

Aksa Energy
Sustainability Report
2015

Our Responsibility:
Sustainable Energy

aksa ENERGY

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About This Report

The first sustainability report of Akxa Enerji Üretim A.Ş. (Akxa Energy) has been prepared to present the Company's sustainability strategy and its environmental, social and corporate governance performance to its stakeholders in a transparent manner. In this context, Akxa Energy's performance in the above areas is described in "Our Management Approach," "Environmental Sustainability," "Social Responsibility," "Our Employees", and "R&D and Innovation" sections.

The information in the report includes data for the financial year ending December 31, 2015. We have also included comparisons with Akxa Energy's 2013 and 2014 goals, as well as its 2020 objectives to indicate trends, where necessary.

Akxa Energy Sustainability Report is "In Accordance" with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines – Core Option, as well as GRI G4 Electric Utilities Sector Disclosure. Please send your questions, feedback, and recommendations regarding this report to surdurulebilirlik@akxa.com.tr.

G4-17



G4-22



G4-23

About Akxa Energy

Founded in 1997, Akxa Energy is one of Turkey's leading independent power producers with its installed capacity of 2,211 MW*.

Founded in 1997, Akxa Energy is one of Turkey's leading independent power producers with its installed capacity of 2,211 MW. Akxa Energy is a subsidiary of Kazancı Group, a group of companies operating in the energy industry, for over half a century. Kazancı Group companies carry out their operations in synergy with each and every link of the energy value chain, from production and sales to distribution. Kazancı Holding has four subsidiaries operating in the energy industry: Akxa Energy, Akxa Power Generation, Akxa Natural Gas, and Akxa Electricity.

Akxa Energy is one of the country's leading energy companies in electricity generation with its fuel oil, natural gas, wind, hydroelectric, and lignite power plants. In 2010, 21.4% of Akxa Energy's shares started trading on Borsa Istanbul under AKSEN ticker. Shares of Akxa Energy, one of the 14 companies included in the Sustainability Index in 2015, are also traded on BIST 50 and BIST 100 indices. Akxa Energy is Turkey's largest publicly-held independent power producer (IPP).

NUMBER OF POWER PLANTS

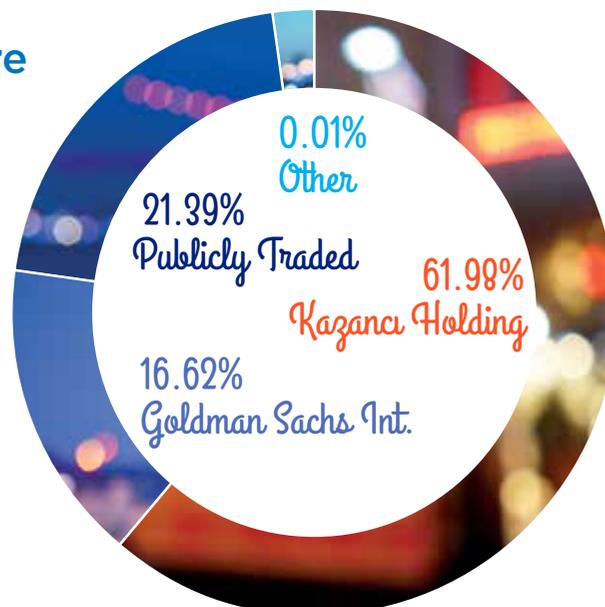
17

INSTALLED CAPACITY

2,211 MW

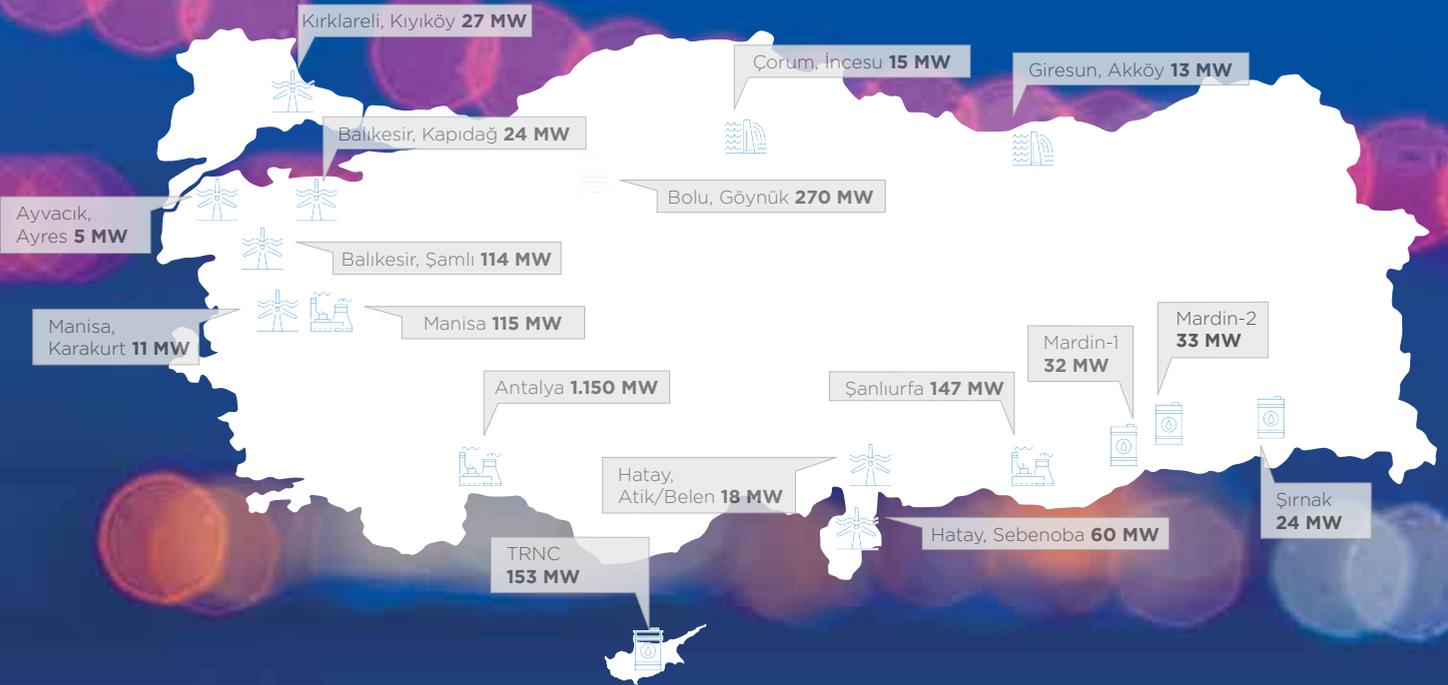
* Refers to the installed capacity as of April 2016.

Shareholder Structure



Production Portfolio

Aksa Energy's portfolio consists of 17 power plants across a large geographic area, which generate energy by using natural gas, fuel oil, lignite, wind and hydroelectric resources.



1,412 MW



242 MW



259 MW



28 MW



270 MW

Vision and Mission of Aksa Energy

Our Vision *Creating sustainable and growing value for our country and all our stakeholders by continuing our leading role as the largest independent power producer in the Turkish electricity market.*

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

Chairman's Message

As Turkey's largest publicly-held energy producer, we continue investing in domestic and renewable energy to reduce the dependence on imports.

Cemil KAZANCI
Chairman



Dear Stakeholders,

The year 2015 marked significant global development in the area of sustainability. The 2030 Sustainable Development Goals were inaugurated building on the Millennium Development Goals established by the international community in 2000. Formulated with intensive private sector engagement in 17 areas, the 2030 Goals are closely related to the energy industry in which we operate, providing us with an essential guidance for creating a sustainable community. Nations, companies, and other relevant stakeholders decided to make progress on their alliance to fight climate change following the historic Paris Climate Conference, held in December 2015, and the signed Paris Agreement.

In today's world, one out of five people lack access to electricity generated through modern methods. Conversely, the energy industry is considered responsible for 60% of worldwide greenhouse gas emissions, which is a major contributor to climate change. Aware of these facts, we consider that the energy industry's primary duty

is to reduce environmental impacts while meeting increasing demand and ensuring access to electricity and energy for all individuals.

As Turkey's largest publicly-held energy producer, we continue investing in domestic and renewable energy to reduce the dependence on imports. At Aksa Energy, we develop strategies and policies to generate sustainable and value-added electricity, we set goals and address them pursuant to our corporate governance principles. We strive to create additional social benefits while reducing our environmental impact.

We regard fluctuations in power prices as one of our greatest risks, and we manage this risk, among others, effectively. In addition to meeting 5% of the power demand in Turkey, we also lead the industrial markets. Aksa Energy was included in the BIST Sustainability Index, implemented by Borsa Istanbul (BIST) in 2015, and became a market maker in "Base Load Electricity Futures Contracts" in the Borsa Istanbul Derivatives Market via our Company's fully-owned subsidiary,

Aksa Aksen Enerji Ticareti A.Ş. By increasing our resource variety and energy efficiency, we not only fulfill our responsibility in taking action against climate change but also maintain our competitive edge.

We work towards ensuring our employees' satisfaction and happiness, and keep our communication channels open to all our stakeholders. We respect the habitats of local communities in the areas we operate in and consider meeting their demands and requests as one of our primary duties. For a sustainable company and industry, we value R&D and innovation efforts and pay attention to utilizing innovative technologies.

At Aksa Energy, we work towards making sustainability a primary factor in our way of doing business, as well as a long-term strategic approach. In this framework, I am pleased to share our first Sustainability Report, which covers our efforts.

Cemil KAZANCI
Chairman

As one of Turkey's largest independent power producers, we aim to set an example in the sector and lead the energy industry with implementations under our sustainability strategy.

Cüneyt UYGUN

Energy Group Head, CEO,
and Member of the Board



Dear Stakeholders,

Today, like all other industries, the energy industry is affected in particular by climate change, as well as environmental risks, financial risks, rising expectations of company shareholders, and technological advances. Businesses that design their strategies to manage these risks and create value for all individuals can increase their competitive advantage and become successful in the long term.

At Aksa Energy, we believe that sustainability plays a key role in achieving long-term success. Within this scope, I am extremely pleased to present to you our first Sustainability Report, in which we share our sustainability strategy, environmental, social and corporate governance performance, along with our objectives, which we have re-designed in line with our sustainability approach.

2015 witnessed fundamental changes in the energy industry. Instability spawned by the latest events in the Middle East, along with a global decline in oil demand were reflected in oil prices with diminishing interest in fossil fuels throughout. On the other hand, the acceleration of the share of renewable energy, exceeding 50% of total new global power capacity additions in 2014, continued to increase with the approval of the United Nations' 2030 Sustainable Development Goals and the Paris Agreement in 2015.

One of the issues particularly emphasized in the 2015-2019 Strategic Plan, published by the Ministry of Energy and Natural Resources in late 2014, was the rapid implementation of production investments. While expanding the share of domestic and renewable resources in such investments was determined as a top priority.

Following the risks and opportunities on a global and national scale, our company contributes to Turkey's sustainable development by increasing the share of domestic and renewable resources within its installed capacity in line with our sustainability strategy, which is determined with the participation of our stakeholders. Within this framework, we increased our domestic and renewable energy capacity to 20% after adding 155 MW to our domestic and renewable capacity in 2015. We intend to raise this rate to 29% in 2016.

Operating in the energy industry with its 779 employees, 17 power plants and an installed capacity of 2,211 MW, Aksa Energy became one of the 14 new companies to be included in BIST Sustainability Index in 2015, thanks to its environmental, social and corporate governance performance.

