



**Koç Group  
Sustainability Report  
2022**



Lead  
Together

# Contents

3	About the Report	67	Cultural Transformation
4	Chairperson's Letter	68	Cyber Security as an Emerging Risk
5	CEO's Letter	70	Innovation / Research and Development
<b>6</b>	<b>Aftermath of Earthquake: A Story of Hope</b>	<b>72</b>	<b>Empower people. Together</b>
<b>31</b>	<b>Lead. Together</b>	74	Koç Group Employees in 2022
31	2022 At a Glance	79	Talent Management
32	Our Manifesto	81	Koç Academy
34	Our Sustainability Strategy	82	Diversity and Inclusion
36	Sustainability Governance	83	Generation Equality Forum Action Coalition on Technology and Innovation for Gender Equality
37	Materiality Assessment	84	Occupational Health and Safety
40	Making It Happen with Stakeholders	<b>85</b>	<b>Strengthen communities. Together</b>
41	Part of the Bigger Picture: The United Nations Sustainable Development Goals	87	Generation Equality Forum Action Coalition on Innovation and Technology
<b>42</b>	<b>Act for the planet. Together</b>	89	Sustainability Foundations
44	Low-carbon Transition	89	Ethics and Compliance
45	Carbon Transition Program	90	Non-compliance
46	Transition Pathway	91	Human Rights
51	Climate-related Risks and Opportunities	92	Social Performance Indicators
57	A Step Forward for Climate Action	94	Environmental Performance Indicators
<b>64</b>	<b>Grow the business. Together</b>	96	GRI Content Index
66	Digital Transformation Program	99	Our commitment to the Stakeholder Capitalism Metrics
66	Digital Transformation Themes and Initiatives		

## About the Report

**Koç Group Sustainability Report 2022** is prepared to share our main sustainability impact and opportunity areas with our stakeholders. The content is shaped in line with the key results of the materiality assessment. The report covers our **“Lead. Together”** strategy, Group-wide initiatives, our approach, plans and performance in strategic priorities and best practices from Koç Group companies.

This report has been prepared in accordance with the GRI Standards. It includes our progress according to United Nations Global Compact (UNGC) and Women Empowerment Principles (WEPs). We also share our contribution to the Sustainable Development Goals (SDGs).

It also covers the **Stakeholder Capitalism Metrics** developed by the International Business Council (IBC) of the World Economic Forum. The metrics aim to create a common set of standards for sustainability reporting and better compare and evaluate the long-term value creation of the companies. As a supporter of **Task Force on Climate-related Financial Disclosures (TCFD)**, our report in line with the TCFD recommendations can be found in the “Act for the Planet. Together” section.

The sustainability performance in this report includes

the operations of Arçelik, Aygaz, Entek, Ford Otosan, KoçSistem, Opet, Otokar, Otokoç Otomotiv, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi. The Report covers 67% of employees and 92% of the combined revenues. The greenhouse gas emissions are calculated according to the operational control approach and cover global operations of Arçelik, Aygaz, Entek, Otokar, Otokoç, Tat Gıda, Tüpraş and Yapı Kredi.

This report contains performance data from January 1, 2022 to December 31, 2022. To demonstrate comparative results, we indicate our performance from previous years, where necessary. As Koç Group, we are committed to disclosing our sustainability performance annually.

In 2022, Koç Holding obtained assurance for its consolidated Scope 1 and Scope 2 emissions. Furthermore, Koç Group companies within Koç Holding's emissions boundary also independently received assurance for their respective emissions, continuing their practice from previous years.

For your inquiries, opinions and suggestions regarding the report, please contact us via a [sustainability@koc.com.tr](mailto:sustainability@koc.com.tr)



Our sustainability strategy, "**Lead. Together**", exemplifies how environmental, social, and governance (ESG) matters are front and center in our decision-making processes. We continuously seek innovative solutions to transform our planet and the communities where we operate for the better, while also strengthening our business to ensure resilience and future-readiness.

## Chairperson's Letter

Dear Stakeholders,

The immense devastation caused by the two significant earthquakes that struck Kahramanmaraş on February 6th, 2023, affecting 10 provinces within our nation, has left us all profoundly shocked and saddened. We continue to mourn the loss of lives and offer our deepest condolences to all those who have been affected by these series of earthquakes of unprecedented proportions. In response to this catastrophe, Koç Group companies swiftly mobilized their well-equipped search-and-rescue teams to provide immediate relief and support to the impacted region. In addition to addressing the immediate needs, we are also actively working to establish container settlement areas that fulfill both social demands and sheltering needs. Together, we have remained fully committed to healing the wounds caused by this disaster and fostering the recovery of the impacted communities, thus enabling them to rebuild.

Looking back at 2022, it was a turbulent year globally, marked by the war in Ukraine. Russia's invasion of its neighbor triggered widespread instability; affecting multiple sectors around the world, with energy markets among them. The ongoing conflict poses a serious threat to global security, amplifying the risks faced by businesses. The disruptions to critical supplies from the region led to significant increases in energy and food prices, further exacerbating inflationary pressures in many countries.

Amidst these challenging times, the sense of responsibility we feel and commitment we consistently display towards environmental and social issues has become even more evident. The scale and reach of our Group provide substantial opportunities for us to contribute to collective efforts aimed at overcoming universal challenges such as climate crisis and social inequalities. Our sustainability strategy, "**Lead Together**", exemplifies how environmental, social, and governance (ESG) matters are front and center in our decision-making processes. We continuously seek innovative solutions to transform our planet and the communities where we operate for the better, while also strengthening our business to ensure resilience and future-readiness.

At Koç Holding, we believe that our strength derives from the collective power of our stakeholders. I would like to express my sincere gratitude to our colleagues, distributors, customers, suppliers, and business partners for the trust they have placed in us throughout the years.

This report stands as a strong testament to our dedication to sustainability. It also highlights our commitment to transparency when it comes to sharing our journey with our stakeholders. Thus, it is with great pride that I present to you in the following pages our ESG performance and progress in 2022.

**Ömer M. Koç**  
Chairperson



At Koç Holding, we give utmost importance to adhering to internationally recognized standards and cooperating with reputable platforms, and we are committed to continuing these practices into the future.

## CEO's Letter

Dear Stakeholders,

The earthquakes that struck Kahramanmaraş on February 6th, 2023 have left us all deeply saddened. I would like to once more extend my heartfelt condolences to the families of those who lost their lives. I wholeheartedly believe that we will overcome this difficult period through solidarity. Koç Group companies have acted quickly in response to this disaster, deploying our rescue teams and resources to provide assistance and support to those in need. We completed our work to establish longer-term solutions by constructing settlement areas consisting of 5,000 container homes to accommodate around 20,000 people; considering the needs of women, children, young people, the elderly, and persons with disabilities. We provided an inclusive living space for everyone, and respond to diverse needs in the areas of health, education, social and economic empowerment, employment, sports, and cultural activities. We are committed to working together with our partners and stakeholders to help the affected communities heal and recover from the devastation caused by this disaster.

At Koç Group, we firmly believe that our prosperity is intimately connected to the prosperity of the planet and communities we live in; and that we can only achieve our goals if we consider society, the environment, and technology to be integral parts of our business. This fundamental approach serves as the foundation for our sustainability strategy, "**Lead Together**". In line with this strategy, we have set ambitious targets in the realms of environmental, social, and governance (ESG) matters. Our sustainability efforts are not merely standalone initiatives but rather an integral part of our business DNA.

Firmly adhering to these principles and values, we have made significant progress in our Carbon Transition Program this year. We have remained steadfast in our commitment to achieving our climate targets, not only with respect to our individual Group companies operating in the automotive, consumer durables, energy, finance, and food sectors, but also at holding level.

At Koç Holding, we give utmost importance to adhering to internationally recognized standards and cooperating with reputable platforms, and we are committed to continuing these practices into the future. Recognizing their interconnectedness with the climate crisis, we are actively engaged in the process of incorporating water into our strategic priorities. This year, in addition to the **Task Force for Climate-Related Financial Disclosures (TCFD)** and **World Economic Forum Stakeholder Capitalism Metrics** that we support, we became a signatory of the **CEO Water Mandate**, a United Nations initiative that brings together business leaders to create sustainable solutions for water management.

We are proud to maintain our position as one of the Action Coalition Leaders on Technology and Innovation for the UN Women's Generation Equality Forum. Moreover, our Group companies have assumed the role of global commitment makers by declaring their targets. At Koç Holding, we carefully monitor their progress to ensure their adherence to these commitments.

We are committed to measuring our progress diligently and consistently, while at the same time enhancing transparency in relation to our performance. By doing so, we aim to foster a culture of accountability; at the same time ensuring that our actions always align with our values, and the broader needs of our stakeholders.

I would like to express my gratitude to all our stakeholders for their unwavering efforts that contributed to a successful year in Koç Holding's sustainability journey, and on that note, it is with great pleasure and pride I herewith present to you our 2022 Sustainability Report.

**Levent Çakıroğlu**  
CEO



# A Story of Hope

**Author:** Nurten Yalçın Erüs

On the morning of February 6, 2023, at the head office of Turkey's largest group of companies in Nakkaştepe, Istanbul, the day began with an extraordinary agenda. Violent tremors had shaken the country during the hours of darkness, and judging by the initial reports and requests for help rolling out on social media, life had been brought to a complete standstill in a number of cities. The epicenter of the earthquake was the Pazarcık district of Kahramanmaraş province, which straddles the Mediterranean and Southeastern Anatolia regions of Turkey. As news emerged that at 04:17 a.m. that day, a 7.4-magnitude earthquake had struck, causing widescale destruction not only

in Kahramanmaraş, but also in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kilis, Malatya, Osmaniye and Şanlıurfa, and that thousands of people were trapped under the wreckage, the country was plunged into sadness.

**Vehbi Koç**, the founder of the company, had said, **"I live and prosper with my country."**; and to date, these words had been embraced by the Koç Group as an essential guiding principle. Confronted by this major disaster, it would be these words that would serve as a beacon for Koç Holding, just as they had in every event that concerned the country and its people, and demanded responsibility.

## A Story of Hope / Interview

Koç Holding CEO Levent Çakıroğlu

# “With The Hope Cities, We Created Inclusive, Exemplary Settlement Areas”

Highlighting that the Hope City Project, born in the immediate aftermath of the earthquake, was symbolic of the Koç vision, Holding CEO Levent Çakıroğlu states that the only way to alleviate suffering is through solidarity. “Koç Group has very large, qualified body of employees formed of people who are deeply sensitive to social concerns. We have companies specialized in numerous sectors. The Hope Cities manifest the power of solidarity, and they are a result of the immense support of our Group companies, and the sacrifices and voluntary contributions of our colleagues, under the coordination of Koç Holding,” he says.

**As soon as news of the earthquake began to spread, Koç Group mobilized in an organized manner, and began delivering aid to the affected areas. How did your coordination efforts take place, what did you do in that first instance?**

Once the news reached us, not a moment was wasted; Koç Group began mobilizing on the first day itself. A Disaster Coordination Center was formed within Koç Holding, which brought together all our companies. Its main purpose was to ensure coordination between Koç Holding, the Koç Group companies, the local crisis response hubs, and the authorities. Koç Group has very large, qualified body of employees. Our people are deeply sensitive in relation to social concerns. We have companies specialized in

numerous sectors. To put it simply, in order to use such resources in the fastest and most efficient way, you had to be organized properly and precisely. Setting in motion all the means at our disposal, we launched a comprehensive endeavor.

Challenges of this sort are very large scale, and demand a lot of support. To be able to deal with an issue like this, you basically need all hands on deck. One can foresee that it will take a long time for a solution to unfold. Another thing we were conscious of was the fact that the first few days were absolutely critical. You don't have a single minute to lose. Prompted by that awareness, I can say that we were up and running very quickly. ➤



Levent Çakıroğlu, CEO

# A Story of Hope / Interview

➤ **Immediately after the earthquake hit, Koç Holding began playing an active role in the search and rescue operations. How were these efforts coordinated, what were your priorities?**

Our priority is always human life; and as soon as we received reports of the earthquake, we quickly moved into action. Taking part in the search and rescue operations was the first and most important support we could provide in the region towards rescuing our fellow citizens trapped in the ruins. Hence, as a first step, we sent our teams to the region to participate in the search and rescue activities, and the provision of first aid. Within the first 24 hours, 236 of our colleagues had set out to participate in the search and rescue operations. These teams were formed of our employees who were trained and experienced in this area. They began working in active roles in the region, in coordination with the teams from AFAD. In the days that followed, with the deployment of further qualified employees of Koç Group companies to the region, the number of our colleagues taking part in the efforts on the ground reached a total of 531.

**Could you share with us the things you did as part of the earthquake relief efforts?**

Having initiated search and rescue activities with our trained volunteers, we simultaneously worked on identifying, procuring and delivering emergency supplies to the earthquake zone. By then, demands had started coming from the field, as well. We shipped tents, heaters, clothing, blankets, lamps, stoves, fuel

cylinders and basic food items to the region. With our fully equipped mobile kitchens, which have the capacity to serve a thousand people every three hours, we provided hot meals. Search and rescue operations require an uninterrupted supply of energy, which makes the provision of fuel critical. To address this, we carried out an extensive supply operation involving a large number of tankers.

Another concern was the health needs of our fellow citizens who had suffered as a result of the disaster. With our specialized medical aid teams on the ground, we endeavored to respond to people's needs. We also provided shelter for our 924 colleagues and their family members, consisting of approximately three thousand people in total, who had been impacted by the earthquake.

I would like to pause at this point, to once again express my gratitude to all our colleagues who worked in the field and from our company headquarters – especially our search and rescue teams – who really poured their hearts and souls into these efforts. The only way to alleviate suffering is through solidarity. That's exactly the path they took, and in doing so, they inspired us with greater hope.

**We know that Koç Group allocated significant resources towards their efforts in the earthquake region. What kind of figures are we talking about?**

The amount of aid we have provided to meet urgent needs

has exceeded 200 million TL. At this stage, our priorities are addressing the local demand for shelter, health and education services, and supporting the children affected by the earthquake. For the projects we have initiated towards them, we have allocated a total of 5.5 billion TL.

We are monitoring needs closely and regularly. And together with our Group companies, we are continuing our efforts to meet those needs. Of course, in addition to the figure I mentioned, there is also the financial support we are making available to our business partners and customers in the region.

In addition to financial support, what I find particularly valuable is that our employees are there, on the ground, working in the earthquake zone. The rapid mobilization of the workforce is crucial, along with expertise, experience, and organizational skills in dealing with such challenges. In order to rapidly carry out all the steps involved, from planning the delivery of aid to implementation in the field, all 115 thousand of our colleagues are involved in this movement; in some way, every one of them is part of the solution.

**Turning now to the Hope Cities, we would like to hear your comments on the project and its scope. How did it start, and how did it progress?**

First and foremost, I feel it is important to note that the Hope City Project is symbolic of the Koç vision, and is the result of the sacrifices and voluntary efforts of our colleagues. The contribution

of our employees from all over Turkey was vital for the creation of the project, just as it is for its continuation. We are setting up full-fledged container cities that will host 20,000 people in the five locations the state has designated.

In determining which provinces the container cities would be built, we took into account many different factors; such as the extent of the damage sustained, the size of the local population, and social and commercial circumstances. We meticulously carried out a detailed study to choose the suitable land. In this, our aim was to locate large tracts of land suitable for establishing social and human-centered spaces. Taking into account the guidance from the relevant state institutions, we ultimately decided to situate the container cities in Adıyaman, Hatay, İskenderun, Kahramanmaraş and Malatya.

From their resilience to disasters such as earthquakes and fires, to their furnishing, we meticulously worked on every aspect of the houses where our fellow citizens will be hosted until which time they move on to permanent homes. In the course of a project that would normally take months, thanks to our team that put in a superhuman effort and worked both day and night, the most critical steps were completed within just a few weeks. Now, in the Hope Cities, life has begun; people are continuing to move in, things are progressing at the planned speed, and we are delighted to be placing more earthquake victims in their new living spaces on a daily basis. ➤

## A Story of Hope / Interview

### ► What were the matters you considered to be of utmost importance when setting up the Container Cities?

This was a major disaster, and human beings of every group have been affected: women, men, children, young people, babies, the elderly, adults. Some lost their homes, some lost those closest to them, some lost their livelihood. In our opinion, the word that best described the standard of the living spaces to be offered to them after experiencing such devastation had to be care. In the design of the city, we adopted a holistic perspective, and strived to reflect this element of care in all areas. The interiors and exteriors of the container homes and the community spaces located around the city were shaped through the opinions of urban planners, architects and various experts; with a sensitivity that adheres to decent standards, in accordance with our Group's commitment. The need for shelter must be met in a way that makes the earthquake victims feel safe. It is very important to ensure that they can reintegrate into social life after the trauma they have suffered. In designing the container homes, we naturally take into account numerous factors, such as comfort, durability, safety and transportation. The homes are not only supplied with items that provide for basic domestic needs, such as tables, chairs, beds, air

conditioner units, televisions, stoves and refrigerators, but are also equipped with the facilities to meet daily hygiene necessities, such as showers and toilets. Then there are the questions of how the residents will feel when they step out of the housing unit, what services they will be able access, and how they will spend their time; in short, how they will be able to rebuild their lives in the best way possible. And at that point, the social side of the project becomes as much of a priority as the level of comfort of the dwellings.

### What can you tell us about the social facilities provided as part of the Container Cities?

In the design phase of the container cities, we identified all areas of need, including those particular to women, children, the youth, the elderly and people with disabilities, and carried out comprehensive preparations in numerous fields, from education to health, and from social and cultural activities to sports and employment-focused projects. In addition to areas dedicated to common facilities, such as schools, laundries, cafeterias, places of worship, and hairdressers, and over 30 social activity units in each of the cities. Basketball courts, football pitches,

outdoor sports areas, libraries, amphitheatres, and computer halls are among these units. We also have psycho-social support areas; programs designed to create employment opportunities; activities that enable women to participate in the economy and earn an income; developmental courses geared towards the economic empowerment of the city's residents; spaces for special activities and fun to support the emotional, cognitive and social development of children; and programs to ensure that young people can continue their education without disruption. In a word, the Hope Cities are being created as exemplary settlement areas, with a sense of inclusiveness that embraces everyone. We have poured all our care and attention into this project, and feel that it truly stands out with the social facilities provided.

### We know that you have visited the disaster zone many times. What touched you the most during those visits? How will efforts take shape going forward?

We are faced with a scale of devastation that will leave permanent scars in our memory. People have lost their lives, families have been torn apart, cities have been reduced to rubble. On the other hand, though, there is great solidarity. We, as a people, are of

the noble-hearted kind; quick to unite and mobilize in the face of adversities. At the Koç Group, we believe that through solidarity, we can rise above the trauma of this disaster, just as our society has done in all the challenges faced before. Our Group is home to a large volunteering platform, which is a source of pride, courage and happiness for all of us. We are keenly aware that together with those volunteers, there still remains much work to be done to meet the needs in the region.

Our aspiration is for the Hope Cities to be a source of hope for their residents, a source of courage for them to start life anew. With our power of influence, the means at our disposal, and through our collaborations, we will continue to respond to the needs of the people in the affected areas. Let people rest assured that until life returns to normal, Koç Group will remain there in the region, by the side of the victims of the earthquake. We will work with all our strength to erase the traces of this great trauma, with activities and programs to support the development of children and young people, offer opportunities for women's solidarity, and give meaning to life.

"We want Hope Cities to give hope to the people living within, to give them courage to reconnect with life rapidly."

**Levent Çakıroğlu, CEO**



# A Story of Hope / Initial Steps

## All available facilities deployed for emergency support to the region

For the Koç Group, with its total of more than 115,000 employees spread across Turkey, including the earthquake-affected provinces, the priority that morning was to support the public services in the works unfolding in 10 provinces; with the search and rescue operations, and efforts to meet the urgent needs.

Within a matter of hours, Koç Group's Disaster Coordination Committee had convened. In coordination with teams from AFAD, the government's disaster management agency, 531 Koç employees with the suitable skills and training were rushed to the region to join in with the search and rescue efforts. That same day and in the days that followed, search and rescue teams formed of Koç employees would rescue 117 people from under the ruins.

In coordination with AFAD and the Ministry of Health, 102 healthcare professionals including specialists in the fields

of pediatrics, neurosurgery, emergency medicine, anesthesia and reanimation, orthopedics and forensic medicine, as well as nurses, anesthesia technicians and support services were deployed to the region by the Vehbi Koç Foundation's Healthcare Institutions.

During those exact moments, public institutions and organizations were contacted in order to be able to meet the most pressing needs of the victims of the earthquake. The Group hastened to help the communities affected, setting in motion all available means at its disposal.

Each a leader in its own sector, Koç Group companies stepped forward with all their might and joined forces, initiating shipments to the region to provide shelter, heating, food, clothing and hygiene supplies. Hundreds of items were sent to the region, ranging from solar panels to construction equipment, from power generators to basic stoves, from drinking water to baby and feminine hygiene products. Meanwhile, teams were formed for the installation of mobile kitchens, mobile laundry units, portable toilets, and

the shipment of containers. This organizational work took place within a matter of hours, as the scale of the disaster was becoming clearer. After the first earthquake, a second had struck the region at noon, raising the toll of death and destruction. Search and rescue and relief efforts were being carried out in freezing conditions, and under the constant threat posed by recurring aftershocks. In the days that followed, rescuing those trapped in the wreckage, and meeting the health and emergency needs of those who were rescued remained the priority.

## Circulated among Koç's 115,000 employees: a Status Notification Survey

It was on the very first day that Koç Holding began its efforts to support the region; and similarly, on that first day, a Status Notification Survey was circulated among all employees. This made it possible to rapidly determine the address, health status and priority needs such as shelter and food of Koç employees and their families who had been impacted by the earthquake; this information was then forwarded

to healthcare teams, so that they could assist as required. Meanwhile, the 924 employees and their families – a total of 3,846 people – were transferred to safety in other provinces. **Setur**, a leading travel agency and subsidiary of Koç Holding, arranged for them to be accommodated in **Divan**, and other local hotels.

Each passing day revealed the extent of the disaster more vividly. While efforts to respond to the immediate needs continued without break both day and night, the Koç Holding Disaster Coordination Committee was working to identify the focus areas the Group would deploy its strength and resources in the next phase, towards supporting the recovery of the earthquake victims. Continuous communication with public institutions, demands coming from the region itself, and experiences gathered after comparable disasters nationally and internationally pointed to shelter as the greatest need of the hour. Branching out from this were other priorities, including education, as well as the resumption of work and social life.

## A Story of Hope / Strategic Decision

**The decision was made: cities formed of a total of 5,000 container homes would be built in 5 different locations.**

Just one week after the major disaster, on February 13, 2023, Koç Holding made the decision to proceed with the Container City Project, as part of which a total of 5,000 container homes would provide shelter for around 20,000 people in Adıyaman, Hatay, İskenderun, Kahramanmaraş and Malatya. This also marked the start of a countdown: the target was to ensure that within 100 days, daily life in the Container Cities would begin.

From the very outset, the goal of the project was clear: to provide shelter and living spaces for earthquake victims in five locations spread across four provinces which, in terms of their internal and external features, would not only be decent, but also in keeping with the standards of Koç Group. All planning was to take place accordingly.

“In designing the interiors and planning the fixtures and fittings of the container homes, our criterion was to provide a comfortable standard of living. Our aim was to foster a sense of value and well-being for the residents throughout their entire stay.”

**Koç Project Team Member**



## A Story of Hope / Visionary Perspective



### The aim: to create living spaces that would give people the strength to start life anew

Just as important as providing suitable accommodation were the concerns to design living spaces that would help those who arrived at the container city having lost their belongings, and possibly their nearest and dearest, gain a new foothold in life; and would give the survivors of this major disaster, especially children, the young, women and people with disabilities, the strength to start life anew. From schools to kindergartens, from hairdressers to laundries, from places of worship to libraries, from sports areas to special activity zones and women's and youth centers, the cities had to include the elements that would support education, employment, socialization – in short, life itself. In the words of an earthquake survivor, in a region where everything had been destroyed, the only thing that remained intact was hope. And it was precisely that feeling of hope that the Koç Container City Project would be built on; and with solidarity and cooperation, it would reinvigorate and amplify the great power that life intrinsically contains.

