MOVING OUR ENERGY BEYOND BORDERS...

aksa ENERGY

SUSTAINABILITY REPORT 2018

A people-focused approach

At Aksa Energy, we continued to build power plants in African countries which have urgent energy demand. This is because serving community with a people-focused approach matters to us as much as our business success; and we regard it as our social responsibility.

We consistently take actions to understand and meet the needs and expectations of all stakeholders including our employees and the local residents in the regions where we operate.

CONTENTS

ABOUT THIS REPORT

This report was prepared with the aim of sharing the environmental, social and corporate governance performance and progress of Aksa Enerji Üretim A.Ş. (Aksa Energy) with its stakeholders in a transparent manner. The report covers the period between January 1 and December 31, 2018, and contains data related to all aspects of Aksa Energy's operations. This report was prepared in accordance with GRI Standards (Core) and the Electric Utilities Sector Disclosure was used as a reference. Please send your questions, feedback and recommendations regarding this report to **surdurulebilirlik@aksa.com.tr.**

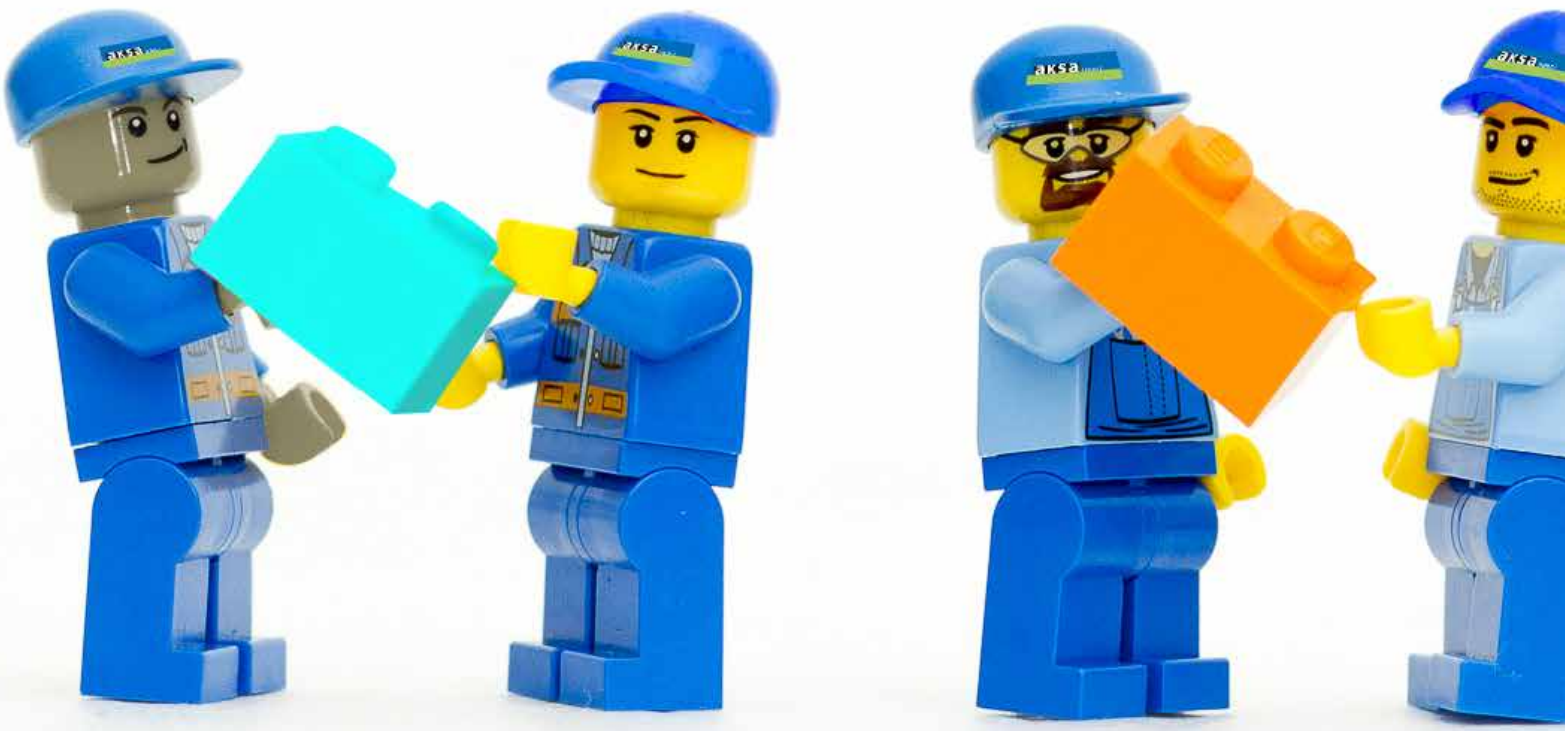
Contributing to society...

At Aksa Energy, we place utmost importance on maintaining the social structure, supporting social and economic development, human rights, and increasing energy savings and efficiency in the regions where we operate. To this end, we have raised the share of local employees to above 50% in our power plants in Africa to support employment growth in the region.

Company headcount

911

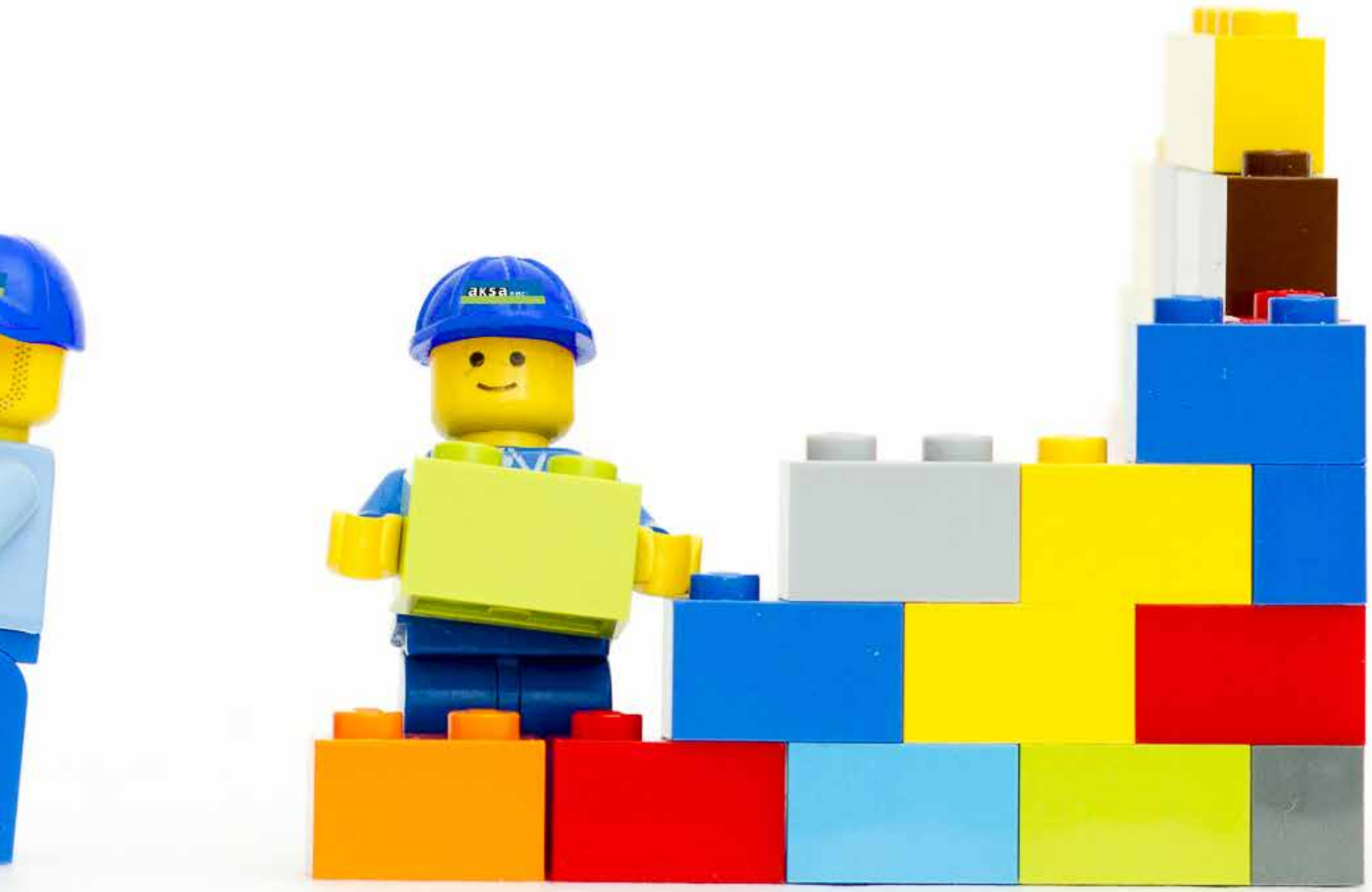
A record-breaking success in occupational safety...



Aksa Energy designs its Occupational Health and Safety Policy in accordance with international standards. As at year-end 2018, we reached our “2 million man x hours without an accident” working target at Ghana Heavy Fuel Oil Power Plant, steadily inching closer to our target of “5 million man x hours without an accident”.

2 million

man x hours
without an accident



Ongoing success...

Energy Production in

2

Continents

5

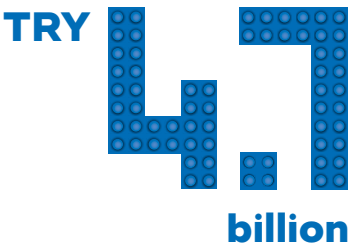
Countries

Since 2015, Aksa Energy has been included in the Sustainability Index which incorporates top-performers in corporate sustainability, trading on Borsa Istanbul. Currently, 50 companies are listed in the Index.

MESSAGE FROM THE CHAIRMAN

We have successfully boosted our profitability even under challenging economic conditions. This achievement is an indication of Aksa Energy's sustainability-oriented business model, capabilities and ability to generate added value.

2018 Revenues



With a total installed capacity of 2,061 MW – 1,946 MW of which is the active installed capacity– Aksa Energy achieved 15 billion KWh of energy sales, generating revenues of TRY 4.7 billion and a net income of TRY 150 million.

