

AKKÖK HOLDING
THE UNITED NATIONS GLOBAL
COMPACT PROGRESS REPORT 2018



AKKÖK
HOLDING

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ABOUT THE REPORT

Akkök Holding United Nations Global Compact Progress Report 2018 has been prepared in line with the requirements of the United Nations Global Compact, of which Akkök Holding (Holding) is a party.

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 01.01.2018 and 31.12.2018 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. The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines constitutes 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

Dear Stakeholders,

As of 2007, we present our performance in line with the 10 principles of the Compact through this report, which we have prepared based on our commitment to the United Nations Global Compact. In the coming period we will continue this reporting practice, which is a summary of our performance in the related topics. With our report, we aim to present our contribution to Sustainability Development Goals of the United Nations more effectively.

As Akkök Group, our combined turnover increased by 35% to 14.9 billion TL; foreign sales, which were at the level of 1.6 billion TL in 2017, reached 2.5 billion TL in 2018. While increasing the share of exports in all our business lines, we continued to make maximum efforts to increase employment and increase the added value we create.

Our affiliates included in the Corporate Governance Index continued to be assessed in 2018 within the framework of the Capital Markets Board (SPK) Corporate Governance Principles. In 2018, Aksa Akrilik Kimya Sanayii A.Ş. increased its Corporate Governance Rating from 9.63 to 9.70. Thus, it was deemed worthy of great prize among the 46 companies included in the Borsa İstanbul Corporate Governance Index, as in 2016 and 2017, and was ranked first in three consecutive years with the highest score ever received. With this rating, it has managed to maintain its position of "the company with the highest Corporate Governance Rating" among real estate investment trusts and construction companies.

In 2018, we continued our efforts to provide a participatory working environment where our employees, who are the most important building blocks of our success, will work happily and productively, respectful to human and employee rights.

We continue our operations with the awareness of our responsibility for climate change and protection of natural resources. While continuing our activities in accordance with national and



Ahmet C. DÖRDÜNCÜ
Akkök Holding Chief
Executive Officer

internationally recognized quality systems; we invest in environmentally friendly technologies, constantly aiming for better performance by monitoring and surveilling environmental performance.

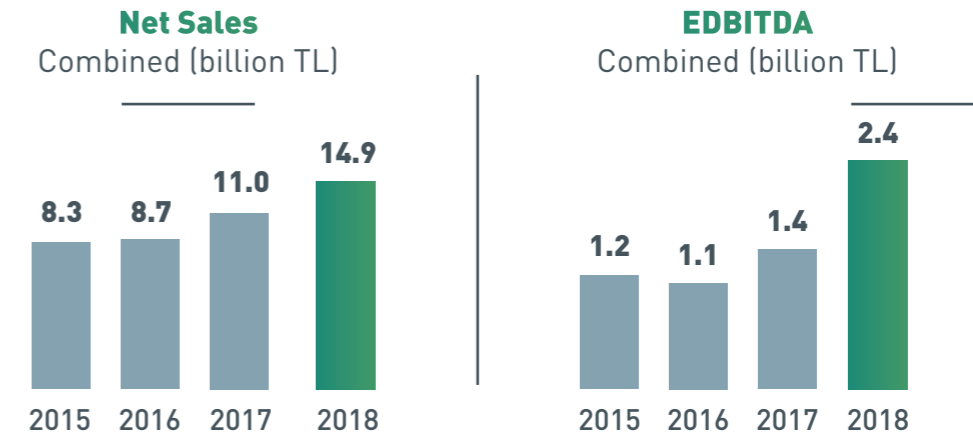
In addition to creating sustainable added value for our stakeholders in the geography we operate, we continued our projects and practices in the fields of education, culture, art and sports in 2018. We aim to continue our investments and activities in the field of corporate social responsibility by increasing them in the coming periods.

I would like to thank all our stakeholders who did not leave us alone in all the achievements we have achieved as Akkök Holding.