With the participation of Koç Holding, with its well-established practice of collaborating with an extensive

network of non-governmental organizations; the Koç Group companies, each a leader in its field; and Koç volunteers from within the Group, offering different expertise and qualifications, the project was now ready to be launched.

With no time to lose, tasks were distributed, project teams were formed, persons to be deployed in the field and on the support teams were designated, and operational and budgetary processes were defined. In Koç Holding's way of doing business, the primary success criterion was quality. Now, in the extraordinary circumstances faced, the element of speed would be included alongside quality, and employees who would take part in the Koç Container City Project would be expected to align both quality and speed in their work on all the targets on their agenda.

The vision of building the Koç Container Cities with community spaces called for an effort beyond any previous experience. The multi-stakeholder and multi-faceted model that was needed had to have coordination and cooperation at its core. The biggest stakeholder would be the public sector, while non-governmental organizations were going to be indispensable for the project. The relevant units of the Holding, the Group companies, and their employees volunteering to participate would play a driving role.



**Özgür Burak Akkol**

President of the Tourism, Food and Retailing Group; Koç Holding

Hope City Project Leader

# “Every City Was Designed With The Aim Of Creating A Place People Would Be Happy To Live”

Özgür Burak Akkol, the President of Tourism, Food, and Retail Group at Koç Holding, who serves as the responsible leader for the establishment of container cities in Hope City Project, states that they have embraced two concepts throughout the project: care and empathy. Emphasizing their efforts to provide a happy living space for every resident, Özgür Burak Akkol says, 'We achieved the speed required by the project without compromising our understanding of quality and ensured the first settlements took place in less than 3.5 months.'

**Koç Holding made the decision to create container cities in five locations to house approximately 20 thousand people. What were your various targets when you set out, and which basic strategies did you adopt to achieve them?**

Our primary concern was to design the settlement areas as good places to live; places that would make their residents feel happy, and valued. For us, the project was not merely a case of putting together a collection of houses for people to sleep and shelter. We basically envisioned the Container Cities not just as refuges, but as happy community spaces that included schools, kindergartens, development workshops, libraries, ATMs, places of worship, markets, hairdressers, cafés, laundries, football pitches and amphitheatres; that also made provision for individuals with disabilities, and children with special needs; and places where one could find special centers for women, children, and young people.

Another goal was to shape our Container City Project so that it would serve as a prototype for all future projects. In that respect, we were, of course, guided by a number of concepts; namely, care and empathy. For instance, as the hot season approached, we already had the provision of air conditioning on our list of tasks, but ultimately we installed AC with greater power than initially planned, because we wanted to supply the highest possible protection against any sudden increases in temperature. As another example; in similar projects, a television had not been regarded as a priority item, but as a result of the Ethnographic Research we conducted and our observations on the field, we had seen that the delivery of a TV set had the potential to accelerate the recovery of our earthquake survivors, so we installed televisions in the container houses, as well. Before handing over the properties to their owners, we personally spent a night in sample container-homes, in the hope of ensuring a flawless user experience. With the feedback we gave, our

focus was on achieving the standard of comfort we had desired all along, and on creating container houses with the best, most pleasing interior environments.

One more goal was to achieve the speed the project demanded without sacrificing on quality. By aiming to have the first families move in within less than 3.5 months, the main challenge we were setting ourselves was delivering on speed and quality simultaneously. One of the most important benchmarks of success for us was building these social settlement areas with the given specifications in 100 days without compromising on our standards of quality. We are delighted to have achieved this.

**How did the Group's agile management approach influence the project processes?**

I would say that during the project, we implemented the know-how we had gained through agile management methods to a considerable extent; though, this was not at 100% due to the high number of variables and aspects involved. Prompt decisions and actions were called for on a daily basis. As a multifaceted project that brought together different stakeholders, and people and institutions with various profiles and levels of expertise, all forming part of a large ecosystem, a critical factor that determined success was coordination. And for this, robust and speedy channels of communication were crucial. It was a formidable task indeed to fully assemble these teams each day, and this was only made possible by the tremendous sense of commitment with which we dedicated ourselves to the project. In the interactions that took place within our entire ecosystem, we benefited from many elements of the agile approach; such as speed, coordination, communication, and developers and implementers working side by side. ➤

# A Story of Hope / Interview

## ➤ What would you say were the most decisive factors that enabled the project to advance with the desired speed and quality?

Looking at the big picture, I can undoubtedly say that the Koç Group itself was the most important element that helped make the project a reality. Hence, the first and foremost decisive factor was how, in this project, too, the Koç Family and our CEO Levent Çakıroğlu extended us their leadership and unlimited support. Our dealers were also incredibly helpful in every way, in every city. To live up to this amazing level of support, the project team worked day and night at a truly superhuman pace for 3.5 months.

Moreover, the Group includes companies operating in many major sectors, with some of them leaders in their field. The project brought together all the strongest muscles available, with each company lending its support in the area it was most competent. For example, had it not been for Arçelik, we might have faced difficulties in the manufacturing or the fast shipment of the air conditioner units. If our company Zer didn't exist, the management of our logistics right from China would not have been so smooth; we wouldn't have been able to find sufficient trucks in so little time. It was thanks to Ark Construction that we were able to rapidly deploy our construction machinery onto the field; and it was owing to our companies such as Tofaş, Türk Traktör, and Ford Otosan that we were able to carry out our assembly processes, and deal with technical issues, at the desired speed and quality. Koçtaş, another of our companies, individually contacted various furniture manufacturers, and made it possible for us to quickly design and produce enough furniture to meet our needs. Without Yapı Kredi Bank, we would not have been able to implement certain creative projects in relation to employment or various training projects so quickly, and at such high standards. In short, our greatest good fortune was simply being part of the Koç Group. In turn, we energized our ecosystem, and worked together with all our companies; with an emphasis on

coordination, and a results-oriented approach.

The second most decisive factor was our focus on designing the project from the perspective of those who would be living in our container houses, and with a critical outlook. Also, the Ethnographic Field Study carried out by the project team provided us with data that proved very valuable in the design and development of the project. It revealed facts that we would never have known, and exposed needs that we would not have become aware of through a desk-based study. It was in this way that equipment such as air conditioners, awnings, television sets and so on, which one does not find included in similar settlements, became part of our project. No other container city-project has been designed entirely from the user's point of view. This became one of the most significant distinguishing features of our project.

Another important factor was the ability to empathize, which I think the whole team internalized. To give you an example; on the day we were to hand over the container homes to their owners, we felt, "People need to be provided a good experience living here, and their first day of settling in should go perfectly, they should all step foot into their container-homes in a happy mood." This gave rise to the idea of Koç Group volunteers assisting the earthquake victims on the day of moving in. A minimum of 80 volunteers for every 150 houses were made available on site. Colleagues supported the homeowners as if they were moving into their own homes. A number of volunteers remained on site for a week, to ensure everything was safely in place. We witnessed how the residents of the city were incredibly pleased with this warm attention. During the process of people moving in, we provided substantial support to the state services, and local authorities. When we welcomed the earthquake victims, we offered them cups of tea and coffee. We made sure basic food items were available in the container homes. We showed the children around the playgrounds and gifted them toys. We regularly asked the residents of the container city if they needed anything and

quickly resolved any problems on the spot.

Currently, there are more than 3,000 of our colleagues who have volunteered to support the earthquake victims in the period ahead. There are even more volunteers keen to participate in this project from our extensive network of dealers and service providers. We will carry out the necessary planning to ensure an ongoing presence of Koç volunteers in the container cities. Once the process of placing the inhabitants in their homes has been completed, with support from Koç volunteers, we will initiate social, cultural and sports activities, to ensure the continuity of social life.

## What new experience would you say was gained by the Koç Community and its employees through the Container City Project? What new learning does it represent, and what previously existing competencies proved their worth?

Firstly, I can say that we learned how to do a job much faster without compromising on quality. I feel we have jumped to a higher level in terms of time management. Had it not been for the extraordinary circumstances, in our normal workflow, it would have taken a year at least to complete this amount of work, which we ended up completing in 3.5 months. We may have worked with the same companies and the same suppliers, but it would have taken longer.

The formation of the Koç Volunteers Platform was also a substantial gain for us. Many colleagues from different age groups, with diverse specialties and profiles, got to work in the same field, and support each other towards a single purpose. We witnessed how the power of common values eradicated challenges that can arise from differences.

In the aftermath of the disaster, we set out to support the public services, and our close contact with them increased our experience working in that area, which was another gain. We managed a schedule with levels of intensity that would

not be encountered ordinarily; constantly working in close cooperation with public institutions, staying in touch with the relevant central and local organizations operating in the region – whether to rapidly provide urgent support that could impact the project, or even to attend to a minor issue – and through this, of course, we gained an important body of experience.

## You mobilized Koç Group companies, their senior managers, as well as employees based in offices and in the field, together with suppliers, business partners and stakeholders from civil society, in a gathering of great solidarity. What are your observations about this collective body?

Episodes of similar efforts to provide help and support to our country during difficult, challenging times can be found throughout the history of our Group. On this occasion, however, the scale of the disaster was simply huge. And in my view, that makes Hope City one of the largest and most important projects our Group has ever carried out. And, it also happens to be the largest private sector project in its category. For the purposes of our project, we engaged in a business partnership with our current and potential suppliers, our dealers and authorized services, non-governmental organizations, and basically all segments of our ecosystem. At every stage of the work, we witnessed mutual goodwill and unparalleled self-sacrifice on all sides. My colleagues on the project teams simultaneously also carried out the work demanded by their routine roles and responsibilities. Sacrifices of this magnitude, and an environment of solidarity of this sort could simply not be created by issuing instructions to teams through a hierarchical structure; that is to say, with the application of ordinary business principles... Of course, there were times when the going seemed tough, and even moments when we felt our motivation draining away. But working for a noble cause, making a difference in people's lives, and providing for the most basic, urgent needs of the earthquake victims were in themselves a source of motivation.

# For a project designed as a model for the future: an Ethnographic Study

The purpose of using the Ethnographic Research method, which was based on mood analyses and observational reports prepared by anthropologists, was to understand precisely and comprehensively the needs and expectations in post-disaster shelter areas, and to use those findings at every step to serve the city residents in the best way possible, from the fixtures and fittings included with the containers, to the design features of the city as a whole.

Ethnographic study teams set off to interview and engage with the earthquake survivors living in temporary settlements set up in the cities affected by the recent earthquakes. Another group was centrally positioned to contact the Koç employees, dealers, and service providers that had been affected by the earthquake, and the Koç volunteers working in the area.

The results of the study confirmed Koç Holding's original vision for the Container Cities.

Adults wanted their children to be placed in schools at close proximity, and any disruptions to their education to be avoided. The establishment of a school and nursery facilities in the container city was emerging as an extremely important need;

both for children, and the adults responsible for their care, among whom women stood out. It was also noted that the happiness of the children was a factor that reinforced and contributed to the happiness and joy felt by all other age groups. The provision of quality time for children was important not only for their development, but also to take the pressure off family members, as these facilities constitute a safe place for them to leave their children.

“School is very important, we don't want children to be left idle. The only way they can improve themselves is by attending school.”

**(Volunteer Teacher; Tent City, Kahramanmaraş)**

“Children are the source of joy around here; when they smile, everyone smiles.”

**(Resident of Tent City, Malatya)**

It was clear that where there were children and young people, there, hope could thrive; and that the creation of special spaces in the shelters that would provide opportunities for extracurricular education, sports and social activities to increase the well-being of children and young people would benefit everyone.

“On the one hand, we find ourselves asking, how can we recover, how can we possibly start over? Then, I see my children. Running and playing, despite everything. Seeing them like that fills me with hope. And I think to myself, maybe we can recover.”

**(Earthquake victim)**

After earthquakes and similar disasters, women had an

absolutely critical role to play in nurturing the resilience of their entire community. Women assumed a unifying and healing function in disaster situations. Hence, reinforcing the well-being of women and girls, providing facilities that supported hygiene and self-care, and generally contributing to the means of their day-to-day existence also served the good of the whole. There was a clear need for women's solidarity centers, spaces for counseling and training units.

“What I need is someone who knows me, who understands me. Some people come by, and we share with them what we need and the problems we are facing; but then I don't see them again. It's like we are lost in a crowd.”

**(Earthquake victim, a woman)**

“I have my mother here, my children; and I am doing my best to keep their lives going as it was before.”

**(Earthquake victim, a woman)**

In addition to the emotional trauma suffered, another reality in the aftermath of the earthquake was the physical injuries. Living spaces had to be accessible for bedridden patients, the elderly who had difficulty walking, and people with disabilities; in essence, every aspect of the city had to be designed to be accessible to all individuals, regardless of their condition.

Adult and elderly earthquake victims wanted to return to their hometowns as soon as possible; to find a way to support themselves and their loved ones, and resume work in the cities they knew. The containers had to be more than just a basic shelter formed of four walls; they had to serve their inhabitants, even if only temporarily, as a home in the full meaning of the

word. There was great value to be obtained in providing the victims of the earthquake a home with a standard of comfort planned and designed with meticulous care and attention, so that the sense of hope they had lost could be reignited there. Considering the climatic conditions, it was important to plan the containers with features such as air conditioning, awnings, porch areas, and mosquito nets; moreover, laundry facilities with a drying service also had to be provided.

Establishing the equivalent of unifying ‘village squares’ to create a sense of community, and setting up service areas to meet daily needs would help people adapt more readily to the new community spaces.

The Ethnographic study also informed the contribution that would be made by Koç employees, who would be the driving force behind the Koç Container City Project. Koç employees were keen to be on the ground, and to get to work with all their strength; they were looking forward to playing their part in this great story of dedication.

**“My team and I are really anxious to help in whatever way possible. We can provide training, we can be involved in activities, we can pass on our professional knowledge to young people; in short, given the chance, we can make a difference somehow.”**

**(A Koç Group employee)**

A Story of Hope



# A Story of Hope / Agile and High-Quality Production

## All hands join as one, for the raising of cities that nurtured hope.

The results of the research had confirmed the original vision for the project, and the detailed insights obtained had shed further light on the agreed path forward. Now, the name of the project was also clear. All the parties that desired to nurture hope would join forces under Koç's umbrella, and the resulting body of work would be known as Hope City.

For the Hope City Project – potentially a world-class model for the future –

everything now depended on successful time management, and involving the right expertise.

The project was being simultaneously advanced from all angles. At the same time, steps were being taken to ensure that at each stage, the most powerful muscles available were mobilized, and the companies with the right competencies were brought on board at the right moment.

Public authorities had identified the areas to be allocated for the Container Cities; and **Ark Construction**, a Koç Group company, had started working in the field to carry out

all infrastructure works, including a survey of the land, an assessment of the suitability of the grounds, and insulation. Meanwhile, the design features and content that would distinguish the **Koç Container City Model** from comparable examples began to take shape. In consultation with experts from different disciplines, the design team consisting of architects and urban planners modeled the Hope Cities not just as basic shelters, but as spaces where residents would reconnect with life. From the point the plans for the city were prepared, the integrated model included everything from the interiors of the container homes to the social facilities to be made available.



## Polat Şen

CFO at Koç Holding

### Responsible Leader for Adiyaman

“As Koç Group, since the very first moment of the earthquake we have been by the side of our fellow citizens in Adiyaman, just like in all the cities affected by the earthquake, for the continuity of life. After meeting the immediate needs, we quickly took action for temporary accommodation areas. With all the resources of our Group, we have built living spaces consisting of 1,390 containers in Adiyaman. We did not design these areas solely as container housing; we wanted them to be ‘homes’ where people can embrace life again and heal their wounds. We have prepared spaces that can meet all the needs, including schools, sports venues, robotics coding ateliers, areas for supporting women's labor, employment-oriented programs, libraries, kitchen ateliers for all city residents, especially children and young people. In this area called ‘Adiyaman Hope City,’ we have opened a call center to create employment opportunities and provided employment for our youth. However, completing our responsibility does not end with building the Hope City and delivering it to the families. As long as life continues in this city, we will strive to be by the side of our families with our social projects, support, and all our Group employees. We believe that we will implement one of the finest examples of public sector-NGO-private sector cooperation in Adiyaman and provide our citizens with the opportunity to start a new life.”

## A Story of Hope / Agile and High-Quality Production

### A brand new factory to assemble the containers.

In five different locations, the number of container homes to be included in each container city were decided as 1,390 in Adiyaman, 1,040 in Hatay, 300 in Iskenderun, 1,800 in Kahramanmaraş, and 470 in Malatya. Next, work began on designing the layout of the land allocated by the public institutions.

Overall, the greatest challenge was the supply of containers. Many organizations and even individuals from all over Turkey were keen to donate containers to the region, while the existing local supply was only enough to meet their demand. There was a substantial need for shelter in the region, and every donation counted. At this juncture, Koç Holding made the critical decision to leverage the Group's expertise and influence to obtain containers from abroad, thereby avoiding having an impact on the domestic balance of the supply and demand of containers. **Arçelik**, a group company and a global player in the field of white goods, took advantage of its operations in China to quickly make

contact with the relevant Chinese suppliers; and in this way, capacity agreements were made for the supply of 5000 containers.

The containers would be loaded onto ships in the form of four independent walls and transported to the Port of Iskenderun. At this point, **Zer**, the Group's specialist company in procurement and supply chain management, and Turkey's first and largest organization in its field, would take over, and manage all the logistics.

A new factory was needed for the assembly of the container material coming from China. The province of Osmaniye was chosen for its location, as the closest point to both the port and the earthquake zone. Built from the ground up in an area six thousand square meters in size, the factory's entire production system and infrastructure were meticulously set up by technical teams from **Arçelik**. 470 field workers began working in two shifts, readying the containers to be shipped to the region with their four walls assembled, and electrical wiring installed. Soon, filled with the enthusiasm of responding to a rallying call, the experienced employees

of **Arçelik**, **Ford Otosan**, **TürkTraktör** and **Tofaş** were turning out approximately 100 containers per day; and the containers, now ready to be placed on the ground and fitted, were handed over to the teams from **Zer**, who once again took charge of their transportation to the region. While **Ark Construction** was continuing installations in the field, intensive work was then taken up by **Koçtaş**, the Group's company operating in the home improvement sector, to furnish the container interiors, and by **Arçelik**, for the installation of the electronic equipment.

The project team was monitoring all processes by holding daily routine briefing meetings. Telephone messaging groups provided live communication, and the project was being managed using an agile, solution-oriented approach. Leaders adopted an encouraging approach, so that everyone involved, from the most senior employee to the youngest, would be able to channel their knowledge and experience into the project. The spirit of solidarity that manifested as a result created a great volunteering movement, which was embraced by Koç Group employees.

### In five different locations, the number of container homes:

Adiyaman **1390**, Hatay **1040**, Iskenderun **300**, Kahramanmaraş **1800**, Malatya **470**.

“The most challenging and thrilling part of the project as a whole was producing containers from scratch by bringing container material from abroad. When I reflect on our volumes of production, and the work that was carried out at such great pace and in coordination, I can safely say that we established the largest container production facility working for the benefit of the community that sought no commercial gain. I think this in itself is an indicator of how we, as a Group, are dedicated to this cause.”

**Koç Project Team Member**

# A Story of Hope / Human-Centered Planning

## Meticulously planned residential areas woven with fine details

Once the assembly and electrical wiring of the containers had been completed at the factory in Osmaniye, expert technical teams from the Group companies were ready to receive them at the designated city sites. Working according to a certain plan and scheduled shifts, bathrooms, toilets and kitchens that had been previously supplied were then installed in them, followed by the placement of white goods and electronics, such as televisions, refrigerators, air conditioners and stoves, while practical storage areas that made efficient use of the available space were also created.

With their windows made of unbreakable material,

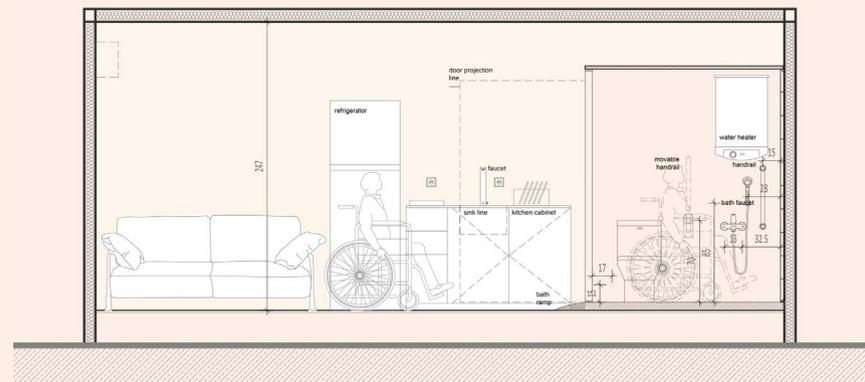
“This is the first time since the earthquake we have seen a television set. We started watching TV series, we watch the news, and the children are entertained. It was a reminder of how life used to be. It may seem like a small thing after the losses we suffered, but how important it turned out to be. Only those who have been through this could truly understand – having a TV made such a difference for us..”

(30-year old mother of four, resident of Hope City Hatay)

automatically-adjusting awnings that also function as shades, the containers equipped with sound insulation were now ready for their inhabitants, except for the kitchen utensils, home fabrics and other consumer goods necessary for daily use. The overarching goal of improving the well-being of the earthquake survivors had meant the addition of certain features to the project that may otherwise have seemed like details. For example, a terrace was provided in front of each house, creating a space where the portable chairs and tables could be arranged outside. This allowed homeowners to socialize as part of the street, without actually stepping onto the street. However what really impressed the earthquake victims in Hope City Hatay, where life began from mid-May onwards, was undoubtedly the air conditioning.

“My wife and I had been living in a tent city for the last three months, and we were overjoyed when we were given the opportunity to transfer to a container-home. When we arrived, we were stunned at what we saw. It was like, wow, turns out they really care for us. They really value us. The toilet, the bathroom, the kitchen are all magnificent. It is so nice to have our own. But when it came to the air conditioner, now that was a special touch. I am 62 years old, and I have to say, I cried when I saw the air conditioner. We had all facilities in our house that was destroyed, including an air conditioner. But to see that they had thought of including one here just made me cry...”

(62 year-old male, resident of Hope City Hatay)



## In designing the Hope Cities, it was essential to make provision for people with disabilities.

It was decided that 3 percent of the containers in each city would be manufactured with accessible features. For this purpose, architects from Arçelik set aside the standard production processes, and specially designed containers according to accessibility standards. In this way, containers suitable for individuals with disabilities were produced and shipped to the region. With the same concerns in mind, accessible WC containers were designed, to be located at different points in the city.

## Haydar Yenigün

President of Automotive Group at Koç Holding

## Responsible Leader for Hatay

“Following the major disaster, we have undertaken a series of efforts to support all the aid provided to the region and to meet the needs of our families, particularly those residing in the Hatay who do not wish to abandon their economic activities such as agriculture and livestock by moving to comprehensive container cities. The visits and on-site observations made by our volunteers to Hatay city center and surrounding districts have made the greatest contribution to determining the priority needs. In the initial stage, we dispatched 220 winter-ready tents to the region and swiftly delivered food packages we prepared, providing support to 7,000 families. On the other hand, we made efforts to support children of all age groups with a project we developed to ensure their education continues uninterrupted and to meet their psycho-educational needs based on post-trauma rehabilitation. To address these needs, we delivered 120 fully equipped living containers and 15 containers with specially designed toilets/showers to the points of needs, which are designated in collaboration with the local administration. Furthermore, we have established our social center, which includes the Rehabilitation Field Tent designed to provide services by professional psychological counselors to children, youth, and families, as well as the Technological Education Container designed to support cognitive functions and accelerate psychological healing. Our similar efforts to restore the flow of life to normal for all individuals affected by the disaster will continue without losing momentum, with the support of our volunteer colleagues.”