We reduced our greenhouse gas emissions by 40% in 2015 compared to 2014, pursuant to our sustainability strategy. We were involved in efforts to preserve biodiversity with our contributions to the Hatay Mountain Gazelle Conservation Project by the Turkish Association for the Conservation of the Nature (TTKD). In 2016, we will support the project for the conservation of striped hyenas in Turkey with further cooperation with TTKD.

As one of Turkey's largest independent power producers, we aim to set an example in the sector and lead the energy industry with implementations under our sustainability strategy. In an era when the demand for energy and companies' responsibilities are steadily mounting, Aksa Energy will continue its operations in full recognition of its responsibilities.

As we present one of the first steps in this vision - our Sustainability Report - to our esteemed stakeholders I would like to thank all our stakeholders, and our employees in particular, who have put such great effort into this journey of Aksa Energy.

Cüneyt UYGUN

Energy Group Head, CEO, and
Member of the Board



Number of
Power Plants **17**



Installed
Capacity **2,211 MW**



Total
Employees **779**



Electricity
Sales **14,018 GWh**



Capacity Commissioned
in 2015 **155 MW**

Aksa Energy met 5.3% of Turkey's energy consumption in 2015 and its total electricity sales volume rose by 43% to 14,018 GWh year-on-year.

Aksa Energy met 5.3% of Turkey's energy consumption in 2015 and its total electricity sales volume rose by 43% to 14,018 GWh year-on-year. Of Aksa Energy's 2015 sales, 5 TWh were provided to the spot market and 9 TWh were sold to eligible customers under bilateral agreements.

Aksa Energy works in close collaboration with Aksa Electricity, a Kazancı Group subsidiary. The Company expanded the number of household, commercial and industrial subscribers by 45% over the previous year, thanks to marketing efforts conducted in cooperation with Aksa Electricity. The company's contracted customer number rose from 245 in 2010 to 125,912 in 2015.

Aksa Energy became one of the 14 new companies included in the Sustainability Index in 2015, which consists of companies with high performance in environmental, social and corporate governance areas. 50 largest companies traded on Borsa Istanbul in 2015 were evaluated and, with the addition of 14 new companies, 29 companies have been included in the index.

- Aksa Aksen Enerji Ticareti A.Ş., a 100% subsidiary of Aksa Energy, has become a market maker in "Base Load Electricity Futures Contracts" in Borsa Istanbul Derivatives Market (VIOP).
- Aksa Energy signed an agreement with the Government of the Republic of Ghana for the installation of a power plant with an installed capacity of 370 MW

and the guaranteed sale of generated energy in US dollars, for a duration of five years.

- The capacity of Sebenoba and Kıyıköy Wind Power Plants has been increased by 17 MW and 3 MW, respectively.
- The first phase of the 270 MW capacity Bolu Göynük Thermal Power Plant commenced its commercial operation in the first half of 2015, and the second phase in January 2016.
- Licenses for the Samsun Natural Gas Combined Cycle Power Plant, Siirt Fuel Oil Power Plant, and Van Natural Gas Combined Cycle Power Plant were revoked.
- TurkRating assigned TRA+ and TRA2 rating to Aksa Energy, confirming the Company's high credit quality and strong solvency.
- Aksa Energy increased the capacity of the Northern Cyprus Kalecik Fuel Oil Power Plant.
- Aksa Energy increased the capacity of the Şanlıurfa Natural Gas Combined Cycle Power Plant.
- The license of the Kozbükü Hydroelectric Power Plant was amended, and its installed capacity rose from 62 MW to 81 MW.

Our Sustainability Approach

Our Responsibility: Sustainable Energy

With the effects of increased energy demand on one hand and climate change on the other, the energy industry has undergone a significant evolution that brings several risks and opportunities. The agreement to limit climate change to 2°C (two degrees Celsius) at the Paris Climate Conference in 2015 indicates that the energy industry will proceed rapidly in a new direction. While the pressure on fossil fuels is rising, renewable energy is gaining importance. The energy industry's environmental and social impacts are discussed across international platforms more than ever, and companies are expected to take huge steps in this respect.

The top priorities regarding Turkey's general status include a surge in energy need due to a rapidly growing population, dependence on energy imports, efficient use of energy, and the management of energy sources.

Aksa Energy follows national and global energy trends and adopts an energy supply approach which adds value and is sustainable for all stakeholders. The Company also considers sustainability-oriented power generation an important

responsibility. In respect to changes initiated within this focus, Aksa Energy has made significant progress in enhancing its corporate structure and sustainability management and developed a broader perspective.

With more than 125,000 contracted customers as of year-end 2015, Aksa Energy adopts an energy supply approach that adds value and is sustainable for all stakeholders.

In line with the Company's vision of sustainable and value-added energy supply, its activities on environmental, social and corporate governance fields are conducted under the framework of "Sustainability." In an important step in this direction, a Sustainability Committee was established to manage the formation of the strategy, policy, and targets required to ensure sustainability together with corporate governance principles, and their integration into the Company's decision-making, management, and business processes.

Within the framework of Sustainability Report efforts executed under the leadership of the Sustainability Committee, shared material issues have been determined in cooperation with stakeholders. With the contribution of our stakeholders, our material sustainability issues have been identified as reducing environmental impact, providing a pleasant and safe working environment for employees, enhancing communication with stakeholders and focusing on innovation, all integrated into a robust corporate structure. Moving forward, we aim to uphold stakeholder participation, already in place under the GRI G4 requirements, and expand the integration of stakeholder opinions into annual strategies and plans.

Aksa Energy gathers its sustainability efforts under five main categories: "Our Management Approach", "Environmental Sustainability," "Our Employees," "R&D and Innovation", and "Social Responsibility." The material issues, namely renewable energy, corporate governance, occupational health and safety, climate change and energy efficiency, employee satisfaction, and R&D and innovation, are addressed under these five main categories.