With kind regards,

CORPORATE PROFILE

Founded in 1952 by the late Raif Dinçök, Akkök Holding is one of Turkey's most established institutions. Operating in the chemical, real estate and energy sectors, the Holding has 19 trade and industrial companies, including one abroad, and 19 production facilities. Akkök Holding aims to achieve global competition conditions and reach world standards with all its companies.



[*] Consolidated values are calculated according to the Legal Financial Statements of Partnerships Subject to Subsidiary, Affiliate and Joint Method with Akkök Holding, without being eliminated.

[**] Akkök Group started to account its investment properties at fair value instead of cost value. In this context, the effects of accounting for investment properties according to the fair value model are reflected in the financials of 2017 and 2018.

CORPORATE MEMBERSHIPS

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

CHEMISTRY	ENERGY
AKSA ACRYLIC	AKENERJİ
Founded in 1968	The alliance between Akkök Holding and the Czech energy company CEZ Group
Production with a capacity of 315 thousand tons / year with 100% Turkish capital	Representative of foresight and stability in the energy industry
About 502 thousand m ² of installed area, more than 1,200 employees	1224 MW installed power of which 320 MW renewable
Turkey's only local producer of acrylic fiber	10.2 TWh trade volume in energy trade
AK-KİM	EGEMER
Production of more than 1,500 products with a total production capacity of 800 thousand tons	Akenerji's biggest investment
Exports to 70 countries on six continents	Erzin Natural Gas Combined Cycle Power Plant with an installed capacity of 904 MW and an annual production capacity of 7.4 Twh
1,231 employees	Capacity to meet the electricity needs of about 3% of Turkey alone, was commissioned in the 3 rd quarter of 2014
GİZEM FRİT	SEDAŞ
Founded in 1979	Energy distribution service for 24 hours uninterruptedly to 3.5 million inhabitants in a total of 45 districts, 49 municipalities, 766 villages and 1,366 neighborhoods, covering an area of 20 thousand square kilometers in the cities of Sakarya, Kocaeli, Bolu and Düzce.
Production capacity of 132,500 tons per year with an activity area of 60 thousand square meters, of which 30 thousand square meters is closed area.	Plans and projects by following the technology for quality and reliable electrical energy
More than 400 employees, indirect employment for 1,000 people	Modern business at the speed required by the age
DOWAKSA	SEPAŞ ENERJİ
Joint venture of Dow Chemical Company and Aksa Akrilik Sanayii A.Ş.	Electricity retail company, which is the last source supplier for Bolu, Düzce, Sakarya and Kocaeli
One of the strongest companies in the production of carbon fiber and carbon fiber intermediates	1.7 million customer portfolio overall Turkey
Carbon fiber composite solutions integrated into industrial sectors, especially in the energy, transportation, defense and infrastructure sectors	Investments in technology with the aim of maximizing the customer experience
The first and only Turkish company operating in the carbon fiber industry	Efforts to maintain market leadership in the responsible supply region

SERVICES	REAL ESTATE
AKMERKEZ LOKANTACILIK	AKİŞ GYO
An atmosphere that offers elegance and comfort together in Paper Moon	An achievement born out of the experience and expertise of Akkök Holding in shopping center investment
A city classic among the distinguished brands of the Istanbul food and beverage industry	World-class investments. Differentiating projects.
World standards in food and service quality	Pioneer of quality and reliability in the real estate industry
Interior design reflecting luxury and simplicity	A wide portfolio offering different real estate investment options such as shopping and living center, residence, land and factory buildings
AKASYA ÇOCUK DÜNYASI	AKMERKEZ GYO
Owner of the license rights of KidZania in Turkey, operating in 20 countries in 26 cities	Innovative perspective, aesthetic and comfortable space
Nearly 100 role-play opportunities for children in 65 activity areas according to their skills and areas of interest	A lifestyle center beyond the mall
8,000 m ² site	Livelihood in city life with its original design and social and cultural activities
AK-PA	AK TURİZM
Export to more than 70 countries on five continents (acrylic fiber, carbon fiber, inorganic and organic chemicals and frit)	Tourism investments planned in Kaşık Island, which has a significant investment potential with its city center location
Brand strength in the market with fiber and yarn group (polyester, polyamide, viscose, cotton) products	Culture and tourism opportunities for city residents away from the noise of the city
Turkey's textile exporters among the leading companies in the field	A careful approach to the needs of the city, environmental and social conditions
AKTEK	DİNKAL
The most modern applications in information technologies	Among the preferred companies of the insurance industry
Practices to keep the technological infrastructures of the group companies up to date	Has the potential to serve in all insurance branches
One of the leading brands in the IT industry	Creative solutions tailored for each customer in their own sector
High service standards and customer satisfaction	High quality service standard