# A Story of Hope / Volunteer Movement

## At every step, everywhere in the field, Koç Group volunteers in active roles.

Before they were handed over to their owners, leaders responsible for coordination and senior managers spent one or two nights in a container-home in each city; reporting any shortcomings, and giving feedback to the teams who were working on the equipment, in order to ensure that the experience of living in the container-homes was flawless. The houses were assessed in two ways. The asset test checked whether each container had the standard, required equipment and furnishings, while the functionality test ensured all the systems and fixtures and fittings were fully operational.

From day one, Koç Group employees poured

their efforts and energies into the project, filling it with life and meaning. Throughout the process, more than 1,000 Koç employees per day worked on planning, procurement, purchasing, logistics, operations, coordination, partnerships and the various other activities. At every stage, through open invitations, employees were offered the opportunity to be part of this movement.

Whether they were part of operational and managerial activities or otherwise, everyone was eager to do their bit in the field, and in some way to touch the lives of those affected. When **Vehbi Koç**, the founder, said, **“Our most important asset is our people”**, it was this formidable energy he was referring to; and it would come to represent the greatest driving force behind every aspect of the project. Since residents would remain in the

Container Cities for at least two years, there was clearly always going to be a need for Koç volunteers in the field. Ultimately, the most exciting rendezvous took place on the day of handing over the container-homes to their owners. Volunteers were dispatched to the regions in accordance with a plan. On the day of the handover, a welcoming team was set up to take care of each family. For the Koç Volunteers on the ground, it was a day spent at times crying, at times laughing; in the midst of treats, gifts, technical support, conversations and games. From arranging books in the libraries to amateur plays to be performed in the amphitheater, and from giving free online lessons to mentoring, Koç volunteers made, and will continue to make, their mark on every aspect of life in the Hope Cities.

## Yağız Eyüboğlu

President of Energy Group at Koç Holding

### Responsible Leader for Kahramanmaraş

“Earthquakes are natural disasters with profound social impacts; they leave not only material but also significant inner traces on society and individuals. In the aftermath of the earthquake, our priority as a Group was to together meet the basic vital needs. With the support of our companies, dealers, and employees, we initially strived to meet essential needs such as food, water, heating, hygiene, medication, mobile toilets/showers, generators, and fuel. Then, as a team, we focused on medium-term projects that included accommodation opportunities. In the initial stage, we hosted 250 employees and their families at Entek's Kılavuzlu Power Plant. For our employees, dealer employees, and their families who couldn't find accommodation in Kahramanmaraş, lodging options were created in other cities. Our next focus was to support the establishment of a container city that would provide housing for numerous families. With ‘Hope City’ in Kahramanmaraş, we aim to set an example in terms of both container facilities and social amenities for the region. We particularly value the educational needs and social development of the children. In this regard, we plan to establish a Technology and Design Atelier similar to the one Tüpraş has set up in Hatay's container city. Koç Holding, Koç Group Companies, our employees, dealers, and suppliers have supported this project in unity. Public administrators have also opened the way with the opportunities they provided. In the end, a good project and a city that truly gives hope emerged, just as its name suggests. Hopefully, as a country, we will quickly heal all our wounds together.”

# A Story of Hope



## A Story of Hope / Inspiring Collaboration

### Answering Koç Holding's call, Group companies and civil initiatives assume their positions in Hope City.

In the overall creation of the cities, an important challenge other than the construction of the containers was the planning and realization of the living spaces, activities and programs. Priority service areas were identified as education, employment, and social activities; while priority target groups were women, children, and the young. Public institutions were undoubtedly providing many services to the residents of the Container Cities. Nevertheless, the critical question Koç Holding sought to answer was: How can we enrich existing services, or add new ones, to improve the quality of life of children, the youth, and women in the cities?

As a first step, the community projects that the Group companies were already running, or were planning to implement in the near future, were listed. Among them, those that provided for the type of needs in the Container Cities and that could be implemented quickly were identified. At the same time, contact was made with the local and international institutions, grassroots initiatives and non-governmental organizations in Koç Holding's ecosystem with which the Group had experience of working with.

In all three provinces that had a capacity of more than 1000 container-homes, the Container Cities would be equipped with the same social facilities and standards. Hatay had been chosen as the area where the **Koç Container City Model** would be first implemented, while preparations for the other cities were nonetheless continuing at full speed.

From an architectural perspective, the design of the Container Cities was based on a simulation of the needs and expectations of a city dweller in any ordinary period. In addition to divisions formed of neighborhoods, roads and streets, as a symbol of social activities, the equivalent of city squares were also placed at the heart of this design. Three main squares were envisioned for each Hope City.

**A City Square**, where, just like any neighborhood or town, stepping out of their homes, people could meet their daily needs, benefit from some basic services and facilities, or just sit and chat; an **Education Square**, where a collection of educational units and activity areas would be found, for the purpose of complementing schools and offering to make effective use of extracurricular hours; and a **Life Square**, with versatile development areas open to women and young people, were planned separately for each Hope City.

“Koç Holding has a well-established practice of working in collaboration with Koç Group companies and civil society organizations, and has a certain power of influence. We wanted to benefit from this experience and influence. So, we sent out a call within our own ecosystem, asking, what can we quickly accomplish together, how we can find solutions to the needs of these various groups of people? In just three months, our Group companies and more than 10 civil initiatives became actively involved in the Container Cities; undertaking different projects, and assuming positions of responsibility in work carried out for children, the young, and women, in living spaces that could be used as a model for the future...”

### Koç Project Team Member

### Fatih Ebiçlioğlu

President of Consumer Durables Group at Koç Holding

### Responsible Leader for Malatya

“As Koç Group, we attach great importance to sustainability principles in earthquake aid efforts. Firstly, we have constructed buildings in our container cities that provide sustainable living spaces by utilizing high-quality fire-resistant and natural insulation materials, ensuring high thermal insulation and efficient energy use. With the inclusion of the ‘Arçelik Tekno Café’ within the City, we aimed to provide children and young people with computer and internet access, enabling them to benefit from it for their studies and have a good time. To ensure community participation and equality, we encourage the participation of Group employees in earthquake aid and prioritize the needs of the local community. We strive to ensure that everyone benefits from assistance and support fairly, while considering equality, justice, and social balance. Furthermore, we focus on the efficient utilization of resources and reducing environmental impacts in the procurement and distribution of aid materials. At the same time, we aim to develop long-term solutions to promote economic and social recovery, enhance community resilience, and prepare for possible future earthquakes. We have purchased two residence buildings for the accommodation of healthcare workers at İnönü University and made them available for their use. Additionally, within the campus, we will implement our “wagon city” project to meet the accommodation needs of doctors who have made a name for themselves in organ transplantation in the medical community. Through collaboration with TCDD (Turkish State Railways), MKE (Mechanical and Chemical Industries Corporation), and the University, we will convert scrap wagons into 36m<sup>2</sup> living spaces, providing significant recycling benefits to the economy. Furthermore, we are establishing the ‘Arçelik Call Center’ to support employment and contribute to the process of returning to normalcy.”

## A Story of Hope / Inclusive Approach

**The City Squares;** were designed as the meeting places where the residents of the container-homes would come together when they stepped out of their homes. Facilities such as places of worship, cafeterias, workshops, ATMs, markets, laundries, hairdressers/barbers, and computer rooms were situated around them; for the provision of day-to-day needs, and to allow for socialization. Also in this area and ready for service were Children Play Centers and Kindergartens whose interior design and equipment had been provided by **Opet**, and pre-school education specialists appointed by the Ministry of National Education would work. A computer room filled with computers donated by **Otokoç Otomotiv** had met its users.



## A Story of Hope / Inclusive Approach

The **Education Squares** were planned as oases that would bring together school and out-of-school units to provide children with 21st century skills, and support in terms of creative learning, empowerment, and motivation. A school with eight classrooms, built to be donated to the Ministry of National Education, and the surrounding units came together in these squares, where, in all three cities, container-classrooms specially designed for children with autism were also located immediately adjacent to the schools. In this way, and through the collaboration between the Ministry of National Education and the Tohum Autism Foundation, an effort was made to support children with special educational needs.

The project on 21st century STEM skills that Group companies **Tüpraş** and **Arçelik** had been carrying out for years across Turkey in cooperation with the Ministry of National Education was quickly deployed in the schools of Hope City. Within the scope of the project, specially equipped classrooms were created in each container city, forming technology-rich environments where students could take Design & Technology courses as part of the curriculum.

**Arçelik**, which provides technological training in the fields of software, hardware and manufacturing to 5th, 6th, 7th and 8th grade students as part of the **Digital Wings Project**, initiated corresponding project-based classes in the Container Cities of Adıyaman and Malatya. Meanwhile, **Tüpraş** set up **Tüpraş Design and Technology Workshops** in the Hope Cities of Hatay and Kahramanmaraş, within the context of its 'Our Energy is for the Future; I Code, I Model, I Produce' program, and made them available for 7th and 8th grade students. In the maker labs, students will be able to learn 21st century skills such as 3D-modeling and robotic coding.

Libraries were to become an important component of the Education Squares of the Hope Cities. For the residents of the Container Cities who wanted to spend their time immersed in a worthy pursuit, the libraries also represented a calm and quiet refuge. **Equipped by TürkTraktör, the adult and children's library** situated in the Education Square of Hope City Hatay soon became the go-to location for book-loving residents of the container city.



## A Story of Hope / Inclusive Approach

As for the collaboration-in-education project areas clustered around the school, they are ideal representations of the vision underlying the Koç Container City Project, which is intended to form an example for all future projects. The fact that efforts were made to provide above-standard services in relation to education, just as in the case of shelter, is the reason for this. Situated in the Education Squares of the Hope Cities, **The Educational Volunteers Foundation of Türkiye (TEGV) Education Units, established with the support of the Vehbi Koç Foundation (VKV)**, are among the primary service delivery points that support the development of children and young people through creative learning opportunities. Formed of an activity room for children aged 6-14, a library, an outdoor playground and an art workshop called "**The Dreams Workshop**", the units provide events and training that support children's learning through fun activities during extracurricular hours in the company of volunteers.

### Vehbi Koç Vakfı Genel Müdürü Oğuz Toprakoğlu:

"Just like in every matter we take responsibility for, we embrace the duty to lend a helping hand in the face of such a catastrophic event that deeply affects our country. As Vehbi Koç Foundation and its institutions, we are mobilizing our existing resources as well as the contributions of Koç Group companies and their employees in the Vehbi Koç Foundation Disaster Fund, not only for immediate relief and support but also for implementing projects that will mitigate the effects of the disaster in the long term."

In the Koç Container City Model, children and young people are given priority. Within the scope of **My Future Dream Center** established by **Ford Otosan** and **Otokoç Otomotiv** with the support of the **Vehbi Koç Foundation (VKV)**, a collaboration was established with the **El Ele Education and Culture Association**. The association carries out technology-supported psychosocial work for children aged between 7-14, and as a result of this

collaboration, the **'Discover Your Potential'** project was initiated in Hatay Hope City. The group workshops, group therapies, children's play-based therapies, children's art therapies, children's creative drama activities, family trainings, and psychological support group activities for families carried out by the educational unit of the El Ele Association are aimed at facilitating the adaptation of children and families to daily life after the severe trauma they experienced with the earthquake.

To help the children and young people who had been affected by the earthquake recover from the substantial trauma they had experienced and enable them to thrive, Koç Holding believed it would be valuable to offer them entertaining activities that boosted their self-confidence, developed their vision, and gave them hope and courage for the future; and to this end, it entered into an additional collaboration. Mobilizing its volunteer teams, the **İlkyar Foundation** prepared one-week touring programs for the children of the Hope Cities aged 11-18, towards enriching their summer months.

Koç Holding also organized various seminars for the young earthquake survivors who had been preparing for their university exams and their families, which were presented by the **Koç School** Guidance Counselors. The seminars focused on how to overcome anxiety and worries, and within the scope of the project, young people were also offered counseling on choosing a career and profession.



"My wife and I were together when the earthquake hit. I held her by the hand and said, come on, let's get out, but a concrete column collapsed on her arm, and I couldn't save her... I've been here for about 10 days, today was the first time I visited the library. I met new people, and browsed the books. I am very sad, it is impossible for me to forget what I have been through. But I will come back here to read adventure books to keep myself occupied."

(69 year-old male; resident of Hope City Hatay)

"Our aim is to unlock the potential of our children who have suffered the trauma of the earthquake. To support them so that they can dream of a better future... I found the setting here to be incredibly harmonious and orderly. I witnessed a city being built hand in hand, and with love."

(NGO Manager; Hope City Hatay)

"I am incredibly happy; for both myself, and the children. No other experience could possibly make me forget the suffering associated with the earthquake."

(NGO Manager; Hope City Hatay)

## A Story of Hope / Inclusive Approach

**The Life Squares** were designed to serve as spaces for the various collaborative projects that had women, children and young people at their core. Spaces dedicated to the promotion of social interaction through sports and art, each created by a different combination of Group companies, were also located here. Conceived as a meeting point of women's labor, the dynamism of youth, and the joy of children, the Life Squares would also be the wellspring of the "hope" that gave container cities their name.



### A model application: Women's Solidarity Centers

In the heart of the Living Squares, **the Women's Solidarity Centers**, one of the most outstanding practices that distinguished Koç Container Cities from similar temporary settlements and contributed to the goal of creating a model, started their operations.

After the earthquake struck on the morning of February 6, Koç Holding made contact with the numerous civil society organizations and community initiatives it was in touch with, as well the Turkey office of **UN Women**. The collaboration between UN Women and Koç Holding dated back to 2015, when the Group became the supporter of the HeForShe movement globally, and had continued in the years that followed with partnerships in various projects. Since 2021, Koç Holding had served as one of the Global Leaders of UN Women's Generation Equality Forum, and

enjoyed a working relationship with the United Nations entity rooted in trust and cooperation; based on which, through the discussions that begun in the immediate aftermath of the earthquake, the first seeds of the Hope Cities' Women's Solidarity Centers had been sown.

To nurture healthier communities, Koç Holding believed in the necessity of building structures that incorporated gender equality, and had since long been a committed leader in this field at both local and global levels. The opportunity presented itself for the Container Cities to be designed with this outlook from the very outset. Indeed, shortly after, Koç Holding invited UN Women to be a project partner in the efforts that would be carried out towards the Container Cities. Accordingly, Koç Holding would establish Women's Solidarity Centers in Hatay and Kahramanmaraş with UN Women and its partner, the **Foundation for the Support of Women's Work (KEDV)**. Using a similar model, the Group would join forces with the **Support to Life Association** to establish such a center in Adiyaman.

## A Story of Hope / Inclusive Approach

### For the Container Cities, a design sensibility with women at its core

The Women's Solidarity Centers were designed as mini-campuses situated in the city's Life Square, comprised of textile design, sewing and cooking workshops and a marketplace for participation in economic life; as well as a counseling and training area. Women would have the opportunity to develop their existing skills in the workshops, and thereby contribute to their own and their families' livelihood. Among the other essential objectives of the centers were strengthening the solidarity networks that women would benefit from in the post-disaster period, helping them identify their own needs, and facilitating their access to support. . Hope City was a city in which the women were able to shape the services in line with their needs and desires, where their voices are heard, and they have a say in the management of the space in which they lived. Within this city the Centers were conceived as settings where the recovery of women would be reinforced through solidarity and where women explore their own potentials.

For women in the city, the Center has already become an important place for getting together, learning, and most importantly, finding **hope**.

“I was with my two sons when the earthquake struck. We were in the wreckage for six hours. For three months, I was in hospital with my 3.5 year-old son. I lost my eldest at that moment the earthquake hit... While looking around the City, this center caught my attention. I will drop off my son at the nursery next door, and attend the trainings. It's not good to just sit at home. Wherever I go, whatever I do, I can't stop thinking about my oldest son; but even being here with friends did me good...”

**(Mother and earthquake survivor; Hope City Hatay)**

“UN Women Türkiye's history of successful collaboration with Koç Holding which dates back to 2015 deserves a mention in this story. Koç Holding has been a strategic partner for us, and always more than just a donor. We value Koç Holding as a key business partner; both in terms of its driving force within its own ecosystem, and influence in society. In all similarly challenging situations, we always consult with the teams from Koç to see what joint solutions can be generated to address the needs of the hour from the perspective gender equality in society. This ongoing dialog is very important for us. Naturally, after the earthquake, too, we also looked at the needs, and what we could do. We conceived of a structure with 'empowerment and solidarity' at its core; one that would both provide women with access to protection mechanisms, and extend support that would enable them to leave the cities economically and socially strong. In keeping with UN Women's motto 'We will build back better', and with the goal of community-based change and development, we designed a model that would work with women, and in which women would determine their own needs. Women will be able to produce goods in the sewing workshops at our centers, which will be marketed through KEDV's strong links with cooperatives. They will also receive leadership training. By participating in these services, by developing their capacities and gaining problem solving skills, they will gain added experience and confidence to be the architects of their own lives in the future. Our centers,

which are also spaces for solidarity, were designed to facilitate access to certain critical services that women need. As women frequent them, as they develop their trust and faith, and as they participate in sharing, they will also be able to receive guidance on critical issues, such as protection from violence and sexual abuse. In an area right next to the workshop, they will be able to consult with our expert from UN Women, who will refer them to a public institution or expert, where their access to a service they need will be facilitated. We are using all the knowledge and coordination power at our disposal to ensure that this process remains systematic and available. I can say without hesitation that the Women's Empowerment Centers are a reflection of the level of care and concern Koç Holding, the architect of this work, has displayed in every aspect of the Container Cities. The design of a center such as this, which reflects global norms and standards, which is in accordance with a system of values, and provides decent living conditions; and to demonstrate a commitment that women should leave it empowered, are extremely valuable. In fact, we will bring this model that we have created with Koç Holding to the attention of the international community through the relevant platforms of the United Nations; and we will work to have the project recognized as a global model...”

**(Zeliha Ünalı, Deputy Country Director UN Women Türkiye)**

## A Story of Hope / Inclusive Approach

### The Life Squares are for the youth, the Life Squares are for hope!

Another important collaboration in this area was brought about by the **Suna'nın Kızları** [Suna's Daughters] initiative, which works under the umbrella of the Suna and İnan Kırac Foundation. Suna'nın Kızları, which carries out activities for children aged 12-18 with a priority for girls, established a Children's Life Center in Hope City Hatay as part of the collaboration they had with the Ministry of Family and Social Services' General Directorate of Children's Services. Accompanied by their parents, children register at the Children's Life Center, and participate in a course called the Wellbeing Program. During the 10-day training, they learn how to recognize their moods and needs, gain

awareness about their inner being, and find out how to continue to use the center after completing the program.

Young people are among the most important target groups in the Hope Cities. Created by **Ford Otosan** in the Hope Cities of Adıyaman and Kahramanmaraş with the support of the **Vehbi Koç Foundation (VKV)** and in cooperation with the **Association for Innovative Solutions for Sustainable Development**, the **My Future Dream Center** has comprehensive facilities to support the psychological well-being of young people affected by the earthquake. The center constitutes a space specific for young people to learn, enjoy, socialize, develop and feel good. Regular activities for personal and social development, individual therapy, group therapy, psycho-education workshop, psycho-social support programs, game and science

gatherings will be held at the center. **Ford Otosan** Volunteers will also come together with young people in academic and social support activities such as mentoring and career meetings.

Other significant elements of the project intended to ensure and reinforce a state of well-being among residents of the Hope Cities are the football, basketball and volleyball courts, and an open-air amphitheater. The football courts of **Arçelik**, the basketball courts of **Tofaş**, the volleyball courts of **Ford Otosan**, and the athletics activities offered by **Tüpraş** — all Group companies — have already become favorite locations for young people. In addition to the Group companies that will perform theater plays in amphitheatres built in the container cities, the Arsız Kumpanya theater group and the Koç Group's cultural and artistic activities continue their preparations to the fullest extent.

“We are creating safe spaces where children do not feel alone; where they respect each other, and are respected.”

(NGO Manager, Hope City Hatay)

### Supporting employment through Communication Centers, training programs and online internships.

Recognizing that one of the most important needs of the adults who would reside in the Container Cities would be their return to working life, Koç Holding called on Group companies to transfer employment opportunities to the region wherever possible. Customer Contact Centers were set up inside Container Cities — by **Yapı Kredi** in Hatay and Kahramanmaraş, and by **Arçelik** in Malatya — where a certain priority quota of job openings were allocated to earthquake victims; while **TürkTraktör** decided to organize technician training programs. Internship opportunities have been provided by Koç Group companies specifically for young people studying at the university.



# Koç Group shall always remain by the side of the residents of the Hope Cities

Hope City's Population:  
**20,000**

Project Volunteers:  
**More than 1,000 people per day**

On May 2nd, with the first residents moving in, the goal set at the beginning of the Koç Group Container City Project of 'daily life in the cities beginning within 100 days' was achieved. The project had never simply been about providing the earthquake victims with a basic roof over their heads. Designed for the purpose of supporting the earthquake victims towards their recovery from the major trauma they had experienced in the best and fastest way possible, also taking into account their special needs, today, the building of the Container Cities stands as a significant episode in the history of Koç Holding, and a monumental movement of volunteering and solidarity, carried out with an approach that upheld life as a whole. Koç Holding, with its 115 thousand employees, Group companies and project stakeholders, will continue to stand by the earthquake victims. We'll be right there, at the side of those who suffered this major disaster, to rekindle the flame of hope; in the firm belief that great loss and suffering can only be overcome through solidarity.