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G4-19

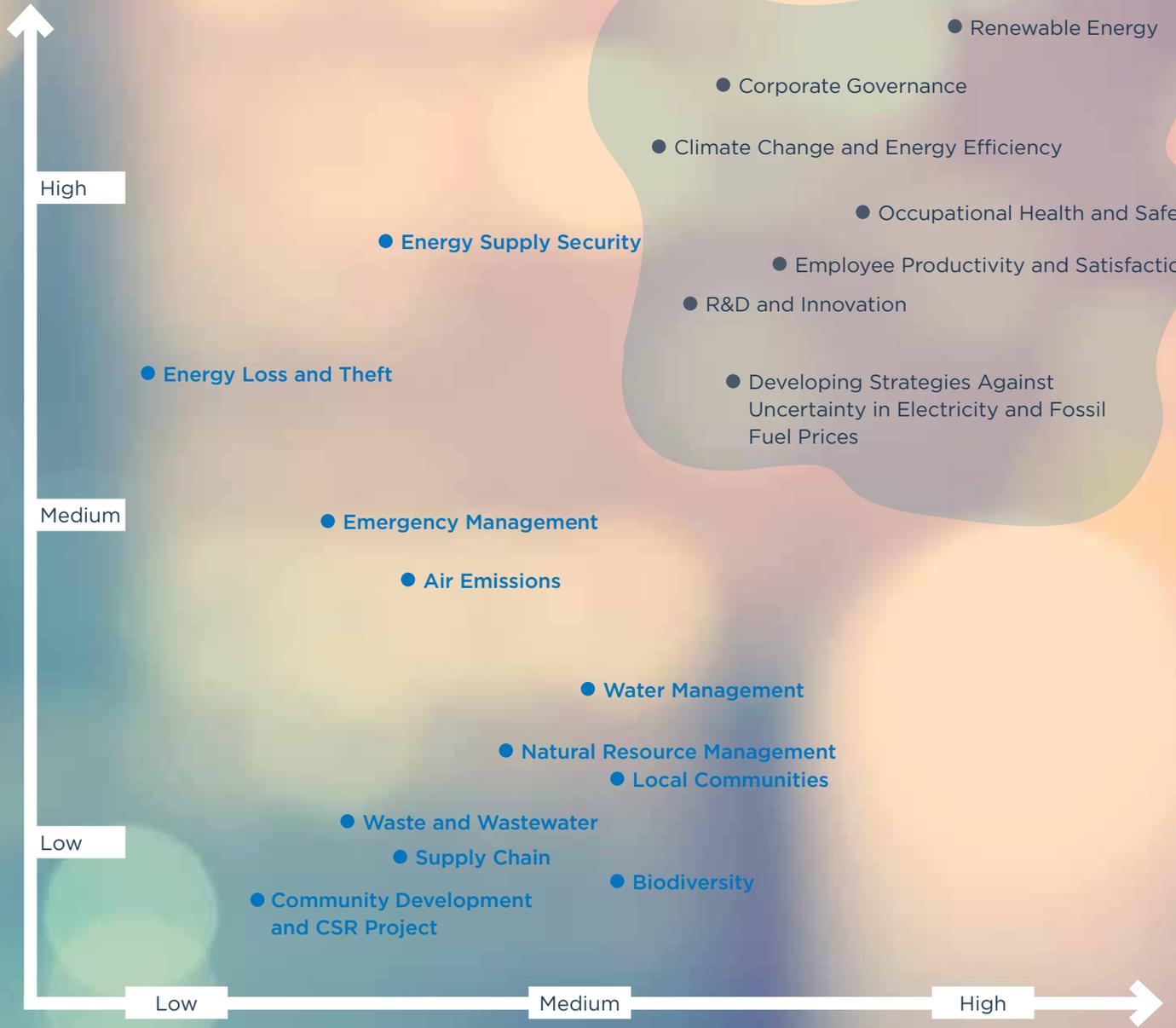


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G4-21

Importance For Stakeholders



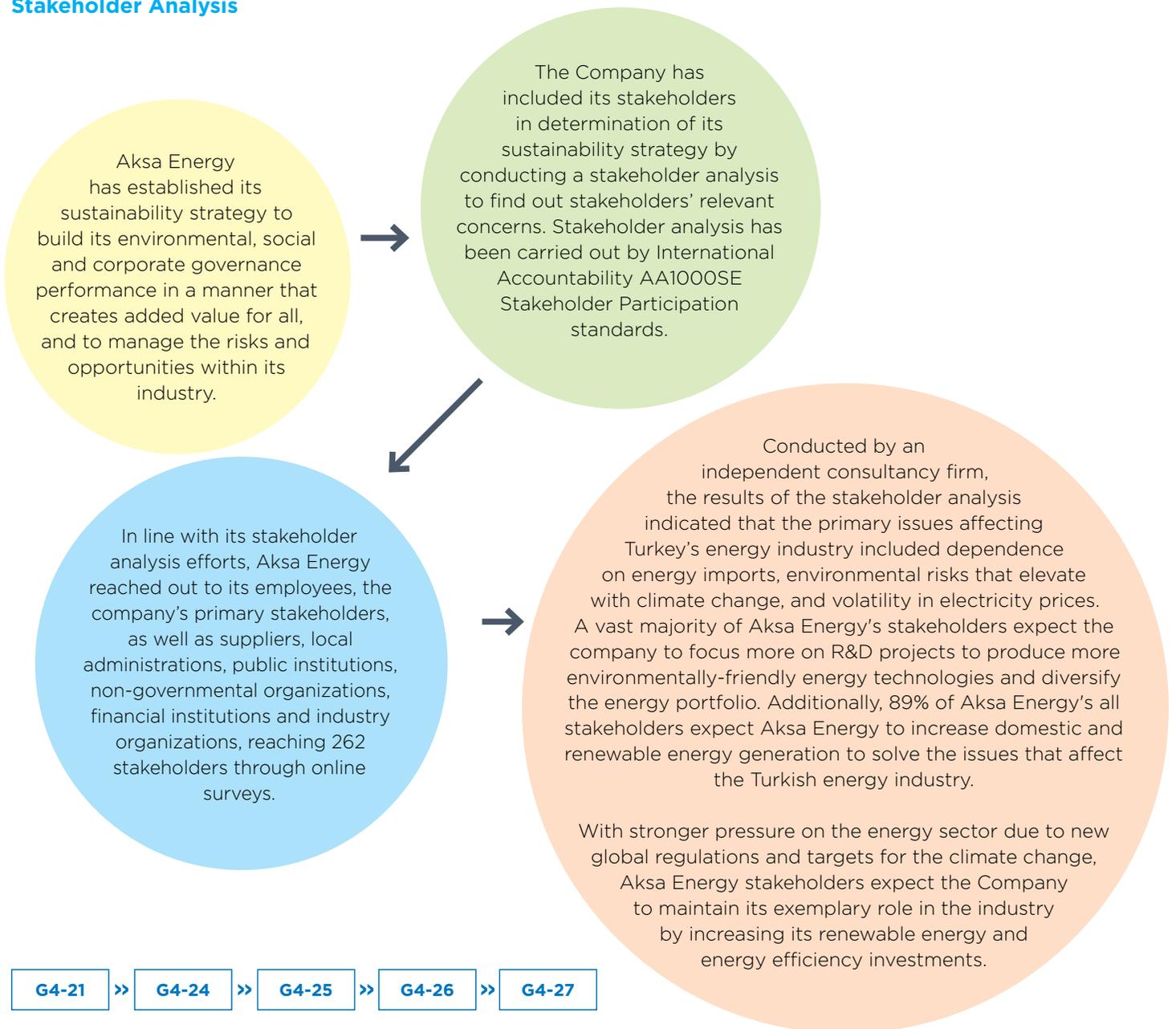
Importance For Aksa Energy



Stakeholder Engagement Process

Aksa Energy defines its stakeholders as the people and entities influenced by its activities and which, in turn, have an impact on its success. Understanding and meeting the needs and expectations of its stakeholders are among Aksa Energy's primary objectives. In this context, the Company establishes dialogue with interested parties through various communication channels, such as its website, annual and sustainability reports, announcements on the Public Announcement Platform (KAP), feedback channels and meetings.

Stakeholder Analysis



G4-21 >> G4-24 >> G4-25 >> G4-26 >> G4-27

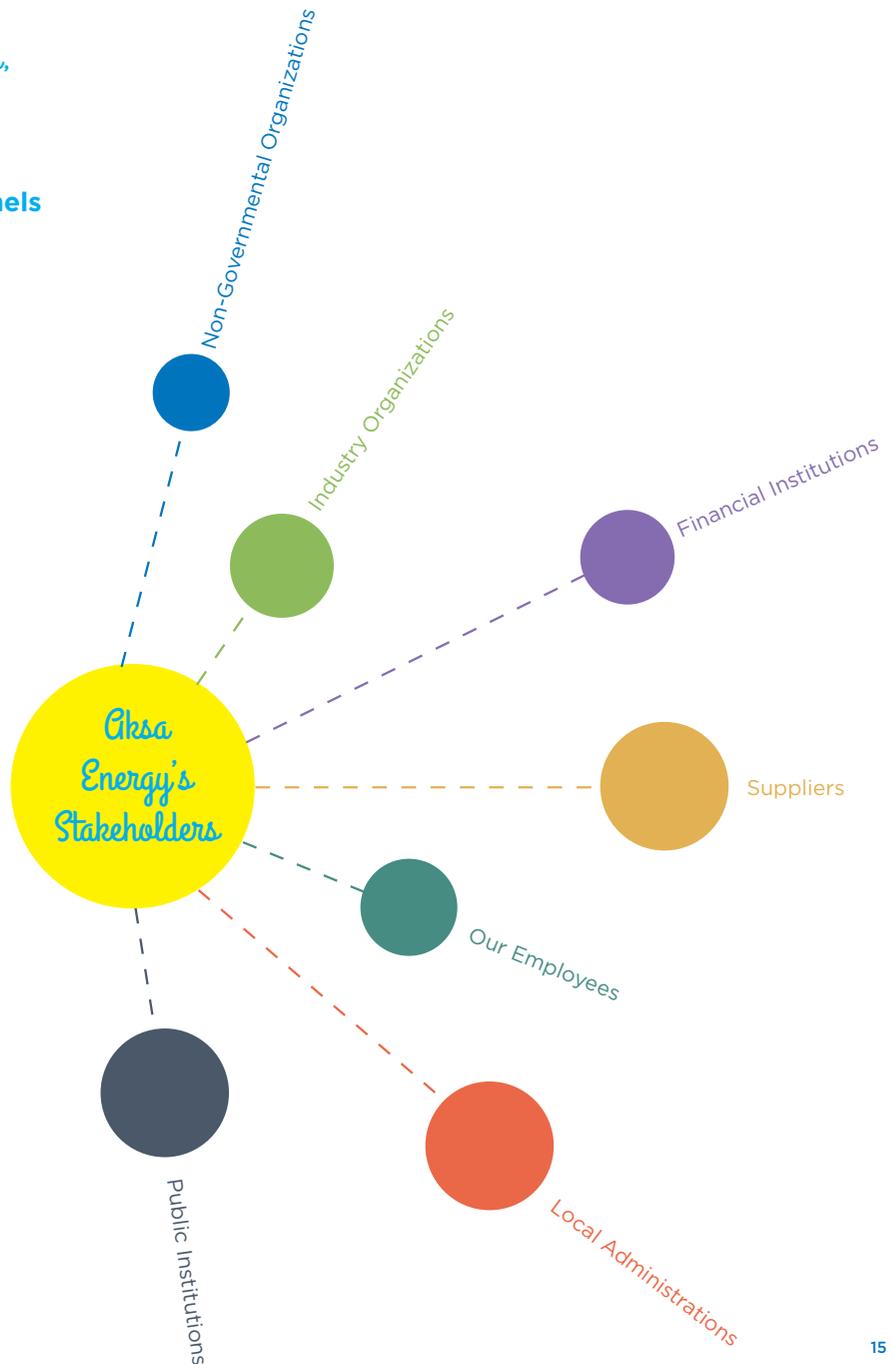
"For cleaner energy generation, fuel-free power plants with minimum damage to the environment such as windmills, sea current turbines, and solar energy should be established. As the Akxa family, we need to prioritize such plants for Turkey's future, as we are the leading institution in this field." Erhan Çelen, Control Operator, Akxa Energy



"We expect Akxa Energy to use natural resources efficiently, be sensitive to the environment and nature in its projects, and increase renewable energy generation." Gökçen Yaşar, Commercial Banking Customer Relations Manager, Garanti Bank

Stakeholder Communication Channels

Akxa Energy meets with local administrations, public institutions, non-governmental organizations, financial institutions, and industry organizations as part of project-based cooperation. It establishes communication with its employees through training programs, meetings, intranet and the company website, performance appraisals, feedback systems, e-mails and annual reports. It communicates with its suppliers through face-to-face meetings, certification training, technical and occupational training, annual reports, the company website, and emails. Akxa Energy's all stakeholders may send their opinions, expectations, suggestions and complaints through <http://www.akxaenerji.com.tr/en/write-to-us/> based on internal and external confidentiality. On the other hand, notifications on ethical issues are received through etik@akxa.com.tr address.



Association Memberships

- Energy Trade Association
- Electricity Distribution Services Association (ELDER)
- Turkish Wind Energy Association
- TÜYİD Turkish Investor Relations Society

G4-24 >> G4-26

Management Approach

Corporate Governance

Aksa Energy aims to increase the value it creates with stakeholder participation mechanisms, by adopting a transparent, accountable, fair and responsible management approach that is in full compliance with Corporate Governance Principles. The company issues Corporate Governance Compliance Reports and enhances its corporate structure each year.

The Board of Directors, Aksa Energy's highest governance body, consists of eight members, three of which are independent members appointed by the General Assembly. Only one out of five non-independent members is an executive member. The company structure includes Audit Committee, Corporate Governance Committee, and Early Risk Assessment Committee under the Capital Markets Board (CMB) legislation.

Effective corporate governance is possible only with a corporate identity built on solid foundations. "Ethical Principles" have been defined and established to ensure that all employees and stakeholders adopt Aksa Energy's values. Ethical principles require the Company to be sensitive to the needs and interests of all of its stakeholders when

conducting its operations. The aim here is to prevent risks to business ethics, inspect whether reporting mechanisms for unethical behaviors run in a robust and continuous manner, maintain the continuity of a corporate culture consolidated on ethical values. In this context, the Board of Directors, all executives and employees accept the responsibilities imparted by the Aksa Energy Ethical Principles and avoid and prevent all kinds of situations that could cause any conflict between their interests and the Company's interests.

In addition to Ethical Principles, Aksa Energy established Anti-Corruption and Anti-Bribery Policy to protect Aksa Energy and its stakeholders against risks, and enhance the Company's corporate value and reputation. The Policy entails principles, application, audit, and reporting of principles regarding the Company's compliance with laws and regulations on bribery, corruption, and business facilitation payments, as well as political donations, travel and hospitality expenses, and gifts.

The company formed a specific e-mail address to enable submission of any issues or violations related to the Ethical Principles and the Anti-Bribery and Anti-Corruption Policy. The Ethics Committee evaluates any reports sent to etik@aksa.com.tr while keeping the identity of notifying individual confidential. The Ethics Committee received no reports in 2015, and the training for the related Policy has been planned for 2016.

Sustainability Management

Aksa Energy has established the Sustainability Committee ("Committee"), which reports directly to the Board Member/CEO to draw up strategies, policies, and objectives required to manage social corporate governance related and environmental social and management-related risks, including climate change. The company also intends to ensure their integration with the Company's decision-making, management, operation and audit processes, and to create long-term value.

Head of Investor Relations and Corporate Communications chairs the Committee, and Environment and Energy Legislation Specialist acts as the Secretary General of the Committee. The Board of Directors appoints other Committee members from senior managers across the Operations and Maintenance, Operations Support and Coordination, Human Resources, Investment Operations and Maintenance-Renewable Resources, Business Processes, Procurement and Logistics Units. When necessary, senior managers from the Energy Trade, Sales and Marketing units, who are determined through the same procedure, also participate in Committee meetings.

Sustainability Coordination and Working Group ("Coordination Group") is established to assist the Sustainability Committee, and to undertake any other tasks assigned to them. The Coordination Group, chaired by Environment and Energy Legislation Specialist, consists of Human Resources Manager and Operations Managers of Wind Power Plants, Hydroelectric Power Plants, Fuel-Oil Fired Power Plants and Natural Gas Power Plants, upon the suggestion of the Committee and the CEO's approval.



