



Koç Group
Sustainability Report
2018

Contents

3	About the Report	33	In Practice: Women Power
4	Chairperson's Letter	35	Health and Safety
5	CEO's Letter		
6	Koc Group At a Glance	36	Act for the planet. Together
7	Our Manifesto	39	Climate Change
9	Pathway to Lead. Together	40	Improving our Energy Efficiency
11	Part of the bigger picture: delivering the UN Sustainable Development Goals	41	Managing water risks
		42	In Practice: Addressing Climate Change Impacts
		44	In Practice: Circular Economy and Tackling Plastic Wastes
12	Grow the business. Together		
14	Digital Transformation	46	Strengthen communities. Together
16	In Practice: In Practice: KoçDigital & KoçDigital Academy	48	For My Country: I Design the Future
17	In Practice: Code.YapiKredi	49	Investing in 21st Century Skills in Vocational Training
18	Privacy and Cybersecurity	50	Gender Equality
19	Innovation	51	HeForShe
21	In Practice: Aykargo	52	In Practice: Addressing Stereotypes in Communications and Marketing
22	Suppliers and Distributors		
23	Empower people. Together	54	Corporate Governance and Risk Management
26	Future Talent	56	Sustainability Governance across Koç Group
27	Talent Management	59	Making It Happen with Stakeholders
28	In Practice: Personal Development Program	61	The way we engage with stakeholders
29	In Practice: BeGlobal Silicon Valley and BeGlobal China	62	Stakeholder Groups & Engagement Methods
30	In Practice: Partnering with Udacity	63	Materiality Analysis
31	In Practice: LiderSensin (You are the Leader)	65	Performance Indicators
32	Diversity and Inclusion	69	GRI Index

About the Report

Our 2018 Sustainability Report is prepared to share our environmental, social and corporate governance performance with our stakeholders. The sustainability performance of our subsidiaries, Arçelik, Aygaz, Ford Otosan, Koç Information Group*, Opet, Otokar, Otokoç Otomotiv, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, are included in the Report. The scope of the Report covers 73.8% of employees and 83.5% of the combined revenues. Group-wide initiatives and best practices from Koç Group companies are presented in the Report in addition to the sustainability data.

This report has been prepared in accordance with the GRI Standards: Core option. In the report our sustainability

performance is linked with United Nations Global Compact (UNGC) and Women Empowerment Principles (WEP) indicators.

The scope of the report is between January 1, 2018 and December 31, 2018. In order to demonstrate comparative results, we present our performance from previous years, where necessary. Additionally, developments in line with our sustainability approach and our future plans are covered in the Report. We are committed to disclose our sustainability performance annually.

For inquiries, opinions and suggestions regarding the report, please contact us via sustainability@koc.com.tr

102-45 / 102-46 / 102-49

* Koç Information Group does not represent a legal entity, but a common name for KoçSistem and Bilkom all of which are Koç Group companies. Within this report, unless otherwise stated, all performance and practice related information disclosed regarding Koç Information Group consists of the shared data and practices of these enterprises.

Ömer M. Koç / Chairperson's Letter

Dear Stakeholders,

It is a very special time. We are faced with new and extremely complicated problems due to geopolitical difficulties, disruptive changes due to technological advancements and threats to our very foundation – our environment. Conclusive scientific research is showing that there has been a dramatic decline in biodiversity globally and that climate change is happening quicker than had been previously understood.

I believe it would not be incorrect to define this period as the “era of contrasts”. Global economic development has delivered huge advances to our societies and yet this has not been shared equitably by all. We have made significant advances in efficiency and pollution reduction and yet environmental challenges are greater than ever. Rapid change in technology and travel have enabled people to trade, cooperate and share experiences and yet xenophobia is on the rise.

We are living through a period when people need ethical values more and are increasingly searching for “meaning” - a common purpose. A vision for sustainability as presented by the UN Sustainable

Development Goals provides such a purpose. After all, we are all dependent on each other to increase prosperity and be the stewards of our common climate and environmental resources which sustain us all.