Being one of the most established industrial organizations, at the heart of Akkök Holding's success lies the corporate governance approach, which is shaped by the business ethics and maintained with the principles of transparency and accountability. In the light of this understanding, all activities that have been carried out for more than 65 years are aimed at sustainable growth and creating added value for all stakeholders.

Akkök Holding is managed through a two-tier structure consisting of the Board of Directors and the Executive Board. Akkök Holding Board of Directors, which consists of 9 members, determines the strategic orientation of the Company. The Chairman of the Board of Directors has no executive duties. The Chairman of the Executive Board, which reports to the Board of Directors and consists of 6 members, including the Advisor to the Executive Board, is the CEO of the Company and is responsible to the Board of Directors for all activities of Akkök Holding. 4 of the 9 members of the Akkök Holding Board of Directors and 2 of the 6 members of the Executive Board are women.

Ensuring full compliance of Akkök Group companies with laws and regulations in all geographies in which it operates is a process that Akkök Holding conducts meticulously. While ensuring full compliance with the internal audit and internal control activities carried out for this purpose, the risks that may endanger the existence and future of the Holding are identified and relevant actions and business

strategies are created through corporate risk management program.

Akkök Holding's corporate governance approach has also been adopted by all its subsidiaries. Subsidiaries of Akkök Holding, which are included in the Corporate Governance Index, are evaluated every year within the framework of the Capital Markets Board (CMB) Corporate Governance Principles, under the headings of shareholders, public disclosure and transparency, stakeholders and board of directors.

In 2018, Aksa Akrilik Kimya Sanayii A.Ş. increased its Corporate Governance Rating from 9.63 to 9.70. Thus, it was deemed worthy of great prize among the 46 companies included in the Borsa İstanbul Corporate Governance Index, as in 2016 and 2017, and was ranked first in three consecutive years with the highest score ever received.

Akiş GYO raised its Corporate Governance Rating, which was determined as 9.44 in 2016, to 9.54 as of the end of 2018. With this rating, it has managed to maintain its position of "the company with the highest Corporate Governance Rating" among real estate investment trusts and construction companies.

You can find detailed information about Akkök Holding Board of Directors and the Executive Board on Annual Report 2018 pages 14-15.

SUSTAINABILITY MANAGEMENT

Corporate sustainability understanding at Akkök Holding has been shaped with the approach of creating long-term value for all stakeholders and minimizing the negative effects of the activities. Sustainability approach of Akkök Holding spreads to all subsidiaries with corporate policies and targets, and projects that create added values in social, environmental and economic fields are implemented in line with these policies and targets.

The United Nations Global Compact, signed by Akkök Holding in 2007, is the main determinant of sustainability management. The Holding presents its activities in this context to the views of its stakeholders through annual reports. Akkök Group companies present their performances in the fields of corporate management and sustainability management in a transparent and accountable way to their stakeholders. In addition to Akkök Holding, Aksa Akrilik, Akenerji and Akiş GYO publish annual reports. Aksa Akrilik and Akenerji publish side sustainability reports annually and Ak-Kim biennially. These reports are available on the corporate websites of the subsidiaries.





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

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

Akkök Holding adopts a business manner based on high business ethics values, having an accountable, transparent and fair management approach, aiming full compliance with laws and regulations, supporting universal human rights principles and adopting social responsibility as a basic understanding. The Holding has integrated the Universal Declaration of Human Rights and relevant articles of the UN Global Compact into all its business processes.