Energy
Group Head, CEO
and Member of the Board
Cüneyt Uygun



SUSTAINABILITY COMMITTEE

Head of Investor Relations and Corporate
Communications **Özlem McCann (Chairperson)**

Environment and Energy Legislation Specialist
Ebru Aydeniz (Secretary General)

Vice President/Energy Generation - **Barış Başer**

Director of Plant Operations - **Şenol İnan**

Investments and Planning Director - Renewable Resources
Serhat Sert

Human Resources Director

Business Processes Manager - **Betül Işıklar**

Operations Support and Coordination
Executive - **Ümit Uzun**



SUSTAINABILITY COORDINATION AND WORKING GROUP

Environment and Energy Legislation Specialist
Ebru Aydeniz (Chairman)

Procurement and Logistics Director - **Meral Tunalı**

Wind Power Plants Operations Manager - **Asaf Oğuz**

Hydroelectric Power Plants Operations Manager
Ahmet Şahbaz

Fuel Oil Power Plants Operations Manager
Bülent Altan

Natural Gas Power Plants Operations Manager
Murat Kazan

Human Resources Manager
Tuğba Tunalı

Aksa Energy not only maps and manages its financial risks, but also its non-financial risks.

Aksa Energy not only maps and manages its financial risks, but also its non-financial risks. Placing importance on risk management, Aksa Energy acts proactively in various areas, such as climate change and carbon management, stakeholder relations, fluctuations in energy and fossil fuel prices, energy supply security, and occupational health and safety.

Risk management is executed in three steps at Aksa Energy.

First, the Sustainability Committee evaluates the work of the Coordination and Working Group, which focuses on operational, social, environmental and financial risks from a sustainability perspective. The Committee determines the necessary actions and submits suggestions directly to the CEO/BoD member.

In the second step, Directors' Committee convenes with the CEO/BoD Member (Chairman of Directors' Committee), examines issues that may incur financial and/or operational risk, and proposes action plans to the Board of Directors.

In addition to the work of the Sustainability Committee, the Early Risk Assessment Committee, chaired by an Independent Board Member, meets and determines the possible risk aspects and submits its opinions to the Board of Directors.

Therefore, the Board of Directors is informed about all operational, financial, social and environmental risks through separate and independent structures. Directors' Committee implements the risk-related action plan it receives from the Board of Directors, which is presided by the CEO/BoD Member.

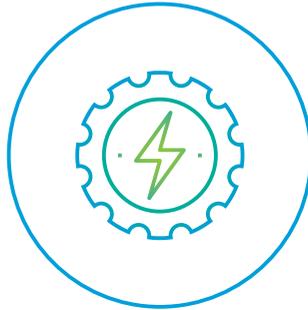
Fluctuations in energy and fossil fuel prices

One of the most significant risks for energy producers and suppliers is volatility in energy and fossil fuel prices. Efficient management of this risk and protection from potential damages are among Aksa Energy's top priorities.

In cases where the difference between Company's production costs and spot energy prices widens, Aksa Energy's fully-owned subsidiary, Aksa Aksen Enerji Ticareti A.Ş., performs risk management (hedging) through procurement or sales in the market or via financial electricity contracts created within the Derivatives Market (VIOP). In this context, Aksa Aksen Enerji Ticareti A.Ş. became a market maker in "Base Load Electricity Futures Contracts" on the Borsa Istanbul Derivatives Market (VIOP) in 2015.

In 2010, Aksa Energy decided to increase the number of contracted customers and sales volume, as well as directing its sales to commercial enterprises and households. A significant portion of these sales is conducted through bilateral agreements at a predetermined price and estimated consumption, which enables protection from potential fluctuations in the spot market, as well as efficient production planning. 64% of Aksa Energy's sales were made up of bilateral agreements, which reduced its portfolio risks.

As well as these implementations, market conditions are also anticipated more efficiently thanks to vertical integration with the natural gas distribution, electricity generation, generator manufacturing and electricity distribution companies within Kazancı Holding, including Aksa Energy. Moreover, the Early Risk Assessment Committee within Aksa Energy makes suggestions to the Board of Directors on strategic matters including volatility in fuel and energy prices. Thus, the company takes measures against fluctuating market conditions, minimizes potential financial risks, and guarantees continuous production.



Installed Capacity of Aksa Energy
2,211 MW*

Energy Supply Security

Parallel to Turkey's rapidly growing population and economy, demand for electricity is also rising. Energy supply security for Turkey is a critical matter, as the country's dependence on imported energy amounts to 73%. Accordingly, ensuring such security lies in reducing dependence on imported resources, focusing on domestic resources, increasing energy generation and increasing resource diversity.

Aksa Energy has determined its primary focus as domestic and renewable energy production and thus adheres to a strategy aligned with Ministry of Energy and Natural Resources' guidelines. In line with this road map, Aksa Energy offers services with 17 power plants, which generate electricity by using natural gas, fuel oil, lignite, wind and hydroelectricity resources to ensure both resource and supply security. The installed capacity of the Company has almost doubled with huge investments between 2009 and 2015, and reached 2,076 MW as of year-end 2015. Aksa Energy, which has increased its installed capacity to 2,211 MW as of January 2016, consistently contributes to Turkey's energy supply security by continuing its investments, diversified power plant portfolio and increased installed capacity.

* Refers to the installed capacity as of April 2016.



Environmental Sustainability



Climate Change and Energy

Today, climate change is one of the world's most significant issues with its global impact. The agreement reached at the Paris Climate Conference in 2015 demonstrates that the combat against climate change will become increasingly important in the agendas of all nations. The target of limiting a rise in global temperature, as agreed by 195 countries, to below 2°C brings significant responsibilities to the business world as well. Aware of its industry's high impacts on the environment and climate change, Akxa Energy works to minimize them. The company addresses energy efficiency and climate change, considered crucial by its stakeholders and a priority by itself, under the environmental management category. It monitors greenhouse gas reductions within the framework of short- and long-term objectives by developing a broader perspective with the transformation it has initiated.

As an indication of its transformation into a sustainable and responsible organization, Akxa Energy signed the Trillion Tonne Communiqué, which is a declaration to the entire world by the companies that demand measures against climate change due to their sensitivity to the climate change.

Akxa Energy added climate change criteria to its performance-based remuneration appraisals for company executives in all management units to improve its performance in this field. As of 2016, performance evaluations will be conducted based on these criteria.

The company has determined its primary focus in reducing greenhouse gas emissions as conducting energy efficiency projects, diversifying energy resources and regularly monitoring its performance in the field. In this context, the company drafted and submitted greenhouse gas monitoring plans for 2015 to the Ministry of Environment and Urbanization as the first step. And it obtained the Ministry approval for performance monitoring.

Greenhouse Gas Emissions

(tons CO₂)

-38% ↓

Aksa Energy reduced its greenhouse gas emissions by 38% over 2014.



Greenhouse Gas Emissions (ton CO ₂)	2013	2014	2015
Scope 1	3,074,516	3,793,772	2,295,641
Natural Gas	2,591,927	2,785,936	1,429,583
Lignite	0	0	398,633
Fuel Oil & Diesel	482,588	1,007,836	467,424
Scope 2	77,300	81,936	77,021
Power Consumption	77,300	81,936	77,021
TOTAL	3,151,816	3,875,708	2,372,661

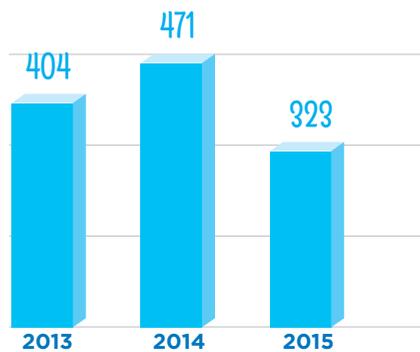
In 2015, Aksa Energy reduced its greenhouse gas emissions by approximately 40% over 2014, exceeding its greenhouse gas reduction target.

In 2015, Aksa Energy reduced its greenhouse gas emissions by approximately 40% over 2014, exceeding its greenhouse gas reduction target. The Company achieved this performance through increased renewable energy generation.

The Company aims to reduce its emissions per MWh by 15% in 2020 compared to 2008.

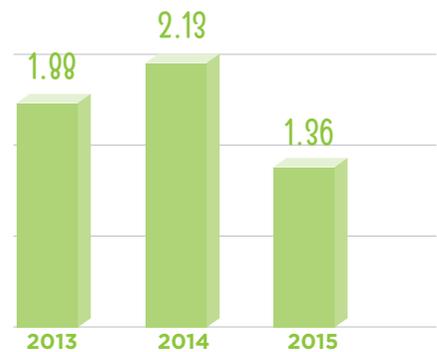
In the highly competitive energy industry, energy efficiency is as important for reducing greenhouse gas emissions as it is for effective and efficient production. One of the leading energy efficiency projects in the sector is energy generation from waste heat. Aksa Energy generates energy utilizing the heat from waste gas that occurs in production processes with combined cycle power plant technology and reduces energy use by 10% on average per unit through this method. Generation of energy from waste heat at all natural gas power plants along with Northern Cyprus Kalecik Fuel-Oil Power Plant ensured reduction of approximately 200,000 tons of greenhouse gas emissions in 2015. Another project to reduce greenhouse gas emissions was the use of oxicat filters in natural gas plants.

Greenhouse Gas Emissions per MWh
(kg CO₂)



Cooling fluids at Aksa Energy's Manisa, Van and Cyprus plants get warmer due to high temperatures in summer. The company expands its generation capacity by spraying pulverized water via a system established to increase cooling capacity. Another application includes the use of engine jacket fluids' heat in gas and building heating with a heat exchanger, which saves natural gas and electricity. In 2016, Aksa Energy plans to save TRY 1,250,000 at Northern Cyprus Kalecik Fuel-Oil Power Plant with a project, involving cooling engine jacket fluids with seawater.

Energy Generation per MWh
(MWh)



Aksa Energy achieved 14,000 MWh of energy and TRY 3.5 million cost savings in total with energy efficiency projects implemented in 2015.

Renewable Energy Plants

Commissioned in 2015

Sebenoba Wind Power Plant	17 MW
Kiyıköy Wind Power Plant	3 MW

Total 20 MW

Planned to be commissioned in 2016

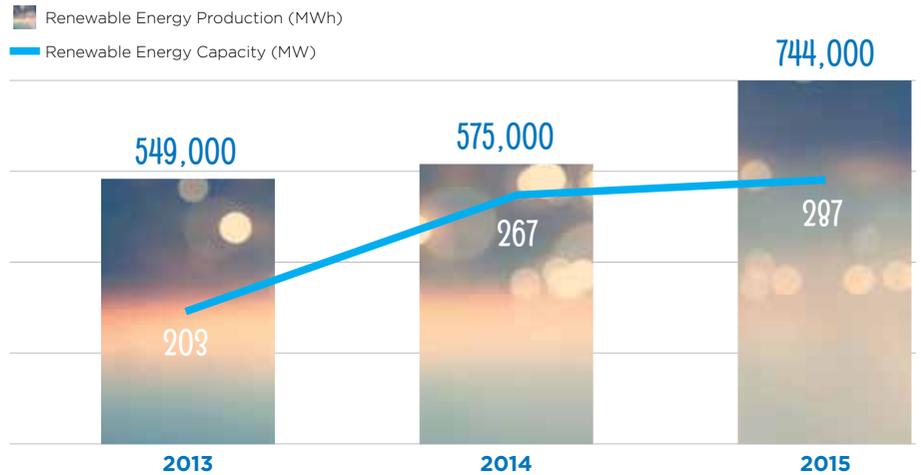
Kapıdağ Wind Power Plant	4 MW
Kozbükü Hydroelectric Power Plant	81 MW
Datça Wind Power Plant	12 MW