This is also our greatest opportunity, the creation of a new paradigm, driven by the need to ensure we maintain a strong ecological foundation, inclusivity and equity, that can support our societies and our economies. The key to the future lies in openness, transparency, integration and cooperation. Koç Group has a special responsibility as we can collaborate at scale and accelerate progress. Our commitment as presented in our **Lead.Together** framework and our continued support for the UN Global Compact Principles reiterates our aspiration to create a more sustainable future for us all.

I thank all our employees, shareholders, customers, distributors, suppliers and business partners for enabling our mutual success. The challenges loom large, however the power of our collaboration is strong; therefore it is with optimism that I invite you to continue to support us on this journey.

Our commitment as presented in our **Lead.Together** framework and our continued support for the UN Global Compact Principles reiterates our aspiration to create a more sustainable future for us all.



Levent Çakıroğlu / CEO's Letter

Dear Stakeholders,

The role of business is crucial in delivering the global sustainability agenda. We, as Koç Group, believe that the world's greatest challenges provide us with the greatest opportunities. Improving the quality of life for all while operating in a world with resource constraints, in an uncertain global economy, requires significant shifts in mindset and action.

With 11 years to go to the 2030 deadline of the UN Sustainable Development Goals, we have the ambition to maximise our contribution to these Goals. This can only be achieved through guiding our respective businesses so that they lead on sustainability opportunities and risk management, focus on the most significant cross cutting themes and collaborate effectively. Technological innovation and the digitisation of industries provide opportunities that enable us to scale solutions, transform our products and services and collaborate in ways previously unimaginable.

We continue to guide our actions under the framework of **Lead. Together:**

Grow the business. Together

Our technology, innovation capability and brand assets have long been key to our success and they will be vital tools for the future. We leverage digital technologies and innovation to radically transform our products, services, business processes and business models to create added value for our businesses.

Empower people. Together

We continue to champion diversity and inclusion, as we strive to reduce inequalities. Our focus on future talent helps us create a community of empowered and engaged employees with the skills to reinvent the business models of the next era.

Act for the planet. Together

Sustainable economic development will only happen when protecting the environment and this is core to our decision making. We recognize the impact of our industries and leverage our scale with efficiency, collaboration and innovation.

Strengthen communities. Together

Our scale means we have the potential to create a paradigm shift in the areas in which we invest. And our strength lies in the effectiveness of our collaboration. Together with our partners we work to build resilience in society and strong communities.

These four pillars provide the foundation of our structured programmes, enabling us to advance our strategic priority areas of digital transformation, innovation, future talent, diversity and inclusion and climate change.

Our stakeholders expect us to lead and work together with our employees, distributors, suppliers, customers and business partners at local and global level. We can only then realise our potential for profitable, sustainable growth.

The framework of **Lead. Together** provides the foundation of our structured programmes, enabling us to advance our strategic priority areas of digital transformation, innovation, future talent, diversity and inclusion and climate change.





> **92,500**
Employees

> **12.5 million**
Customers

Exporting to more than
> **145 countries**

> **11%** of Turkey's private sector
R&D expenditure

> **10%** of Turkey's total exports

Revenues equivalent to
> **8% of Turkey's GDP**

4 main business areas

- Energy
- Automotive
- Consumer Durables
- Finance

Lead. Together is a journey.

And our potential is huge.

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 heritage, our future.

► ► ► 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

Pathway to Lead. Together

- ➤ ➤ Our sustainability approach was formulated based on Koç Group's global vision and evolving sustainability agenda driven by SDGs. Our main purpose is to maximize Koç Holding's impact by focusing on cross-cutting issues, to manage sustainability risks and opportunities effectively, to guide Koç Group companies to lead sustainability in their respective business areas.