Distinguished Stakeholders,

In 2018, the signs pointing to a slowdown in the global economy became far more apparent. Even though advanced economies maintained their growth momentum, global markets experienced fluctuations fueled by increased political and geopolitical tensions. The negative impact of the sharp increase in the USD exchange rate and the subsequent rise in crude oil prices were deeply felt on the production in emerging markets across the globe.

After recording growth of 7.4% in 2017, Turkey's economy maintained its impressive performance by expanding 7.4% in the first quarter and 5.3% in the second quarter of 2018. Subsequently, the domestic election agenda, rising global uncertainties and a downgraded sovereign credit rating led to increased market volatility. As a result, the Turkish economy expanded just 1.8% in the third quarter, and the country closed the year with a 2.6% growth.

Excessive volatility in foreign exchange rates coupled with political tensions with the US that erupted in mid-July and high inflation caused a significant contraction in domestic demand. Meanwhile, strong foreign demand somewhat limited the economic downturn. The severe depreciation of the Turkish Lira and the rise in global commodity prices served to increase real interest rates and caused inflation to reach the highest level of the recent years, standing at 20.3%.

In the second half of the year, the government unveiled the New Economy Program, which was based on three main principles: balance, discipline and change. This effort helped stabilize the foreign exchange rate and curb inflation, while allowing interest rates to ease.

Turkey's energy industry, of critical importance for the country's continued development, was also affected by these events during the year. Rising oil and natural gas prices in particular caused increased vulnerability in countries that are dependent on raw-materials from abroad for electricity generation, such as Turkey. Market volatility throughout the year highlighted the importance of fundamental concepts like sustainability and efficiency.

Recognizing the dynamic structure of the energy market, Aksa Energy achieved all its financial and operational objectives for 2018 despite the challenging economic environment. With a total installed capacity of 2,061 MW – including an active capacity of 1,946 MW – we sold 15 billion KWh of energy in 2018. As a result, we generated revenues of TRY 4.7 billion and recorded net profit of TRY 150 million as of year-end 2018. Aksa Energy's expansion to Africa, in line with our strategy of transforming into a global energy company, significantly contributed to our increased profit during the year. This strategy has also helped reduce our foreign currency denominated debt significantly.

In 2018, Aksa Energy continued to launch investments that will shape the future. During the year, we signed a five-year hard currency-based operation and maintenance

agreement for the rehabilitation and operation of 24 MW CTA-2 Power Plant, which is owned by Jiro Sy Rano Malagasy (Jirama), a state-owned power utility and water services company in Madagascar. Moreover, we expanded the capacity of Ghana Heavy Fuel Oil Power Plant to 370 MW, reaching a total installed capacity of 476 MW in Africa.

We have successfully boosted our profitability even under challenging economic conditions. This achievement is an indication of Aksa Energy's sustainability-oriented business model, capabilities and ability to generate added value. Aksa Energy has been included in the BIST Sustainability Index without interruption since 2015. We also conduct our activities with a management approach that emphasizes continuous improvement in our sustainability performance.

Aksa Energy makes its strategic decisions with the aim of generating long-term added value for all its stakeholders. In doing so, we consider not only economic risks and opportunities, but also environmental, social and management-related aspects. During the year, we recorded significant achievements with our employer trainings, OHS and biodiversity projects. At Aksa Energy, total training hours per employee have risen 2.8 times over the last two years. Meanwhile, occupational health and safety trainings delivered throughout the year increased by 11% compared to the prior year. As of year-end 2018, we reached our 2 million man x hours without an accident milestone at Ghana Heavy Fuel Oil Power Plant, steadily inching closer to achieve our target of 5 million man x hours without an accident.

We continued our efforts to protect biodiversity, as we have done so since 2015. Acting in cooperation with the Turkish Association for Conservation of Nature and Natural Resources (TTKD), we sponsored a project to determine the presence of red deer *(Cervus elaphus)*, a species symbolizing biodiversity, around Yedigöller National Park, and their ecology. We will continue our support with a similar initiative in 2019.

Our competitive advantages in the market include our long-established corporate infrastructure, robust electricity generation activities, efficiency-based strategic approach and highly-specialized human capital. With these core assets, Aksa Energy continues to move forward towards its goals of boosting sustainable profitability and becoming a global brand. As I present our 2018 Sustainability Report, I would like to take this opportunity to extend my gratitude to all our stakeholders – especially our employees – for their valuable contribution to our efforts.

Respectfully yours,

CEMİL KAZANCI
Chairman

ABOUT AKSA ENERGY

Changing its investment strategy in 2015 and aiming to grow abroad following its investment in the Turkish Republic of Northern Cyprus, Aksa Energy expanded to Africa and commissioned power plants in Ghana, Madagascar and Mali.

Aksa Energy generates energy with a total installed capacity of 2,061 MW, 629 MW of which is located overseas.

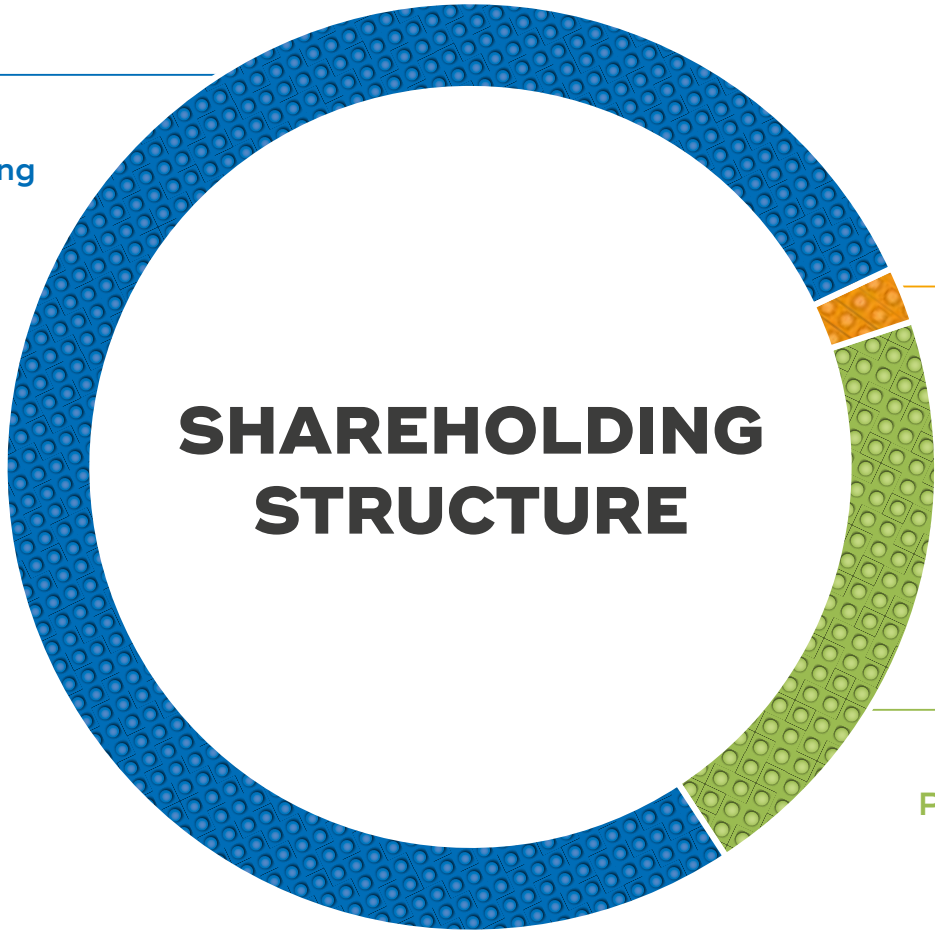
Aksa Energy was established in 1997 as a subsidiary of Kazancı Holding, a leading group of companies in Turkish energy sector. The Company is Turkey's largest publicly-listed independent power producer, and a global energy company.

Having launched its first energy investment in Turkey in 1998, Aksa Energy has diversified its investments over time with various energy resources. The Company completed its first investment abroad with a power plant installed in the Turkish Republic of Northern Cyprus, securing its position among Turkey's market leaders in power generation. Changing its investment strategy in 2015 and aiming to grow abroad after its investment in the Turkish Republic of Northern Cyprus, Aksa Energy expanded to Africa and commissioned power plants in Ghana, Madagascar and Mali. The Company conducts business operations in five countries on two continents with a total installed capacity of 2,061 MW, 1,946 MW of which is the active capacity as at year-end 2018.

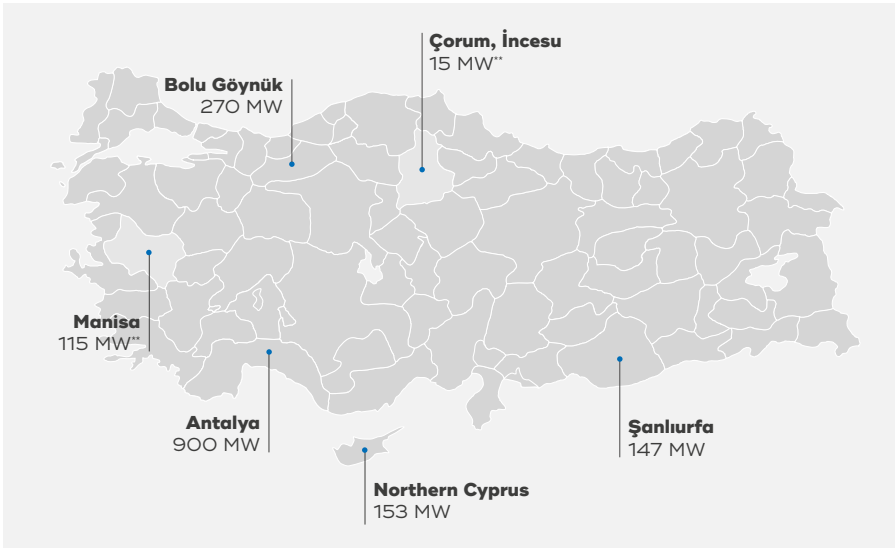
Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

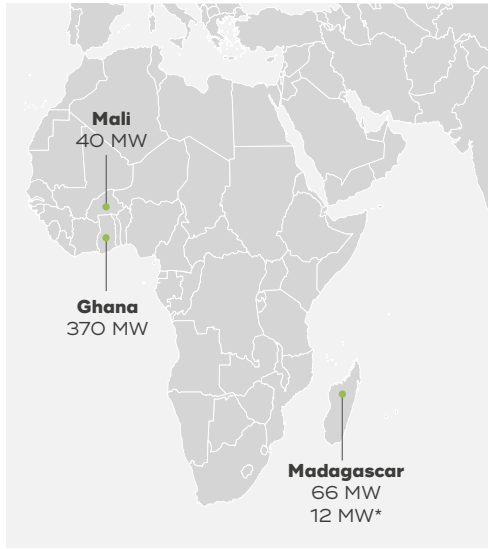
ABOUT AKSA ENERGY

Aksa Energy, Turkey's largest publicly-listed independent power producer, is also a global energy company.