Total 97 MW

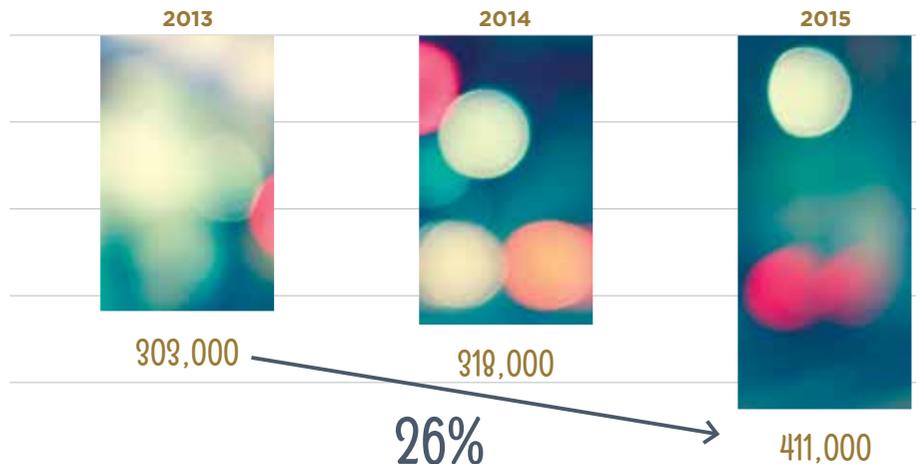
Increasing investments in renewable energy and energy efficiency play a major role in achieving the target of keeping a global temperature increase below 2°C, as agreed at the Paris Climate Conference. According to the World Energy Outlook Report published by the International Energy Agency (IEA) in 2015, while energy consumption is expected to rise by 33% by 2040, it is projected that the share of investments in renewable energy within total investments will be 15%. In line with this forecast, Aksa Energy has increased its use of alternative energy, in addition to its energy efficiency projects, and makes its investments in parallel with Turkey's energy policy across domestic and renewable resources such as hydroelectricity energy and wind energy. Stakeholder analyses also indicate that the stakeholders' primary investment expectations are aligned in this direction.

Aksa Energy's domestic and renewable energy capacity increased to 422 MW in 2015, and it is planned to reach 654 MW in 2016. While the ratio of installed capacity based on domestic and renewable resources to total installed capacity was 20% as of the end of 2015, it is aimed to increase this rate to 29% by the end of 2016.

Renewable Energy Capacity and Production



Greenhouse Gas Reduction with Renewable Energy (ton CO₂)



Total environmental investments and spending in energy efficiency, waste, and water management have seen a six-fold increase in the last two years, reaching TRY 37 million in 2015.

Aksa Energy considers the environmental impact of its activities to be a natural part of its business processes and manages the environmental impact in an integrated manner with its operations. In line with its environmental sustainability approach, the Company works with the aim of minimizing the impact of its energy generation activities, using and managing natural resources - primarily water - in the most efficient way, and "generating maximum energy with minimum resources".

Aksa Energy establishes its Environment Policy on four pillars: climate change and energy; efficient management of natural resources; waste management; and protection of biodiversity.

The Framework for the Environment Management System is established to determine the goals and objectives related to the Environment Policy, and manage, monitor and control operations in accordance with this policy. In this way, it is ensured that Environment Policy is effective, based on communication and open to continuous improvement.

In addition to fulfilling the obligations resulting from legislation in the regions where we operate, obtaining a "social license" for our plant operations is equally important for Aksa Energy. The company performs active

environmental management in energy plants to protect the local biodiversity, and to ensure that local communities in the regions where the plants are located are not negatively affected by company operations. Aksa Energy also performs environmental impact assessments before new plants are established.

Aksa Energy performs its environmental management by ISO 14001 and ISO 50001 standards in power plants. Environmental performance of existing plants is continuously monitored to reduce the environmental footprint. While the environmental performance is managed by regular assessments, areas open to development pinpointed through measures and regular assessments are improved via new investments and projects.

Waste Management

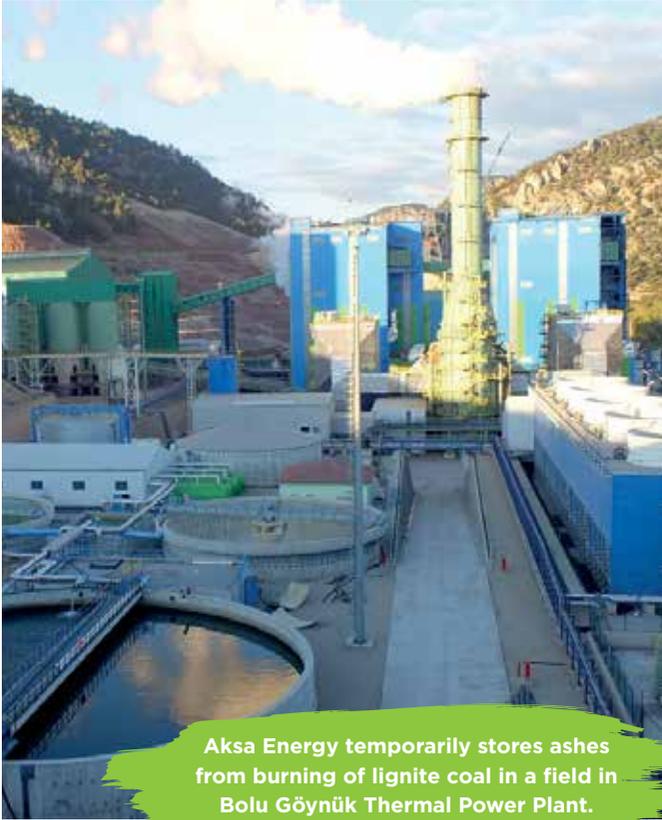
Aksa Energy has adopted the principle of effective and efficient use of natural resources, as natural resources remain the most important input of its operations. In this context, it encourages innovation in its plants as a part of its environmental sustainability efforts. The company performs waste and water management in accordance with its Environment Policy established to guide the Company's business processes, and it disposes of wastes in compliance with the legislation.

The Company manages its use of resources, particularly water, efficiently.

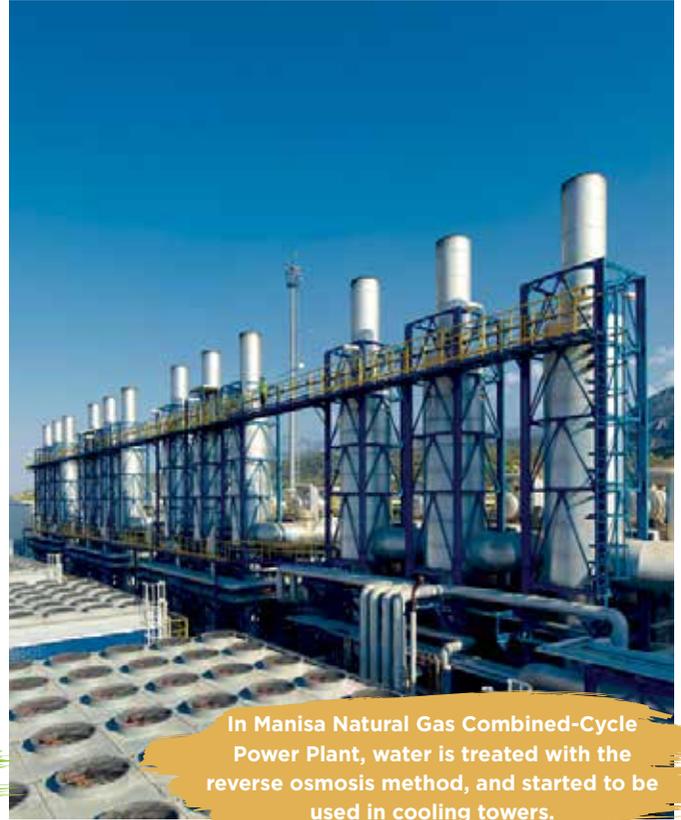
Water, a resource which is used by everyone, is under pressure due to the risks caused by climate change. Both the Company and the environment benefit from technology and water saving projects. The Company also aims to minimize its waste and hazardous waste as a part of its waste management processes.

Waste oil and scrap materials occur as waste from hydroelectricity plants and wind farms. The main hazardous waste produced by thermal power plants includes waste oil, contaminated packages, contaminated clothes, suction filters, oil-water separator smudge, and scrap materials. Recycling firms handle all of the hazardous waste. The Company stores hazardous waste released during operations in the temporary waste storage areas on the plant fields, cutting contact between the external environment and substances that could harm human and environmental health. The waste is sent to recycling plants via licensed vehicles at times defined by Waste Management regulations. Packaging waste is also sent to contracted recycling firms in the municipalities of the regions where the plants are located.

Aksa Energy temporarily stores ashes from burning of lignite coal in the field in Bolu Göynük Thermal Power Plant, the first phase of which is commissioned in July 2015. The Company plans to use a portion of these ashes as raw material in cement factories and road construction



Aksa Energy temporarily stores ashes from burning of lignite coal in a field in Bolu Göynük Thermal Power Plant.



In Manisa Natural Gas Combined-Cycle Power Plant, water is treated with the reverse osmosis method, and started to be used in cooling towers.

projects; relevant studies and analyses are still in progress. However, it will bury the remaining portion in impermeable coalfields while reforesting the region with a re-cultivation project.

Water Management

Aksa Energy conducts water saving activities with an awareness to invest in the future for continued preservation of water resources through proper management.

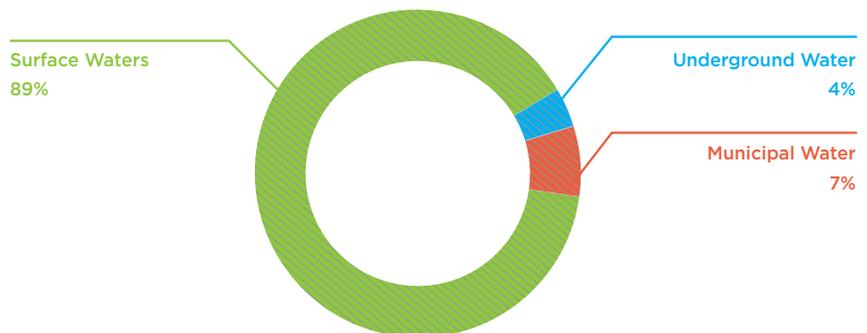
The company does not consume operational water in hydroelectric power plants and wind power plants. In coal, natural gas and fuel oil plants, water from various resources such as mains, surface and underground are used during operations, depending on the region where the plant is located.

In 2011, as a result of a study conducted in Manisa Natural Gas Combined-Cycle Power Plant, water is treated with the reverse osmosis method, and was started to be used in cooling towers. In this way, a total of TRY 450,000 in cost savings has been achieved since 2011. At the same time, 13% of the total water used since 2013 has been recovered, due to this initiative.

Waste by Type and Disposal Method*

	Recycled (tons)	
	Hazardous waste	Non-hazardous waste
2013	231	0
2014	508	12
2015	327	325

Water Consumption by Source



*The amount of waste landfill is not measured, but delivered to municipalities to be sent to landfills.

In all the plants where water is utilized, waste water is discharged in accordance with the conditions stipulated by Water Contamination Control Regulations, and regular analyses are conducted in accredited laboratories.

Total Water Consumption by Resource (m³)

	Municipal Water	Surface Water	Underground Water	Total water
2013	236,202	4,598,656	513,942	5,348,800
2014	312,365	4,013,781	598,260	4,924,406
2015	235,824	3,220,939	141,083	3,597,846

Total Water Consumption (m³)



-18%

Aksa Energy reduced total water consumption by 18% in the last two years.