Lead. Together and its focus areas are a result of an iterative process that includes cross-functional teams from Group companies, including senior management across different industries, external stakeholders and opinion leaders.



We launched the processes by organizing preliminary workshops with 12 Group companies that represent the major operations of our business, to get a better understanding on the status of sustainability management across the Group. Different functions like human resources (HR), environment, corporate communications, supply chain and innovation participated in these workshops. Following the workshops, we conducted 20 semi-structured interviews with Group companies' General Managers and other members of senior management to identify the material areas to focus regarding sustainability. Initial findings revealed the need to have a holistic approach to manage sustainability issues since each function or department focused on their respective expertise area.

In addition to the internal workshops and interviews, a qualitative external stakeholder research was conducted. Stakeholder opinions were included into the process, in order to ensure the integration of stakeholders' vision and expectations in the way we approach to sustainability.

The Koç Group Sustainability Guide was developed to enable standardization of sustainability management across the Group. In order to effectively implement this guide, we organized workshops with participation of a wide range of experts from the Group companies. The Guide provides direction firstly on defining how to manage material issues and focus areas, stakeholder integration, performance management as well as standards on best practices.

In accordance with the Sustainability Guide, each Group company held cross-functional workshops to determine the material issues and 5 focus areas for their respective companies. As a result, each item covered in this section, were consolidated and presented to the final approval of Koç Holding's senior management. 5 of key issues and their related SDGs were prioritized under 4 focus areas which formed our new sustainability framework, **Lead. Together**.

We continuously review and validate it considering stakeholders opinions, external trends and risks, global and local policies and Group strategy. Within this framework, we revisited our materiality analysis in early 2019. For further details, you may refer to the **Materiality Analysis section**.

102-47 / 102-49

Pathway to Lead. Together



102-47 / 102-49

Delivering the UN Sustainable Development Goals

► ► ► The United Nations Sustainable Development Goals (SDGs) offer a global agenda from the public sector to the business world. The SDGs address the global challenges related to poverty, inequality, climate change, prosperity, peace and justice. At Koç Holding, we believe that the business needs to contribute to these goals as a driver for innovation and generator of economic growth. Our sustainability framework **Lead. Together** ensures that we are positioned to contribute to the solutions for sustainable development. Besides, we are aware of the fact that the SDGs also could open up several opportunities for the private sector.

We published a report to reveal the implications of the SDGs on our business and our opportunities to contribute. In the report *The Sustainable Development Goals and Their Implications on Business*, we showed the key mega trends and their impact on our main industries, which are

Financial Services, Energy, Durable Goods and Automotive. The report highlights how our sustainability framework **Lead. Together** guides us to deliver the SDGs through our sustainability commitments. All Group companies, representing over a half million people, need to seize our approach to SDGs and the implications to their industries. To have a common ground, we held an SDG workshop with Group companies, where we discussed our sustainability model and its relationship with **Lead. Together** and the SDGs.

We will continue to create value through our business model, and our products and services. However, we know that collaborative action plays a very important role in achieving the SDGs. We urge governments, civil societies and peers to realize the SDGs together.

102-47 / 102-49

Grow the business. Together



Empower people. Together



Act for the planet. Together



Strengthen communities. Together





**Grow the business.
Together**

Grow the business. Together

Aiming for sustainable, profitable growth

Our aim is to create a business that delivers sustainable, profitable growth. Our vision shows that this growth will come through expanding our global presence and establishing brands that have a competitive edge, wherever we do business. We will succeed by developing business models that are flexible, efficient and focused on creating long-term value.

Taking the lead with innovation, technology and our brands

Our technology, innovation capability and brand assets are key to our success and they will be vital tools for the future. Our influence extends far beyond the businesses and brands we manage. As a role model and through our long-term relationships with employees, partners, investors, suppliers and distributors we have an opportunity to drive positive change on a global scale. As an investor, we also create long-term shared value through the decisions and investments we make.