It is the foundation of Akkök Holding's human rights approach to establish an effective dialogue with all its stakeholders, especially its employees and business partners, to observe the expectations and rights of its stakeholders and to organize its activities accordingly. Communication and control mechanisms are used to spread the understanding of human rights in the value chain. In this context, Akkök Holding and Group companies carry out evaluations regarding human rights principles in their audit practices for suppliers and contractors.

Akkök Group companies add non-employment of children and illegal workers clauses to all purchasing contracts. Warnings are given to suppliers for detected nonconformities, and the purchase is stopped until the nonconformity is corrected. During the audits conducted by Ak-Kim in 2018, employment contracts were terminated with two suppliers who employed illegal workers and did not comply with the Ak-

Kim HSE rules. Various training programs are organized to contribute to the corporate development of suppliers.

Akkök Holding and its affiliates constantly strive to create a working environment that respects human rights, is democratic and dignified for its employees. All Group companies take the Akkök Holding Human Resources Policy as a basis in their human resources processes, while adopting the principle of providing equal opportunities for everyone in this direction, they take a proactive attitude towards discrimination of religion, language, race and gender.

Akkök Group of Companies Business Ethics Principles are a summary of the Group's policies combined in a single document, with the practices of the group that have a long history, both regarding personal conduct and business ethics rules. The Business Ethics Principles set standards for responsible behaviors that all stakeholders should follow and provide guidance on how to address important ethical questions.

You can access the Akkök Group of Companies Business Ethics Principles at <http://www.akkok.com.tr/Kurumsal/Documents/10.04.2014-akkok-is-etigi.pdf>.

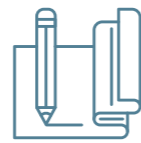
Trainings are organized and communication activities are carried out in order to increase the awareness of employees on human rights throughout the group. During the reporting period, business ethics trainings were provided to 190 employees in Aksa, including 95 man * hour and to 87 employees in Akkim, including 167 man * hour.

Akkök Holding evaluates the protection of personal data within the scope of human rights approach.

Akkök Holding Personal Data Protection and Processing Policy is the determining document of the Holding and its affiliates in this field. The main purpose of this Policy is to reveal the personal data processing activities carried out by Akkök Holding in accordance with the law and the principles for the protection of personal data, and in this context, to provide transparency by enlightening and informing those whose personal data are registered by our company, especially our customers, potential customers, employee candidates, company shareholders, company officials, visitors, third parties; as well as employees, shareholders and officials of the institutions we cooperate with. The Holding and its subsidiaries continuously improve the information security practices required to ensure data security.

You can access Akkök Holding Personal Data Protection and Processing Policy at <http://www.akkok.com.tr/KVKKDokumanlar/Kisisel%20Verilerin%20Korunmasi%20ve%20Islenmesi%20Politikasi.pdf>





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

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

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

Employees are the most important building blocks of the value created by Akkök Holding. It is among the most important corporate goals of Akkök Holding to continuously develop and maintain the democratic, participatory, human rights-oriented and human-oriented working culture created with this understanding. The most important guideline for this purpose is "Akkök Holding Human Resources Policy". With the practices guided by the Human Resources Policy, a fair and anti-discriminative approach is taken in all business processes. A democratic working environment is created for employees by encouraging various communication mechanisms in which employees participate in decision-making mechanisms.

Akkök Holding companies act in line with the principle of equal pay for equal work, and accordingly, there is no base salary practice disaggregated by gender. Employee performance and competencies are taken as a basis in remuneration and promotion practices, and the proportion of female employees in decision-making positions is steadily increased. During the reporting period, there is no discrimination case that occurred within the scope of the operations of Akkök Holding and Group companies.

The focus in the activity of Akkök Holding and Group companies is respect for human and employee rights. With this understanding, special attention is paid to human and

employee rights. The continuity of work welfare is guaranteed by respecting the right of organization and collective bargaining. Akkök Holding and Group companies also take their approach towards human and employee rights in the value chain. There was no child labor or forced labor within the scope of the operations of Akkök Holding and Group companies in the reporting period, and there was no risk-bearing activity in the supply chain for these issues.