To save water in production processes, de-carbonization projects have been carried out at Ali Metin Kazancı Antalya Natural Gas Combined-Cycle and Bolu Göynük Thermal power plants.

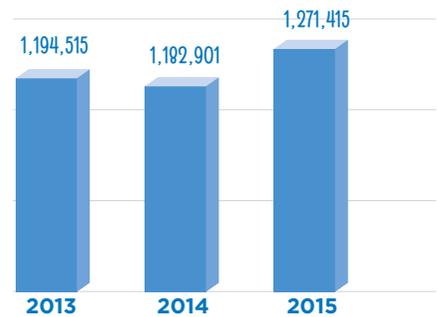
Studies to reduce the water used in cooling towers started in 2012 at Manisa Natural Gas Combined-Cycle Power Plant and 140,000 m³ of water has been saved since 2013, thanks to these studies.

Aksa Energy achieved savings corresponding to 40% of Manisa Natural Gas Combined Cycle Power Plant's total water consumption in 2015, thanks to the water saving projects implemented.

To save water in production processes, de-carbonization projects have been carried out at Ali Metin Kazancı Antalya Natural Gas Combined-Cycle and Bolu Göynük Thermal power plants. In 2012, a de-carbonization plant was commissioned in Ali Metin Kazancı Antalya Natural Gas Combined-Cycle Power Plant with an investment worth EUR 2.5 million. This facility, which saves 500 m³ of water per hour, has reduced the plant's water consumption per MWh by 2% and the waste water by 16%.

A second de-carbonization plant will be realized in Bolu Göynük Thermal Power Plant with an investment of EUR 2.8 million. Thanks to this plant, 350 m³ of water is expected to be saved per hour.

Total Amount of Waste Water (m³)



In Şanlıurfa Natural Gas Combined-Cycle Power Plant, waste waters are transferred to the cooling tower through appropriate piping. In this way, 10,400 tons of water is saved, along with TRY 15,600 in cost savings.



The company saved costs worth TRY 26,400 thanks to water reduction projects executed in Şanlıurfa Natural Gas Combined-Cycle Power Plant.

In Şanlıurfa Natural Gas Combined-Cycle Power Plant, softening water from the engine room, water aggregating in tanks, and reverse-osmosis water from the treatment unit are transferred to the cooling tower through appropriate piping. In this way, 10,400 tons of water is saved, along with TRY 15,600 in cost savings. Another water reduction project reduces water consumption by transferring water from radiators to engine room's maintenance water tanks through the PPRC pipes. The company saved costs worth TRY 26,400 thanks to water reduction projects executed in Şanlıurfa Natural Gas Combined-Cycle Power Plant.

Waste Water (Water Emissions) Management

In all the plants where water is utilized, waste water is discharged in accordance with the conditions stipulated by Water Contamination Control Regulations, and regular analyses are conducted in accredited laboratories. Domestic waste water released in natural gas plants is aggregated in watertight septic tanks and sent to the nearest water treatment plant when needed.

Air Emissions (kg)	2013	2014	2015
NOx	2,636,919	3,577,900	1,885,255
SOx	1,698	5,498	11,464



To eliminate lignite coal's potential impacts on environmental and human health, Akxa Energy built Turkey's first "flue gas treatment system" in Bolu Göynük Thermal Power Plant.

Air Emissions

A significant area of impact within energy generation is air emissions other than greenhouse gas emissions. Akxa Energy conducts studies to reduce these emissions and monitors them as in the case of greenhouse gasses. Emissions can be instantaneously controlled through emission measurement systems installed in the plants. For that purpose, the Company established NOx treatment systems in fuel oil plants. In addition, Akxa Energy aims to lower SO₂ emissions to European Standards by 2017 in Northern Cyprus Kalecik Fuel-Oil Plant. DeSOx treatment systems have been established in line with this objective.

To eliminate lignite coal's potential impacts on environmental and human health, Akxa Energy built Turkey's first "flue gas treatment system" in Bolu Göynük Thermal Power Plant. Thanks to SOx treatment via a technology that incorporates utilization of electrostatic filter and DeCOX system, pure water steam is emitted to the atmosphere. Bolu Göynük Thermal Power Plant achieved the legal emission values required in the European Union by 2018 in 2015, as a result of the flue gas treatment system, used for the first time in Turkey.

Bolu Göynük Thermal Power Plant is designed with "fluid bed combustion" technology, which is an alternative to pulverized coal-fired thermal plants. This technology reduces NOx amounts

to a minimum by enabling combustion reactions at lower temperatures. Another project that reduces toxic gas emissions is to carry out the desulphurization process directly inside the boiler by using limestone during the combustion. This technology eliminates the emission of toxic gasses, in addition to raising the plant's efficiency.

In 2015, a malfunction in the online emission monitoring system in Northern Cyprus Kalecik Fuel-Oil Power Plant prevented the monitoring of emissions; as a result, the plant was fined a total of TRY 28,000. This problem was resolved by correcting the emission monitoring systems. Akxa Energy works to monitor air emissions accurately and conducts reduction activities.

Aksa Energy performs activities for preserving and improving biodiversity in its areas of operation in collaborations with NGOs which are experts in those fields.



Aksa Energy performs activities for preserving and improving biodiversity in its areas of operation in collaborations with NGOs which are experts in those fields. The collaboration with Turkey's Nature Protection Association (TTKD) for protecting mountain gazelles in Hatay, where the Belen Atik and Sebenoba Wind Power Plants are located, has been ongoing since 2015.

The population of mountain gazelles (gazella gazella), seen only in the Hatay Kırıkhan area in Turkey, had declined to a low of around 150 in 2009. These animals are included in the Red List of Threatened Species released by the International Union for Conservation of Nature (IUCN).

Within the scope of the "Preserving Hatay's Mountain Gazelles" Project, TTKD has informed children and adults in the region who are living near the gazelles' habitats through observation activities and training. Cooperation was established with media institutions at both the local and national level to draw attention to mountain gazelles, and programs about the gazelles' lives were prepared. As a result of preservation activities conducted by TTKD, the gazelle population rose by 2,3 times. Aksa Energy supports the protection of mountain gazelles and their habitats in Turkey by contributing to observation and training activities conducted within the scope of the project, and it also protects gazelles, which are part of our national heritage.

Protection of Biodiversity

The protection of biological diversity in its areas of activity is a primary strategic sustainability objective for Aksa Energy. The plants' environmental impact also includes those on the local flora and fauna. In this context, the impact of operations on biodiversity are monitored, assessed and reported. Aksa Energy's biodiversity strategy is built upon establishing collaborations to prevent damage to nature, as well as minimizing the impact on biodiversity, and preserving and improving the local biodiversity richness.

Aksa Energy performs activities for preserving and improving biodiversity in its areas of operation in collaborations with NGOs which are experts in those fields. The collaboration with Turkey's Nature Protection Association (TTKD) for protecting mountain gazelles in Hatay, where the Belen Atik and Sebenoba Wind Power Plants are located, has been ongoing since 2015.



Aksa Energy plans to support additional biodiversity projects in 2016 by maintaining its cooperation with TTKD.

Aksa Energy plans to support additional biodiversity projects in 2016 by maintaining its cooperation with TTKD. In this context, it will support an extensive investigation and study to determine the current situation and ecology of striped hyenas (*hyaena hyaena*) living around the Kırıkhan Gölbaşı village in Hatay, where the Belen Atik and Sebenoba Wind Power Plants are located.

In addition to supporting projects for protecting nature and its living creatures, Aksa Energy also observes, monitors and works to minimize the impact of its plants on local natural life. The Company carries out bird observations at regular intervals at its wind farms to ensure that birds' natural habitats are not damaged due to

regular operation of the plants. Although it is one of the lowest-cost energy resources in the nature, birds can change their migration routes in regions with substantial wind turbine construction; over time, these changes may have an adverse effect on the birds' habitats. Therefore, bird observations in the areas of the Belen Atik, Kapıdağ, and Kiyıköy Wind Power Plants are carried out over four periods, which include winter, spring migration, reproduction, and fall migration. An Ornithology Report was obtained for Kapıdağ Wind Power Plant in 2011. In environmental impact assessments conducted before new investments, bird habitats in particular, as well as their migration routes, are examined along with other natural life.

Aksa Energy introduces tree saplings to prevent land degradation while conducting its biodiversity protection activities and thus creates forest lands, which are habitats for biological diversity. In this context, such areas have been forested through recultivation projects to prevent potential landslide risks and revive the flora around Bolu Göynük Thermal Power Plant. Over 6,000 saplings were planted in the plant's territory even before the commissioning of the plant.

In line with Akxa Energy's objective of expanding its share in domestic and renewable energy growth, R&D and innovation investments are prioritized to lead industrial development.



Research and Development (R&D) and innovation are considered a necessity in the energy industry. R&D and innovation processes are integrated into business processes with the participation of all employees at Akxa Energy. Placing R&D and innovation in the center of its activities, Akxa Energy works to improve its competitiveness in these areas. With the view that innovation is not necessarily a top-down approach, the Company aims to create an innovative and progressive culture where employees at every level can contribute and participate.

In addition to the Company's culture of innovation, weaknesses in the plants are identified to ensure continuous development and advancement, and actions are taken to resolve these issues. New pilot applications are tested, and successful ones are implemented on a larger scale. In this context, current R&D activities at Akxa Energy include a Project for using sea water rather than radiator for the cooling processes in Northern Cyprus Kalecik Fuel-Oil Power Plant. The Company built trial heat exchangers in 2015 for

this project at a cost of approximately TRY 500,000, and preparation of a roadmap for activities in this project will start based on the trial results. The company intends to keep contributing to innovative ideas and developments through such activities.

The renewable energy industry grows at a pace that is encouraging for R&D investments. In line with Akxa Energy's objective of expanding its share in domestic and renewable energy growth, R&D and innovation investments are prioritized to lead industrial development. Developments in the field of renewables bring certain roles and responsibilities for Akxa Energy as an investor in renewable energy. These responsibilities include making renewable energy more mainstream and available for more people and ensuring implementation of new technologies at lower cost.

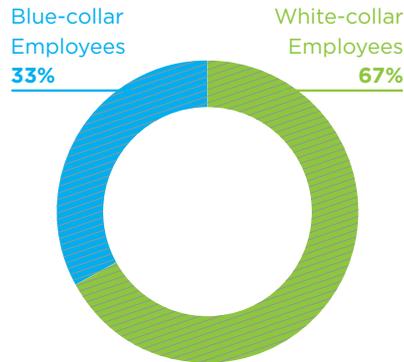
Employees

Aksa Energy believes that its employees, who manage the Company's resources, are its most valuable capital. Ensuring the efficiency and satisfaction of its employees, who are among the Company's most important stakeholders, and providing a healthy and safe working environment for them in all of its plants, are significant priorities for Aksa Energy and its stakeholders.

The Human Resources Policy is managed to elevate our competitive advantage, along with active coordination to positively impact the productivity of different divisions within the Company. Aksa Energy is conscious that the safety, success and happiness of its employees reflect on the Company's business success and, therefore, customer satisfaction. In this context, the Company establishes Human Resources policies to ensure continuous development for the competencies of all employees for long-term company objectives.