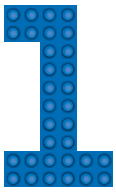
GRI 102-45





Number of Operational Power Plants	**7**
Active Installed Capacity	**1,946 MW**
Antalya	900 MW
Bolu, Göynük	270 MW
Şanlıurfa	147 MW
Northern Cyprus	153 MW
Mali	40 MW
Ghana	370 MW
Madagascar	66 MW
Number of Power Plants Operated on Behalf of Madagascar	**1**
Installed Capacity Operated on Behalf of Madagascar	**12 MW**
Madagascar CTA-2	12 MW*

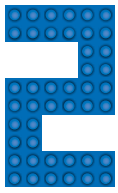
** Commissioned with an installed capacity of 12 MW in December 2018, the power plant reached 24 MW in January 2019.*
*** Çorum İncesu Hydroelectric Power Plant was sold on January 17, 2018. Furthermore, an application was filed with EMRA (Energy Market Regulatory Authority) to revoke the electricity generation license of Manisa Natural Gas Combined Cycle Power Plant. As the power plants have ceased energy generation, they are not accounted in the active installed capacity and the number of operational power plants figures. The license cancellation of Manisa NGCC has been completed in April 2019.*



Thermal Power Plant

Bolu
270 MW

270 MW
Total Installed Capacity

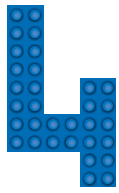


Operational Natural Gas Combined Cycle Power Plants

Antalya
900 MW

Şanlıurfa
147 MW

1,047 MW
Total Installed Capacity



Heavy Fuel Oil Power Plants

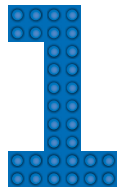
Northern Cyprus
153 MW

Ghana
370 MW

Madagascar
66 MW

Mali
40 MW

629 MW
Total Installed Capacity



Heavy Fuel Oil Power Plant

Madagascar
12 MW

12 MW
Installed Capacity Operated on Behalf of the Country

VISION AND MISSION

Aksa Energy's Vision

To become the largest and most reliable power in the region.

Aksa Energy's Mission

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

DEVELOPMENTS IN 2018

Aksa Energy increased the installed capacity of Ghana Heavy Fuel Oil Power Plant to 370 MW in 2018; and also commissioned CTA-2 Heavy Fuel Oil Power Plant after the completion of its rehabilitation on behalf of Madagascar.

Net Profit

TRY 150 million

Continuing to accelerate its sustainable growth, Aksa Energy posted TRY 150 million of net profit at end-2018.

Rising global welfare, in parallel with the fast growth of emerging economies, has increased global power demand. Transitioning to an economy based on the industrial and service sectors from an agriculture-based model, Turkey faces rising energy consumption in tandem with its economic growth. Having limited energy resources, Turkey's energy policies are designed to address growing demand and reduce its foreign energy dependence.

Turkey capitalizes on its resource diversity and continues to develop projects in cooperation with other nations in the region in order to ensure the security of its power supply.

Accordingly, Turkey's private energy companies develop various projects domestically and abroad. Combatting climate change and boosting local socio-economic development play an important role in the sustainability of energy investments made by the industry.

Aksa Energy creates job opportunities by recruiting local residents in its operating regions. Furthermore, the infrastructure works and repair projects in these regions serve to raise the living standards of its stakeholders and boost regional socio-economic development.

Capacity Increase at Ghana Heavy Fuel Oil Power Plant

As of November 2018, the installed capacity of Ghana Heavy Fuel Oil Power Plant was expanded to 370 MW, up from 280 MW. With this 90 MW capacity increase, the guaranteed capacity of Ghana Heavy Fuel Oil Power Plant rose from 223.5 MW to 332 MW. As a result, Aksa Energy's total installed capacity in Africa has reached 476 MW.

New Agreement Signed in Madagascar

In 2018, Aksa Energy executed an agreement for the rehabilitation and operation of a 24 MW power plant, owned by Societe Jiro Sy Rano Malagasy (Jirama). The facility is located adjacent to Aksa Energy's existing power plant in Madagascar operating with an installed capacity of 66 MW. Commissioned with 12 MW installed capacity in December 2018, Madagascar CTA-2 Heavy Fuel Oil Power Plant reached an installed capacity of 24 MW as of January 2019. As of commissioning, the electricity generated by the facility is being sold to Jirama in USD under a five year guaranteed sales (take-or-pay) agreement.

Bolu Göynük Thermal Power Plant Wins an Award

Bolu Göynük Thermal Power Plant was presented with an award by the Coal Producers' Association (KÖMÜRDER). As the first lignite-fired power facility in Turkey with a flue gas treatment system, the facility was honored with the Energy Investment Award at the Clean Coal Technologies Summit held on April 10-11, 2018.

Sale of İncesu Hydroelectric Power Plant

The sale of İncesu Hydroelectric Power Plant was completed on January 17, 2018. With the approval of the Energy Market Regulatory Authority (EMRA) and the Competition Authority, the 15 MW power plant was sold to Deniz Elektrik Üretim Ltd. Şti., a subsidiary of Fernas Group, for a consideration of USD 15 million.

Bolu Göynük Thermal Power Plant

License Cancellations

The installed capacity of Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant was reduced from 1,150 MW to 900 MW with the application for license revision filed with EMRA. With the partial license cancellation in the production unit, which did not contribute to the actual energy generation in 2018, the production capacity of the power plant was decreased to 7 billion KWh, down from 9 billion KWh.

Aksa Energy filed an application with the Energy Market Regulatory Authority (EMRA) in November 2018 for the cancellation of the generation license of Manisa Natural Gas Combined Cycle Power Plant with an installed capacity of 115 MW.* The equipment of the power plant, which has diminished prospects of electricity generation at a competitive price under Turkey's free market conditions, may be used in potential projects abroad that promise higher profit margins with FX-based revenue, or to meet the equipment needs of both domestic and overseas power plants.

Constituent of Borsa Istanbul's Sustainability Index

Since 2015, Aksa Energy has been included in the Sustainability Index which incorporates top-performers in corporate sustainability trading on Borsa Istanbul.

The Sustainability Committee follows up the development of strategies, policies and targets that are required for the management of environmental, social and management-related risks in compliance with the Corporate Governance Principles.

Credit Rating

Turkrating, one of Turkey's leading credit rating agencies, has confirmed again Aksa Energy's high loan quality and strong debt repayment capacity in 2018.

In its latest report published on October 12, 2018, Turkrating affirmed Aksa Energy's Long-Term National Credit Rating as 'TR A+' and Short-Term National Credit Rating as 'TR A2' with a 'stable' outlook.

Robust Financial Performance

Aksa Energy recorded a strong financial performance in 2018 thanks to its strategy of seizing opportunities in global markets, which was kicked off in Africa, as well as its superior production capabilities and a business model centered on operational efficiency. Continuing to accelerate its sustainable growth, the Company posted TRY 1,033 million of EBITDA and TRY 150 million of net profit at end-2018.

* The application filed with the Energy Market Regulatory Authority (EMRA) for the cancellation of the electricity generation license of Manisa Natural Gas Combined Cycle Power Plant with an installed capacity of 115 MW was approved and the power plant's license was cancelled on April 30, 2019.

INVESTMENT STRATEGY

Focusing on energy-strapped Africa as its primary target market, Aksa Energy has become one of the major energy players in the continent with its investments.

Total Investments

TRY 498 million

Aksa Energy realised TRY 498 million of investments in 2018, bringing its total investments for the 2009-2018 period to over TRY 4.7 billion.

Aksa Energy formulates its strategies by closely following up risks and opportunities in global and domestic markets. The Company has launched major investments internationally by moving abroad some of its power plants whose competiveness in the Turkish free market has recently declined.

Focusing on energy-strapped Africa as its primary target market, Aksa Energy has become one of the continent's major players in the energy sector with its investments. Significantly increasing its hard currency denominated revenues with power plants commissioned in Ghana, Madagascar and Mali in a very short time, the Company boosted its profitability thanks to its international expansion strategy.

Taking enormous strides towards becoming a global brand in line with its new sustainable business strategy and globalization-centered business model, Aksa Energy continued its investments in Africa in 2018.

In 2018, Aksa Energy undertook a 90 MW capacity increase at Ghana Heavy Fuel Oil Power Plant. The Plant currently operates with a capacity of 370 MW. As a result of this capacity increase, Aksa Energy's installed capacity in Africa has reached 476 MW.

Continuing to expand its investments in the region, the Company signed another deal in the African market in 2018. Aksa Energy signed a 5-year contract with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation, operation and maintenance of a 24 MW power plant located adjacent to Madagascar Heavy Fuel Oil Power Plant. Thanks to swiftly undertaken rehabilitation, the power plant commenced electricity generation with the commissioning of 12 MW in December 2018, and continues its commercial operations with an installed capacity of 24 MW as of January 2019.