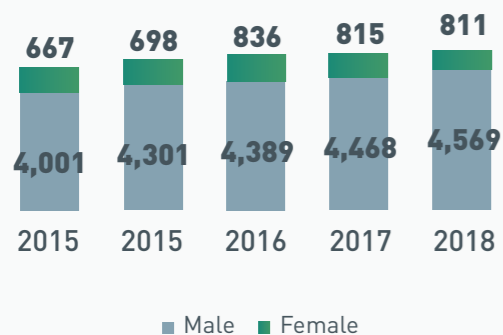
The active participation of employees in decision making mechanisms is supported in Akkök Holding and Group companies. In this context, participation of employees in decision-making processes is ensured through different communication mechanisms. Among the most important of these communication mechanisms are feedback collection and evaluation practices in which employees' active feedback and ideas are collected. It is an important practice for Akkök Holding companies to actively evaluate employee feedback and implement the suggestions obtained within the scope of feedback. In this context, 251 of the 735 suggestions submitted by Aksa Akrilik, Ak-Kim and Ak Enerji employees were implemented in 2018.

Providing opportunities for employees to improve themselves is an important employee right. With this understanding, Akkök Holding and Group employees are offered many training opportunities in different scopes. In 2018, 22,295 person * hour of training was provided to Ak-Kim employees, 36,292 person * hour of training to Aksa Akrilik employees, and 8,657.5 person * hours of training to Akenerji employees.

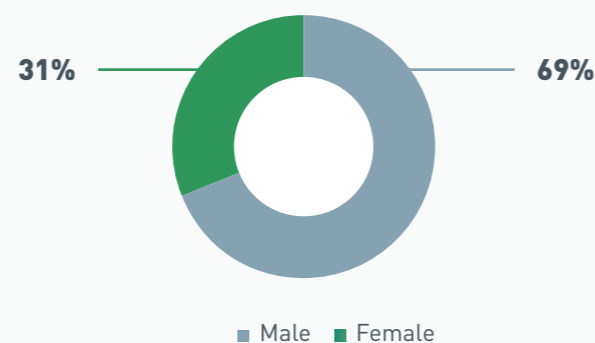
During the working period, some practices are implemented in Akkök Holding and Group companies in order to increase both employee

loyalty and internal communication. AKSET (Aksa Social Activities Team), which consists of Aksa employees, evaluates the demands of the employees and organizes diving, tennis, model aircraft training, sailing courses, cultural trips and activities. Akenerji social committee Akenerjik organizes special day celebrations and "Social Meeting" organizations such as employee dinner, women's day, mother's day, father's day, birthdays, and messages about special days such as birthdays, death, and baby births are published. The team of 20 people, consisting of Ak-Kim Social Activities Club (ASEK) volunteers, perform the activities determined within the scope of the ASEK Annual Activity Survey. These activities include excursions, theater, catering organizations for which the communication is aimed to increase, a picnic and New Year's party, and retired dinner organized every year for retired employees.

Total Number of Employees by Gender



Manager and Above Positions by Gender



GREAT PLACE TO WORK

Great Place to Work is an independent management tool that focuses on the "Reliability", "Respect", "Equity", "Pride", "Team Spirit" dimensions of the working life and takes a picture of the current situation in these areas with "Trust Index". Aksa Akrilik and Ak-Kim receive feedbacks from their employees within the scope of Great Place to Work and determine their improvement points and implement relevant practices.



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

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Climate change and high consumption of natural resources pose significant risks for the whole world. These important environmental risks also have important effects on the operations of companies. Proactive management of these risks is crucial for both environmental and operational sustainability. With the awareness of this responsibility, Akkök Holding and Group companies aim to continue their operations by keeping environmental impacts to a minimum. Akkök Holding and Group companies continue their operations in line with national and internationally recognized quality systems, invest in environmentally friendly technologies, and constantly aim for better performance by monitoring and surveilling their environmental performance.

