigi-Ilkeleri.aspx>

The primary activities that Akkök Holding carries out to ensure all Group companies act with the same understanding and rigour are communication and training practices. In this respect, these activities continued during the reporting period in an attempt to enable the approval of these principles as fundamental and indispensable corporate values, to ensure their adoption and implementation in all Group companies. The Akkök Holding Internal Audit Group carries out controls in various areas,

primarily increasing the efficiency of operations, ensuring financial security and compliance with laws and regulations; with the audits it conducts through internal audit teams and independent auditors. Periodical inspections are carried out in relation to bribery and corruption risks within the framework of the annual internal audit plan of the Group. During the reporting period, there were no cases of corruption or bribery identified within the scope of the audits.

Akkök Holding guarantees not to take any adverse action against individuals who notify violations.



CORPORATE SOCIAL RESPONSIBILITY

Akkök Holding aims to contribute to social and cultural development as much as to the economic development of the geography in which it operates. In this respect, it carries out important corporate social responsibility activities. In line with the responsibilities corporate citizenship demands, the Holding manages projects and support activities that prioritize its regions of operations and focus on education, art and environmental issues. The Holding predicates its CSR practices upon stakeholder participation as in all business processes while it promotes volunteerism in all its activities.

Support for Education

Akkök Holding believes that sustainable social development can be achieved mainly by supporting education and sustain training of younger generations in a knowledgeable, deliberate and sensitive manner. The Holding, which has built schools in various regions of Turkey, also provides infrastructural support for the universities mainly in the regions of operations.

Among the schools the Holding has built so far: Raif Dinçkök Primary and Middle School (Çerkezköy/Tekirdağ), Aksa Vocational and Technical Anatolian High School (Yalova), Güzin Dinçkök Primary Middle School (Maltepe / Istanbul), ISOV Vocational Training Center and Social Facilities, Dinçkök Anatolian Technical High School (Zincirlikuyu / Istanbul), Güzin Dinçkök Primary School (Van). In addition to these projects, the Holding undertook the construction of the rectorate building of Yalova University and Maslak dormitories of Istanbul Technical University.

Support for Yalova Orthopedics Sports Club

Akkök Holding, which has actualized corporate social responsibility projects that add value to social and cultural life, gives support for sports in Yalova where its production facilities are located since 2012. Since November 2012, the Group is the main sponsor of Yalova Orthopedics Sports Club (YOSK), one of the leading sports clubs competing in the Wheelchair Basketball Super League.

Raif Dinçkök Cultural Centre

Akkök Holding, brought Raif Dinçkök Cultural Center into service in 2011 to enrich the social and cultural life in Yalova. The center, which was built with a contemporary architectural approach, has responded to Yalova's important need with the facilities it provided. Built in four separate blocks on a 10,000 m² provided by Yalova Municipality, the Center includes various sections such as multi-purpose halls, organized training workshops, foyer, exhibition and cafeteria areas, belvedere and terrace that allow for different cultural and art representations in the center.

Mamut Art Project

In 2017, the Holding continued to support the Mamut Art Project, whose main sponsorship it assumed in 2016 for the first time, within the framework of its "Investment in the Future" strategy. Since 2013, the Mamut Art Project brings young artists together with collectors, galleries, culture-art institutions and art lovers and exhibits its success by winning many awards received since its foundation.

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	s.11
Principle 2	Make sure that they are not complicit in human rights abuses	s.11

LABOUR

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	s.12-13
Principle 4	The elimination of all forms of forced and compulsory labour;	s.12-13
Principle 5	The effective abolition of child labour; and	s.12-13
Principle 6	The elimination of discrimination in respect of employment and occupation.	s.12-13

ENVIRONMENT

Principle 7	Businesses should support a precautionary approach to environmental challenges;	s.16-21
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	s.16-21
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	s.16-21

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	s.22-23
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