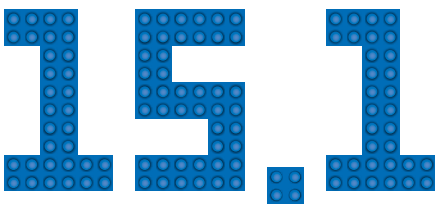
By utilizing existing equipment from power plants in its portfolio in the construction of these African power plants, Aksa Energy minimized its investment expenditure and significantly shortened the construction period. While supporting Turkish economy with its foreign exchange inflow, the Company also actively pursues new investment opportunities in overseas markets, and continues negotiations with energy-strapped countries.

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

SALES STRATEGY

Aksa Energy's financial transformation is centered on hard currency-denominated sales from the power plants in Northern Cyprus, Ghana, Madagascar and Mali.

Sales Volume



billion KWh

In 2018, Aksa Energy recorded a sales volume of 15.1 billion KWh, a considerable portion of which was sold on the spot market.

Hard currency denominated sales from the plants in Ghana, Madagascar and Mali, which started operations in 2017, in addition to that of Kalecik Power Plant in Turkish Republic of Northern Cyprus, constitute the main pillar of Aksa Energy's financial transformation. As of year-end 2018, 75% of the Company's total Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was realized in hard currency.

In accordance with the Council of Ministers' resolution issued in the Official Gazette dated December 2, 2017 and numbered 30258, the "Decree on the Procedures and Principles Regarding the Procurement of Electricity from Private Companies Operating Domestic Coal-Fired Power Plants" was amended, and the procedures and principles governing procurement were revised. Effective from 2018 for seven years, the total amount of energy purchase from power plants running on domestic coal, or on a mix of domestic and imported coal, is to be calculated in line with the price and supply formula specified in the Decree.

The amount of domestic coal used in power generation activities is the determining factor in calculating the amount purchased. Energy purchases from Bolu Göynük Thermal Power Plant, which runs 100% on domestic coal, are realized within the scope of the referenced Decree. The purchase price, which was determined as TRY 185/MWh for 2017, has been revised using the CPI and PPI indices on the basis of the formula set forth in the Decree. The purchase price stood at TRY 201.35/MWh for the first quarter 2018; TRY 209.46/MWh and TRY 226.16/MWh for the second and third quarters, respectively; and further increased to TRY 259.68/MWh in the fourth quarter. In 2018, almost half of the electricity generated by the power plant was sold to EÜAŞ (Electricity Generation Company of Turkey) as per this decree.

With the revision of the Decree on January 23, 2019, the purchase price was partially pegged to US dollar.

Hard currency–based guaranteed sales in Turkish Republic of Northern Cyprus, Ghana, Mali and Madagascar, coupled with the partially FX-based revenue from Bolu Göynük Thermal Power Plant are expected to positively affect Aksa Energy's foreign currency denominated EBITDA in 2019.

Madagascar Heavy Fuel Oil Power Plant

SUSTAINABILITY APPROACH

Aksa Energy builds its sustainability strategy on three main pillars – environmental sustainability, social responsibility, and employees.

As a signatory to the United Nations Global Compact since 2017, Aksa Energy is committed to conducting its business operations in line with the 10 principles set forth in the compact.

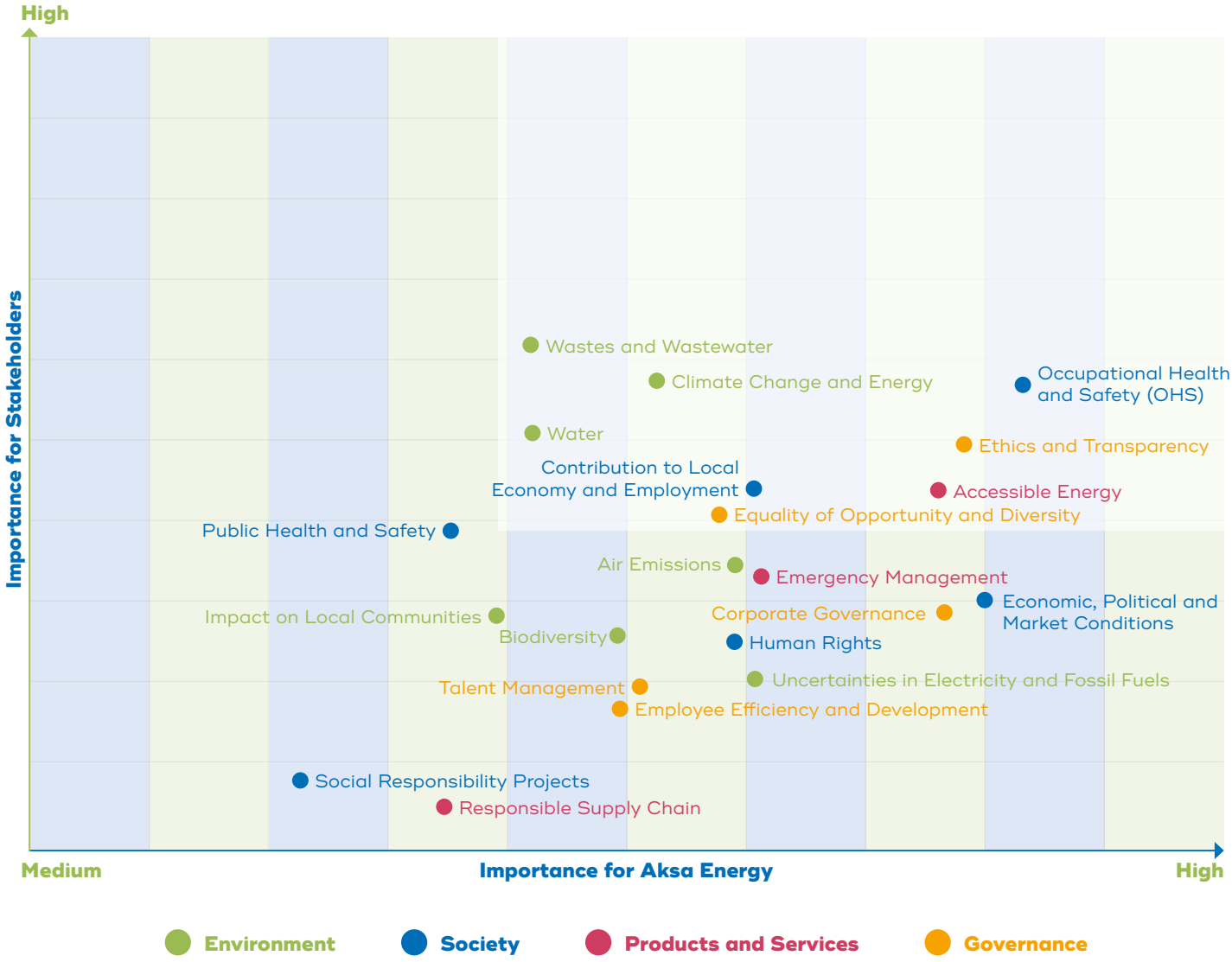
Aksa Energy shapes its business and sustainability strategy as a global energy company pursuing investments in Turkey, TRNC, Ghana, Madagascar and Mali. Embracing a vision of becoming a responsible global energy company, Aksa Energy builds its sustainability strategy on three main pillars -environmental sustainability, social responsibility and employees - and focuses on adding value in these three key areas.

Energy – the most important requirement for economic production, development and growth – is also a critical component for social development. While decreasing Turkey's foreign energy dependence with its in-country power generation activities, Aksa Energy also contributes to the economic and social development of local communities in emerging markets such as African countries by increasing access to electricity and creating employment opportunities for local residents.

As a signatory to the United Nations Global Compact (UNGC) since 2017, Aksa Energy is committed to conducting its business operations in line with the 10 principles set forth in the compact. The main priority areas of Aksa Energy include the identification and management of the major environmental impacts of its activities and the industry, respect for human and employee rights, and contribution to social development in the regions where the Company operates.

Aksa Energy's sustainability approach is mainly focused on its priority areas. With the prioritization analysis made this year, the Company revised its priority areas in light of its evolving business strategy and stakeholder opinions. Stakeholder analysis, global and industrial trends, risks and opportunities, management opinions and corporate strategy were taken into account while identifying the priority areas. In line with the business strategy that has evolved over the last three years, contribution to local economy and employment, and accessible energy figure among the newly-emerging areas of focus. Since power generation is an industry that has a high level of environmental impact, climate change, water and waste management are also among the Company's priority areas. Occupational health and safety - another priority for the industry - remains among Aksa Energy's most important focus areas.

GRI 102-46



Priority Area	Contribution to Sustainable Development Goals
Climate Change and Energy	
Wastes and Wastewater	
Water	
Ethics and Transparency	
Contribution to the Local Economy and Employment	
Accessible Energy	
OHS	
Equality of Opportunity and Diversity	

GRI 102-44, GRI 102-46, GRI 102-47

STAKEHOLDER RELATIONS

Aksa Energy conducts business operations in consideration of its social impact on the stakeholders. The Company sees contributing to the economic and social development of the local communities where it operates as its primary objective.

Ghana Heavy Fuel Oil Power Plant

Aksa Energy believes in the importance of interacting and cooperating with its stakeholders in all its activities. Conducting its business operations in consideration of the social impact on its stakeholders, the Company sees contributing to the economic and social development of the local communities where it operates as its primary objective.

As a global company operating in various countries, Aksa Energy's sustainability approach is primarily based on understanding the expectations of local stakeholders and considering their opinion during its business operations. The sustainability-related opinions of stakeholders are heard mainly via stakeholder surveys. The stakeholder analysis, conducted for the first time in 2015, was repeated this year with the input of employees, analysts working at brokerage houses, banks, investors, clients, members of the media, public officers and NGOs, and the priority stakeholders were reached by means of surveys.

Stakeholders communicated their expectations of Aksa Energy in the field of sustainability and stated their opinion about the Company's priority areas and sustainability efforts.

Stakeholder analysis results reveal that stakeholders' main expectations include expanding access of African people to power as part of the investments in Africa and observing human rights during the course of business operations. Stakeholders expect the Company to lead others in the area of sustainability and serve as a role model for stakeholders in the value chain.

Communication Channels with Stakeholders

Annual and sustainability reports, corporate website, announcements made via the Public Disclosure Platform (PDP), social media, stakeholder surveys, one-on-one discussions, and meetings are among the most important channels of stakeholder communications.