Growth is good for us, and good for society

We've always believed our prosperity is connected to the prosperity of the world; we only reach our goals if we align with changes in society, the environment, technology and business. Sustainability means maximizing our potential by developing products and services that meet the pressing needs and expectations of society.

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 trigger a ripple effect that extends out to all our industries, our business partners and the wider community.

At the Koç Group, we aim to maintain our pioneering position by leading change. In this path, digital transformation and innovation are our strategic priorities to seize current and potential opportunities and SDGs serve as a drivers of inclusive economic growth.



Digital Transformation

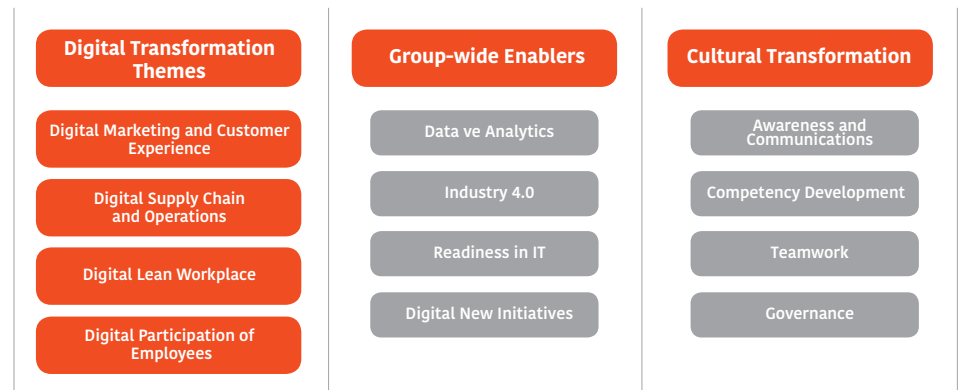
- ➤ ➤ Digital technologies are dramatically reshaping sectors and changing the way we interact with each other and the world. New technologies present new approaches and opportunities for businesses. Believing that the leaders of the digital world will be the leaders of the future we change how we deliver value to our customers and wider society and make use of the revolutionary effect digital has over industries.

Digital transforms customer experience and enables to serve customers better, faster, with a customized approach. It makes production processes more efficient and leaner, enables increased employee participation and creativity and opens up opportunities for new products and business models.

Digital Transformation Program

To maximize opportunities offered by digital technologies a cultural change is vital. It requires a cross-departmental cooperation, fostering collaboration with inner and external stakeholders and enhancing employee skills. The Koç Digital Transformation Program aims to radically transform products, services and business processes and build the digital skills required to implement and improve digitalization.

We started the Program by creating a road map to achieve our goals, set out with more than 300 digital projects. At the end of 2018, 190 had been completed and with the addition of new ones 240 projects are ongoing. The main topics are digital marketing and customer experience, digital supply chain and manufacturing and digital lean workplace. Now in its third year the Program is an integral part of the annual and long-term plans and objectives of all Group companies.



Digital Transformation

► ► ► In addition to the projects in our main themes key topics such as data and analytics, Industry 4.0 and digital new initiatives are managed across several Group companies under the leadership of Koç Holding.

- **Data and Analytics:** KoçDigital is a 100% subsidiary of KoçSistem in collaboration with BCG and focuses on big data and advanced analytical solutions through collaborations with Group companies and its customers.
- **Industry 4.0:** An Industry 4.0 working group consisting of 12 managers from manufacturing companies in the Group collaborate to find solutions to common problems in this field.
- **Digital New Initiatives:** Inventram the technology investment company of Koç Holding evaluates and invests in start-ups with new digital ideas.

A Group-wide cultural transformation is an essential part of the Program. Digital transformation leaders, teams and steering committees are the champions of the Program and drive the change throughout the organization.