## In 4 cities, 5 different locations:

**4** schools, **8** children play centers and kindergartens, **4** libraries, **21** children playgrounds, **21** sport areas, **3** amphitheaters, **7** computer rooms and technology and design studios, **4** kitchen studios



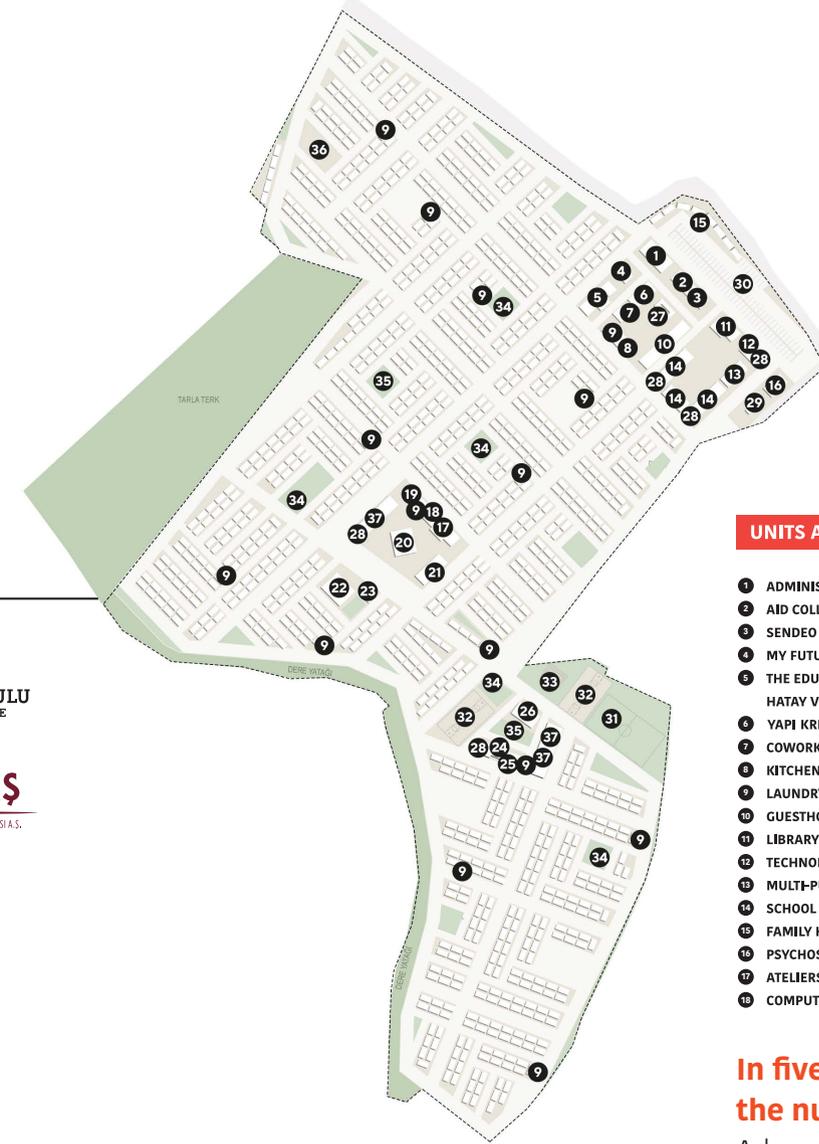
# A Story of Hope



# UmutKent



## PROJECT SUPPORTERS



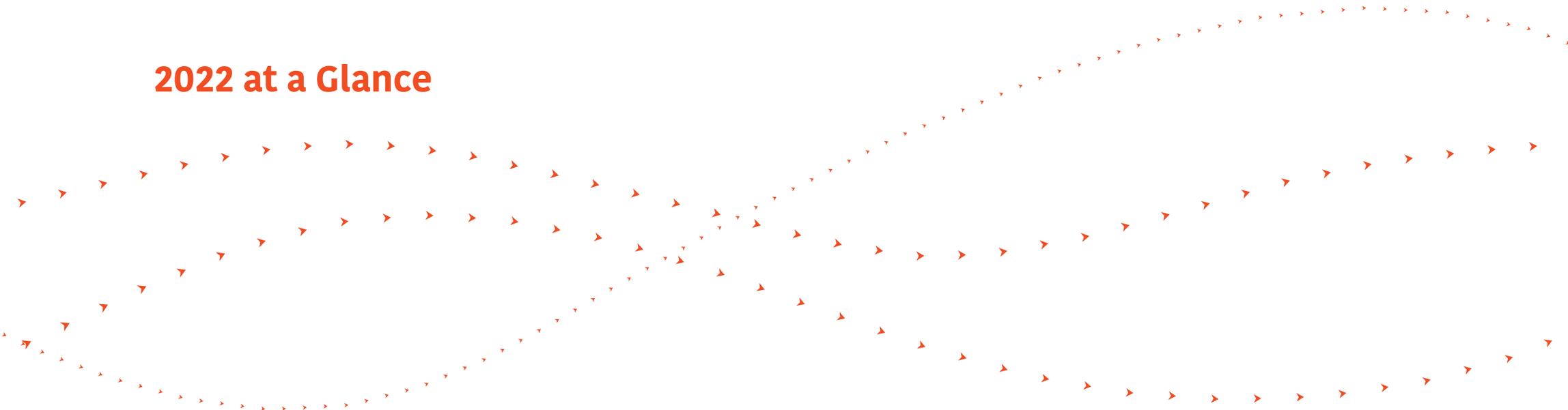
Map of Hatay Hope City

## UNITS AND COMMON AREAS

- |  |  |
|--|--|
| 1 ADMINISTRATIVE OFFICES AND SECURITY  | 19 BARBER                                  |
| 2 AID COLLECTION CENTER  | 20 PLACE OF WORSHIP                        |
| 3 SENDEO DISTRIBUTION POINT  | 21 CAFETERIA                               |
| 4 MY FUTURE DREAM CENTER   | 22 MARKET                                  |
| 5 THE EDUCATION VOLUNTEERS FOUNDATION OF TÜRKİYE<br>HATAY VEHBI KOÇ FOUNDATION ACTIVITY CENTER | 23 YAPI KREDİ ATM                          |
| 6 YAPI KREDİ CUSTOMER RELATIONS CENTER   | 24 WOMAN'S SOLIDARITY CENTER               |
| 7 COWORKING OFFICES  | 25 HAIRDRESSER                             |
| 8 KITCHEN STUDIO   | 26 SUNA'S DAUGHTERS CHILDREN LIFE CENTER   |
| 9 LAUNDRY FACILITIES   | 27 ARÇELİK CAFE                            |
| 10 GUESTHOUSE  | 28 WC                                      |
| 11 LIBRARY   | 29 WASTE COLLECTION CENTER                 |
| 12 TECHNOLOGY AND DESIGN STUDIO  | 30 PARKING LOT                             |
| 13 MULTI-PURPOSE CONFERENCE HALL   | 31 FOOTBALL PITCH                          |
| 14 SCHOOL  | 32 BASKETBALL AND VOLLEYBALL COURTS        |
| 15 FAMILY HEALTH CENTER  | 33 AMPHITHEATER                            |
| 16 PSYCHOSOCIAL SUPPORT CENTER   | 34 CHILDREN PLAYGORUND                     |
| 17 ATELIERS  | 35 OUTDOOR FITNESS AREAS                   |
| 18 COMPUTER ROOM   | 36 WATER TANK                              |
|  | 37 CHILDREN PLAY CENTERS AND KINDERGARTENS |

In five different locations,  
the number of container homes:  
Adıyaman **1390**, Hatay **1040**, İskenderun  
**300**, Kahramanmaraş **1800**, Malatya **470**.

## 2022 at a Glance



# 2022 at a Glance\*



## 4 main business areas

- Energy
- Automotive
- Consumer Durables
- Finance

\* The data covers all operations and companies of Koç Group.

- Over **>115,000** Employees
- >12.5 million** Customers
- >11,000** dealers and after-sales service points
- Exporting to more than **>150 countries**
- >7%** of Turkey's private sector R&D expenditure
- >7%** of Turkey's total exports
- Revenues equal to **>9% of Turkey's GDP**
- Total market capitalization equal to **>19% of Borsa Istanbul 100 Index**
- >~90** production facilities and marketing/sales companies abroad

## Non-financial indicators

### ESG Commitments

- Reduction in Scope 1 and 2 GHG emissions (baseline year: 2017):
  - 27% in 2030
  - 49% in 2040
  - Carbon neutral in 2050
- Progress:** 11% reduction as of 2022

### Other ESG-related commitments

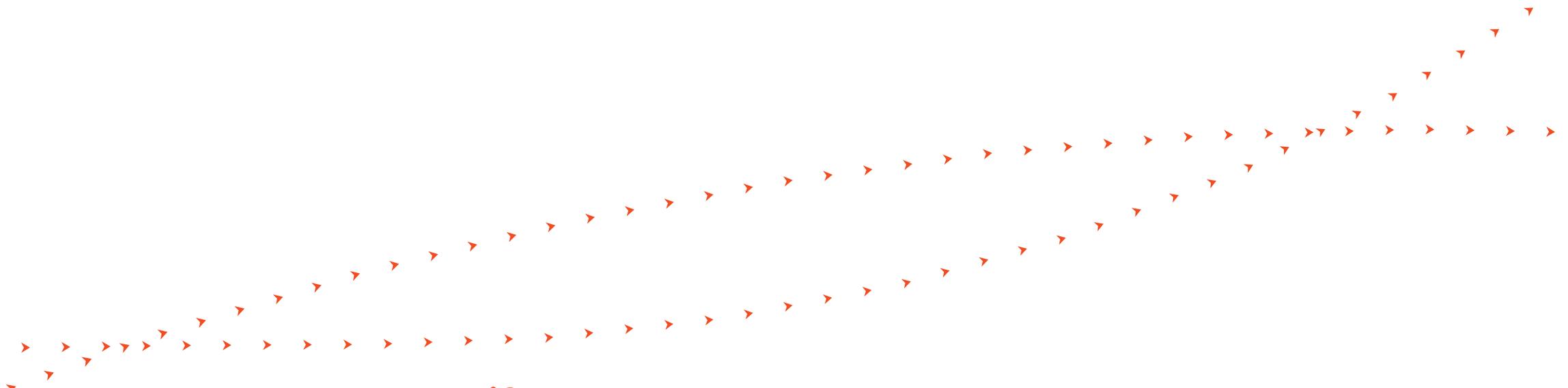
- Ending the consumption of single-use plastics by end of 2023
- Commitment to keep the % of women on board at least at 30% at all times

### International Platforms

- Task Force on Climate-related Financial Disclosures (TCFD)
- WEF Stakeholder Capitalism Metrics
- UN Global Compact CEO Water Mandate
- WEF CEO Action Group for the European Green Deal
- WEF Center for Nature and Climate
- One of the Action Coalition Leaders on Technology and Innovation at the UN Generation Equality Forum
- UN Women's Empowerment Principles (UN WEPs)
- UN Women Unstereotype Alliance
- UN Global Compact (UNGC)

### Sustainability Indices

- BIST Sustainability Index
- MSCI ESG Rating
- FTSE4Good
- Sustainalytics ESG Rating
- V.E (Moody's ESG Solutions)



## Our Manifesto

➤ ➤ ➤ **Lead. Together** is our approach for sustainable, profitable growth at Koç Group. It sets a framework for making collective progress and helps us harness the power of our network to drive positive change. We believe sustainability is directly connected to our business growth, and to our unique role in society, which drives us to inspire others and develop every person and organization we engage with.

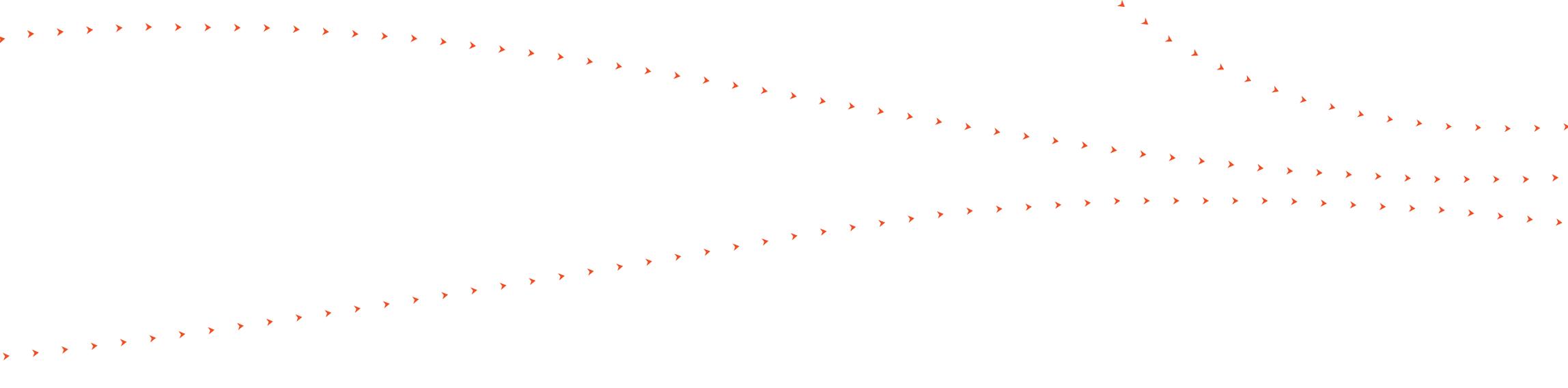
**Lead. Together** means we will innovate and collaborate to find solutions to big, complex issues. It means we will be a

positive role model that drives change in society. It means we will act bravely to transform our business for the better.

**Lead. Together** reflects the difference we can make across Koç Group and our commitment to partnership. The expectations of our stakeholders inspire us to make a difference and the diverse abilities of our people mean we can bring our promise to life. We are progressing collectively across the board.

# Lead. Together is a journey.

And our potential is huge.

- 
- ➤ ➤ Our founder Vehbi Koç once said that our prosperity is connected to the prosperity of our country. Our aspiration to become a global leader means elevating Vehbi Koç's vision to a global scale. We believe our prosperity is connected to the prosperity of our country and the world we live and work in.

**Grow the business. Together**

**Empower people. Together**

**Act for the planet. Together**

**Strengthen communities. Together**

# Our heritage, our future.

# Our Sustainability Strategy

- ▶ ▶ ▶ Creating long-term, sustainable value for the world and the countries in which it operates lies at the heart of Koç Group's business model. Its heritage, influence and leadership role offer a variety of opportunities in sustainability. We manage sustainability as a part of the **Lead. Together** strategy. Enabled by talent, expansive networks, technology and innovation, the main pillars of this strategy are business, people, the planet, and communities.

We deliver **Lead. Together** across four pillars: business, people, planet and community. All four pillars are interconnected, and all four are of equal importance. So whether we're innovating to address big and complex issues, addressing climate crisis with digital tools, or adopting an inclusive leadership approach to carry our talents to the future, it's clear that the pillars are closely related. They rely on each other, and they are interlinked

Launched in 2017, **Lead. Together** and its pillars are a result of an iterative process that included cross-functional teams from Group companies, senior management across different industries, external stakeholders, and opinion leaders.

At Koç Group, we pay utmost importance to reflect sustainability trends as well as changing stakeholder expectations to our strategy. By periodically reviewing our material issues we make sure that our **Lead. Together** sustainability strategy is fit-for-purpose. It ensures that we are aware of emerging and shifting sustainability issues that are most relevant to our business and that we continue to meet the expectations of our stakeholders and investors.

**Lead. Together**  
across four pillars: **business,**  
**people, planet** and **community.** All  
four pillars are interconnected, and  
all four are of equal importance.

# Our Sustainability Strategy



# Sustainability Governance

- ➤ ➤ Robust corporate governance is key for long-term success. It helps Koç Group Companies improve performance and mitigate risks. Enhanced transparency on corporate governance and ESG issues is also seen as essential to Koç Holding's ongoing business success by stakeholders, especially investors. Sustainability is an integral part of our governance approach. In this respect, Koç Holding regularly reports its progress related to "**Lead. Together**" strategy and other material issues according to the Sustainability Principles Compliance Framework of Capital Markets Board (CMB) of Turkey to the Board of Directors through Corporate Governance Committee.

The Sustainability Unit, which is part of the Corporate Communications and External Affairs Department and reports to the CEO, is responsible for the implementation of the strategy as well as coordinating the different units across the Group. The manager reporting to the General Manager or Deputy General Manager is responsible for

the relevant Koç Group companies, the responsible works in coordination with the Company's environmental, human resources, finance, law, audit, purchasing, innovation and digital transformation teams.

The Koç Group Carbon Transition Program is managed under the leadership of Levent Çakıroğlu, the CEO of Koç Holding, and is coordinated by the sustainability, finance, strategy, and business development teams within Koç Holding. The program advances with the contributions of Carbon Transition Leaders, which include senior managers from the Group companies, as well as employees from various departments such as R&D, environment, finance, innovation, human resources, corporate communication, marketing, purchasing, strategy, and production. The Koç Group Environmental Council provides technical support.

For detailed information on corporate governance please see **2022 Annual Report**.

# Materiality Assessment

- ▶ ▶ ▶ In late 2020, we conducted a wide-ranging materiality assessment to identify the most material issues for Koç Holding's success in the next three to five years.

The latest materiality assessment was supported by an advisory consultancy, **DNV Business Assurance UK**, and involved four stages:

- 1. Identifying a long list of potential material issues.** This included desk research of media reports within Turkey and internationally, internal reports, engaging relevant teams, and an assessment of Koç Holding's peers. A final list of 23 issues was identified.

- 2. Stakeholder mapping and engagement.** We identified nearly 140 individual internal and external stakeholders who were engaged either via a survey or a 60-minute interview. Internal stakeholders included general managers, directors, issue experts and members of the leadership team. External stakeholders were comprised of investors, academics, international and public institutions, civil society organizations and Koç Group customers and suppliers.

- 3. Analysis of results and reporting of materiality.** Using the results of the stakeholder engagement we analysed and evaluated the most material issues to Koç Holding.

- 4. Identification of key insights.** The final stage of the process was to review and map the material issues against our **Lead. Together** sustainability strategy and our five strategic priorities.

# Materiality Assessment

- ▶ ▶ ▶ The results of the materiality assessment showed that most of the 23 issues selected for assessment were significant to both internal and external stakeholders over a three- to five-year time horizon. This highlights the increasing importance of sustainability and ESG issues to both stakeholder groups, and importantly, the relevance of the issues across our Group companies.

To understand better how these 23 issues link to how we manage sustainability throughout the Group, we have mapped them across three areas:

- **Lead. Together:** the framework we use to manage sustainability and ensure Koç Holding's ongoing sustainable, profitable growth.

- **Our five Strategic Priorities:** the issues within our **Lead. Together** framework that will have a critical impact on Koç Holding meeting its business and sustainability goals.
- **Our Sustainability foundations:** issues which underpin all our activities, wherever we operate, and act as the foundations of our business success.

The table illustrates how our material issues fit within these three elements of our sustainability approach. Our performance regarding the material issues can be found in the different sections of this report as well as in **Koç Holding's Annual Report**.

Mapping of material issues to our sustainability approach	
<p><b>Our Strategic Priorities:</b></p> <p><b>Digital Transformation</b></p> <ul style="list-style-type: none"> <li>• Cyber security and data privacy</li> <li>• Internet of Things and digitalisation of operations</li> <li>• Data analytics and artificial intelligence</li> </ul> <p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>• Innovation culture and intrapreneurship</li> <li>• Open innovation and collaborations</li> <li>• Research and development capacity</li> </ul> <p><b>Future Talent</b></p> <ul style="list-style-type: none"> <li>• Talent attraction, development and retention</li> </ul> <p><b>Diversity and Inclusion</b></p> <ul style="list-style-type: none"> <li>• Workforce diversity and equal opportunities</li> </ul> <p><b>Low-carbon Transition</b></p> <ul style="list-style-type: none"> <li>• Low-carbon transition and climate risks</li> <li>• Clean tech and product stewardship</li> <li>• Energy use and GHG emissions</li> </ul>	<p><b>Lead. Together. Framework:</b></p> <p><b>Grow the business. Together</b></p> <ul style="list-style-type: none"> <li>• Portfolio management</li> <li>• Sustainability stewardship for suppliers</li> <li>• Business resilience for customers and distributors</li> </ul> <p><b>Empower people. Together</b></p> <ul style="list-style-type: none"> <li>• Occupational health, safety &amp; wellbeing</li> </ul> <p><b>Act for the planet. Together</b></p> <ul style="list-style-type: none"> <li>• Operational environmental impact</li> <li>• Geo-political shifts and trade dynamics</li> </ul> <p><b>Strengthen communities. Together</b></p> <ul style="list-style-type: none"> <li>• Advocacy for social and economic development</li> <li>• Pandemics and natural disasters</li> </ul>
<p><b>Sustainability Foundations:</b></p> <ul style="list-style-type: none"> <li>• Human rights and labour standards</li> <li>• Corporate governance</li> <li>• Corporate transparency</li> <li>• Ethics and compliance</li> </ul>	



## Stakeholders expect Koç Holding to lead by example

➤ ➤ ➤ With almost 140 stakeholders, our materiality process delivered valuable insights into how our stakeholders perceive Koç Holding. All stakeholder groups widely stated that Koç Holding is a recognized business leader within Turkey, with high levels of trust and satisfaction. Stakeholders referenced our strong social roots and our history of social and economic development as a defining factor.

But, this leadership position comes with high expectations. Across the internal and external spectrum, stakeholders expect Koç Holding to lead the sustainability agenda, showing greater

ambition and direction. A clear message was that we have the scale and reach to influence sustainability at an international level, beyond Turkey.

Partnerships with relevant organizations and industry groups, especially at an international level, are widely seen as a way to unlock value and accelerate Koç Holding towards leadership on sustainability. A stronger voice and greater visibility at a global level will help Koç Holding stay close to emerging trends, improve transparency on material topics, and potentially open up opportunities for innovation and business development.

# Making It Happen with Stakeholders

- ➤ ➤ Koç Group has operations in different sectors such as energy, automotive, consumer durables, finance, retail, food and information technologies which have widespread outreach throughout the society. Partnerships with external stakeholders is crucial for progress and our stakeholders expect us to lead by example. When we grow, others grow. When we innovate for the better, others follow. When we create more added value and respond to changes in technology, business and society, we start a ripple effect that extends out to all our industries, our business partners and the wider community.

Stakeholder outreach and integration is a key driver for group companies' success. We assess and evaluate risks and opportunities and show leadership in the sustainability transformation of industries and the society. Environmental, social and governance (ESG) factors have an increasing impact on investor decisions and stakeholder perceptions.

We created a comprehensive approach to identify expectations and opinions of our stakeholders on diverse topics, including environment, human and employee rights, transparency and ethics, innovation, diversity and inclusion in order to bring stakeholder perspective into our sustainability strategy. We aim to meet the expectations and interests of shareholders, investors, employees, group companies, distributors, customers, civil society organizations, public institutions, industry associations and universities in a transparent and equal way.

Each Group company engages with stakeholders at different levels which provide essential input for us in creating sustainability strategies and practices. Stakeholder engagement is also tracked via management performance targets.

## The way we engage with stakeholders

We engage with stakeholders on an ongoing basis and aim to establish continued trust-based dialogue. There are three levels of stakeholder engagement regarding sustainability issues at Koç Group companies which help us to improve our business and create added value for all stakeholders. The frequency of stakeholder communication depends on the nature, expectations and needs of the target audience.

- 1. Supports:** This level of engagement includes supporting events aiming to increase awareness or capacity building. It covers one way and short-term engagement with stakeholders such as sponsorships, scholarships, and donations.
- 2. Partnerships:** We believe that in order to achieve the SDGs, strong partnerships are necessary at all levels and between governments, the private sector and civil society. We work together with external stakeholder partners such as private and public sector, international organizations, non-governmental bodies, universities to manage common and material sustainability issues. We assess partnerships according to the potential to create value, enable further innovation, and foster creativity. This kind of two-way communication develops meaningful opportunities and results. Increasing partnerships with external stakeholders is an important source of innovation.
- 3. Multi-stakeholder Initiatives:** Addressing and tackling complex environmental and social issues requires multi-stakeholder initiatives. In line of our sustainability leadership vision, our stakeholders expect us to trigger positive change by reaching out to the whole community. With this in mind, we are ever-present in local and international multi-stakeholder initiatives that gather different parties such as private and public sector, international organizations, non-governmental bodies and universities to address material topics in large scale.

# Part of the Bigger Picture: The United Nations Sustainable Development Goals

- The United Nations Sustainable Development Goals (SDGs) represent a set of targets which must be reached by 2030 in order to end poverty, protect natural resources, and ensure prosperity for all. The Koç Group fully acknowledges the role of business in the realization of these essential goals, and with its **“Lead. Together”** strategy, consciously and directly contributes towards them. Through its annual sustainability reports and other publications, the Group regularly shares its performance regarding the SDGs. Additionally, the UN Global Compact, signed by Koç Holding in 2006, represents a robust framework for sustainability efforts. As a member of the board of directors of Global Compact Türkiye, Koç Holding continues to support the dissemination of UN Global Compact in Turkey.

## Grow the business. Together



## Empower people. Together



## Act for the planet. Together



## Strengthen communities. Together





**Act for the planet.  
Together**

# Act for the planet. Together

Koç Holding believes that a healthy business is not possible without a healthy world and society, and aims to manage all environmental risks and opportunities, especially climate change, from a long-term perspective. With **Act for the Planet. Together**, we aim to integrate local and global environmental issues into our decision-making processes.

Businesses around the world have an important role in responding to the needs of the planet. Climate crisis continues to be a complex global challenge. Goals set in the Paris Agreement and the United Nations Sustainable

Development Goals address the need for a change, especially for the areas being affected the most. To mitigate the effects of climate change, businesses, governments, and societies need to act together. The need to limiting global warming to internationally recognized 1.5°C is more acute than ever.



# Low-carbon Transition

- ➤ ➤ According to the World Economic Forum Global Risk Report 2023, climate change continues to be perceived as the gravest threat to humanity. “Failure to mitigate climate change” and “Failure of climate-change adaptation” are rated as the risks with the potential to inflict the most damage on a global scale over the next decade.

There is increasing pressure for governments, businesses, and societies to transition to a low-carbon economy and the number of countries, cities and large companies that declared a net-zero target is increasing globally. For the world to reach the net-zero target by 2050, it is important to implement the commitments made in the Paris Agreement.

The progress the EU achieved in relation to the Green Deal and Turkey’s ratification of the Paris Agreement in 2021 with an aim to reach net-zero by 2053 will accelerate the momentum towards decarbonization in Turkey.