Complaints and requests received from stakeholders via different channels are evaluated in order to respond to stakeholder needs and opinions. Stakeholders have the option to communicate their suggestions, requests and complaints either via the "Contact Us" section on the Company's website, or at the following e-mail addresses: **enerji@aksaenerji.com.tr, etik@aksa.com.tr** and **investorrelations@aksaenerji.com.tr** Requests are responded to and feasible measures are taken on the respective issue as needed.

Association Memberships

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

GRI 102-40, GRI 102-42, GRI 102-43

CORPORATE GOVERNANCE

Aksa Energy strengthens its compliance with corporate governance principles and shares relevant developments transparently with the Corporate Governance Principles Compliance Report issued every year.

Aksa Energy adopts a fair, responsible, transparent and accountable management approach that fully complies with corporate governance principles. The Company strengthens its compliance with corporate governance principles and shares relevant developments transparently with the Corporate Governance Principles Compliance Report issued every year. Aksa Energy's Board of Directors is the highest executive body at the Company. The Board consists of eight members appointed at the General Assembly, including three independent members. There is one female member on the Board of Directors.

The positions of the Chairman of the Board of Directors and CEO are held by different persons at Aksa Energy. The Company has an Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee reporting directly to the Board of Directors, and a Sustainability Committee reporting to the CEO.[1]

Sustainability Committee

The Company's senior management plays a key role in integrating environmental, social and ethical responsibilities with the corporate business strategy. Therefore, Aksa Energy Sustainability Committee reports directly to the CEO, who is also a Board Member. The Committee develops the strategies, policies, and objectives required to manage environmental, social and management-related risks. The Sustainability Committee undertakes efforts to ensure the integration of the referenced strategies, policies, and objectives with the Company's decision-making, management, operation and audit processes and to create long-term value.

The Sustainability Committee is responsible for embedding sustainability in all aspects of company operations, such as decision-making, management and business processes. Constantly updating the Company's sustainability priorities, the Committee determines the focus areas in light of these priorities and evaluates the impact of sustainability efforts on company operations.

The Sustainability Committee is chaired by the Investor Relations and Corporate Communications Director. The Domestic Power Plants Operation and Maintenance Director serves as Vice Chairman, while the Environment and Energy Legislation Executive serves as Secretary General on the Committee. Other Sustainability Committee members are appointed by the Board of Directors from among senior executives of the production, management, operation, investment, engineering, human resources, procurement and logistics functions. When deemed necessary, senior executives from the Energy Trade and Sales & Marketing Departments also attend Sustainability Committee meetings.

The Sustainability Coordination and Working Group, which provides support in implementing the Sustainability Committee's decisions, is comprised of managers from Corporate Finance, Business Processes, Supply Chain and Human Resources as well as Occupational Health and Safety Specialist, Quality and Social Responsibility Management Specialist, and Environment and Energy Systems Specialist. The Working Group is chaired by the Environmental and Energy Legislation Executive.

[1] For detailed information on the committees and their working principles, please visit: *http://www.aksainvestorrelations.com/corporate-governance/board-of-directors-committees/* and *http://www.aksainvestorrelations.com/sustainability/our-approach-to-sustainability/*

ENERGY GROUP HEAD AND CEO

SUSTAINABILITY COMMITTEE

Investor Relations and Corporate Communications Director (Chairperson)

Domestic Power Plants Operation and Maintenance Director (Vice President)

Environment and Energy Legislation Executive (Secretary General)

Human Resources Director

Purchasing and Logistics Director

SUSTAINABILITY COORDINATION AND WORKING GROUP

Environment and Energy Legislation Executive (Chairperson)

Corporate Finance Manager

Business Processes Manager

Purchasing Manager

Human Resources Manager

Occupational Health and Safety Specialist

Quality and Social Responsibility Management Specialist

Environment and Energy Systems Specialist

CODE OF ETHICS

Aksa Energy conducts its activities in accordance with the Code of Ethics and aims to become a corporation setting an example in this respect.

All employees were provided with an ethics training based on the Human Resources Policy and Anti-Bribery and Anti-Corruption Policy.

The Code of Ethics[1] is applicable to all managers and employees and covers a broad range of areas. These include compliance with laws, rules and regulations; risk prevention; confidentiality; auditing and reporting of breaches of the Code of Ethics; conflicts of interest; use of company resources; giving and receiving gifts on behalf of the company; donations; and discrimination.

The Anti-Bribery and Anti-Corruption Policy[2], which was developed to supplement the Code of Ethics, was designed to protect stakeholders against risks and boost the reputation and goodwill of Aksa Energy. The Policy sets forth principles, practices, audit and reporting standards with regards to bribery, corruption, facilitation payments, compliance, political donations, travel and entertainment expenses and gifts. The Company has a dedicated e-mail address – **etik@aksa.com.tr** – to which any issues or violations related to the Anti-Bribery and Anti-Corruption Policy or the Code of Ethics can be reported.

The Ethics Committee evaluates all reports, which are submitted in strict anonymity. The Ethics Committee is responsible for investigating and resolving complaints and reports related to violation of the Code of Ethics. The Committee reports to the Chairman of the Board of Aksa Energy. The Ethics Committee consists of an Aksa Energy Member of the Board, Group President/ Group Vice President, Human Resources Director, Legal Director and Audit Director.

In 2018, Ethics Committee or senior management did not receive any non-compliance reports with the Anti-Bribery and Anti-Corruption Policy and Program. In addition, there were no complaints received from employees and from those acting on behalf of the Company with respect to bribery or corruption.

All employees were provided with a one-hour online ethics training based on the Human Resources Policy and Anti-Bribery and Anti-Corruption Policy.

[1] The Code of Ethics is accessible at: *http://www.aksainvestorrelations.com/corporate-governance/ethical-principles/*

[2] The Anti-Bribery and Anti-Corruption Policy is accessible at *http://www.aksainvestorrelations.com/corporate-governance/anti-bribery-and-anti-corruption-policy/*

RISK MANAGEMENT

Risk management at Aksa Energy is centered on safeguarding the value of company assets, ensuring operational security and sustainability.

Energy is one of the most quickly affected industries by both global and local economic and political conditions. Thus, it is critically important to accurately evaluate existing and future risks faced by the industry and ensure the energy sector's financial, social and environmental sustainability.

Corporate requirements such as maintaining sustainable growth in a globally competitive environment, ensuring stable revenue, reducing costs, fighting against climate change and complying with applicable laws result in the need for effective risk management at companies. Risk management is a top priority as it helps manage potential risks in the most efficient and effective manner.

Aksa Energy adopts an effective risk management policy in order to prevent and mitigate all risks. Risk management at Aksa Energy is centered on safeguarding the value of company assets, ensuring operational security and sustainability.

Risks and opportunities faced by the Company are effectively managed by policy revisions if deemed necessary. Hedging instruments are used in line with the policies determined by senior management, and efforts are made to minimize risk levels.

The Early Risk Assessment Committee helps determine internal and external risks that may jeopardize the existence, development and sustainability of the Company, and takes preventative and counteractive measures as needed. The Committee revises the corporate risk management systems at least once a year, convenes under the chairmanship of the Independent Board Member six times a year, and submits assessment results to the Board of Directors.[1]

Aksa Energy proactively manages the risks arising from fluctuations in electricity and fossil fuel prices. The Company defines its financial risks as depreciation of the TRY; energy prices lagging behind increasing natural gas and oil prices; legislative changes leading to cost increases; and slowing growth of energy demand in Turkey. As part of its risk management efforts, Aksa Energy uses those power plants in Turkey, whose capacity of power generation at a competitive price is constantly diminishing, in potential projects abroad that may derive a high profit margin with hard currency-based revenues. Expanding into Africa with a strategic decision made in 2015, Aksa Energy now manages its risks better and offers a solution for the urgent power requirements of African countries.

Aksa Energy's non-financial risks include climate change, stakeholder relations, geopolitical risks caused by the geographically dispersed production operations of the Company, non-compliance with human rights obligations in business activities in non-OECD (Organization for Economic Cooperation and Development) countries, energy supply security, and occupational health and safety issues.

[1] You can find detailed information on risk management in the Aksa Energy 2018 Annual Report: *http://img-aksayatirimci.mncdn.com/media/7397/aksa-energy-2018-annual-report.pdf*

ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is one of the three main pillars of Aksa Energy's sustainability strategy and is a priority in all business processes.

With an Environmental Policy based on efficiency, stakeholder engagement, cooperation and transparency, Aksa Energy ensures that its performance against sustainability objectives is regularly audited, monitored and shared with stakeholders.

Aksa Energy conducts its business operations in a responsible manner that respects the environment while striving to continuously improve its environmental performance. Environmental sustainability is one of the three main pillars of Aksa Energy's sustainability strategy and is a priority in all business processes. Environmental management is executed with a risk-based and systematic approach in accordance with applicable legal and regulatory requirements in the areas of operation, environmental and energy policies, and internationally-recognized management systems.

Aksa Energy's Environmental Policy[1] defines the Company's responsibilities related to its environmental impact in all its operations, including those related to climate change, management of natural resources, waste management, and protection of biodiversity. Aksa Energy manages its operations in full compliance with its Environmental Policy. In all its business activities, the Company strives to use natural resources efficiently, reduce greenhouse gas and air emissions, minimize waste generation, and protect biodiversity. With its Environmental Policy based on efficiency, stakeholder engagement, cooperation and transparency, Aksa Energy ensures that its performance against sustainability objectives is regularly audited, monitored and shared with stakeholders.

Aksa Energy's headquarters holds ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 9001 Quality Management System and OHSAS 18001 Occupational Health and Safety Management System certifications. In addition, energy generation activities conducted at the Company's power plants are in compliance with ISO 14001 and ISO 50001 management systems. Efforts are made to extend the practices related to integrated management systems that are already in place at the headquarters.

[1] Aksa Energy Environmental Policy is accessible at: *http://img-aksayatirimci.mncdn.com/media/7118/aksa-energy-environmental-policy.pdf*

While the relevant processes are still underway at Bolu Göynük Thermal Power Plant and Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant to obtain ISO 14001, ISO 50001, ISO 14064, ISO 9001 and OHSAS 18001 certifications, Aksa Energy is also taking steps toward integrated management. Some 80% of documentation related work was completed as at year-end 2018, and field practices are planned to be developed to obtain the certificate in 2019.