- **Awareness and Communication:** We launched the next generation interaction and communication platform “KoçHub”. The digital transformation activities started to be shared on one platform which is open to all employees.
- **Competency Development:** We sustained different training programs by providing access online programs on data analytics, programming, digital marketing, autonomous vehicles and machine learning offered by Udacity. In addition, “Personal Development Program” was offered to senior executives to develop their leadership competence and vision for the digital world, “Lead Digital” program was developed with Koç University focusing on topics such as, design-oriented thinking, data analytics, Industry 4.0 and digital marketing, Koç University Modular MBA in Technology and Innovation Management Track for the Group’s engineers were among the trainings offered to employees.

More information on digital transformation and awards can be found in [Koç Holding 2018 Annual Report](#).

Digital Transformation

In Practice: KoçDigital & KoçDigital Academy

» » » **KoçDigital**, has been established in partnership with BCG (Boston Consulting Group) as a 100% subsidiary of KoçSistem; targeting to provide local and international customers with cutting-edge technologies using an agile and flexible approach. KoçDigital and KoçDigital Academy, will bring global know-how to Turkish market; and support enterprises prepare for future digital world and competence.

Being one of the most important priorities of Koç Group; digital transformation will strengthen Group companies in rapidly changing competitive markets. As an important part of this program, KoçDigital focuses on IoT and Advanced Analytics technologies and services, to support the digital transformation requirements in hundreds of projects related to Industry 4.0 applications, sales processes, customer experience and new product development.

As a game changer, KoçDigital's strategy is to provide end to end services including product design, product development, assessment, consultancy and support. This initiative boosts data democratization for companies which provides opportunity to further monetize their valuable data. KoçDigital started developing and implementing projects with Ford Otosan, Otokoç, Demir Export and Koçtaş. For Ford Otosan Digital Twin Project has been implemented. With this project a virtual model of the production facility and processes has been created. The simulations run on this model enables to optimize the processes and increase efficiency.

The digital transformation of the companies will only be sustainable if digitalization and improvement is continuous. One of the critical mission's of KoçDigital is to create qualified human resources via training the digital skills required for implementing and managing digital projects with KoçDigital Academy. The aim is to invest in the human capital and bring the global know-how and expertise to Turkey. This will enable us to contribute to the future of the country and to create a value-added economy.

The Academy developed and started offering trainings to specialists from Group companies as well as to customers. 4 employees received abroad training and 45 employees received more than 50 trainings and also received 4 days in Foundations Training.

The Academy also designed KoçDigital Data & Analytics for Business Program for mid level managers from Group companies. KoçDigital Data & Analytics for Business program aims to train its participants on data & analytics topics, helping them to readily bridge the business & technical perspectives for analytics initiatives. Online pre-sprint courses provide introduction to core data and analytics topics. Trainees completed their online curriculum in Coursera than later Koç University Academicians and BCG experts share their expertise in Bootcamp week in 5 days (3 days Istanbul- Koç University and 2 days Paris-BCG Immersion Center). With this class trainings, trainees also implement real time capstone projects during the Program.



Digital Transformation In Practice: Code.YapıKredi

» » » **Yapı Kredi** initiated the Code.YapıKredi Acceleration Program in 2018. The Program aims to transform enterprises into sustainable and scalable companies by enabling selected entrepreneurs to expand the products and services they have developed. As part of the Program Yapı Kredi provides training, consultancy and mentoring support for 6 months. Entrepreneurs can also benefit from KWORKS' technical support and infrastructure.

Rapid change in digital technologies evolve the way we do business in the financial sector and the future requires adaptation to the digital world of finance. With this vision Yapı Kredi launched Code.YapıKredi Platform. The Platform aims to contribute to developing the digital and algorithmic capabilities of new generations and supporting the growth of Fintech ecosystem. It is a free Platform open to everyone aiming to pave the way for young entrepreneurs who can produce their own software and turn it into innovative products.