To ensure environmental sustainability, Akkök Holding's highest authority is the Akkök Environmental Committee. In addition to determining the strategies in this area, the Committee is responsible for the standardization of the main performance indicators followed throughout the Group. The committee, in which group companies are actively represented, strives to disseminate the developments achieved in the value chain by following the environmental targets determined in line with the Holding strategy.

Raising and increasing awareness of employees and improving their knowledge on related issues are of importance in ensuring environmental sustainability. In this context, Group companies

provide regular environmental trainings to their employees. In 2018, Aksa Akrilik, Akenerji and Ak-Kim employees were provided with a total of 1.893.5 person * hour of environmental training.

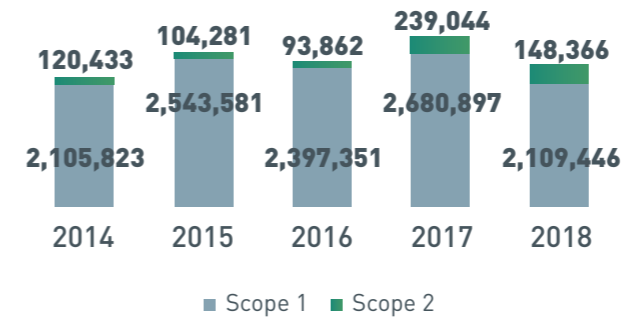
During the reporting period, Aksa Akrilik realized environmental protection and investment expenditures of **720** thousand USD, Ak-Kim **985** thousand USD and Akenerji **493** thousand TL.

Group companies act in line with Akkök Holding's management approach to combat climate change, which is among its sustainability priorities, and constantly improve their performance in this field with effective energy and emission management practices. Practices in these areas are carried out by the Energy Management Units and Boards of the companies and other relevant units in line with the internationally accepted standards. From group companies within the scope, Aksa Akrilik and Ak-Kim fulfill the requirements of ISO 50001 and 14064-1, while Akenerji fulfills the requirements of ISO 14064-1. Greenhouse gas emissions of all companies are audited annually by an independent organization and the amount of emissions is documented with comprehensive assurance.

Group companies manage their energy consumption and greenhouse gas emissions with concrete targets and follow these targets with international standards such as ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Calculation and Reporting Standard.

In 2018, Aksa, Ak-Kim and Akenerji have reduced their Scope 1 and Scope 2 emissions as a result of their activities compared to the previous year:

Greenhouse Gas Emissions (ton CO₂e)



In Erzin DGKÇS, which constitutes almost all the Akenerji Scope 1 emissions, the production from renewable sources was 41% more due to the increase in the water flow in 2018 compared to the previous year. Due to the increase in the amount of renewable energy, energy production from natural gas consumption has diminished and emissions decreased by 343,079 CO₂ (tons). As a result of the studies carried out, Aksa has provided 5,062 tons of CO₂ reduction. Aksa

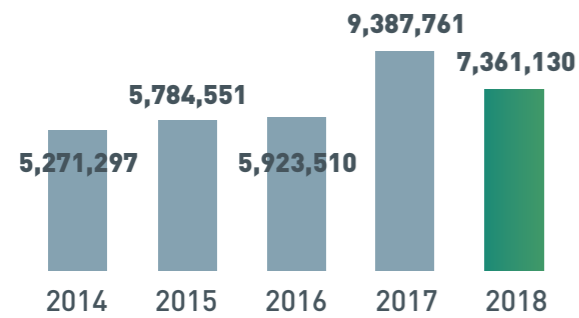
increased its energy saving amount by 3,8 times between 2016 and 2018 and achieved 45,600 mWh of energy savings by the end of 2018 and reduced the greenhouse gas emission intensity by 23% with the projects it implemented in the same period. In 2018, 800,000 kWh of energy was saved from projects carried out within the scope of energy efficiency at Ak-Kim.