Aksa Energy has established a Framework Environmental Management System (FEMS) to ensure that environmental management is conducted in line with applicable policies. FEMS is designed to ensure compliance with environmental regulations, set forth the rules and authorities related to implementing the environmental policy, and support the existence of a system that can be improved and sustained.

Aksa Energy continues its investments in environmental management without interruption. **In 2018, the Company's environmental investment expenses amounted to TRY 2 million.** In addition, Aksa Energy was not subject to any environmental related penalty during the year.

Climate Change and Energy

Each passing day, climate change takes an increasing toll in terms of its global environmental, social and economic impacts. Energy generation is an industry that has a high impact on climate change because of fuel consumption. Therefore, Aksa Energy believes that its responsibilities include reducing power consumption and greenhouse gas emissions in order to fight against climate change, while achieving the most-efficient generation of power.

Aksa Energy aims to improve its climate protection and energy performance in accordance with its environmental sustainability approach. The Company carries out its energy management activities in compliance with its Energy Policy[1] and ISO 50001, and continues to reduce its greenhouse gas emissions and costs by investing in more efficient technologies and practices.

Following up its efforts related to energy consumption and greenhouse gas emissions in line with specific objectives, Aksa Energy plans to establish new objectives related to energy consumption and greenhouse gas emissions for its investments in Africa. The Company shares its performance in terms of greenhouse gas emissions with stakeholders via sustainability reports and greenhouse gas emission reports validated by a verification body.

Efficiency boosting projects conducted in the reporting period saved more than 1,500 MWh of power, conserved over 300,000 m^3 of natural gas, and resulted in TRY 600,000 in savings. The most important projects conducted in this area are as follows:

- Efforts related to steam engine efficiency, loss and theft reduction, and boiler efficiency boosted the efficiency of intermediate loads at Şanlıurfa Natural Gas Combined Cycle Power Plant.
- Around 1% energy savings was achieved with the increased efficiency in cooling tower and radiator fans at Şanlıurfa Natural Gas Combined Cycle Power Plant.
- LED fixtures were introduced for lighting at Ghana Heavy Fuel Oil Power Plant, reducing energy consumption by around 60%.

Committed to raising awareness on the fight against climate change, Aksa Energy provides its entire workforce with pertinent information on the topic via various communication means and trainings. As a signatory to the Trillion Tonne Communiqué, which was prepared by companies demanding that measures be taken to combat climate change, Aksa Energy also draws attention to the issue in terms of both the global agenda and its own corporate responsibilities.

Air Emissions

Air emissions is one area that companies operating in the energy industry should prioritize because of its potential impact on the environment and human health. Aksa Energy is taking various steps to minimize risks that may be caused by air emissions resulting from its activities. Air emissions are instantly monitored via regular measurements, and the Company conducts its operations in compliance with applicable legal and regulatory requirements. Furthermore, Aksa Energy invests in technologies that aim to reduce air emissions, and strives to exceed the air emission performance level required by law in the areas where it operates.

The flue gas treatment investment at Bolu Göynük Thermal Power Plant is a first in Turkey in this regard. The system was designed with fluidized bed combustion technology, which is an alternative to thermal power plants running on pulverized coal. Thanks to this technology, combustion is realized with solid fuel, which consists of coal and limestone, on the air cushion formed with air supplied from beneath the combustion chamber. With this procedure, coal remains in the combustion chamber longer, helping the combustion reaction to occur at a lower temperature. As a result, the NOx volume, which is harmful to the environment, can be minimized. Thanks to this system, the power plant reached the legal emission targets set by the EU for 2018 as early as 2015. Similarly, the gas turbines with ultra-low NOx emission combustion systems at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and the flue gas treatment system to reduce SOx emissions at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant are critical for reducing air emissions.

[1] Aksa Energy's Energy Policy is accessible at: *http://img-aksayatirimci.mncdn.com/media/7117/aksa-energy-energy-policy.pdf*

ENVIRONMENTAL SUSTAINABILITY

Aksa Energy actively works to reduce wastes generated by its power plants at the source and minimize hazardous waste. The Company disposes of wastes in compliance with environmental legislation.

The amount of water consumed by Aksa Energy has decreased over the last three years in parallel with the reduction in the power generated. In 2018, the Company's water consumption fell by 10% year-on-year. Wastewater volume also declined by 11% compared to the previous year.

Waste Management

Waste management is a key component of Aksa Energy's environmental sustainability approach. The Company aims to minimize the amount of wastes generated by its activities in order to lessen its environmental impact.

Aksa Energy actively works to reduce wastes generated by its power plants at the source and minimize hazardous waste. The Company disposes of wastes in compliance with environmental legislation. Waste oils, contaminated packaging and clothing, absorbent filters, sludge in oil/water separators and scrap materials are sent to licensed waste disposal companies. Similarly, scraps, sludges, greasy clothing and contaminated and greasy wastes are also disposed of in accordance with applicable laws, rules and regulations.

Some 839 tons of waste was sent to licensed recycling/disposal companies in 2018. Recycling of packaging waste is performed by recycling companies contracted by the municipality in the regions where the facilities are located. As part of the waste management project at Ghana power plant, a fast closure system is being installed to prevent wastes from flowing out of drain pipes.

Water and Wastewater Management

Global climate change, dwindling resources and demographic changes exert growing pressure on water resources. As a result, effective management of water related risks increases in importance each passing day. To that end, Aksa Energy reduces water consumption in its business activities and aims to use its resources in the most efficient manner.

Wastewater generated by the Company's operations is discharged in accordance with Water Pollution Control Regulations, and the discharge is analyzed by accredited laboratories.

Waste (tons)	2016	2017	2018
Recycled Non-Hazardous Wastes	895	388	274
Recycled Hazardous Wastes	254	440	565
Sent to Landfill	0	4,892	637,582*

* Ashes generated at Bolu Göynük Thermal Power Plant management project stored at Yeni Güney Regular Ash Landfill and recorded as of 2018. For this reason, a significant increase was recorded in the amount of wastes sent to the landfill in 2018.

The amount of water consumed by Aksa Energy has decreased over the last three years in parallel with the reduction in the power generated. In 2018, the Company's water consumption fell by 10% year-on-year. Wastewater volume also declined by 11% compared to the previous year.

Aksa Energy uses a wide range of methods to conserve water at its power plants and develops projects to this end.

- Manisa and Şanlıurfa Natural Gas Combined Cycle Power Plants actively employ reverse osmosis, a method for producing clean water. This method allows recycled treated water to be used in cooling towers. In 2012, the Company commenced work to reduce the water volume used in the cooling towers. As a result, 12% of the total water consumed has been recycled since 2013. Water savings of 97,000 m^3 and 72,000 m^3 have been recorded to date in Manisa and Şanlıurfa, respectively.
- With a EUR 5.3 million investment, Aksa Energy installed decarbonization facilities at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. In 2018, a water volume of more than 235,000 m^3 and over 2 million m^3 was recycled at the two power plants in Antalya and Bolu, respectively.
- As a separate practice applicable at Bolu Göynük Thermal Power Plant, reverse osmosis wastewater is collected in a different pool and used for ash humidification. With this approach, water savings of 14.4 m^3 is achieved each hour. In 2018, the Company recorded water savings of around 114,000 m^3. While the power plant's water requirement is met with Çatak Pond, which was created at the facility with a TRY 17.5 million investment, the regional community can also benefit from this water resource via the General Directorate for State Hydraulic Works.
- A seawater desalination system was installed at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant. This system meets 100% of the plant's water requirements. In addition, an evaporator treatment system is used to purify wastewater by evaporating and condensing it for natural gas closed cycle systems.

Aksa Energy also develops a variety of solutions at its power plants in Africa, where water resources are limited. For example, wastewater generated by the water softening unit at Ghana Heavy Fuel Oil Power Plant is used in the facility's grounds irrigation system.

Biodiversity

Biodiversity plays a vital role in sustaining the activities of industries that are dependent on natural resources. Managing the impact of the energy industry on biodiversity and assuming responsibility in this regard are critical to ensuring a sustainable power supply. Acting with a strong sense of corporate responsibility, Aksa Energy supports monitoring and research activities in its areas of operation, with a view toward protecting the natural habitat and biodiversity.

Believing in the power of cooperation to protect the natural environment, Aksa Energy has worked in cooperation with the Turkish Association for Conservation of Nature and Natural Resources (TTKD) since 2015. Under this cooperation, projects are developed to monitor endangered species and reduce the negative impact on the natural habitat of these species. With the project designed to protect mountain gazelles, underway for two years, the population of this species was followed up, the change in the number of the species was determined, and inputs were collected in order to carry out effective protection activities.

In 2017, Aksa Energy conducted a project in Hatay, one of its areas of operation that is rich in biodiversity, for the protection of striped hyenas. As a result of the research, the Company published a report entitled "Preliminary Study on the Determination of Striped Hyenas' Distribution and Ecology in the Kırıkhan – Reyhanlı Region." During these efforts, scientists also encountered rock gerbil (Gerbillus Dasyurus), which had not been observed for 22 years in the region and was thought to be extinct. Even though this was not the target species in the project, entering this species into official records is critically important to initiating efforts for its protection.

Acting in cooperation with TTKD and Bülent Ecevit University, a project was conducted in 2018 to determine the presence and ecology of red deer *(Cervus elaphus)*, a species symbolizing biodiversity, around Yedigöller National Park. Protection of red deer, which is listed in the Red List of the International Union for Conservation of Nature (IUCN) and whose population is gradually decreasing, is of vital importance for biodiversity.

Launched with the support of Aksa Energy, the project identified the conditions that have an impact on the distribution of the red deer population – such as height, inclination, flora, water resources, road network and status of agricultural activities. Areas where this species is found were mapped and information was obtained about the boundaries of their natural habitat. As a result of the mapping effort, research mainly focused on forest lands, where this species finds food, and surrounding areas. Photo-traps were used as a monitoring method in order to determine the existence of red deer populations. With this approach, visual records were collected about the species and precise information was obtained about the size of the species population.