In line with the accelerating agenda and developments related to climate, we take action at the Group level. We aim to manage the risks arising from climate change, seize potential opportunities and regularly disclose our performance to our stakeholders according to the framework of the Task Force on Climate-Related Financial Disclosures (TCFD) for a more sustainable future.

Green Deal as an Emerging Risk	
<b>Potential Impact</b>	<p>The Carbon Border Adjustment Mechanism (CBAM) framework proposed with the European Green Deal aims to regulate greenhouse gas emissions embedded in certain products exported from non-European countries to prevent carbon leakage from the European Union (EU). According to the <b>report of TÜSİAD</b> (the Turkish Industry and Business Association) CBAM and carbon pricing is expected to have an impact on the Turkish economy and national GDP. In 2030, the GDP loss can reach between 2.7% and 3.6%.</p> <p>At Koç Group, Europe ranks as one of our most important trading partners as more than 50% of our foreign trade is with the EU. The proposed carbon mechanism may bring new financial costs to our exports. The CBAM, which will come into effect in 2023, will be implemented gradually and will initially only apply to selected products in sectors with a high risk of carbon leakage, such as iron and steel, cement, fertilizer, aluminum and power generation. With the implementation of CBAM, suppliers may face additional carbon pricing costs. At Koç Holding, we analyze these risks under market risk to better manage the costs and risks. We follow the new regulations that may come in the sectors in which we operate. As the Mechanism still harbors uncertainty, it is critical for Koç Group to foresee the potential impact and mitigation measures in terms of CBAM’s scope and schemes that will be in place.</p>
<b>Mitigation &amp; Opportunities</b>	<p>To assess the impact of the European Green Deal and CBAM on our operations, we contribute to the policymaking at the local and EU level. Our target to become carbon neutral in 2050 reflects our commitment to align with the Europe Green Deal and we develop roadmaps and strategies accordingly in collaboration with external and internal stakeholders. We also completed a comprehensive risk assessment that includes both transition risks and physical risks. Our CEO is represented in the CEO Action Group of the World Economic Forum, where we work closely with the European Commission on the Green Deal. We lead the Green Deal Task Force of TÜSİAD, and we monitor the possible impacts of the Green Deal on the Turkish Economy. In addition, we established a working group within the Koç Group to follow the developments related to the Green Deal to understand the implications of action plans and planned mechanisms.</p> <p>With the new mechanism, it is expected that companies with a strong climate strategy and low-carbon intensity will gain a competitive advantage. It will also create opportunities for new, innovative business models and products to grow that support the transition to a low-carbon economy. For instance, the solar panel business of Arçelik or the electric vehicles of Ford Otosan is among the products and services we expect to gain a larger market share in the following years.</p>

# Low-carbon Transition

## ► ► ► Carbon Transition Program

In line with the global climate agenda and the European Green Deal, we aim to be carbon neutral by 2050. In order to achieve this target and devise a roadmap for transitioning to a low-carbon economy we launched the Carbon Transition Program across the Group.

Within the scope of the first focus area of the Carbon Transition Program, main transition risks and physical risks have been identified in line with TCFD recommendations.

The main risks and financial impacts to be faced by the Koç Group and companies in the short, medium and long term have been identified under different climate scenarios. Setting targets and creating roadmaps for the companies for effective management of these risks is among the other objectives of the Program. In addition to risk management, we intend to seize opportunities in relation to emerging new product and service areas and implement resilient business models.

# Low-carbon Transition

## Transition Pathway

In order to become carbon neutral at 2050 and reach our Scope 1&2 GHG emissions reduction targets, we focus on renewable energy solutions, energy efficiency measures, and initiatives to decarbonize our supply chain. Koç Group companies operating in diverse sectors, including energy, consumer durables, automotive and finance, have set their own transition pathways in line with their sectoral priorities.

**Renewable energy:** We aim to supply all electricity in their operations from renewable sources. In line with this, we invest in wind, solar, and other forms of clean energy. We are investing in renewable energy generation where feasible and purchasing renewable energy certificates.

## Entek: Group-Wide Renewable Energy Project

Entek, an independent power producer (IPP) within the Koç Group, is dedicated to providing clean and sustainable energy solutions to meet the growing demand for power. The company possesses a total capacity of 442 MW and generates 80% of its electricity from renewable sources, including one wind power plant, one natural gas power plant, and six hydroelectric power plants.

Aligned with the Koç Group's commitment to reducing carbon emissions, Entek is leading two significant projects in the Group's journey towards achieving carbon neutrality. The first initiative focuses on solar and wind power generation, with the aim of increasing the proportion of renewable energy in the

Group's overall electricity consumption.

As part of the Project, we have made significant progress in the development of solar power plant projects for Group companies. As of May 2023, a total of 349 MW of solar power plants have been established. Once these solar projects with a capacity of 349 MW are implemented, they are projected to generate approximately 2,016,000 GJ of electricity per year. This will enable us to achieve a consumption coverage rate exceeding 50% across the Koç Group. It is anticipated that the project will effectively mitigate approximately 250,000 tons of CO<sub>2</sub> emissions annually.

# Low-carbon Transition

➤ ➤ ➤ **Energy efficiency:** We are working to improve the energy efficiency of our operations across all of our businesses. This involves identifying opportunities to reduce energy

consumption, optimizing manufacturing processes, and exploring new technologies to help us operate more efficiently.

## Entek: Group-Wide Energy Efficiency Project

➤ ➤ ➤ Project focuses on implementing rooftop solar energy investments and energy efficiency initiatives for the Koç Group Companies. Project is dedicated to both analyzing potential projects and effectively implementing them. This project not only benefits from the expertise within the Koç Group but also includes third-party evaluations to ensure its success.

Through extensive investigations in energy efficiency, our projects have resulted in significant savings of 126,000 GJ in electrical energy and 234,000 GJ in natural gas consumption. Additionally, our studies on rooftop solar installations have revealed a potential of 100 MW in energy generation. Once this potential is realized, we anticipate a significant increase in energy savings, reaching a total of 473,040 GJ of electrical energy.

# Low-carbon Transition

## ► ► ► Sectoral Pathways

Besides the common focus areas of renewable energy, energy efficiency, and supply chain decarbonization Koç Group companies identified sectoral priorities and transition pathways specific to the sectors in which they operate.

### Energy

It will not be possible to reach a low carbon economy without the transition of the energy sector. We believe that sector companies that invest early in clean energy transition and alternative fuels will stand out.

Tüpraş, a Koç Group company operating in the energy sector is exploring the potential of zero-carbon electricity, alternative fuels like hydrogen and biofuels and promoting sustainable practices to mitigate their Scope 3 emissions.

## Tüpraş

► ► ► Tüpraş aims to lead Turkey's energy transition by making its existing assets more competitive and profitable through energy efficiency and decarbonization projects. The company also plans to invest in new areas that support sustainable development creating a balanced and diversified clean energy portfolio.

By 2030, Tüpraş aims to reduce its Scope 1 and Scope 2 emissions by 27% compared to 2017, by 35% in 2035, and become a carbon-neutral energy company by 2050.

Tüpraş's investment areas in line with its Strategic Transition Plan include;

- Biofuels
- Zero-carbon electricity
- Green hydrogen
- Sustainable refining

# Low-carbon Transition

## Automotive

The automotive sector has a critical role in the global carbon transition. The shift towards low emission vehicles will disrupt value chains and zero emission cars and trucks will be the main focal points of this transition. Companies that invest in these vehicles, work to establish new value chain models and develop their manufacturing capabilities will gain leverage in the sector.

In line with that, an important part of the carbon transition journey of Koç Group Companies in the automotive sector is focused on their products and their value chains. Electric vehicles, vehicles with alternative fuels, sustainable production and the impact suppliers create are also tackled as important parts of their efforts.

## Ford Otosan

▶ ▶ ▶ Ford Otosan plans to sell only zero-emission passenger cars by 2030, zero-emission light and medium commercial vehicles by 2035, and zero-emission heavy commercial vehicles by 2040.

Ford Otosan is focusing on increasing the proportion of electric vehicles in their total product range and improving the electrification readiness level of their value chain. Ford Otosan produced the first-ever all-electric commercial vehicles in Turkey and has been increasing its investments

in electrification including its purchase of a new production facility, Ford Otosan Craiova Plant. Furthermore, the global brand for heavy commercial vehicles, Ford Trucks, developed and unveiled Turkey first all-new %100 electric truck.

Ford Otosan aims to become carbon neutral by 2030 in its production sites and R&D centers in Turkey and obtains all its electricity used in its campuses from 100% renewable resources. Ford Otosan calculates the carbon emissions of its suppliers and aims to ensure that more than 300 suppliers in its supply chain become carbon neutral by 2035. The company also targets carbon neutrality in its logistics operations by 2035.

# Low-carbon Transition

## Consumer Durables

There are significant opportunities for the consumer durables sector to transition towards a low-carbon economy such as technological innovation to decarbonize operations and products, and achieve energy and resource savings. The reduction of product emissions during their use is a

significant factor in achieving the decarbonization goals of the consumer durables sector. Arçelik, a Koç Group Company operating in this sector focus on developing energy-efficient products to achieve this goal.

## Arçelik

- ▶ ▶ ▶ Arçelik has a detailed roadmap for transitioning to a low-carbon economy, which includes the commitment to achieving net zero emissions by 2050 in line with Science Based Target initiative's Net Zero-Standard. According to the well-below 2 degree target approved by SBTi, Arçelik will reduce Scope 1 and Scope 2 GHG (greenhouse gas) emissions by 30% and Scope 3 GHG emissions from the use phase of sold products by 15% by 2030 comparing to 2018 baseline year. By 2050, Arçelik is committed to reach a 90% decrease in Scope 1- 2 and Scope 3 emissions and will invest in qualified nature-based and technology-based carbon removal projects for the 10% residual emissions. In order to achieve the committed transition,

### Arçelik will;

- Increase green electricity procurement to 100%
- Establish renewable energy systems with 50 MW capacity by 2030
- Invest further in energy efficiency projects in production
- Transition to 100% electric vehicles and forklifts
- Use Low GWP refrigerant in production
- Use green hydrogens where possible
- Increase penetration of super-energy-efficient products globally
- Accelerate the phase out of high-GWP refrigerants with the transition to low-GWP refrigerant in all products

## Finance

The financial sector is committed to mobilizing capital towards low-carbon initiatives and shift their portfolio towards clean energy investments.

## Yapı Kredi

- ▶ ▶ ▶ Yapı Kredi is committed to integrating climate risk considerations into its credit decision-making processes. As part of our Carbon Transition Program, Yapı Kredi is developing a transition strategy to assess the compatibility of their expected emission reductions with their lending

and investments portfolio by the end of 2023. This strategy will play a critical role in the net-zero transition pathways of Koç Holding and green transformation of real sector in Turkey.

# Climate-related Risks and Opportunities

- ▶ ▶ ▶ We are among the companies that support the Task Force on Climate-Related Financial Disclosures (TCFD). Our objective is to effectively manage the risks and capitalize on potential opportunities arising from climate change in line with TCFD recommendations. We aim to provide regular disclosures to our stakeholders and extend these practices throughout our ecosystem.

This section, which is prepared in line with the TCFD Recommendations, describes Koç Holding's approach and performance regarding each of the TCFD's thematic areas: Governance, Risk Management, Strategy, and Metrics and Targets. It also presents the Holding's strategy and business model with respect to different climate scenarios.

Risk analyses have been conducted at Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç, Tat Gıda, Tofaş, Tüpraş, Türk Traktör and Yapı Kredi, which represent 91.3% of the Koç Group's combined revenues in the past five years. The risk analysis of Yapı Kredi, which operates in the finance sector, was based on its entire credit portfolio within the scope of various climate-related physical and transition risks, including extreme weather conditions, national and international regulations, stakeholder expectations, changing market outlooks and emerging technologies. Details regarding the risk analysis of the companies operating in the non-finance sectors

are presented in the following sections. The preliminary analysis was conducted independently by a third-party, and these analyses are regularly updated according to evolving company strategies, employing the same methodology.

## Governance

Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program. Details of the governance structure can be found in the Sustainability Governance section.

## Risk Management

Climate-related risks are overseen by the Risk Committee at the Board of Directors level. Details on risk management can be found in the Risk Management section of the Annual Report.

## Strategy

At Koç Group, in order to achieve our low-carbon transition targets and devise a roadmap for transitioning to a low-carbon economy we launched the Carbon Transition Program. The Carbon Transition Program functions as our main strategy for climate-related subjects.

*Information on the Carbon Transition Program can be found in a separate section in this report. **Page-45***

# Climate-related Risks and Opportunities

## Scenario-Based Climate Risk Assessment

### Transition Risks

Transition risks are addressed under four different categories.

### Policy Risk

Policy/regulatory risks include increases in carbon pricing, associated financial risks, and operational costs. Countries are expected to take greater action against the climate crisis as a result of rises in the carbon prices in the global emissions trading systems along with carbon and fuel taxes and other climate-driven pricing measures aligned with the Paris Agreement. While making these assessments, we took into consideration the variable rate of increase in carbon pricing in different countries and regions.

The analysis is based on three different climate action scenarios; potential additional costs that might arise as a result of the following three scenarios have been calculated for 2030, 2040 and 2050. The scenarios are based on research by Organisation for Economic Co-operation and Development (OECD) and International Energy Agency (IEA). The calculation of financial risks is based on current carbon pricing, future scenarios, the Group companies'

GHG reduction targets and projected revenue. Possible costs associated with Scope 1 and Scope 2 GHG emissions were presented within this scope.

### Market risk

Market risks address the market-related effects on revenues. The impact of the climate crisis on the market and the risks and opportunities in products, commodities and services with regards to supply and demand are taken into account. This analysis considers the potential risks along the supply chain, and the financial risks that may arise as a result of disruptions and fluctuations in the raw material, commodity and carbon prices of Koç Group suppliers are analyzed on a sectoral basis.

Within the scope of the analysis, the supply chain of each Group company was mapped and categorized according to sectors. While categorizing, suppliers having the highest share in the purchasing budget of each company were identified, and EBITDA at risk for suppliers were determined in relation to the carbon pricing in the scenario limiting global warming to below 2°C. The sectors where these risks will be most common are respectively, electric utilities, metals and mining, oil, gas and fuels, chemistry and packaging.

Low carbon price scenario	Moderate carbon price scenario	High carbon price scenario
Assumes that Nationally Determined Contributions (NDC) are fully implemented, but the goals of the Paris Agreement remained elusive due to inadequate climate actions.	Relies on NDCs of the Organisation for Economic Co-operation and Development (OECD), International Energy Agency (IEA) and countries and assumes that despite inadequate climate action in the short-term, temperature rise is limited to 2°C by 2100 owing to the adequacy of actions taken in the medium and long-term.	Relies on OECD and IEA (2017) research and assumes that temperature rise is limited to 2°C by 2100 owing to adequate climate policies.

# Climate-related Risks and Opportunities

## ➤ ➤ ➤ Reputation Risk

Reputation risks address risks such as potential concerns and negative feedbacks from stakeholders in the event of inadequate climate action. In relation to these risks, the Group companies' sustainability strategies, their relevant sectors, their carbon intensity performance as compared to their sectors, and how the targets set overlaps with the Paris Agreement have been analyzed. The Koç Group companies were later classified under low, medium and high risk categories.

## Technology Risks

For technology risks, we evaluated low-carbon products and services of Group companies, business areas that facilitate a low-carbon future based on the European Union Taxonomy, and investments made for low-carbon products, processes and services. It has been identified that Arçelik, Aygaz, Ford Otosan, Otokar and Tofaş have sustainable products, services or strategies that will enable the low-carbon transition.

In the energy sector, Tüpraş announced the Strategic Transformation Plan, its roadmap to transition to a low-

carbon economy including investments in sustainable products, services and strategies. Operating in the finance sector, Yapı Kredi provides financial solutions for climate change mitigation with its sustainable products and services. These strategies aim to reduce the impact of technology risks.

## Physical Risks

In physical risks, we assessed the impacts of climate-related indicators on assets depending on three different climate change scenarios. Among these indicators, we analyzed water stress, floods, cold and heat waves, hurricanes, fires and sea level rise.

We included 159 sites of 11 Group companies\* in the physical risk analysis. According to the moderate climate scenario, the risks with the highest impact are water stress, followed by heat and cold air waves. Flooding, sea level rise and hurricanes are the lowest physical risks. We conducted the assessments according to three different climate scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC).

Low Climate Change Scenario (<2°C)	Moderate Climate Change Scenario (>2°C)	High Climate Change Scenario (>4°C)
Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2 degree Celsius by 2100.	Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2 degrees Celsius by 2100.	Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.

\* Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç, Tat Gıda, Tofaş, Tüpraş, TürkTraktör

# Climate-related Risks and Opportunities

## ► ► ► Opportunities

In order to better understand the climate-related opportunities, sectoral comparisons were made, and company-specific global best practices were examined. By integrating these outputs into its business strategy, Koç Group aims to have a leading role in the low-carbon economy and create opportunities by transforming its products and services.

### Clean Technologies and Sustainable Products

Clean technology and innovative sustainable products with high resource efficiency and low environmental impact play an important role in the transition to a low-carbon economy

and offer a wide array of opportunities for the business world. Developed products and technologies support the circular production systems, helping the Koç Group companies reduce their consumption of natural resources and emissions of greenhouse gasses along their value chain.

We established a working group under the Koç Group Environmental Council to mitigate the impacts of products and services offered in various sectors, identify the low-carbon products in line with national and international standards and identify requirements and related reporting criteria.

## Tüpraş: Carbon Conversion and Capture Projects

► ► ► Carbon capturing projects for the oil & gas sector hold a crucial role in addressing the challenges posed by climate change. This is essential for achieving climate goals and transitioning towards a low-carbon future.

Important milestones have been reached in the EU-funded H2020 COZMOS CO2 conversion and MOF4AIR CO2 adsorption capture projects, which will deepen the know-how and expertise in alternative technologies applicable on the path to Tüpraş's 2050 carbon neutrality target.

- **COZMOS (Efficient CO2 conversion over multisite Zeolite-Metal nanocatalysts to fuels and olefins)**

COZMOS project aims to efficiently convert carbon dioxide gas from industrial processes into high value-added fuels and chemicals such as propane and propylene. The innovative catalyst technology, which stands out with its contribution to circular economy and its environmental benefits, will be tested in COZMOS pilot plant. Reaction tests for the conversion of

carbon dioxide gas into valuable products, focused on high selectivity and energy efficiency with 24/7 uninterrupted operation, are being carried out successfully.

- **MOF4AIR (Metal Organic Frameworks for carbon dioxide adsorption processes in power production and energy intensive industries)**

MOF4AIR project aims to efficiently capture carbon dioxide gas from industrial processes and to develop innovative MOF-based adsorbent materials that will thus reduce carbon dioxide emissions. The performance of the developed adsorbent materials to capture carbon dioxide gas with high selectivity will be tested simultaneously in 3 industrial sites, including Tüpraş. The demo scale carbon capture unit, designed to capture waste carbon dioxide gas from the refinery flue gases, has arrived at the Izmit Refinery site. The ongoing activities involve the integration of the unit into the site and the preparation of the necessary infrastructure.

# Climate-related Risks and Opportunities

## ► ► ► Metrics and Targets

In line with Koç Holding's commitment to becoming carbon-neutral by 2050 and the Carbon Transition Program, the Group companies are actively engaged in their low-carbon transition initiatives. A key focus is placed on the effective monitoring and reporting of greenhouse gas (GHG) emissions, as well as striving to reduce emissions to the greatest extent possible.

In line with our 2050 carbon neutrality target, we commit to reducing Scope 1 and Scope 2 greenhouse gas emissions by 27% in 2030 and by 49% in 2040 compared to the 2017 baseline year (7.8 million tCO<sub>2</sub>e). Scope 1 and Scope 2 greenhouse gas emissions totaled 7.0 million tCO<sub>2</sub>e in 2022.

An increase in global greenhouse gas emissions is expected due to supply and cost concerns, including the global energy crisis triggered by the Russia-Ukraine war and the transition to alternative fossil fuels in response to

rising natural gas prices. As a result of the recovery in our business volumes to pre-pandemic levels, Koç Group's total Scope 1 and Scope 2 greenhouse gas emissions increased by 6.6% compared to the previous year. The short-term increase in greenhouse gas emissions does not impact our long-term targets. We have achieved a 11% reduction in our Group emissions since our 2017 baseline year, as part of our ongoing efforts to reduce emissions and improve energy efficiency across our Group companies.

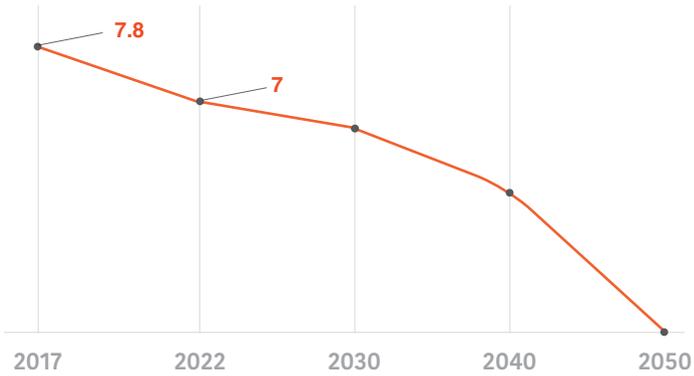
We aim to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 27% in 2030 and 49% in 2040, compared to 2017 and become carbon-neutral by 2050.

GHG Emissions (tCO <sub>2</sub> e) *	2017	2021	2022
Total Scope 1 emissions	7,572,664	6,245,166	6,864,059
Total Scope 2 emissions - market-based	129,471	127,516	127,838
Total Scope 1&2 emissions of subsidiaries owned by Koç Group companies	134,671	184,271	N/A
<b>Koç Group Total Scope 1&amp;2 emissions</b>	<b>7,836,806</b>	<b>6,556,953</b>	<b>6,991,897</b>

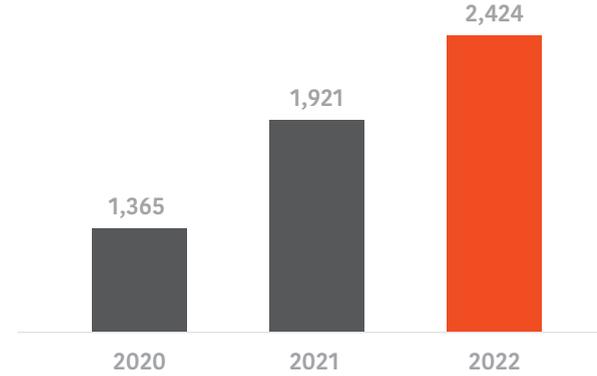
\* Koç Group total Scope 1&2 emissions data includes emissions of Arçelik, Aygaz, Entek, Otocar, Otokoç, Tat Gıda, Tüpraş, Yapı Kredi. For 2020 and 2021, we estimated the GHG emissions of the subsidiaries owned by our Group companies using EEIO factors. This estimation was presented in the third line as 'Total Scope 1&2 emissions of subsidiaries owned by Koç Group companies.' In 2022, we obtained accurate emissions data for the subsidiaries of our Group companies and included this data in the Scope 1 and Scope 2 categories, respectively presented in the first and second lines. Koç Holding received a moderate level of assurance by British Standard Institution (BSI) in line with AA1000AS on its consolidated scope 1&2 emissions for 2017, 2021 and 2022.

# Climate-related Risks and Opportunities

GHG Emission Reduction Targets (million ton CO<sub>2</sub>e)



Total Renewable Energy Consumption (thousand GJ)



	2020	2021	2022
Energy Savings (million GJ)	1.04	2.19	1.73
GHG Emission Reduction (thousand- ton CO <sub>2</sub> e)	54	145	96

Energy Consumption (GJ)\*

	2020	2021	2022
Net Renewable Energy Consumption	1,374,259	1,920,530	2,423,857
Net Non-Renewable Energy Consumption	94,459,212	93,748,934	95,911,940
<b>TOTAL</b>	<b>95,833,471</b>	<b>95,669,464</b>	<b>98,335,797</b>

\* Includes energy consumption data for Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi.