CARBON DISCLOSURE PROJECT

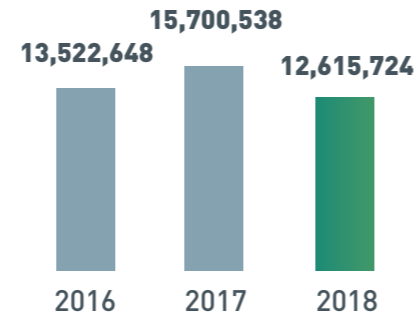
Both Akkök Holding Group companies, Akenerji was included in the Carbon Disclosure Project (CDP-Carbon Disclosure Project) in 2011 and Aksa in 2017. In this context, they share their climate change strategies and emission management practices through CDP.

In line with the sustainability approach of Akkök Holding, the Group companies are implementing projects that increase their performance in related issues, especially in terms of conservation and conscious use of natural resources, reduction of waste at source and recycling. Aksa Akrilik is the first company to receive the ISO 14046 Water Footprint Standard Certificate in the chemical and textile industry in our country thanks to its activities within

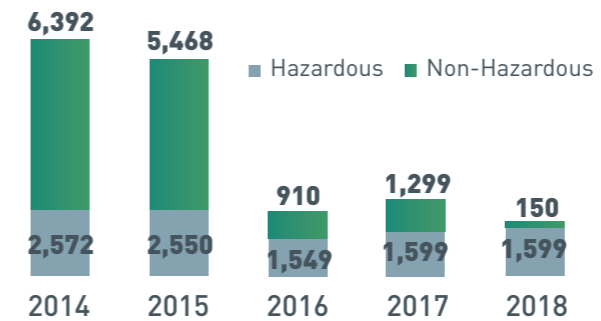
Total Water Consumption (m³)



Total Water Discharge (m³)



Amount of Waste Disposed (tons CO₂e)



During the reporting period, a total of **6,398** tons of waste, **2,312** tons of which are hazardous and **4,086** tons of which are non-hazardous, were recycled / reused.

the scope of sustainable water management. Akenerji participated in the 2018 “CDP Turkey Climate Change and Water Program” and was rated A, thus received the 2017 Turkey CDP Water Leadership Award. Aksa Akrilik , participated CDP Turkey on Climate Change and Water Program and was rated B in 2017 and 2018 on both Climate and Water categories.

In Aksa Akrilik and Ak-Kim facilities, savings projects are implemented within the framework of efficiency targets set for water consumption, and in Aksa Akrilik, Ak-Kim and Aknenerji, environmental awareness trainings are provided to employees.

The wastewater, generated as a result of the group companies’ operations, is discharged in accordance with the criteria and methods specified in the regulations. With the project completed in 2015, a joint treatment plant was established in YALKİM Organized Industrial Zone, where Aksa, Ak-Kim and DowAksa, which

are among the Akkök Holding companies, are located. All domestic and industrial wastewater from the companies’ operations is treated at the facility together. The dam water recovered in the facility is of raw water quality, and the effects on ecological balance are significantly reduced with the alternative raw water source.

Group companies at Akkök Holding fully fulfill their Environmental Impact Assessment obligations for new investment sites or capacity increases at existing facilities, thereby preventing potential negative impacts on biodiversity.

Within the scope of waste management practices at Akkök Holding Group companies, waste is reduced/recovered at its source and disposed in accordance with the legislation. During the reporting period, Aksa Akrilik carried out recycled product trials under the Acrycycle brand and received the RCS Recycled Claim Standards certificate.





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

Akkök Holding and its subsidiaries adopt honest and ethical trading principles. Acknowledging that great responsibilities fall on the business world in the field of anti-corruption, Akkök Holding aims to set an example for the sectors and stakeholders in which it operates through practices in this area. Holding regards anti-bribery and anti-corruption as one of its basic responsibilities to the society, the Holding carries out effective communication, training and supervision practices at the level of Holding and Group companies.

"Akkök Group of Companies Business Ethics Principles" sets out the whole of the rules that Group companies should base on their relations with their stakeholders. The text, which defines the framework of the Holding's and Group companies' relations with its employees, partners, suppliers, customers, dealers, other stakeholders and the public, is based on the principles of responsibility, honesty, trust and equality, confidentiality and compliance with the law. The principles set the Group approach against legal and ethical incompatibility risks, including bribery and corruption.