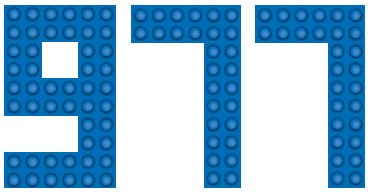
When the project was completed, the species' population size, density, distribution, natural habitat, food and nutritional sources, as well as their social behavior and interaction with humans and the threats facing them were determined; and accordingly, measures were also taken for their protection.

Taking an active role to protect biodiversity and adopting a responsible production approach, Aksa Energy plans to conduct efforts in 2019 in Bolu province, one of its areas of operation, to protect the brown bear (Ursus Arctos) – the only bear species and the biggest predator found in Turkey. The brown bear is threatened with extinction due to human-driven factors, including loss and fragmentation of natural habitat, reduction of habitat quality in the vegetation cover, and poaching. With support to be provided for the preservation of natural habitats, Aksa Energy aims to protect this endangered species. The project's ultimate goal is to carry out preservation and awareness-raising activities to ensure survival of the species in its natural habitat and to contribute to scientific literature in this topic area.

EMPLOYEES

Aksa Energy gives particular importance to employee satisfaction in all its geographical areas of operation and aims to develop together with its staff.

Company Headcount



As of end-2018, Aksa Energy employs 977 people in 5 countries across 2 continents, 22% of whom are white collar and 78% blue collar.

Aksa Energy believes that human capital plays a vital role in competitiveness and the Company's sustainable success. Offering its staff a safe working environment, creating an equality-oriented and fair workplace that embraces diversity without any discrimination, and supporting employee development by means of trainings are among Aksa Energy's focus areas in terms of human resources. In line with this approach, Aksa Energy gives particular importance to employee satisfaction in all its geographical areas of operation and aims to develop together with its staff.

Operating in five countries on two continents, Aksa Energy recruits its workforce mainly from local communities. The Company supports social development by means of creating employment in its areas of operation and contributing to the local economy in this manner. As at year-end 2018, Aksa Energy employs 977 personnel in total across five countries and 68% of the Company's workforce in African countries consists of local residents.

Of the Company's 977 employees, 22% are white-collar staff and 78% are blue-collar workers. Some 5% of Aksa Energy personnel work at headquarters, while 95% of employees are based in the power plants and enterprises. The Company supports the participation of women in the workforce to ensure that gender equality is achieved in the work environment. Understanding that diversity and equal opportunities boost efficiency and productivity, the Company supports the presence of employees from different nations, languages, religions, races and cultures in the work environment. Aksa Energy offers its employees an environment where they experience a high level of satisfaction and have the opportunity to improve their skills. All employees who take maternity leave have returned to work following the end of their leave.

Committed to respecting differences and embracing diversity and inclusion in the work environment, Aksa Energy has adopted the Aksa Energy Human Rights Policy[1] in all countries where it operates and across all its business processes since 2016. Responsibility for implementing this policy, which is based on international human rights, rests with the Ethics Committee.

[1] Aksa Energy's Human Rights Policy is accessible at: *http://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/*

78%
Blue Collar

22%
White Collar

46%
Turkey

8%
TRNC

22%
Ghana

14%
Madagascar

10%
Mali

EMPLOYEES

In 2018, Aksa Energy provided its employees with 19,978 man x hours of training directed at minimizing OHS risks and preventing work accidents.

Aksa Energy examines OHS-related data in Turkey and worldwide; and makes performance assessments in light of these data with a view to improving its OHS performance and preventing occupational diseases.

Safe Working Environment

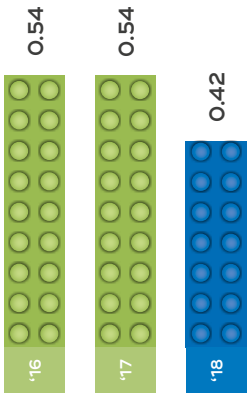
Occupational Health and Safety (OHS), a priority area for Aksa Energy, aims to provide all employees with a completely safe working environment and to achieve the zero-accident target in all areas of operation. Aksa Energy implements OHSAS 18001 Management System Standards at its headquarters in order to identify and manage OHS risks. The Company has completed 80% of the required work in this field for Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant, and plans to fully implement this standard at its power plants during 2019.

With a view to improving its OHS performance and preventing occupational diseases, Aksa Energy examines OHS-related data in Turkey and worldwide and makes performance assessments in light of these data. Conducting efforts to improve OHS performance with Corrective and Preventive Action Reports, Aksa Energy also prepares contingency plans to provide against any potential accident.

Assessment and improvement activities related to OHS are carried out by the OHS Committee at Aksa Energy. The Committee is comprised of Aksa Energy employees and represents the entire Company workforce. The OHS Committee Chair reports directly to the COO.

In 2018, Aksa Energy provided its employees with 19,978 man x hours of training directed at minimizing OHS risks and preventing work accidents. The ratio of OHS trainings to total hours of training provided to personnel is 77%. Subcontractors' staff were provided with 6,144 man x hours of training. Aksa Energy aims to ensure that employees gain the knowledge they need on OHS issues and that the target of zero accident is achieved at all its facilities. To this end, the Company has boosted its total OHS training hours 4.8 times over the last two years. During the year, Aksa Energy recorded no occupational diseases while the Company's accident frequency rate decreased by 29% from a year earlier.

ACCIDENT FREQUENCY RATE



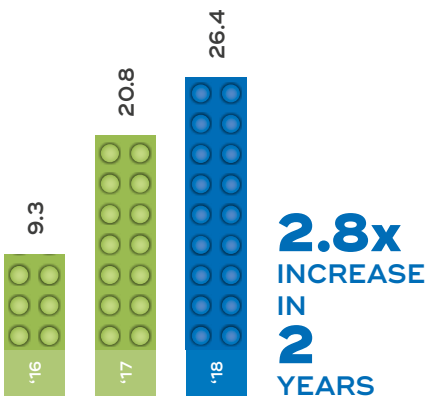
In 2018, one fatal work accident occurred at Bolu Göynük Thermal Power Plant caused by a violation of prescribed procedures by a technical team member. In line with its responsibility as an enterprise operating with the "zero accident" objective, Aksa Energy always prioritizes safety precautions regardless of the cause of accidents. Seeing this type of accident as unacceptable, Aksa Energy expanded its toolbox trainings provided to all staff and its field observations in order to avoid the recurrence of similar accidents. In addition, the Company created four new OHS positions at Bolu Göynük Thermal Power Plant so that it conducts all its field activities at the facility under the supervision of an Occupational Safety Expert 24 hours a day.

As a result of OHS related investments and efforts focused on the "zero accident" target, Aksa Energy achieved the milestone of 2 million man x hours without an accident as of end-December 2018 at Ghana Heavy Fuel Oil Power Plant. This objective was part of the Company's target of 5 million man x hours without an accident set in May 2017. Boasting a successful track record in terms of domestic and international work accidents, Aksa Energy serves as a role model for the industry. The Company is committed to taking measures against OHS risks at all its facilities and at all subcontractor companies it works in cooperation with and ensuring that all institutions that it maintains business relations with also take such measures accordingly.

EMPLOYEES

Aksa Energy invests in improving its staff's occupational competence and skills, and aims to manage its human resources performance in an efficient manner.

AVERAGE TRAINING HOURS PER EMPLOYEE



Performance and Career Management

Supporting the development of its human capital and employee career progression with talent management activities, Aksa Energy invests in improving its staff's occupational competence and skills, and aims to manage its human resources performance in an efficient manner.

Aksa Energy adopts a target-oriented approach in the career and performance management of its workforce. Embracing development of its employees as a strategic priority and taking measures to advance the Company's sustainable growth in this area, Aksa Energy plans to implement a performance management system in 2019. The Company has already prepared the performance system infrastructure and implementation is underway.

In 2018, Aksa Energy defined smart targets for managers and upper level positions. The targets will be established in the coming year based on an individual performance system. The Company plans to conduct a performance assessment to measure blue collar employees' competence in 2019; and increase the hours and number of personal development and occupational trainings by 20% by 2020. Aiming to achieve more efficient management of its human resources, Aksa Energy aims to commission its ERP (Enterprise Resource Planning) systems, formulate career maps and create a talent pool by 2020. The Company also plans to analyze its human resource requirements more efficiently. To this end, Aksa Energy aims to create a risk and opportunity matrix by 2020 for internal position replacements or positions that may not be filled through promotions.

Aksa Energy has boosted the total training hours per employee by 2.8-fold over the last two years.

The performance of Aksa Energy employees is assessed in accordance with the Remuneration Policy[1], which is based on fair, transparent, measurable and balanced performance targets. The policy is designed to encourage sustainable success and is in conformity with the Company's risk management principles.

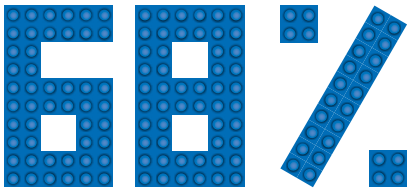
[1] Aksa Energy's Remuneration Policy is accessible at: *http://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/*

Madagascar Heavy Fuel Oil Power Plant

COMMUNITY RELATIONS

Aksa Energy collaborates with 2,656 suppliers from 14 countries on 3 continents. These suppliers include subcontractors, intermediaries and consultancy firms that provide services in energy production and mining.

Local Employment



As at end-2018, Aksa employs 216 persons in Ghana, 101 in Mali and 138 in Madagascar and meets 68% of its human capital requirements in African countries with local residents.

Aksa Energy conducts its business operations in consideration of its impact on stakeholders. Observing the socio-economic development of residents in its areas of operation, the Company contributes to the local economy and employment with its business activities. Aksa Energy places importance on the opinion of stakeholders across its entire operation network, including the local communities of the areas where its power plants are located.