# A Step Forward for Climate Action

» » » At Koç Group, we address both direct and indirect factors that impact climate change. We focus on **waste, water, biodiversity**, and **product stewardship** performances in addition to our ongoing efforts on emission reduction in the Carbon Transition Program. As of 2022, we started strategically managing our impact on these areas.

Our Water Stewardship, Waste Management, Product Stewardship and Biodiversity Task Forces bring together experts from various Koç Group Companies and are led by the Head of the Koç Group Environmental Council. The task forces collaborate in order to develop a standardized approach for the effective management of our climate action efforts, and to seize opportunities in their areas. By harnessing the collective knowledge and experience of our experts, we ensure the dissemination of best practices throughout our Group Companies.

Below are the key steps our task forces follow to manage waste, water, biodiversity, and product stewardship.

- 1 DEFINE** THE INDICATORS AND GAPS
- 2 ANALYZE** RISKS AND OPPORTUNITIES
- 3 BUILD** THE STRATEGY
- 4 TAKE** ACTION
- 5 REPORT** PERFORMANCE

# A Step Forward for Climate Action

## Water Stewardship

Our Water Stewardship Task Force includes members from Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Tat, Tofaş, Tüpraş and TürkTraktör.

Due to climate change, there are increasing risks associated with water, making it a topic of critical concern for both societies and businesses. According to the Koç Group climate-related risk and opportunity analysis in which 159 sites belonging to 11 Group companies were examined, water stress was identified as the most severe physical risk in the context of a moderate climate scenario.

As Koç Holding, we are a signatory to the **CEO Water Mandate** and a member of the New Endorsers Group, where signatories come together to share their knowledge and proven practices. **Our vision is centered around fostering water stewardship by focusing on watershed management and collaborative engagement with our stakeholders.**

### Our Approach

- **Conducting Water Risk Assessments:** At Koç Group, we regularly assess watershed risks using a scenario-based approach, identify high water-stress areas across all our sites, and share physical risk exposure in TCFD disclosures.
- **Increasing Water Efficiency, Reuse, and Recycling:** We improve water efficiency by implementing measures to reduce water consumption, promoting water reuse and recycling practices, through rainwater harvesting, and by using grey water for non-potable purposes.
- **Engaging and Collaborating with Stakeholders:** We recognize the importance of engaging and collaborating with stakeholders; including local communities, regulatory authorities and NGOs. This engagement fosters dialogue, knowledge-sharing, and joint efforts to address water-related issues.

Water Withdrawal, Discharge and Consumption* (thousand m <sup>3</sup> )	2020	2021	2022
<b>Water Withdrawal</b>			
Surface water	17,843	14,923	17,478
Ground water	6,410	5,815	7,042
Municipal water	1,739	2,469	2,395
Treated urban wastewater and other sources	5,824	11,401	9,795
<b>Total water withdrawal</b>	<b>31,816</b>	<b>34,608</b>	<b>36,710</b>
<b>Water discharge</b>	<b>16,865</b>	<b>17,158</b>	<b>19,257</b>
<b>Water consumption</b>	<b>14,951</b>	<b>17,450</b>	<b>17,453</b>

\* Arçelik, Aygaz, Entek, Ford Otosan, Koç Sistem, Opet, Otokar, Otokoç, Tat Gıda, Tofaş, Tüpraş, TürkTraktör, YapıKredi

# A Step Forward for Climate Action

## Product Stewardship

Our Product Stewardship Task Force includes members from Arçelik, Aygaz, Ford Otosan, Tat, Tüpraş, TürkTraktör and Yapı Kredi.

Product stewardship is particularly important for the Koç Group as it is critical to mitigate Scope 3 emissions. **Our approach encompasses the entire life cycle of products, from cradle to grave, allowing us to effectively manage emissions across the value chain while gaining a competitive advantage.**

Our Product Stewardship Task Force conducted a SWOT analysis to identify the risks and opportunities in product management. The analysis focused on various topics, including the environmental impacts of product and process design, life cycle analysis, end-of-life product responsibility, and resource efficiency during product use. Based on this analysis, we defined our focus areas as follows:

- The choice of raw materials and components
- The direct operations, production, and manufacturing phases
- The distribution, storage and transportation of our goods
- The use phase
- Servicing and maintenance
- End-of-life management

# A Step Forward for Climate Action

## Focus on the Automotive Sector

### Life Cycle Analysis Workshop

As part of our efforts to share best practices within the Koç Group, we organized a “Product Carbon Footprint Workshop” in collaboration with Ford Otosan.

The workshop aimed to facilitate the exchange of ideas among employees of Ford Otosan, Tofaş, TürkTraktör, and Otokar, with a focus on life cycle assessments that evaluate the environmental impacts of products throughout their value chain.

## Ford Otosan: ReCube Project

It is of utmost importance that the principles of the circular economy are adopted by the automotive industry. This industry is particularly resource-intensive, and produces significant waste and emissions throughout its value chain. Embracing circular economy principles can enable automotive companies to minimize their environmental impact, and contribute to a more sustainable future. This not only conserves natural resources, but also lowers production costs and enhances resource efficiency.

Ford Otosan, as a company that holds a key position in transforming its sector towards a low carbon production, aims to integrate the “Design for Sustainability” approach

into all of its R&D activities. To manage the impact of its products, the company focuses on circular economy methodologies with its ReCube (Recycle, Reuse, Reduce) project.

Under ReCube, full life cycle assessments have been completed for 99.93% of the internal combustion engine vehicles in different segments (passenger cars, light commercial vehicles, commercial vehicles and heavy commercial vehicles) that were produced and sold by Ford Otosan in 2022. The company also focuses on increasing the circularity of EV batteries used in alternative fuel vehicles.

# A Step Forward for Climate Action

## ► ► ► Waste Management

Our Waste Management Task Force includes members from Arçelik, Otokar, Otokoç, Tat, Tofaş, Tüpraş and TürkTraktör.

We believe that effective waste management is crucial for product stewardship and achieving a low carbon economy. In order to minimize waste, our Group companies focus on reuse and recycling wherever feasible. To guide our efforts, we have adopted the **Waste Management Hierarchy Model by Zero Waste Europe**, which enables us to adopt a **holistic approach from product design to waste disposal**.

In 2022, the Waste Management Task Force updated the Group-wide waste performance indicators. Furthermore, a SWOT analysis to identify the risks and opportunities in waste management was conducted, which covered topics such as waste disposal and recycling, as well as relevant regulations. Waste data of Koç Group Companies were analyzed, gaps were identified, and best practices were shared.

### Our Partnership with the Business Plastics Initiative

Koç Holding is a signatory to the Business Plastics Initiative, established in partnership with Global Compact Türkiye, Business Council on Sustainable Development Türkiye and TÜSİAD, to prevent plastic pollution, which is a threat to human and environmental health.

Despite the delays caused by challenges during the pandemic, we made significant progress in fulfilling our responsibilities as part of the initiative, achieving 90% of our target to end single-use plastics. The recent reclassification of COVID-19, announced by the World Health Organization in early May 2023, which downgrades it from a global health emergency, allowed the acceleration of our operations' ongoing recovery, and has resulted in returning to normal business activities across most of our facilities. We remain fully committed to our goal, and we expect to reach our target by the end of 2023.

Waste by Type (tons)	2020	2021	2022
<b>Total waste recycled/reused</b>	<b>298,517</b>	<b>375,670</b>	<b>290,813</b>
<b>Total waste disposed</b>	<b>11,787</b>	<b>11,001</b>	<b>11,301</b>
Recovered and recycled hazardous waste (R code)	26,192	57,753	28,072
Recovered and recycled non-hazardous waste (R code)	272,325	317,917	262,411
Hazardous waste disposed (D code)	6,244	4,362	4,925
Non-hazardous waste disposed (D code)	5,543	6,639	6,375
Hazardous waste sent to temporary storage	947	N/A	N/A
Non-hazardous waste sent to temporary storage	64	N/A	N/A
<b>Total</b>	<b>311,315</b>	<b>386,671</b>	<b>301,730</b>

Waste Disposed (tons)	2022
Hazardous waste incinerated without energy recovery	176
Non-hazardous waste incinerated without energy recovery	81
Hazardous waste incinerated with energy recovery	4326
Non-hazardous waste incinerated with energy recovery	1031
Hazardous waste landfilled	423
Non-hazardous waste landfilled	5264

# A Step Forward for Climate Action

## Tüpraş: CORALIS and EPC-EqTech Projects for Waste Management

- ▶ ▶ ▶ Tüpraş aims to minimize the waste generated through its operations, and to maximize its recycling/valorization efforts. The waste management of Tüpraş refineries and buildings is aligned with the Zero Waste Management System, and is based on circular models.

### **CORALIS:**

CORALIS is an EU-funded project involving 29 partners from 7 countries. The CORALIS project aims to create pathways for the decarbonization of resource and energy-intensive sector value chains through the implementation of viable industrial symbiosis approaches. Tüpraş is participating as a follower in the CORALIS project and aims to investigate the possibility of utilizing its major waste materials as raw materials in other industries. Environmental and financial benefits are expected to be achieved, while also promoting circularity.

### **EPC-EqTech:**

EPC-EqTech is an EU-funded project involving 4 partners from 3 countries. As part of the project, Tüpraş will demonstrate an innovative electrochemical technology at the Kırıkkale Refinery to treat spent caustic, one of the major waste streams resulting from refining operations. This groundbreaking technology will be employed for the first time in the petrochemical industry and is expected to be adopted across the sector following its successful demonstration at Tüpraş refineries. Compared to other technologies, this technology will utilize fewer raw materials and generate significantly less sludge. The successful implementation of this technology is anticipated to yield environmental and economic benefits, as well as reduce waste production.

# A Step Forward for Climate Action

## ► ► ► Managing our Impact on Biodiversity

Our Biodiversity Task Force includes members from Arçelik, Ford Otosan, Tat, Tofaş, Tüpraş and TürkTraktör.

According to the WEF 2023 Global Risks Report, biodiversity loss ranks among the upcoming decade's top 10 most severe risks. Therefore, it is crucial to address this issue systematically, and take action to mitigate the impacts of industrial activities on biodiversity. Businesses are directly impacted by biodiversity risks across their supply chains, highlighting the increasing importance of including

nature as a critical component in financial and business decisions. This approach is necessary to mitigate potential financial losses, safeguard reputations, and effectively manage environmental impacts.

As Koç Group, we are actively working on our group-wide impact on biodiversity and developing a vision and approach for its management. In 2022, the Task Force analyzed both the sectoral and regional biodiversity risks of Koç Group Companies. Experts in the Biodiversity Task Force have started working on identifying our facilities' and operations' impact on nature by using guidelines provided by the **International Union for Conservation of Nature (IUCN)** as a framework. We are currently assessing the biodiversity risks posed by our operations, and balancing our impact on nature accordingly.



**Grow the business.  
Together**

# Grow the business. Together

At Koç Holding, we strive to create shared value and a positive impact on society and our stakeholders. Beyond our value chain, our unique business model and global presence enables us to deliver sustainable and profitable growth, and to achieve prosperity in society. Our innovation capability and digital transformation journey aligned with the requirements of the new digital world drives our ambition to lead in the sectors and countries that we operate.

The long-term partnerships and relationships, we build on a global scale, enable us to drive positive change and extend our influence. To grow together, we believe in leaving no one behind, and being inclusive is key in this pathway. At the same time, we are also aware that our planet has boundaries thus, we act and grow responsibly with our stakeholders while seizing opportunities to enable a low-carbon and inclusive economy.



# Digital Transformation Program

- ➤ ➤ Digitalization has rapidly transformed business models in every aspect, driving sustainability and value creation. Digitalization is vital for the value chain, and can enable innovative, eco-friendly products and processes with low carbon emissions.

We fully embrace digital technologies, tools, and methods to ensure a sustainable future. By setting a clear transformation agenda, we prepare ourselves for future challenges. Digitalization is essential for business resilience and agility, and companies with superior digital capabilities maintain their competitive edge. Similarly, the Koç Group Digital Transformation Program launched in 2016 has been one of the most important tools in the Group's successful business results and in strengthening its competitive position.

Under the Digital Transformation Program, all the Group companies developed and implemented projects on digital technologies such as advanced data analytics, machine learning, artificial intelligence, natural language processing and the Internet of Things, and on various themes including customer experience, smart manufacturing, operational efficiency. There was a total of more than 1,800 projects within the Digital Transformation Program as of the end of 2022. Most of these projects have been completed.



## Digital Transformation Themes and Initiatives

### Digital Marketing and Customer Experience

Getting to know the customer better by evaluating data in both the digital and physical world, and offering products and services aligned with their needs and preferences at the right time, through the right channel and at the right conditions via a completely new experience is among the primary objectives of many group companies.

### Digital Supply Chain and Manufacturing

The core business of nearly half of the Group companies is manufacturing. The technologies summarized under "Industry 4.0" go beyond traditional automation and robot usage and offer the opportunity to improve all processes including products, services and design, based on customer requests, suggestions and complaints. The Group's manufacturing companies strive to take advantage of these opportunities at the highest level and bring suppliers to the same level.

Arçelik's Washing Machine Factory in Romania and Refrigerator Factory in Eskişehir as well as Ford Otosan's Factory in Kocaeli have joined the Global Lighthouse Network, recognized by the World Economic Forum for their notable Industry 4.0 efforts.

### Digital Lean Workplace

To create lean processes in the workplace and enable employees to focus on more value-added activities, we implement digital technologies which facilitate their daily work. This contributes to the satisfaction and engagement of employees and increases efficiency.

More than **1,800** digital transformation projects

# Digital Transformation Program

## ► ► ► Group Wide Supportive Activities

### Data and Analytics

Data analytics is one of the main focus areas of the digital transformation program. It enables Group companies to perform more accurately and efficiently with data-based decision-making. KoçDigital supports group companies as a major driving force in Digital Transformation Program and is a solution partner both for Group companies and external clients.

### Industry 4.0

12 manufacturing companies in the Group focus on implementing Industry 4.0 to increase efficiency and productivity. They continue to integrate IoT in production facilities both in Turkey and abroad. At the end of 2022, two out of every three manufacturing facilities in the Group are managed by end-to-end IoT platforms.

### Digital New Initiatives

New business models and ideas are evaluated by Group companies and by Koç Holding's startup technology investment company Inventram, and investments are made in high-tech digital companies.

### Cultural Transformation

Culture shift is a big enabler for digital transformation and agile organizations. Cultural transformation is driven by the vision of leadership and embracing all employees and the wider ecosystem.

### Awareness and Communication

"KoçHub", which is the Koç Group's new generation interaction and communication platform, has been adopted by the Group employees and expanded their sharing under 1,886 different groups on this platform. As a part of the "For My Country: I Design the Future" program, which is the new phase of the "For My Country" project, ongoing efforts continue to ensure that employees and stakeholders in the ecosystem can benefit from the opportunities presented by the digital transformation.

## Competency Development

Training programs were implemented for Group employees where they learned "Low Code / No Code" software programs that enable software development by writing no or simple codes and generating digital solutions specific to their work-related needs. To develop competencies and upskill the workforce, training on digital transformation topics (data analytics, coding, machine learning, strategy, and leadership, etc.) from leading organizations in the world such as Harvard Business School Online and Udacity are offered to our employees. The "Personal Development Program" for senior executives to develop their adaptive leadership skills and vision for the digital world continued.

Digital transformation-oriented online education programs, offered by the Columbia Business School, MIT Sloan, the University of Oxford, the London School of Economics, the University of Cambridge and the University of Berkeley, continued.

The Modular MBA Technology and Innovation Management Specialization Program by Koç University continued. The Program developed for employees working in engineering, focuses on the subjects of the digital world.

## Community Initiatives

The Koç Group's global presence, stakeholder relationships, digital transformation, and innovation initiatives through the Cultural Transformation Program offer opportunities to combat wildfires with innovative technologies. Efforts were made to address the aftermath of the 2021 wildfires by employing the Group's AI expertise in collaboration with the Directorate General of Forestry. Utilizing data sources like digital maps, satellite images, and real-time weather data, an advanced analytical model was developed by KoçDigital to predict and plan for wildfires. This initiative is being led at the World Economic Forum's AI and Machine Learning Platform in San Francisco. This project is also unique because it is the first-ever research and development activity at World Economic Forum's AI and Machine Learning platform.

## Cybersecurity as an Emerging Risk

The digital world introduces inherent cyber risks. According to the World Economic Forum's **Global Risk Report 2023**, the threat of widespread cyber-crime and vulnerabilities in cyber security are among the most severe risks facing businesses, governments and the public over the next decade. As hybrid working has become more prevalent, new threats have emerged, leading to the adaptation of security solutions within our cybersecurity ecosystem.

Cyber risks are classified under the operational risk category within the Koç Holding Risk Management structure. The Board of Directors supervises risk management processes including cybersecurity risks of Koç Holding and group companies via the Risk Management Committee currently chaired by Mr. Peter Martyr, an independent board member. The Committee is informed through detailed risk assessments at least 4 times a year. At the Holding level, Koç Holding Information Security Committee, overseen by the Executive Management, designs the relevant information security processes, approves, and publishes the procedures and instructions in accordance with the information security standards and strategy set under the Information Security Policy. CIO leads the Information Security Committee. The Committee consists of CIO, Information Security Manager, and IT Audit Manager. In case of extraordinary agenda, participation of relevant departments such as Legal and Human Resources can be provided. Cyber risks are included in the CEO's and the GMs' Objective and Key Results (OKR). Group's cyber security issues and risks are handled at monthly meetings of the Cyber Security Committee, led by Holding Information Security Manager, and consists of the cyber security experts of our group companies.

On a regular basis, the cybersecurity risks faced by our group companies are collectively assessed as a corporate risk card by Koç Holding IT, and the findings are reported to both the top

management of the company and the Holding's senior leadership in a comprehensive manner.

We apply a realistic risk-based security management methodology to prevent cyber-attacks. Security policies, standards and SANS CIS Security Controls are implemented into this methodology. We perform annual audits for each Group company based on globally recognized frameworks (COBIT, ISO27001, CIS20) and Koç Group IT Standards Audit, and maturity assessment results presented to the CEO and relevant committees. Cyber insurance policy is in place for Koç Group companies that include precautions for cyber threats. Furthermore, cybersecurity awareness training is held for our employees and is part of the employee performance evaluation.

A cyber security awareness program including emerging risks are carried out. With this program, various activities can be conducted based on the profiles of employees within our group companies, enabling tailored approaches to address their diverse needs and skill sets.

An Operational technology (OT) security governance model with organizational structures, policies, and procedures is designed by IT Security Committee for Koç Group Companies. The governance model closely covers all parties in the organization from across security, OT as well as IT.

A cybersecurity intelligence service is employed across the group for a comprehensive security approach. This service protects an organization's digital assets by identifying potential threats, prioritizing security measures, and enhancing situational awareness. It aids in incident response planning, employee training, and risk assessment while fostering collaboration with industry peers and ensuring compliance.

# Digital Transformation Program

## Arçelik: Digital Scope 3 Sales Emissions Monitoring System

- ▶ ▶ ▶ Reducing Scope 3 emissions related to the products is a critical issue for Arçelik. To address this, Arçelik has developed an in-house "Digital Scope 3 Sales Emissions Monitoring System" in collaboration with the Regulations, IT, and Environment teams.

This system enables Arçelik to monitor sales, SKUs, and country-specific data, as well as retrieve product emission data from 41 countries. It can

calculate use-phase emissions for 24 product categories, including major and small home appliances, and air conditioner.

The Digital Scope 3 Sales Emissions Monitoring System provides access to annual budgeted orders and long-term plans, conducts simulations on energy-efficient products, and helps determine the appropriate product strategy to meet Arçelik's emission targets. By considering factors such as costs, market demand, and other relevant parameters, this system provides valuable input for Arçelik's decision-making processes.

Furthermore, the system establishes a systematic infrastructure for emission reporting, allowing for swift intervention and strategy development in regions with high Scope 3 emissions resulting from product use.

# Innovation / Research and Development

- ➤ ➤ R&D and innovation play a crucial role in establishing resilient businesses and societies.

It drives problem-solving and presents significant opportunities amidst the ever-evolving social and environmental challenges, including the climate crisis. By embracing advancements driven by technology, innovation has the potential to generate new employment opportunities and enhance living standards. Scaling these transformative and disruptive solutions contributes to sustainable development and achieving Sustainable Development Goals (SDGs). Furthermore, the emergence of clean technologies such as electric vehicles (EVs) and solar power holds promising advantages for transitioning towards a low-carbon economy. The Koç Group companies consistently demonstrate their commitment to innovation, utilizing patented proprietary technologies and robust research and development capabilities.

By prioritizing technology-driven growth and innovation, the Koç Group allocated approximately TL 6.8 billion to

**6.8 billion TRY**  
investment to R&D  
in 2022

**7%** of the total  
R&D expenditure in  
Turkey's private sector

R&D in 2022. The Koç Group is responsible for about 7% of the total R&D expenditure in Turkey's private sector. With 35 R&D centers, one design center, and eight Technopolis R&D offices, it has the highest number of R&D centers of any group in Turkey. The Koç Group employs 6,218 R&D personnel, corresponding to 4% of all personnel working in R&D in Turkey's private sector.

Koç Holding and Ford Otosan were 2 of the 3 Turkish companies included in the European Commission's "2022 EU Industrial R&D Investment Scoreboard" report comprising the world's top 2,500 R&D investors.

## European Union (EU) Projects

While the Koç Group companies hosted Horizon Europe Program Private Sector Awareness Raising Event, Koç Holding launched a specific mentoring program for its stakeholders in 2022. The Group companies took part in 72 projects under EU Horizon 2020 and Horizon Europe programs and 17 under the EUREKA program. Three Koç Group companies, namely Ford Otosan, Arçelik and Tofaş, were placed in the top ten in the list of the "Most Successful Turkish Industrial Organizations in Horizon Europe" published by TÜBİTAK (the Scientific and Technological Research Council of Turkey).

**4%** of all employees  
working in R&D in  
Turkey's private sector

**72 projects** in the EU  
Horizon 2020 program and  
**17 projects** in the Eureka  
program

# Innovation / Research and Development

## TürkTraktör: Agricultural Drone

» » » TürkTraktör, which supports innovative, technological, and sustainable agricultural practices for the future of agriculture, introduced the TürkTraktör Drone brand in 2022 to provide drone-based spraying support.

The technology-driven TürkTraktör Drone Services offer cost, labor,

and time savings in large-scale pesticide application, along with easy operation and maintenance, high efficiency, and environmental protection benefits.

As of the end of 2022, drone spraying services are available at five pilot dealerships, and the aim is to expand this service network with four new dealerships in 2023.

Furthermore, the long-term goals include reaching a coverage area of 2.5 million hectares with agricultural drones by the end of 2027, saving 100 million liters of water and agricultural pesticide, and contributing to environmental benefits compared to conventional machinery.



**Empower people.  
Together**

DELL

©2019 YaptKred

# Empower people. Together

Our aim is to create a community of empowered and engaged employees who have the knowledge and skills to reinvent the future's business models. In accordance with our vision to grow globally, we attract, retain, and develop multi-skilled talents and strengthen employee engagement in all the countries where we operate.