Principles such as "the right person for the right job; respecting differences and diversity, which are important elements of organizational structure; equal opportunity for employees; and personal and professional development" are distinctive standards of the Human Resources Policy. There is no gender-based discrimination among employees at Aksa Energy. Moreover, the company follows policies that look for equality across regions in each of the plants located in Turkey. Aksa Energy aims to set the best examples in the industry with its activities and applications regarding human resources, and so become the most preferred workplace for development-oriented, productive and motivated employees.

Percentage of Employees by Category

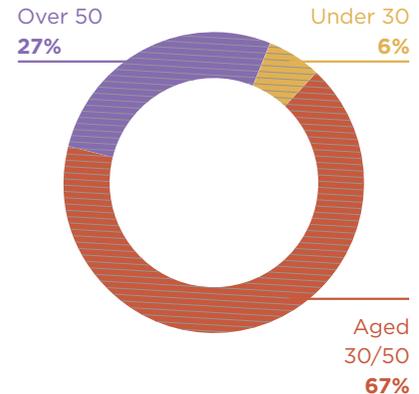


To measure employee satisfaction and conduct improvement activities in this direction, we aim to carry out regular employee satisfaction surveys at least annually by 2020.

As of 2015, Aksa Energy employs 779 people, 15% of whom work in the Head Office, and 85% of whom work in power plants in Turkey and Northern Cyprus. Our staff is comprised of 33% white-collar and 67% blue-collar employees. Women constitute 4% of all the employees. Aksa Energy aims to increase the percentage of female employees by a minimum of 15% until 2020.

In addition to its full-time employees, Aksa Energy also employs individual subcontractors who work as technicians, engineers, power plant operators, and maintenance and repair technicians.

Percentage of Employees by Age Groups



In 2015, 12% of female employees used their parental leave: all returned to their jobs upon completion of their leave. Also, 35 male employees used their paternity leaves within the year.

Safe Working Environment

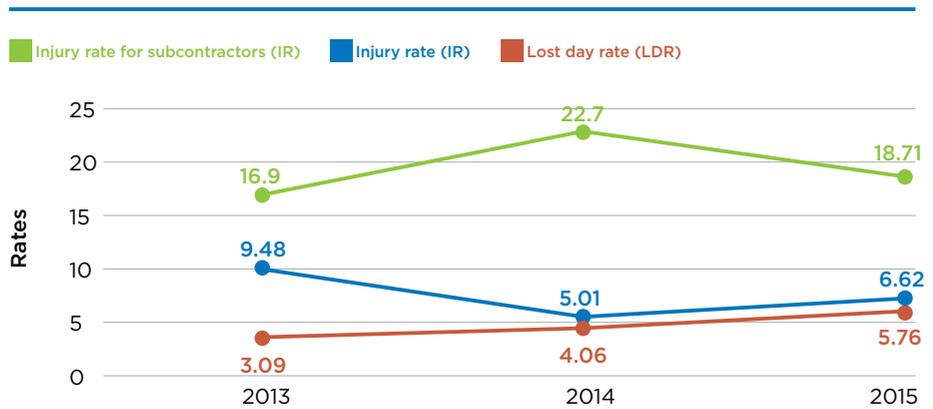
Aksa Energy considers it a priority to provide suitable conditions and a safe, pleasant working environment for all employees. Activities related to Occupational Health and Safety (OHS) are carried out to achieve these conditions. The Company conducts all its operations with a "zero accident" target and takes all necessary safety measures in line with this objective. Aksa Energy also strives to prevent occupation-related diseases. Aksa Energy ensures full compliance with OHS codes and legislations as well as following up-to-date OHS practices and international standards, going beyond legal obligations.

Effective management processes for occupational health and safety have been internalized with the OHSAS 18001 Occupational Health and Safety Management System certificate.

Aksa Energy works to prevent any non-compliance issues that may cause accidents in its plants and prepares Corrective and Preventive Activity Reports for reported accidents.

Aksa Energy is committed to taking all occupational health and safety (OHS) measures in all its plants across Turkey, for subcontractors it has working relations with and for all the institutions it interacts with. Like all strategic issues within the Company, Aksa Energy approaches OHS from a risk perspective, and it identifies, assesses and classifies main dangers and risks. With this approach, it takes measures to minimize risks to the greatest extent possible. Aksa Energy follows OHSAS 18001 notification instructions when fully recording employees' health and safety related data and it undertakes evaluation and development activities based on comparisons between the obtained data and the statistics from Turkey and Europe.

Activities for improving health and safety conditions, and preventing occupational accidents and diseases are carried out by the Occupational Health and Safety Board. 70% of employees are represented on the OHS Board. The Occupational Health and Safety Board reports the subjects it considers necessary along with its activities to the CEO. Within the scope of its activities in social issues, the Sustainability Committee established within Aksa Energy also evaluates, manages and reports on any matter related to OHS to the CEO.



Occupational Health and Safety Data

The number of accidents in the reporting period of 2015 declined by 25% compared with the previous year. The most frequent injury types recorded by blue collar employees are soft tissue damage, sprain, strain, hitting a fixed object, and accidents while driving a vehicle. Activities to improve safety conditions have been carried out to prevent problems due to employee injuries. Aksa Energy works to prevent any non-compliance issues that may cause accidents in its plants and prepares Corrective and Preventive Activity Reports for reported accidents. In this regard, the Company identifies and photographs the non-compliance issues as well as defining required measures and the time allotted for a resolution. Another photo taken after the resolution of non-compliance

confirms that relevant action was taken. These procedures have resulted in a 16% reduction in the total injury rate since 2013. However, two fatal accidents occurred in 2015 through negligence by a vendor company's maintenance and repair team. In line with its responsibility as a company operating with the objective of "zero accidents", Aksa Energy deems such accidents unacceptable, and always prioritizes safety precautions regardless of the cause of any accident. In this context, in order not to repeat similar accidents, all field risk analyses have been reexamined in 2015, and an extra one-week training is provided to field workers under occupational training. Employees were subject to exams at the end of these training sessions, and only the successful ones were permitted to continue working on the field. All staff was checked for eligibility for work following the incident, and

a clinical psychologist conducted the Minnesota Multiphasic Personality Inventory (MMPI) test to determine their psychological states. This practice is also integrated into recruitment processes to ensure employees' eligibility for the job from the beginning of employment throughout.

Within the scope of Aksa Energy's "zero accidents" objective, emergency plans for all the plants have been drafted to be prepared for any potential job-related accident or emergency scenario. All the precautionary measures and emergency plans against potential workplace accidents are shared with employees in training programs, and thus the implementation of plans is ensured. Internationally accepted OHS training programs are provided to all human resources employed by the Company, including special risk groups. The OHS training programs provided to our employees at Aksa Energy in 2015 correspond to 80% of the total training hours.

Employees obtain, along with OHS training, other training sessions such as fire training, working and rescuing at high wind turbines, as well as work permit training to work at Heavy Current Facilities (EKAT) – all closely related to Aksa Energy's industry and of vital importance for job safety. The OHS system and its applications are supported by quality systems such as ISO 14001 Environment Management System, ISO 9001 Quality Management System, as well as the OHSAS 18001 Occupational Health and Safety Management System certificate.

Performance Management

Due to the dynamic nature of the industry, Aksa Energy selects its employees from individuals who are open to change and innovation. Believing that competent human resources resonates with customer satisfaction, starting with recruitment, Aksa Energy offers performance development opportunities to its employees who are part of this large team that rewards efforts, recognizes



accomplishments and prioritizes development and creativity.

Aksa Energy defines the skill, competence and performance levels to be enjoyed by successful employees for a successful performance that will add value to the Company, and it assesses employee performance according to these definitions. All employees are subject to regular performance and career development evaluation. In addition, white-collar workers, who comprise 32% of employees, are subject to a different and more systematic performance appraisal annually. It is aimed to extend the competency-based performance appraisal, which is already applied to white collar workers, to blue collar workers by 2020.

Career processes also prove effective in the Compensation Policy for Aksa Energy employees. The Company's Compensation Policy is based on fair, transparent, measurable and balanced performance targets, encourages sustainable success, and conforms to the risk management principles of the Company. The Company follows policies that ensure equality among employees without any gender- or region-based discrimination. Macroeconomic conditions, current national inflation rate, industry-specific developments as well as performance are determining factors in the performance-based compensation system.

Careers at Aksa Energy

Aksa Energy operates with the vision of becoming a workplace that contributes to the career development of its employees through regular training programs and career planning systems.

The Company meets its personnel requirements primarily from within the Company, through its existing employees pursuant to a policy of promotions and transfers. It is important that newly-hired employees be open to development, adapt to global technological advancements flexibly, adopt the company vision, and are motivated to create value in line with this vision. An equal opportunity principle is followed in all these processes, as is an approach based on developing talent.

Aksa Energy attaches particular importance to its employees' personal and professional development.



Training Programs

Aksa Energy attaches particular importance to its employees' personal and professional development. For this purpose, the company supports its employees with training programs organized at regular intervals. These training programs aim to help employees develop new skills, be aware of the developments in the energy industry where continuously developing technology is at the forefront, and to improve their performance and competencies. Aksa Energy aims to double personal and professional training programs by 2020.

In 2015, Aksa Energy provided its personnel with a total of 15,549.5 man-hours of technical and vocational training within the scope of its training activities, and reached 779 employees and 723 subcontractors through these training programs. Training provided to employees include technical and vocational training programs and environment, waste management, machinery, SEO (Search Engine Optimization), body language, positive living in the workplace and sustainability training programs, as well as training programs related to first-aid and OHS.

Feedback Mechanisms

Aksa Energy employees can report their complaints and opinions on all subjects to the Human Resources department. Employees who prefer to submit their complaints confidentially can send written notifications through "Write to Us" section of the company website. Complaints submitted in this manner are evaluated by Human Resources department in the General Directorate, forwarded by topic after investigation, and resolved through discussion primarily within the Human Resources department. In cases where submitted complaints are not within the operation and responsibility area of the Human Resources department, they are directed to Ethics Committee. Apart from complaints directed to the Human Resources department, all stakeholders may submit their concerns regarding ethical violations to etik@aksa.com.tr. Ethics Committee evaluates these complaints and refers to expert opinions as necessary. It is aimed to consider and resolve all complaints within a maximum of one month. Should complaints remain unresolved within the targeted period, the complainant is informed within one month that the process needs to be extended. Complaints that cannot be resolved within this framework are reported to the Board of Directors. In 2015, ten complaints were submitted to the Human Resources department related to salaries, leave requests, personal conflicts, etc., and all of those complaints have been resolved objectively within the framework of the Labor Act and company procedures.

Aksa Energy's relations with the community are not limited to engagement of local communities, as value creation extends into companies and suppliers that the Company works with.

We believe that operating in the energy industry also brings a sense of social responsibility; all those who utilizes generated electricity energy, and are directly or indirectly influenced by the activities of Aksa Energy, are defined as stakeholders of the Company.

A local employment policy is pursued in the regions where we operate, and necessary human resources are recruited from the region, thus creating job opportunities for those regions' communities. In the Bolu Göynük Thermal Power Plant, direct employment is provided from the province's Bölücekova, Himmetoğlu

and Karaardıç villages. These regions' subcontractor firms are preferred when additional services are required in the plants. Thus, the Company contributes to the local labor market by generating various sources of income for the local community.

Feedback from the community is received through meetings held with the participation and engagement of the local community within the scope of the Environmental Impact Assessment (EIA) process, or through the related local administration unit, and activities are carried out to fulfill

their demands and requests. In the case of potential relocation due to Company's operations, compensation exceeding the market value specified by the government is paid, and construction of new settlement areas for the local community is also carried out. Approximately TRY 45 million for the land expropriation of the Bolu Göynük Thermal Power Plant is spent, in addition to a TRY 375,000 payment for the relocation of a family of four at the Kozbükü Hydroelectric Power Plant.