Local Economy and Employment

Energy is one of the basic requirements to meet various economic and social needs; it also offers vast opportunities for development. **Aksa Energy aims to focus its activities on energy-strapped African countries, boost people's limited access to electricity, and contribute to the development of countries which have an energy deficit.**

Aksa Energy's investments in the Africa region improve African communities' access to power, while also creating opportunities in terms of economic growth and development. The Company's investments boost the employment rate of local communities, resulting in a significant development impact.

As at year-end 2018, Aksa Energy employs 216 persons in Ghana, 101 in Mali and 138 in Madagascar, and meets 68% of its human capital requirements in African countries with local residents in addition to a total of 72 sub-contracted employees in these countries. Adopting the same approach domestically as with its power plants abroad, Aksa Energy creates direct employment opportunities for the regions where its power plants are located by recruiting local residents in villages that are a part of its operating districts.

When additional services are required at the Company's power plants, subcontractors are selected from the region in order to provide local employment opportunities for the regional community. Aksa Energy collaborates with 2,656 suppliers from 14 countries on three continents. These suppliers include subcontractors, intermediaries and consultancy firms that provide services in energy production and mining. As a part of Aksa Energy's socially responsible working model, supplier companies are expected to have an occupational health and safety policy and environmental policy in place in line with international standards.

Energy Workshop – Kuyupınar Ovaboyu Secondary School, Bolu

Energy Workshop

Committed to generating added value for society as a responsible corporate citizen, Aksa Energy has conducted its Energy Workshop project since 2016 in order to raise environmental awareness among younger generations. Under this project, the Company organized a workshop at Kuyupınar Ovaboyu Primary School in Göynük, Bolu in 2018 and conducted awareness-raising activities for students on the topics of energy, energy resources and operation of power plants.

Highlighting the importance of the use of domestic power and energy efficiency, Aksa Energy representatives gave students the opportunity to further their knowledge during field trips to the power plants, in experiments held in-class and at various workshops. Students were presented with Energy Workshop Participation Certificates at the completion of the workshop activities.

Social Responsibility

Aksa Energy conducts a range of activities focused on children – the promise of our future. These efforts include sponsoring educational and cultural activities. The Company arranges tours and training programs to foster the development of young people. Technical trips were organized to Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant with the participation of nearly 400 persons from various schools and institutions. These trips focused on a wide range of issues, including energy efficiency, energy generation and distribution.

To meet various requirements of the regions where it operates, Aksa Energy provides cash-grants and grants in kind. The Company also creates permanent added value with its infrastructure work and repair projects that contribute to local economic development. To this end, the Company provides technical support to resolve potable water issues in Bölücekova, Himmetoğlu, Çayköy and Kuyupınar villages of Bolu. Aksa Energy has made donations of TRY 160,320 in Famagusta and Bolu, where Northern Cyprus Kalecik Heavy Fuel Oil Power Plant and Bolu Göynük Thermal Power Plant are located, respectively, in order to meet various local requirements. In addition, the Company donated a total of TRY 201,068 to various associations, including the Turkish Association for Conservation of Nature and Natural Resources, sports clubs and schools.

PERFORMANCE INDICATORS

The main priority areas of Aksa Energy include the identification and management of the major environmental impacts of its activities and the industry, respect for human and employee rights, and contribution to social development in the regions where the Company operates.

Environmental Performance

Energy Consumption (MWh)	**2016**	**2017**	**2018**
Electricity	333,334	357,944	359,072
Natural Gas	8,450,047	9,311,968	5,590,093
Lignite	5,618,960	5,475,872	6,152,358
Fuel Oil	1,750,346	3,736,302	3,965,466
Diesel	80	544	89,831
Total	16,152,767	18,882,630	16,156,820
Power Consumption per MWh Power Generation	**2.18**	**2.18**	**2.50**

Greenhouse Gas Emissions (tons of CO_2)*	**2016**	**2017**	**2018**
Scope 1	4,255,280	4,888,820	4,446,485
Scope 2	163,781	183,315	182,049
Total	4,419,061	5,072,135	4,628,534
Greenhouse Emissions per MWh Power Generation (kg CO_2/MWh)	**596**	**586**	**716**

*Greenhouse gas emissions are on an upward trajectory due to the removal of renewable energy from the production portfolio and the heavy fuel oil power plants commissioned in Africa.

The chosen greenhouse gas calculation method is based on greenhouse gas activity data multiplied by greenhouse gas emission or removal factors. Greenhouse gas emissions were calculated in accordance with the Greenhouse Gas Protocol methodology. Global Warming Potential (GWP) factors were taken from the Intergovernmental Panel on Climate Change (IPCC)'s Fifth Assessment Report.

Air Emissions (kg)	**2016**	**2017**	**2018**
NOx	2,408,120	19,285,292	13,953,207
SOx	9,644	5,129,198	4,014,876

Social Performance

Employees by Gender	2016	2017	2018
Female	37	84	87
Male	745	935	890

	2016		2017		2018	
Employees by Category	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
White Collar	29	270	65	179	37	190
Blue Collar	9	475	19	756	50	700

Employees by Recruitment Category	2016	2017	2018
Full-Time	782	1,019	856
Part-Time	0	0	121

	2016		2017		2018	
Employees in Management	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Over 50 Years Old	0	0	0	1	0	5
31-49 Years Old	0	2	3	1	2	11
Under 30 Years Old	0	0	0	0	0	0

	2016		2017		2018	
Maternal Leave	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Employees Who Took Parental Leave	3	38	4	0	4	29
Number of Employees Who Returned to Work After Parental Leave	3	38	3	0	4	29

	2016		2017		2018	
Newly-Recruited Employees by Gender and Age	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Newly-Recruited Employees	17	146	39	198	19	182
Over 50 Years Old	0	6	2	5	0	11
31-49 Years Old	8	51	13	64	12	93
Under 30 Years Old	9	89	24	129	7	78

	2016		2017		2018	
Employees Who Resigned by Gender and Age	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Total Number of Employees who Resigned	7	166	23	332	20	265
Over 50 Years Old	1	19	0	20	1	15
31-49 Years Old	3	104	20	229	6	151
Under 30 Years Old	3	43	3	83	13	99

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER/LINK OMISSION	EXPLANATION FOR OMISSION
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	**Organizational Profile**		
	102-1	1	
	102-2	10, 13	
	102-3	http://www.aksaenerji.com.tr/en/contact-us/	
	102-4	10, 13	
	102-5	12	
	102-6	10-13	
	102-7	10-13, 34-36	
	102-8	34-36, 43	
	102-9	40	
	102-10	16-18	
	102-11	29	
	102-12	25	
	102-13	25	
	Strategy		
	102-14	8-9	
	102-15	29	
	Ethics and Integrity		
	102-16	14	
	102-17	28	
	Governance		
	102-18	http://img-aksayatirimci.mncdn.com/media/7397/aksa-energy-2018-annual-report.pdf	
	102-19	26-28	
	102-20	26-28	
	102-22	http://img-aksayatirimci.mncdn.com/media/7397/aksa-energy-2018-annual-report.pdf	
	102-23	http://www.aksainvestorrelations.com/corporate-governance/list-of-insiders/	
	102-24	http://img-aksayatirimci.mncdn.com/media/7397/aksa-energy-2018-annual-report.pdf	
	102-29	26-28	
	102-30	29	
	102-32	26-28	
	102-33	http://img-aksayatirimci.mncdn.com/media/7397/aksa-energy-2018-annual-report.pdf	
	102-35	http://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/	
	102-36	http://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/	

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the Report. The service was performed on the Turkish version of the Report.

GRI STANDARD	DISCLOSURE	PAGE NUMBER/LINK OMISSION	EXPLANATION FOR OMISSION
GRI 102: General Disclosures 2016	**Shareholder Analysis**		
	102-40	25	
	102-41	No employee is covered by the collective labor agreement.	
	102-42	25	
	102-43	25	
	102-44	23	
	Report Profile		
	102-45	12	
	102-46	22-23	
	102-47	23	
	102-48	There is no change compared to the previous reporting period.	
	102-49	There is no change compared to the previous reporting period.	
	102-50	1	
	102-51	1	
	102-52	1	
	102-53	1	
	102-54	1	
	102-55	44-46	
	102-56	No external assurance sought for this report.	
GRI 200: Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1	16-18	
	103-2	16-18	
	103-3	16-18	
GRI 201: Economic Performance 2016	201-1	http://img-aksayatirimci.mncdn.com/media/7397/aksa-energy-2018-annual-report.pdf	
GRI 300: Environmental Standard Series			
Energy			
GRI 103: Management Approach 2016	103-1	31	
	103-2	31	
	103-3	31	
GRI 302: Energy 2016	302-1	42	
	302-3	42	
	302-4	31	
Water			
GRI 103: Management Approach 2016	103-1	23, 32-33	
	103-2	23, 32-33	
	103-3	23, 32-33	
GRI 303: Water 2016	303-1	32-33	
	303-3	32-33	
Biodiversity			
GRI 103: Management Approach 2016	103-1	33	
	103-2	33	
	103-3	33	
GRI 304: Biodiversity 2016	304-3	33	
	304-4	33	

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GRI STANDARD	DISCLOSURE	PAGE NUMBER/LINK OMISSION	EXPLANATION FOR OMISSION
Emissions			
GRI 103: Management Approach 2016	103-1	31	
	103-2	31	
	103-3	31	
GRI 305: Emissions 2016	305-1	42	
	305-2	42	
	305-4	42	
	305-7	42	
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	23, 32-33	
	103-2	23, 32-33	
	103-3	23, 32-33	
GRI 306: Effluents and Waste 2016	306-2	32	
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	30	
	103-2	30	
	103-3	30	
GRI 307: Environmental Compliance 2016	307-1	31	
GRI 400: Social Standard Series			
Employment			
GRI 103: Management Approach 2016	103-1	34	
	103-2	34	
	103-3	34	
GRI 401: Employment 2016	401-1	43	
	401-2	43	
	401-3	34, 43	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	34	
	103-2	34	
	103-3	34	
GRI 403: Occupational Health and Safety 2016	403-1	36	
	403-2	37	
	403-3	36	
Training and Education			
GRI 103: Management Approach 2016	103-1	34	
	103-2	34	
	103-3	34	
GRI 404: Training and Education 2016	404-1	38	
	404-2	38	
	404-3	38	

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