The Holding ensured the establishment of the necessary organizational structure for the effective implementation of the Business Ethics Principles. An Ethics Committee consisting of ethical representatives elected from all Companies operates in line with the Akkök Group of Companies Ethical Committee Working Regulation. An Ethics Line has been established, which is operated by an independent and expert organization, in order to ensure that all stakeholders, particularly employees, can report policy violations. Based on confidentiality and the

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

identity of the notifiers, which operate every day of the week, the identity information is kept secret and can be shared with the Ethics Committee in accordance with the permission of the relevant persons. Akkök Holding undertakes that no action will be taken against persons who report violations to the Ethics Line.

Communication and training practices are among the primary activities of Akkök Holding to ensure that all Group companies act with the same understanding and meticulousness. In this direction, these studies continued in the reporting period in order to adopt the principles in all Group companies and to adopt them as the fundamental and indispensable corporate value.

Akkök Holding Internal Audit Group conducts controls in various areas, especially in terms of increasing the efficiency of operations, ensuring financial reliability and compliance with laws and regulations through the audits it conducts through internal audit teams and independent auditors. Periodic checks of bribery and corruption risks are carried out within the framework of the annual internal audit plan created by the group. There are no cases of corruption or bribery detected as a result of the audits during the reporting period.

Akkök Holding considers supporting the welfare and development of the regions in which it operates is one of its primary responsibilities. Accordingly, the corporate citizenship concept is not limited to social responsibility but is considered as part of all operations. In this way, we support the direct and indirect economic value we create for our stakeholders with social responsibility projects, infrastructure investments and contributions to sports, health, culture, arts and education, where we seek solutions to social problems. While we are based on voluntary stakeholder engagement in all our social projects, we also encourage volunteering in our activities.

SUPPORT TO EDUCATION

Akkök Holding believes that sustainable social development can be achieved primarily through the support given to education and supports the training of young generations in a conscious, aware and sensitive manner with the educational projects it conducts in this direction. The Holding builds schools in Turkey's various regions, especially where it operates, also provides infrastructure support to universities.

Raif Dinçök Primary School (Çerkezköy / Tekirdağ), Aksa Vocational and Technical Anatolian High School (Yalova), Güzin Dinçök Primary School (Maltepe / İstanbul), İSOV Vocational Education Center and Social Facilities, Dinçök Anatolian Technical High School are among the schools built by the Holding to date.

YALOVA ORTHOPEDICS SPORTS CLUB SPONSORSHIP

Akkök Holding undertook corporate social responsibility projects that add value to social and cultural life, and has been supporting sports activities in Yalova, where production facilities are located since 2012. The Holding has been supporting the Yalova Orthopedic Sports Club (YOSK), one of the leading sports clubs that have been competing in the Wheelchair Basketball Super League since November 2012.

RAIF DİNÇÖK CULTURAL CENTER

Akkök Holding launched the Raif Dinçök Cultural Center in 2011 in Yalova to enrich social and cultural life. Having a contemporary architectural approach, the Center has provided a solution to an important need for Yalova people with the facilities it provides. Within the body of Yalova Municipality, there are various sections such as multi-purpose halls, formal education workshops, foyer, exhibition and cafeteria areas, cruise and terrace that allow different culture and art representations in the center, which is built in four separate blocks on a 10 thousand m² land provided by the municipality.

MAMUT ART PROJECT

The Holding continued to support the Mamut Art Project, for which was the main sponsor for the first time in 2016, within the framework of the "Invest in the Future" strategy. Mamut Art Project, which has brought young artists together with collectors, galleries, culture-art institutions and art lovers since 2013, has been successful with the awards it has won since its establishment.

UNITED NATIONS GLOBAL COMPACT PROGRESS NOTIFICATION

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	s.10-11
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	s.10-11

LABOUR STANDARDS

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	s.12-13
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	s.12-13
Principle 5	Businesses should uphold the effective abolition of child labour.	s.12-13
Principle 6	Businesses should uphold 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.14-17
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	s.14-17
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	s.14-17

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	s.18
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