01

Reports and demands submitted through "Write to Us" section of the Aksa Energy website are evaluated at headquarters, and complaints of local communities are forwarded to plant management through local administrations.

02

Requests from investors are directly sent to the relevant employee through different channels.

03

Complaints received through the Internet are forwarded to the email address of the relevant manager depending on the type of complaint, and actions related to the subject are also implemented.

04

Plant managers evaluate the direct requests they receive and report them to the headquarters as necessary, and implement necessary solutions upon approval from the headquarters.

Aksa Energy supports socio-economic development in the regions where it operates.

Complaints and requests received through specified feedback mechanisms for the different requirements and demands of stakeholders and the local community are evaluated through various channels. Reports and demands submitted through "Write to Us" section of the Aksa Energy website are evaluated at headquarters, and complaints of local communities are forwarded to plant management through local administrations. Requests from investors are directly sent to the relevant employee through different channels. Complaints received through the Internet are forwarded to the email address of the relevant manager depending on the type of complaint, and actions related to the subject are also implemented. Plant managers evaluate the direct requests they receive and report them to the headquarters as necessary, and implement necessary solutions upon approval from the headquarters.

In 2015, a total of 17 complaints were received through existing channels for Bolu Göynük Thermal Plant, Şirnak Fuel-Oil Plant, Ali Metin Kazancı Antalya NGCCP, Siirt Fuel-Oil Plant, Northern Cyprus Kalecik Fuel-Oil Plant and Mardin Fuel-Oil Plant. The Provincial Directorate of Environment detected no situation requiring penal

sanctions during its controls and audits. Complaints from the local community have been received for the Fuel-Oil plant in Mardin, as its location has become more urbanized due to the city's growth in that direction. In response to this feedback, the plant now operates at minimal production capacity, thus meeting the demands from the local community. While emissions in the Cyprus plant are below specified limits, in accordance with feedback received by the plant related to flue gasses, the flue gas emissions have been reduced with the use of a different filtration system. We have met the related requests through a stakeholder engagement mechanism, which has implemented as a result of this feedback.

Supporting socio-economic development in the regions where we operate is one of the priority issues. In this context, the Company evaluates feedback from local communities and implements various infrastructure and superstructure projects. For instance, Çatak Pond, created for Bolu Göynük Thermal Power Plant with an investment of approximately TRY 12 million, helps to meet both the plant's operational needs and creates value for the local community by meeting their water requirements.

In 2015, The Company spent TRY 760,000 for production plants development and other social investments to contribute to the health and well-being of local communities. Total spending for such activities has risen by 6% since 2013. Examples of such investments include donation of approximately TRY 180,000 for health-related projects to the municipalities of Kiyıköy and Antalya Döşemealtı, where Kiyıköy Wind Power Plant and Ali Metin Kazancı Antalya NGCCP are located. Moreover, permanent value is created through infrastructure works and repair projects that support local economic development in regions of operation, as well as contributions for the development of local suppliers.

Aksa Energy's relations with the community are not limited to engagement of local communities, as value creation extends into companies and suppliers that the Company works with. The number of suppliers has climbed by 33% since 2013. As of 2015, there are 1,259 suppliers including subcontractors, intermediaries, and consultancy firms from 10 different countries. Indirect employment is created for 1,840 people through these suppliers.



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Reporting Principles and Tables

Reporting principles include the collection and calculation principles for greenhouse gas emissions data (GRI G4-EN15, GRI G4-EN16, GRI G4-EN18, GRI G4-EN19) and energy consumption data (GRI G4-EN3) contained in this report. We determined 2015 as the reference year for greenhouse gasses since it gives access to complete and reliable data while reflecting current activities. The greenhouse gas calculation method is "greenhouse gas operational data x greenhouse gas emission or removal factors". We calculated greenhouse gas emissions pursuant to the methods of World Resources Institute (WRI), World Business Council for Sustainable Development, WBCSD, and Greenhouse Gas Protocol. Aksa Energy determined the limits of its institution with a control approach and included greenhouse gas emissions from all the buildings, generators, and cooling gasses in its greenhouse inventory, except for the headquarters building. Operation Boundaries are determined as scope 1 (direct) and scope 2 (indirect). We used factors equivalent to CO₂ comprising CO₂, CH₄, N₂O and HFC (cooling gas) emissions in calculations. Global Warming Potential (GWP) coefficients were taken from the 4th Assessment Report by the Intergovernmental Panel on Climate Change (IPCC). We calculated the grid emission factor by using 2014 data from the Turkish Electricity Transmission Corporation (TEİAŞ).

Distribution of resources causing greenhouse gas emissions is as follows:

Scope 1: Leased vehicles, F-gases used in air conditioners, fuels used in buildings and plants, and diesel generators used in emergencies.

Scope 2: Electricity consumption. The emission factor is used as 0.552103 kg CO₂e/kWh in the calculations of greenhouse gas resulting from electricity energy. The network emission factor is calculated up-to-date with TEİAŞ data. We monitor the energy consumption of all the buildings, plants and generators under Aksa Energy's control except the headquarters building. The report contains all data regarding this energy consumption. The lower heating values of the energy resources used, and Tons of Oil Equivalent (TOE) cycle factors were taken from the Table of Lower Heating Values and Conversion Factors for Oil Equivalent found in Appendix 2 of "Directive for Improving Efficiency of Energy Sources and Energy Use" which was issued in the official gazette no. 28097, dated October 27, 2011. 1 kcal = 4.184 kJ and 1 GJ = 0.2777 MWh (1 MWh=3,6 GJ) values are used in energy unit conversions.

Emission Factors	CO ₂	CH ₄	N ₂ O	Total kg CO ₂ e
Natural gas (m ³)	1.9365	0.0009	0.0010	1.9384
Diesel (liters)	2.6542	0.0027	0.0064	2.6633
Fuel Oil (kg)	3.1107	0.0030	0.0072	3.1209
Lignite (kg)	1.2019	0.0003	0.0053	1.2075
Electricity (network) (kWh)	0.5504	0.0002	0.0016	0.5521

Social Performance Data

General Information	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
Number of White-collar Employees	24	195	21	244	28	228
Number of Blue-collar Employees	7	401	8	504	5	518
Total	31	596	29	748	33	746

Employees by Contract Type	2013	2014	2015
Full-time	625	775	777
Part-time	2	2	2
Total	627	777	779

Employees by Age Groups	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
Under 30 Years Old	6	104	11	140	10	197
30-50 Years Old	20	448	32	535	20	502
Over 50 Years Old	4	44	4	55	3	47
Total	31	596	29	748	33	746

Diversity and Equality of Opportunity	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
Senior Management Employees by Age and Gender						
Under 30 Years Old	-	-	-	-	-	-
30-50 Years Old	1	4	1	5	1	5
Over 50 Years Old	-	1	-	2	-	2

Number of Employees by Employment Duration	2013	2014	2015
0-5 years	391	523	475
5-10 years	152	164	211
More than 10 years	84	90	93

Employees on Parental Leave & Employees Returned to Work After Parental Leave	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
Number of Employees on Parental Leave	3	-	2	-	4	35
Number of Employees Returned to Work After Parental Leave	3	-	2	-	4	35

Standard Starting Level - National Minimum Wage Rate	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
	2.25	2.35	2.3	2.3	2.35	2.35

Reporting Principles and Tables

Occupational Health and Safety Data	2013	2014	2015
Number of Incidents	46	95	71
Number of Work-related Fatalities	0	0	2
Number of Occupational Diseases	2	0	0
Absence	16	54	39
Injury Rate (IR)	9.48	5.01	6.62
Occupational Disease Rate (ODR)	0	0	0
Lost Day Rate (LDR)	3.09	4.06	5.76
Accident Frequency Rate for Subcontractor Company Employees	16.9	22.7	18.71
Number of Work-related Fatalities for Subcontractor Company Employees	0	1	0
Number of Occupational Diseases in Subcontractor Company Employees	2	0	0
Number of Lost Days for Subcontractor Company Employees	89.7	460.1	295.7
Lost Days Rate for Subcontractor Company Employees	0.005	0.013	0.01

*Accident Frequency Rate = Total Number of Accidents/ Total working hours of employee X 1,000,000

**Lost day rate = (Total number of lost days X 200,000) / Total work days (in hours)

Internal and External Training Programs	2013	2014	2015
Training Hour (man x hours)	5,635	39,081	15,549.5

Occupational Health and Safety Training	2013	2014	2015
Training Hour Ratio	35%	26%	80%
Training Hour (man x hours)	2,880	2,464	12,464

Number of Employees Quitting and Employee Turnover Rate	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
Number of Personnel Who Quitted Their Job Within the Year	8	42	6	35	8	163
Under 30 Years Old	2	20	1	14	3	72
30-50 Years Old	6	18	5	15	5	77
30-50 Years Old	-	4	-	6	-	14
Employee Turnover Rate	1.72%		1.47%		1.96%	

Number of New Employees	2013		2014		2015	
	Women	Men	Women	Men	Women	Men
Number of New Employees	8	112	14	247	9	162
Under 30 Years Old	4	61	9	122	6	117
30-50 Years Old	4	47	5	106	3	38
Over 50 Years Old	-	4	-	19	-	7

Environmental Performance Data

Energy Consumption (MWh)	2013	2014	2015
Electricity	140,011	148,407	139,504
Natural Gas	12,797,722	13,741,082	7,060,440
Lignite	0	0	1,080,849
Fuel Oil	1,734,116	3,623,873	1,686,248
Diesel	617	284	77
TOTAL	14,672,465	17,513,647	9,967,119

Greenhouse Gas Emissions (tons, CO ₂)	2013	2014	2015
Scope 1 Total	3,074,515.7	3,793,772.4	2,295,640.7
CO ₂	3,070,403.2	3,787,746.7	2,290,865.7
CH ₄	1,621.3	2,216.6	1,188.9
N ₂ O	2,491.1	3,809.0	3,586.2
Scope 2 Total	77,300.5	81,936.1	77,020.7
CO ₂	77,055.6	81,676.5	76,776.7
CH ₄	26.6	28.2	26.5
N ₂ O	218.3	231.3	217.5
Scope 1 and 2 Total	3,151,816.1	3,875,708.5	2,372,661.4

Economic Indicators

Economic Value Generated (TRY)	2013	2014	2015
Revenues	1,613,003,125.88	1,789,675,716.95	976,108,225.59
Economic Value Distributed (TRY)			
Operating Costs	404,558,878.74	319,902,208.56	282,948,508.17
Employee Compensation and Side Benefits	21,823,765	26,460,904	21,208,855
Payments to Shareholders	0	0	87,765,797
Payments to State	78,332,985	110,236,815	62,000,417
Retained Economic Value	1,111,042,714	1,335,852,044	524,873,481
Social Investments	717,250	684,592	760,907

Financial Support Received from the State (TRY)

Tax Deductions	-	-	-
Loans	-	-	-
Incentives	21,112,912	12,631,937	93,978,621
Investment, R&D and Other Grants	-	-	-
Rewards	-	-	-
Financial Support received from Export Loan Agencies	-	-	-
Financial Incentives (SSI Investment and Employment Incentive)	1,218,272	1,419,270	1,695,530
Other Financial Support	-	-	-





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