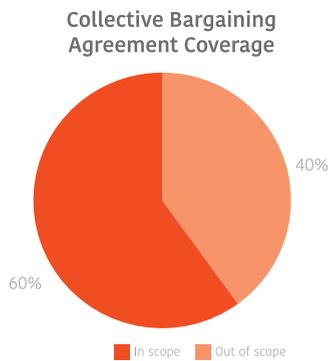
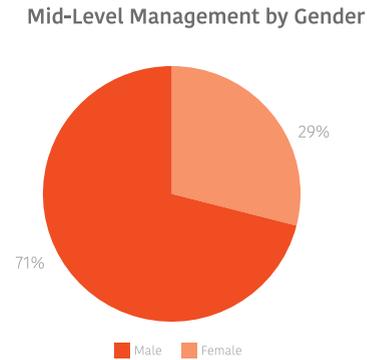
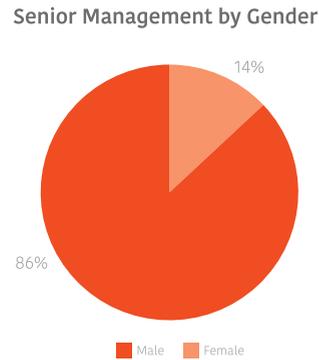
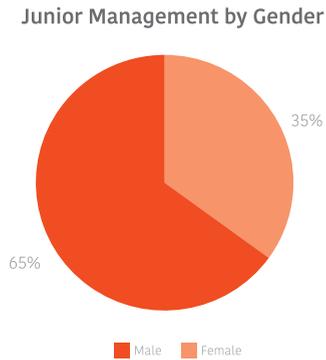
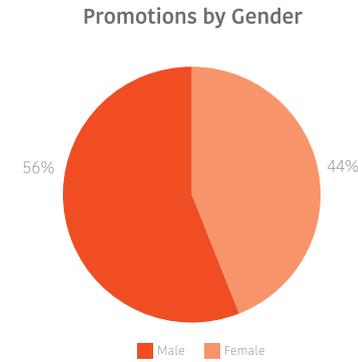
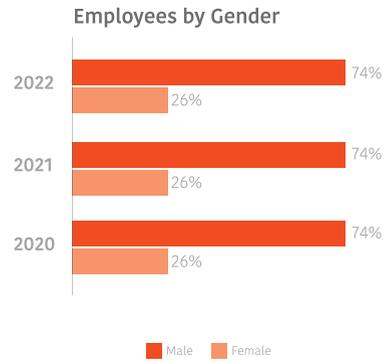
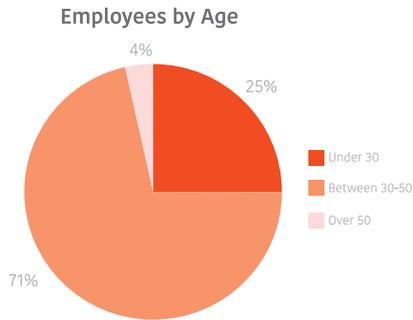
In our business model, we always put people first to empower and help them to thrive in an agile business environment. The people-first approach has enabled Koç

Group employees to reach their full potential and supported us in becoming role models in our industries.

We focus on equipping people with the skills they need and building the most talented and inclusive workplace in line with Koç Group Code of Ethics, Business Conduct, and the SDGs. We maximize our collective potential to develop future solutions that will meet some of society's most pressing challenges.



# Koç Group Employees in 2022



Largest employer in Turkey with approximately **115,000 employees\***

\* This is the total number of employees in all of Koç Group. However, this Report covers 67% of the total workforce corresponding to 76,371 employees.

### ► ► ► **Employee Wellbeing**

We always support all our colleagues to lead a healthier life. Therefore, it is crucial for Koç Group to not only focus on physical health but also focus on the mental, social, emotional, and financial health of our colleagues. To this end, we provide benefits to support them to be healthier individuals both in their business and private lives.

In the last 3 years, 36,708 online appointments were made, and 20,485 messages were received through our "Online Policlinic" service. As of the end of 2022, 88 doctors as specialists in 22 different branches provide service in our "Online Policlinic" platform. Throughout 2022, 2,554 of our employees attended 20,150 "free of charge" online interviews and the satisfaction score was 4.82 out of 5. In addition to 2,554 reservations in the Online Policlinic, 1,835 employees have attended 14,415 sessions through the "Online Psychological Support" service. And finally, through our "Online Dietician" service, 1,672 employees have completed 7,734 sessions.

"Code Lotus Mindfulness" training was another program commissioned together with the American Hospital which was free of charge for our colleagues. With this program, we aimed to support our employees by informing them about establishing a work-life balance, coping with stress, and achieving inner peace.

Trainings and activities of Koç Group Sports Club continued both online and face-to-face. All courses were presented via social media channels. Online sports consultancy services were provided to employees and their families by Koç Group Sports Club experts.

In addition to supporting physical activities, a partnership was established with FitBit, which is a smartwatch brand, and "Step Competition" was launched across Koç Group in September. More than 8,600 employees participated in the activity and more than 1 billion steps were taken.

It is important for us to create benefits for the family members of our employees. With the "Ailem Gvende" program, families of our colleagues benefit from private health insurance, which is unique in the market since it also covers current illnesses. In addition, employees and their families have special discounts at the American Hospital, Koç University Hospital, and American Outpatient Medical Center, which are institutions of Vehbi Koç Foundation. Moreover, Medavantaj application in cooperation with Medihis, offers discounted services in many health institutions for our colleagues and their families.

Also, to support our employees financially, our interest-free financial support program, which was introduced in 2020 due to the pandemic, continued in 2022.

### ► ► ► **Hybrid Working Model**

Working models need to be differentiated according to the role, specific conditions, and needs of each employee. In this sense, we are the first and largest industrial group in Turkey to permanently adopt hybrid working principles. We provide WIFI and lunch support for all hybrid working employees for their remote working days. In addition to these, we consider online meeting, collaboration, and socialization needs while redesigning our offices.

For enhancing the office experience, we launched “Koç Office Free”, an online open workspace reservation system, which enables our colleagues to work in any Koç Group Office. Currently, more than 71 collective open workspaces are available in Turkey. Moreover, we expanded the project to 5 different countries in which Koç Group operates.

Considering the adoption of new working models and the impact of the pandemic, we designed a training program called ReMood. This program is designed exclusively for our Group with the best experts in their field from the top institutions. The training program includes a variety of modules covering global trends in many areas such as well-being and work-life balance, personal effectiveness, leading teams, and building trust in the new working environment. More than 22,000 employees participated in the program in 2022.

#### **KoçAilem Peer To Peer Blood Donation Platform**

In September 2020, we launched KoçAilem Peer-to-Peer Blood Donation Platform which brings together our

employees with other volunteers in the digital environment when blood is needed. Thanks to this blood-sharing platform, 10,000 Koç employees have volunteered, and more than 650 blood requests have been met.

#### **Online Market Privilege**

In order to support the grocery shopping expenses of our employees and their families, we have implemented an online supermarket project on our KoçAilem Loyalty platform. From basic food to cleaning products, personal care products, beverages, and snacks, we offer very affordable grocery shopping, 365 days a year, in hundreds of brands. We have door-to-door delivery services in 81 cities in Turkey.

#### **Koç Group Sports Club (KTSK)**

Established to promote a healthy lifestyle at Koç Group as well as to organize sports, and social and cultural activities for colleagues and their families, KTSK offers many sports activities. We also promote the unifying spirit of sports in our Group through the Koç Group Sports Festival, which we have been organizing for 34 years and is the largest corporate sports event in Turkey.

#### **The Grove**

With many sports and social facilities, our Grove offers colleagues and their families the opportunity to take a breath of fresh air in the city. In the Grove, where you can take a break from the hustle and bustle of life, you can either take a cultural tour with art exhibitions or have a pleasant time with your family in the picnic area.

### ▶ ▶ ▶ **KTSK - Earthquake region activities**

As part of April 23rd National Sovereignty and Children's Day, thousands of children took part in the Koç Children's Festivities organized by Koç Group Sports Club in Adıyaman, Hatay, Kahramanmaraş and Malatya, which are among the most affected earthquake-hit cities, with the support of Arçelik, Aygaz, Beko, Bilkom, Divan, Düzey, Entek, Ford Otosan, Koçtaş, Opet, Otokoç Otomotiv, Sendeo, Tüpraş, Yapı Kredi and our volunteers.

At Koç Group Sports Club, we are also setting up Sports Schools for 8-16-year-old children who will be living in the Container Cities. Our Sports Schools, which will include Athletics, Basketball, Football, and Volleyball, will introduce thousands of earthquake-stricken children to sports.

### **"HackYourJob" Hackathons**

In line with our strategy to equip our employees with the skills that will be required in the future, we have implemented a group-wide "HackyourJob" program. The program is designed to enable a "citizen developer" concept in our companies. Through separate "Hackathons" in each of our companies, non-IT employees will develop mobile/desktop applications and robotic automation by themselves through Low Code / No Code tools.

"Hackathons" are three-day events and are organized separately in our companies. Teams that consist of three employees apply with their own projects to participate in these hackathons. During the event, employees are trained on low-code tools and create their own applications and/or robotic processes.

So far, we have completed hackathons in 19 different companies and 492 employees participated in 164 different projects.



► ► ► **Agile Way of Working**

Agile way of working is at the core of our cultural transformation agenda. For the past few years, we have been implementing an Agile Transformation initiative across Koç Group, focusing on a change in culture, way of working, and organizational design. With this initiative, we aim to address requirements in today's rapidly changing business environment, customer expectations, and digitalization.

We are currently the largest agile community in Turkey with more than 11,000 colleagues and more than 1,300 teams across Koç Group working with agile methods. We have over 230 agile coaches, who have been trained in our training programs, promoting agile mindset in their respective organizations.

We have established "Koç AgileAcademy" in order to enable Groupwide agile capability development, accelerate the cultural transformation and create an agile ecosystem for knowledge sharing. Koç AgileAcademy is a global first in its own category with no comparable scale and scope. Through the Academy, we offer over 30 programs in partnership with more than 20 institutions with world-leading expertise in Agile, including but not limited to Harvard Business School, MIT, Scrum.inc, Business Agility Institute, McKinsey, and BCG. The training programs are designed with a holistic approach, encompassing different development journeys for all roles and organizational levels.

We designed a unique 2-years agile coach program, in which we heavily invest in our agile coaches with the most valuable partners such as Harvard Business School, MIT,

Kanban University, Scrum.inc, Neuro Leadership Institute etc.

To date, approximately 12,000 people benefited from Koç Agile Academy programs and over 100 top executives participated in the Agile Leadership Program launched for the adoption of agile philosophy at the leadership level.

In addition to agile capability development, we focus on continuous improvement of our way of working through monitoring agile metrics and regularly performing "agile maturity assessments". Through these assessments performed in cooperation with the Business Agility Institute, we evaluate our "agile maturity" and identify improvement areas in our work culture.

As one of the driving forces behind cultural transformation at Koç Group, the transition to an agile way of working has enabled collaboration, autonomy, and initiative for all of our colleagues while creating opportunities for continuous growth across the Group.

### **Koç Dialogues**

Koç Dialogues training program was designed in 2020 in collaboration with Columbia Business School, Neuroleadership Institute, and Emeritus to enable the transition to a new performance management system for the whole group. In addition to supporting the transition process, the program focused on creating a culture that empowers the employees in communication, effective feedback, change management, and career management areas. More than 32,000 office employees participated in the program.

# Talent Management

- ▶ ▶ ▶ We invest in the competencies of the future to equip our employees with the skills and motivation they need to prosper in tomorrow's workplace. We want our workplace to become more flexible, agile, dynamic, bold, collaborative, and entrepreneurial, in order to attract the best emerging talents.

Training and development opportunities are offered to ensure employees reach and exceed their potential. In addition to training in areas such as environment, ethics, and OHS, many different training programs are offered to employees for technical and leadership development in line with future business models.

Various mechanisms are implemented to provide a good employee experience to the talented individuals joining the Group and to evaluate them in the talent pool of the Group companies. Prospective employees are involved in competency-based evaluation processes designed for different organizational levels and positions. Employees

who possess top executive-level competencies are identified by the "Assessment Center". This enables an effective succession plan for top executive positions and proactively supports candidates for these positions via training-development programs and job rotation opportunities.

The succession planning process is executed each year by proactively building up internal, cross-company talent pools. Customized development plans are made for all successors with the aim of preparing them for future roles.

As a result of the historical and very structural succession planning for our top executive roles, **in the last 7 years, 90% of Koç Group's top executives** were promoted from within.

# Talent Management

► ► ► At Koç Group, employees are provided with the possibility to rotate between more than 100 companies in more than 40 countries and throughout more than ten industries. In 2022, 3,000 employees of the Koç Group participated in intra-Group rotation processes and started their new jobs in different sectors, companies, and departments. Koç Kariyerim, Koç Group's career platform, is used to announce all available positions within the Group. Group employees are given priority for filling open positions. Koç Kariyerim was made available for use also by non-Group candidates in 2021, giving access to career opportunities at the Group companies collectively on the platform. The artificial intelligence technology that went online in 2022 allows candidates to upload their existing CVs to the system and create their profiles, upon which they are matched to roles that correspond to their skills.

We support our potential leaders to become executives across Koç Group through a leadership development program called LiderSensin. The program is a dedicated talent management program designed to discover talented employees with high leadership potential that the Koç Group will need for future executive positions and prepare them for the future. The program consists of 3 modules and runs for 2 years. Inspired by the current strategies and human resource planning of the Koç Group, program content is redesigned for each period.

We believe that the internship process is an important step in creating and developing talent resources. This year 40% of the new graduates joining the Koç Group completed their internship at Koç Group companies. 90% of our interns stated that they were satisfied with their internship experience.

More than **3,600** Koç Group interns attended different training programs. During their internship, **92%** stated that they want to work at the Koç Group company after they complete their internship.

Koç Holding has ranked as **Turkey's #1 in Forbes World's Best Employers List** for the **last 6 years**, proudly representing our country in the global arena. In 2022, Koç Holding ranked as the **161<sup>st</sup> company worldwide** while continuing to maintain its number one position in Turkey.

**16 of Koç Group Companies** were awarded as **Best Employer** in the "Kincentric Best Employer 2022 Awards" among **350** companies from **40** different sectors.

### ► ► ► **Koç Academy**

Koç Academy is the Learning Experience Platform that provides more than 12 thousand online video content, including health and lifestyle, digital technologies, family, hobbies, and personal development categories to Group employees and their families. The platform can be accessed from all mobile devices.

As part of talent management, Learning and Development (L&D) programs which are designed in collaboration with leading institutions in the world and Turkey, are offered to the Koç Group employees. Koç Group aims to support their employees in a wide range of areas such as leadership, strategy, change management and digital competencies at different stages of their careers with L&D programs offered under the "LEAD" brand.

To develop and strengthen the managerial and digital transformation competencies of Koç Group employees, LEAD offers more than 360 different programs. Among these programs, "Personal Development Program (PDP)"

and "Agile Leadership Program" are designed internally for the top executives. With these development programs, we aim to deepen the global perspectives of our top executives and management teams, while strengthening their leadership behaviors. The top executives also participate in "Advanced Management Program (AMP)" and "Program for Leadership Development (PLD)" from Harvard Business School.

LEAD offers programs from top global institutions such as BCG, McKinsey, Harvard Business School, MIT Sloan, Columbia Business School, University of Cambridge etc. From 2015 through 2022, more than 3,500 employees had participated in the programs of these prestigious institutions. In addition, Koç University's Executive Master of Business Administration Program (EMBA), Master of Business Administration Program (MBA) and MSc in Finance enable Koç Group employees to develop their management and leadership skills and equip themselves with the analytical infrastructure that will contribute to their career development.

# Diversity and Inclusion

► ► ► We believe that diversity and inclusion in the workplace are essential to integrating sustainability into business. Companies with a diverse and inclusive workforce perform better in their business with their increased innovation capacity while employee loyalty and satisfaction are also higher in those organizations.

We have been implementing a wide range of initiatives to offer equal opportunities to employees at all levels. Accordingly, we updated our training programs and support systems to cover all job categories to enable all employees to access the same communication platforms.

At Koç Group, we strive to create an environment that meets the needs and expectations of all employees, regardless of their gender, religion, sexual orientation, language, ethnicity, race, beliefs, faith, disability or any other personal attribute protected by law. We focus on creating an inclusive culture for a more productive and collaborative workplace across our value chain. The Koç Group Human Rights Policy adopts a comprehensive approach to eliminating all forms of discrimination and prejudice related to gender at work.

In order to promote and ensure gender equality at all levels throughout the Group:

- Together with Koç Holding, 30 Group companies became signatories of the UN Women's Empowerment Principles (WEPs).
- Koç Holding partnered with UN Women's HeForShe movement and became one of the 10 Impact Champions of the HeForShe between 2015-2021.
- Koç Holding is a global member of UN Women Unstereotype Alliance fighting detrimental stereotypes in all kinds of media and advertising contents.
- Koç Holding has become one of Generation Equality Forum Action Coalition Leaders on Innovation and Technology.

In line with our Board Diversity Policy approved by the Board of Directors in 2021, we aim to keep the ratio of women members in the Board of Directors at least 30% at all times.

# Diversity and Inclusion

- ▶ ▶ ▶ We pursue gender equality in the business environment with the aim of ensuring that all positions and roles attract more women applicants. We aim to strengthen women's representation in executive roles, our management succession plans are prepared to cover at least one woman successor for each position.

In order to ensure that every candidate is assessed under equal and fair conditions during the recruitment processes, we use genderless vacancy announcements. In addition, we implemented the "Recruitment Accreditation" program to improve the competence of recruiters.

We improved counseling services offered before and after maternity leave, childcare and nursery assistance, and workplace safety. In 2021, 95% of women employees who took maternity leave returned to work following the end of their official leave. 18% of women employees also benefitted from childcare provision.

Salaries by Level	Ratio (Average Women/Men Salary)
Executive level (base salary only)	0.99
Executive level (base salary + other incentives)	1.05
Management level (base salary only)	1.01
Management level (base salary + other incentives)	1.01
Non-Management Level	1.02

## Generation Equality Forum

### Action Coalition on Technology and Innovation for Gender Equality

To ensure gender equality in technology and innovation, we are one of the leaders of the Technology and Innovation Action Coalition of The Generation Equality Forum and announced three commitments that will contribute to the global efforts on the topic.

One of our commitments is to endorse Koç Group Companies to become global commitment makers for solutions and to create and scale transformative change. We have engaged Koç Group companies in energy, automotive, consumer durables and finance sectors, Aygaz, Arçelik, Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, to be global commitment makers. Along with a number of commitments the companies also set targets to boost the number of women employees in the technology and innovation departments, setting minimum ratios to 30 percent.

Full set of commitments and details on this topic can be found under **Strengthen communities. Together** section.

# Occupational Health and Safety

- ▶ ▶ ▶ Koç Group strives to achieve excellence in occupational health and safety (OHS) standards throughout all of its operations in line with its target of zero accidents. OHS rules are an integral part of business culture.

Koç Group continued its activities in 2022 in accordance with commitments specified in OHS Policy. The main objectives of the OHS Policy are; to provide a healthy and safe working environment for our colleagues, to develop approaches to prevent possible occupational diseases and injuries, and to make the necessary effort to achieve zero accident targets. As well as working in accordance with legal obligations, Group policy and procedures, managing our operational activities within a framework based on continuous improvement, and improving our OHS performance by using the best available technologies are also taking place in OHS Policy to ensure and sustain a robust safety culture.

Koç Holding health and safety audit program which had been launched to verify compliance with Koç Group OHS Management System Procedure was completed in the first quarter of 2022. In total, 67 facilities of our 31 companies were evaluated based on the requirements of 20 main subjects (Control of work, emergency management, driving safety, working with contractors, management of change, risk management etc.) and actions were planned by identifying areas for improvement. All audit reports were shared with related Top Executives. A process has also been started to follow-up the actions to ensure implementation and integration into the field.

With the participants from Group companies, project groups were

established within the OHS committee to improve some areas in OHS standards. Although the minimum requirements are defined in the Koç Group OHS Management System Procedure; Incident Investigation Standard revision process and Management of Change Standard preparation started in 2022.

Management of Change project group designed a system to ensure that all stakeholders will be aware of the changes made in our Group companies and the risks of the changes will be managed successfully.

In the Incident Investigation Standard revision, high-potential incidents and major accidents were focused on in order to have a similar standardized investigation process across the Group. By doing this, it is aimed that recurrence of similar accidents will be prevented by defining the root causes in a systematic approach.

Besides, another project team set the minimum requirements for safe driving of motorcycles and similar vehicles by the need of new business areas. Together with these activities, our last project group put effort to create a central online training content which will explain the 20 main topics of Koç Group OHS Management System to be given to all Koç Group employees. Also, studies on behavioral safety, which is considered as an improvement area, were conducted in 2022 as well.

The details of the Koç Holding OHS Management System Procedure can be accessed from [here](#).

More information on occupational health and safety can be found at [Koç Holding 2022 Annual Report](#).



Strengthen communities.  
Together

# Strengthen communities. Together

At Koç Group, we believe that strong and stable communities are vital foundations for business success. Over the years, we have been a first-mover in supporting community initiatives. We focus on driving large-scale and long-lasting programs that create social change. Through the impact we create, our business becomes stronger, our network becomes connected, future generations have more opportunities, and everyone in society feels part of something that matters.

We have the potential to create a paradigm shift in the areas in which we invest. When our employees, distributors, suppliers and their families are combined, we reach out to an audience of half a million people. Engaging this many people

that can effect change can start a movement that spreads through communities and beyond, creating a positive social transformation.

Through our community investments, we aim to create sustainable, scalable and replicable models for lasting impact in the five focus areas of “**Lead. Together**” - digital transformation, innovation, future talent, diversity & inclusion and low-carbon transition. We focus on the societal effects of complex issues material to Koç Group and collaborate with stakeholders to increase the prosperity and equality in the world, where we do business. By doing so, we aim to create shared benefits for society and our business.



# Generation Equality Forum

## Action Coalition on Innovation and Technology

- ▶ ▶ ▶ The Generation Equality Forum is a global, multi-stakeholder initiative coordinated by UN Women and co-hosted by the governments of Mexico and France. Through the Generation Equality Forum, UN Women strives to expedite advancements in gender equality by 2030, in line with the vision set in the Beijing Declaration and Platform for Action.

In 2022, Koç Holding embarked on a new mission within the global leadership group. It was the sole private sector company chosen to join the Generation Equality Multi-Stakeholder Leadership Group of the Forum, which will shape fundamental policies worldwide for the next four years.

The Action Coalition of Technology and Innovation for Gender Equality, led by Koç Holding, works on transformative projects in technology and innovation to remove the barriers to equality.

As one of the Action Coalition Leaders on Technology and Innovation, Koç Holding has assumed another major mission towards ensuring gender equality on a global scale after the HeForShe initiative. In addition, the roadmap and five-year goals were set for global roll out.

We announced three pledges in this context:

- 1. To adopt a gender-sensitive approach to innovation activities carried out under the Koç Innovation Program throughout the Koç Group, and to create a global blueprint.** The Gender Transformative Innovation (GenderxInnovation) guide was created through collaborations between the private sector and civil society organizations that are members of the Action Coalition on Technology and Innovation for Gender Equality, with the participation of Koç Innovation Program leaders. Currently, there are ongoing efforts to share the insights and outcomes discussed in the guide with the broader innovation ecosystem, the Koç Group companies, business partners, startups, and the global network of the Generation Equality Forum. The aim is to ensure that the valuable knowledge and results outlined in the guide reach and benefit a wide-ranging audience. Koç Innovation Program representatives continue to work with UN Women and Action Coalition Leaders on Technology and Innovation to fulfill the pledge.

# Generation Equality Forum

## Action Coalition on Innovation and Technology

2. **To endorse Koç Group Companies to carry their ongoing projects and future-oriented plans towards women and girls in technology and innovation into the global network of the UN Women Generation Equality Forum, and to become global commitment makers for solutions.** In cooperation with the UN Women's Generation Equality Forum, we have launched a gender equality movement in technology and innovation to mobilize our Group companies. The commitments of 8 Koç Group companies, Aygaz, Arçelik, Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, which have the capacity to influence their sectors, will have a collective impact and lead the transformation in society. Over 30 programs will be implemented to reach out to a total of 500,000 women and girls and to increase the representation of women in technology and innovation by 2026. In addition, the companies committed to set minimum targets of 30% women representation in their technology and innovation departments focusing on the fields of science, technology, engineering, and mathematics (STEM).

The commitments of each company can be reached [here](#).

3. **To support collaborations with women innovators to narrow the gender gap in technology and innovation.** To fulfill this commitment, initiatives of women innovators will be supported by the regional BOOST program implemented in partnership with UNDP and Koç University Entrepreneurship Research Center (KWORKS). While the implementation partner of BOOST in Turkey is KWORKS, StartUp Grind, the world's largest global entrepreneurship community, is one of the program's international implementation partners.

The BOOST: Women Innovators program aims to amplify, bridge, and connect women innovators to advance in the digital economy. Nine technology startups received personalized mentoring in leadership, business development, impact, and behavioral insights. Additionally, one of the innovators received a grant, while investor presentation preparations were completed for all participants, followed by investor meetings. Efforts are currently underway to expand the knowledge and experiences gained from the program to benefit the regional and global innovation ecosystems on a larger scale.

# Sustainability Foundations

- ➤ ➤ Ethics, compliance and sustainability governance are key issues which underpin all our activities, wherever we operate, and act as the foundations of our business success.

## Ethics and Compliance

Koç Group's portfolio and its growing geographical span require compliance with numerous local and international rules and regulations. Considering our extensive global operations and engagement with a wide network of stakeholders, it is crucial to earn our stakeholders' trust while ensuring high ethical standards of work.

Our Compliance Program launched in 2021, sets out the rules, policies, and procedures which are the building blocks of our high compliance standards. With the Program, we aim to respond more effectively to our stakeholder expectations at local and international levels, monitor compliance risks more systematically, and carry out with the motto of "We do the right thing!" Under the Program, we renewed our Code of Ethics and started implementing numerous compliance policies, including Sanctions and Export Controls, Anti-Bribery and Corruption, Supply Chain, Human Rights, Personal Data Protection, Gifts and Entertainment,

Whistleblowing, Donations, and Sponsorships policies. As a part of the Compliance Program, supported by the senior management of Koç Holding and Koç Group companies, departments and officers responsible for compliance were appointed. These individuals, together with their business units, are responsible for periodically conducting compliance risk assessments and analyzing the compliance risk exposure of activities, employees, and/or business partners. After these assessments are completed, if necessary, additional policies and procedures are prepared and adapted by Group companies. Documents and workflows are updated, and compliance trainings are provided regularly on issues with high risk.

Koç Holding Legal and Compliance Department monitors the compliance activities carried out throughout the Koç Group. In this way, we aim to identify the compliance risks that may affect the Group, take necessary measures, and implement the Compliance Program in an effective, equal, and consistent manner throughout the Group.

Reports and results related to the Compliance Program are regularly reported to the Risk Management Committee, comprising Independent Board Members.

Code of Ethics and other Compliance Policies can be accessed [here](#).

## ►►► Non-compliance

Any non-compliance with the Code of Ethics and Compliance Policies can be reported to Koç Holding Ethics Hotline (koc.com.tr/hotline). Koç Group Ethics Hotline, launched in the last quarter of 2021, is now available in more than 50 countries, in 35 languages online and in 15 languages via phone to all Koç Group companies' employees, business partners, and other stakeholders around the world. Ethics Hotline is managed by an independent third-party service provider that allows anonymous reporting. The Group's employees and stakeholders are protected against potential retaliation in connection with their reports.

In 2022, a total of 766\* cases were reported to the Ethics Hotline. Of these raised issues, as of 3 February 2023, 657 of them have been reviewed and/or investigated and finalized. Of these 766 cases, the breakdown of the raised issues and the outcome of the review/investigations are as follows:

Issues Raised by Type**	
Unfair Practices Against Employees	410
Acts Against the Interest of the Company	255
Non-compliance Actions of Business Partners	43
Regulatory Breaches	58

Outcome	
Unconfirmed/Unverified	256
Confirmed/Verified	173
Not Compliance Related	195
Unable to investigate due to lack of sufficient information	33

\* Includes the notifications related to the Companies which are controlled directly or indirectly, jointly or individually by Koç Holding A.Ş. and the joint venture companies listed in its latest consolidated financial report.

\*\* Please see Koç Group Whistleblowing Policy for the definitions, reporting structure and the investigation process.

Koç Group aims to protect its employees and stakeholders and take action when there is a breach of its policies. Accordingly, below actions and precautions have been taken in response to those cases where there is a substantiation of breach:

Internal Disciplinary Action	51
Legal Action	10
No Action Recommended	39
Policy/ Process Improvement	26
Termination of Job Contract	30
Training	17

The table below shows the "Human Rights" related cases that have been investigated and as a result, confirmed or verified:

Corruption or Bribery	0
Discrimination or Harassment	4
Customer Privacy Data	0
Conflicts of Interest	2
Money Laundering or Insider trading	0

To ensure that the Compliance Program is adopted by all stakeholders and to reinforce the compliance culture in the Group we communicated the Compliance Program to employees and organized interactive online and face to face trainings in the following areas: Code of Ethics, Anti Money Laundering, Anti-Bribery and Corruption, Human Rights, Sanctions and Export Controls, Competition Law, Data Privacy. Technical vocational trainings are also provided to employees responsible for compliance in Koç Group companies.

# Human Rights

▶ ▶ ▶ We are committed to respecting fundamental human rights our operations and in our value chain. The Human Rights Policy prepared under the Compliance Program is a guide that reflects Koç Group's approach and standards related to human rights. As per our Code of Ethics and the Human Rights Policy, Koç Group acts in accordance with global ethical principles on issues such as recruitment, promotion, career development, pay, benefits, and diversity, and respects the rights of its employees to establish non-governmental organizations and become union members of their own choice. We have zero tolerance for forced labor, child labor, or any form of discrimination or harassment.

The Koç Group Human Rights Policy is developed in line with international standards. We expect all of our business partners to comply with this policy. In addition, the Supply Chain Compliance Policy draws a general framework on

human rights, discrimination, harassment, freedom of association, forced labor, and child labor. The departments or officers in charge of compliance and relevant relevant business units conduct periodical risk assessments and analyze the specific compliance-related risks that operations, employees, and other business partners may be exposed to. Company policies and procedures are drafted in accordance with these assessments and analyses. The risk analysis is conducted to address and take action in all relevant compliance areas based on their likelihood and impacts. Human rights are also among the main compliance areas.

Stakeholders may report non-compliance with the Human Rights Policy to their senior manager or to the Koç Holding Ethics Hotline. The Koç Holding Human Resources Directorate is responsible for implementing the Policy.

# Performance Indicators

## Social Performance Indicators

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
<b>Employees</b>						
Number of employees	19,045	56,611	19,154	54,992	19,810	56,561
Total number of employees	73,656		74,146		76,371	

Number of employees by category	2021		2022	
	Monthly paid	Hourly paid	Monthly paid	Hourly paid
<b>Total</b>	<b>34,002</b>	<b>40,144</b>	<b>35,671</b>	<b>40,700</b>
Full-time	33,632	39,862	35,450	40,411
Part-time	370	282	221	289
Women	14,831	4,323	15,390	4,420
Men	19,171	35,821	20,281	36,280

Employees by Age	2020	2021	2022
Under 30	21,451	18,550	18,805
30-50	49,544	53,002	54,294
Over 50	2,661	2,594	3,272

Employee Turnover by Gender	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Number of employees left	1,969	5,495	3,791	9,899	3,292	9,052
Total number of employees left	7,464		13,690		12,344	
Employee turnover rate	10%		18%		16%	
Voluntary employee turnover rate	-		6%		5%	

Employees Breakdown	2021	2022
Disabled employees	2,144	2,254
Women employees in STEM positions	863	3,757
Women in management positions in revenue-generating functions	1,047	930

New Hires by Gender	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Number of new hires	1,466	4,385	3,417	9,094	3,766	9,743
<b>Total</b>	<b>5,851</b>		<b>12,511</b>		<b>13,509</b>	

Promotions by Gender	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Number of promotions	1,479	1,561	1,777	2,746	2,369	3,042
Total promotions	3,040		4,523		5,411	
Percentage of promotions	49%	51%	39%	61%	44%	56%

Salaries by Level	Ratio (Average Women/Men Salary)
Executive level (base salary only)	0.99
Executive level (base salary + other incentives)	1.05
Management level (base salary only)	1.01
Management level (base salary + other incentives)	1.01
Non-Management Level	1.02

Average Annual Training Hours	2020	2021	2022
		24	33

# Performance Indicators

## Social Performance Indicators

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
<b>Senior Management</b>						
Number of senior management	26	173	27	182	33	198

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
<b>Mid-Level Management</b>						
Number of mid-level management	970	2,277	945	2,272	985	2,362

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
<b>Junior Management</b>						
Number of mid-level management	1,466	4,385	1,098	2,371	1,246	2,285

	2021	2022
<b>Employees Subject to Regular Performance Evaluation</b>		
Percentage of monthly-paid employees who were subjected to regular performance evaluation	97%	95%
Percentage of hourly-paid employees who were subjected to regular performance evaluation	80%	84%

	2021		2022	
	Women	Men	Women	Men
<b>Parental Leave</b>				
Employees that took parental leave	1,063	2,738	1,080	2,116
Employees that returned to work after parental leave ended	1,009	2,579	896	1,983

<b>Workforce by Nationality</b>	2022
Turkish	77,31%
Romanian	4,22%
Russian	3,67%
Thai	3,20%
Pakistani	2,89%
South African	2,27%
Bangladeshi	1,67%
Other	4,78%

<b>Health and Safety Performance (Employees)</b>	2020	2021	2022
Work related fatalities	5	0	0
Injury rate (IR)*	6.18	5.91	4.37
Occupational illness frequency rate (OIFR)**	0.05	0.10	0.13
Lost-time injury frequency rate (LTIFR)***	3.15	2.89	2.81
Occupational health and safety training provided (person*hours)	626,981	732,602	746,550

<b>Health and Safety Performance (Contractors)</b>	2020	2021	2022
Work related fatalities	0	0	1
Injury rate (IR)	5.67	6.20	4.82
Occupational illness frequency rate (OIFR)	0	0.05	0
Lost-time injury frequency rate (LTIFR)	3.83	4.46	3.31
Occupational health and safety training provided (person*hours)	88,397	95,162	116,354

<b>Management by Nationality</b>	2022
Turkish	81,52%
Russian	1,88%
Thai	1,71%
Bangladeshi	1,59%
Pakistani	1,50%
Chinese	1,28%
South African	1,10%
Other	9,42%

# Performance Indicators

## Environmental Performance Indicators

GHG Emissions *	2022 Emissions (tCO <sub>2</sub> e)
Total scope 1 emissions	6,864,059
Total scope 2 emissions - market-based	127,838
<b>Koç Group Total scope 1&amp;2 emissions</b>	<b>6,991,897</b>

\* Koç Group total scope 1&2 emissions data includes emissions of Arçelik, Aygaz, Entek, Otokar, Otokoç, Tat Gıda, Tüpraş, Yapı Kredi. Koç Holding received a moderate level of assurance by British Standard Institution (BSI) in line with AA1000AS on its consolidated scope 1&2 emissions for 2022.

Water Withdrawal, Discharge and Consumption* (thousand m <sup>3</sup> )	2020	2021	2022
<b>Water Withdrawal</b>			
Surface water	17,843	14,923	17,478
Ground water	6,410	5,815	7,042
Municipal water	1,739	2,469	2,395
Treated urban wastewater and other sources	5,824	11,401	9,795
<b>Total water withdrawal</b>	<b>31,816</b>	<b>34,608</b>	<b>36,710</b>
<b>Water discharge</b>	<b>16,865</b>	<b>17,158</b>	<b>19,257</b>
<b>Water consumption</b>	<b>14,951</b>	<b>17,450</b>	<b>17,453</b>

ISO 14001 Certified Facilities	2020	2021	2022
Number of certified facilities	99	92	368
Number of facilities	115	107	926
% of certified facilities	86%	86%	40%

Waste by Type (tons) *	2020	2021	2022
<b>Total waste recycled/reused</b>	<b>298,517</b>	<b>375,670</b>	<b>290,813</b>
<b>Total waste disposed</b>	<b>11,787</b>	<b>11,001</b>	<b>11,301</b>
Recovered and recycled hazardous waste (R code)	26,192	57,753	28,072
Recovered and recycled non-hazardous waste (R code)	272,325	317,917	262,411
Hazardous waste disposed (D code)	6,244	4,362	4,925
Non-hazardous waste disposed (D code)	5,543	6,639	6,375
Hazardous waste sent to temporary storage	947	N/A	N/A
Non-hazardous waste sent to temporary storage	64	N/A	N/A
<b>Total</b>	<b>311,315</b>	<b>386,671</b>	<b>301,730</b>

\* All calculations are made in line with the Waste Management Regulation.

Environmental Trainings	2020	2021	2022
Total Training hours (Employees)	58,075	125,572	39,378
Number of participants (Employees)	32,481	38,825	45,481
Total Training hours (Contractors)	14,578	8,538	38,025
Number of participants (Contractors)	7,866	17,218	34,716

Environmental Expenditures and Investments (million TL)	2022
Total OpEx	437.5
Total CapEx	1,137
Total environmental expenditures and investments	1,574.5
Financial savings from environmental expenditures and investments	325.8

# Independent Assurance Opinion Statement

## Independent Assurance Opinion Statement

To the Management of Koç Holding

### Scope and Objectives :

BSI was commissioned by Koç Holding to conduct independent assurance of its 2022 Sustainability Report ('the Report'), as published on the company's website at <https://www.koc.com.tr/sustainability/sustainability-reports-and-policies> and to carry out an independent verification of scope 1 and scope 2 emissions indicators.

Our assurance engagement was planned and carried out in accordance with AA1000 Assurance Standard AA1000AS v3.

### BSI's approach

BSI's assurance engagements are carried out in accordance with our verification procedure. Reviewing the data collection and consolidation processes used to compile selected data, including assumptions made, and the data scope and reporting boundaries; We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We were engaged to provide Type 2 moderate level assurance, which covers:

- Evaluation of adherence to the AA1000AS v3 principles of inclusivity, materiality and responsiveness and impact (the Principles); and
- The reliability of specified sustainability performance information along with related claims in the report including:
  - Desk review
  - Site visit
  - Data sampling
  - Reporting

### Inclusivity, Materiality, Responsiveness and Impact principles;

Koç Holding has made a commitment to its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to CSR.

Koç Holding publishes CSR information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the Koç Holding's materiality issues.

Koç Holding has implemented the practice to respond to the expectations and perceptions of its stakeholders.

### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement

## Independence/Responsibilities of Koç Holding and of the Assurance Providers

BSI was not involved in collecting and calculating data, or in the development of the Report. BSI's activities are independent from Koç Holding. Koç Holding has sole responsibility for preparation of the Report. In performing our assurance work, our responsibility is to the management of Koç Holding.

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, and ISO 9001 EU ETS, GS, VCS, ISO 50001 etc. . BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI verification procedure. There is no limitation.

### BSI's Opinion

Based on BSI's approach, we believe that Koç Holding has:

- Met the requirements above
- Scope 1 and Scope 2 emissions.

### Verified Data

Verified data is given below under

GHG Emissions*	2017 Emissions (tCO <sub>2</sub> e)
Total scope 1 emissions	7,572,664
Total scope 2 emissions - market-based	129,471
Total Scope 1 and Scope 2 emissions of subsidiaries of the Koç Group companies	134,671
<b>Koç Group total scope 1&amp;2 emissions</b>	<b>7,836,806</b>
* Koç Group total scope 1&2 emissions data includes emissions of Arçelik, Aygaz, Entek, Otakar, Otokoç, Tat Gıda, Tüpraş, Yapı Kredi.	

GHG Emissions*	2021 Emissions (tCO <sub>2</sub> e)
Total scope 1 emissions	6,245,166
Total scope 2 emissions - market-based	127,516
Total Scope 1 and Scope 2 emissions of subsidiaries of the Koç Group companies	184,271
<b>Koç Group total scope 1&amp;2 emissions</b>	<b>6,556,953</b>
* Koç Group total scope 1&2 emissions data includes emissions of Arçelik, Aygaz, Entek, Otakar, Otokoç, Tat Gıda, Tüpraş, Yapı Kredi.	

GHG Emissions*	2022 Emissions (tCO <sub>2</sub> e)
Total scope 1 emissions	6,864,059
Total scope 2 emissions - market-based	127,838
<b>Koç Group total scope 1&amp;2 emissions</b>	<b>6,991,897</b>
*Koç Group total scope 1&2 emissions data includes emissions of Arçelik, Aygaz, Entek, Otakar, Otokoç, Tat Gıda, Tüpraş, Yapı Kredi. For 2022, Scope 1&2 emissions include data from the subsidiaries of the Koç Group companies.	

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.



Mehmet Kumru  
GHG Product Champion IMETA Region/Sustainability Team Manager

Date: 21.06.2023

**bsi.**

 **AA1000**  
Licensed Assurance Provider  
000-258

BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti.

Değirmen Sokak, No:16, Ar Plaza, Ofis: 61/62 A Blok, Kozyatağı / İstanbul

# GRI Content Index

Statement of use	Koç Holding has reported in accordance with the GRI Standards for the January–December 2022 period.		
GRI 1 used	GRI 1: Foundation 2021		
GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
<b>GENERAL DISCLOSURES</b>			
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Koç Holding Annual Report 2022 p:4-7	
	2-2 Entities included in the organization's sustainability reporting	3	
	2-3 Reporting period, frequency and contact point	3	
	2-4 Restatements of information	GHG Emissions for 2017 and 2021 have been updated.	
	2-5 External assurance	95	
	2-6 Activities, value chain and other business relationships	Koç Holding Annual Report 2022 p:57	
	2-7 Employees	92	
	2-8 Workers who are not employees	92	
	2-9 Governance structure and composition	Koç Holding Annual Report 2022 p:168-176	
	2-10 Nomination and selection of the highest governance body	Koç Holding Annual Report 2022 p:167	
	2-11 Chair of the highest governance body	Koç Holding Annual Report 2022 p:168	
	2-12 Role of the highest governance body in overseeing the management of impacts	36	
	2-13 Delegation of responsibility for managing impacts	36	
	2-14 Role of the highest governance body in sustainability reporting	36	
	2-15 Conflicts of interest	Koç Holding Annual Report 2022 p:160	
	2-16 Communication of critical concerns	90	
	2-17 Collective knowledge of the highest governance body	36, 51	
	2-18 Evaluation of the performance of the highest governance body	Koç Holding Annual Report 2022 p:27	
	2-19 Remuneration policies	Koç Holding Annual Report 2022 p:27	
	2-20 Process to determine remuneration	Koç Holding Annual Report 2022 p:27	
	2-21 Annual total compensation ratio	-	This information is not disclosed for reasons of confidentiality.
	2-22 Statement on sustainable development strategy	34, 35	
	2-23 Policy commitments	89-91	
	2-24 Embedding policy commitments	89-91	
	2-25 Processes to remediate negative impacts	89-90	
	2-26 Mechanisms for seeking advice and raising concerns	89-90	
	2-27 Compliance with laws and regulations	89-90	
	2-28 Membership associations	31	
	2-29 Approach to stakeholder engagement	39-40	
	2-30 Collective bargaining agreements	74	

# GRI Content Index

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
<b>MATERIAL TOPICS</b>			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37	
	3-2 List of material topics	38	
	3-3 Management of material topics	37-38	
<b>Anti-corruption</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	89-91	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	90	
<b>Energy</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44-50, 55-56	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	55-56	
	302-4 Reduction of energy consumption	55-56	
<b>Water and effluents</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	58	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	58	
	303-3 Water withdrawal	58, 94	
	303-4 Water discharge	58, 94	
	303-5 Water consumption	58, 94	
<b>Emissions</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44-56	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	55, 94	
	305-2 Energy indirect (Scope 2) GHG emissions	55, 94	
	305-5 Reduction of GHG emissions	55	
<b>Waste</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	61	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	61	
	306-2 Management of significant waste-related impacts	61	
	306-3 Waste generated	61, 94	
	306-4 Waste diverted from disposal	61, 94	
	306-5 Waste directed to disposal	61, 94	
<b>Employment</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	75-84	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	92	
	401-3 Parental leave	93	

# GRI Content Index

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
<b>MATERIAL TOPICS</b>			
<b>Occupational health and safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	84	
<b>GRI 403: Occupational Health and Safety 201</b>	403-1 Occupational health and safety management system	84	
	403-2 Hazard identification, risk assessment, and incident investigation	84	
	403-5 Worker training on occupational health and safety	93	
	403-6 Promotion of worker health	84	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84	
	403-9 Work-related injuries	84, 93	
	403-10 Work-related ill health	84, 93	
<b>Training and education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	79-81	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	74, 92	
	404-2 Programs for upgrading employee skills and transition assistance programs	79-81	
	404-3 Percentage of employees receiving regular performance and career development reviews	93	
<b>Diversity and equal opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	82-83	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	82-83, 92	
	405-2 Ratio of basic salary and remuneration of women to men	83, 92	
<b>Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	90-91	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	90	
<b>Customer privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	90	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	90	

# Our commitment to the Stakeholder Capitalism Metrics

In January 2021, Koç Holding became one of the initial endorsing companies of the Stakeholder Capitalism Metrics published by the International Business Council of the World Economic Forum.

As part of our commitment to promote transparent and comparable reporting, we are including a list of our disclosures based on the Stakeholder Capitalism Metrics "core" option.

Principles of Governance			
Theme	Core Metrics and Disclosure	Description	Reference(s)
Governing purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Our Manifesto, page 32
Quality of governing body	Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Sustainability Governance, page 36 Koç Holding Annual Report, Corporate Governance Compliance Report, page 312
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Materiality Assessment, page 37-38
Ethical behaviour	Anti-corruption	<p>1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</p> <p>a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and</p> <p>b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.</p> <p>2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p>	Sustainability Foundations, Ethics and Compliance, page 89, 90
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: <p>1. Seeking advice about ethical and lawful behaviour and organizational integrity; and</p> <p>2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.</p>	Sustainability Foundations, Ethics and Compliance, page 89, 90
Risk and opportunity oversight	Integrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Act for the planet. Together, Low-carbon transition, page 44 Grow the business. Together, Cybersecurity as an Emerging Risk, page 68

# Our commitment to the Stakeholder Capitalism Metrics

Planet			
Theme	Core Metrics and Disclosure	Description	Reference(s)
Climate change	Greenhouse gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Environmental Performance Indicators, page 94
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Act for the planet. Together, Climate-Related Risk and Opportunity Disclosure, page 51
Freshwater availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Environmental Performance Indicators, page 58, 94

# Our commitment to the Stakeholder Capitalism Metrics

People			
Theme	Core Metrics and Disclosure	Description	Reference(s)
Dignity and equality	Diversity and inclusion	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Empower people. Together, page 74 Social Performance Indicators, page 92-93
	Pay equality	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Empower people. Together, Diversity and Inclusion, page 82-83
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Sustainability Foundations, Human Rights, page 91
Health and well-being	Health and safety	1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Empower people. Together, Occupational Health and Safety, page 84 Social Performance Indicators, page 92-93
Skills for the future	Training provided	Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Empower people. Together, page 74

# Our commitment to the Stakeholder Capitalism Metrics

Prosperity			
Theme	Core Metrics and Disclosure	Description	Reference(s)
Employment and wealth generation	Absolute number and rate of employment	Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.  Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Social Performance Indicators, page 92-93
	Economic contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ul style="list-style-type: none"> <li>• Revenues</li> <li>• Operating costs</li> <li>• Employee wages and benefits</li> <li>• Payments to providers of capital</li> <li>• Payments to government</li> <li>• Community investment</li> </ul> 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	Koç Holding Annual Report, page 187
	Financial investment contribution	Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.  Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	Koç Holding Annual Report, page 228-229
Innovation of better products and services	Total R&D expenses	Total costs related to research and development.	Grow the business. Together, Innovation, page 70
Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Koç Holding Annual Report, page 31

## Acknowledgements

We would like to thank following individuals and companies for their support and collaboration.

**Sustainability Narrative and Design:** Radley Yeldar

**Sustainability Performance and Reporting:** S360

**Earthquake Section:** Nurten Yalçın Erüs, Author & Content Designer

**Report Design:** Caretta Communication & Consultancy

**"Lead Together" Visuals:** Muhsin Ergün

## For more information

Koç Holding Corporate Communications and External Affairs  
Sustainability Unit

[sustainability@koc.com.tr](mailto:sustainability@koc.com.tr)