The program has four stages: Coding trainings, financial consultancy, incubation and investment. Hundreds of participants received coding trainings and attended different events and seminars through the platform. Hackathons are also organized every year, which received more than 1000 applications last year. In addition, Yapı Kredi offers 54 different banking programming interfaces (Open Banking APIs) open to everyone in order to contribute to product development. The number of users of these programs exceeds 12.000.

Code.YapıKredi aims to continue the coding trainings while reaching a wider audience, supporting and investing in successful entrepreneurs, in addition to developing the Fintech ecosystem by opening more APIs.



Privacy and Cybersecurity

- ➤ ➤ Rapid digitalization brings also the increased risk of cybercrime. According to the World Economic Forum Global Risks Report cyberattacks are among the top five risks with high-impact and high likelihood. Data breaches not only cause financial loss but also considerable damage to reputation.

Since Koç Group is increasing its efforts on digital transformation, we also give high importance to privacy and cybersecurity while preparing the companies for the digital future. It is very important that our customers know that we will keep their data safe and process it according to legislations.

We manage cybersecurity and data privacy in line with our Group Policy on the Protection and Processing of Personal Data. In addition to this, each Group company has its own Data Security Policy they follow when managing all their operations. The Koç Group IT Committee is the main governing body and composed of the IT managers of major Group companies. The committee meets monthly and sets the IT Standards such as policies, procedures and guidelines which are followed by all Group companies.

The Koç Group IT Security Committee is responsible for setting security policies, evaluating new threats and reducing risk of intrusion, loss of data integrity and compliance violations. Both the IT Committee and the IT Security Committee are chaired by senior executives. We work towards compliance with all relevant requirements and legislations on cybersecurity and privacy. We perform annual audits for each Group Company based on globally recognized frameworks (i.e. COBIT, ISO27001, CIS 20 etc.) and Koç Group IT Standards. Audit and maturity assessment results are presented to the CEO.

In addition to the Koç Group policies and guidelines every company implement safeguards to protect the data of its stakeholders. Every company is responsible for developing and implementing an IT continuity and disaster recovery strategy. Cyber Security Risk Management System is in place to identify, assess, monitor and report on cybersecurity threats including sensitive data such as trade secrets, credit card, customer and healthcare information. The companies also identify the required data security trainings according to their sectors and employees receive trainings on these issues. Every company has a set training target for 2019.

Innovation

- ▶ ▶ ▶ We build a group-wide culture of innovation and intrapreneurship, with the ultimate goal of integrating innovation into our core business.

Breakthrough innovation to improve lives and enhance services

We aim to grow our business with new business models, products and services that improve lives in bold and innovative ways. Our customers are often the first to benefit from our innovations but, by finding new ways of thinking and working, we also support the wider society to become more sustainable, connected and prosperous.

Keeping innovation on the agenda for sustainable success

To stay relevant and resilient, businesses need to develop innovative processes and business models that are based on creative and new ideas. Our stakeholders have a clear

view that innovative businesses are sustainable ones. We believe innovation and sustainability go hand in hand, especially when it comes to delivering business growth and solving complex sustainability challenges.

We frequently partner with other business actors – including start-ups and innovative small firms – to drive enthusiasm for innovation through our ecosystem. We also aim to gain competitive advantage by bringing a structured approach to innovation and entrepreneurship in our own businesses.

Innovation with a sustainability focus improves quality of life, protects the environment and serves communities. By looking for scalable, transformative ideas and taking calculated risks when we find them, we can make substantial contributions to all the SDGs and ensure our customers, society and our business thrive together.

Attaching tremendous importance to technology, R&D and innovation, we allocated approximately TRY 1.8 billion to those areas in 2018. This amount is approximately 11% of the total expenditure of the private sector in Turkey in the field.

Innovation

► ► ► Koç Innovation Program

The keystone of our profitable and sustainable growth, competitiveness and powerful global presence is to improve our innovation capability. Innovation is among the top strategic priorities for Koç Group companies.

In order to implement its innovation strategy, we conduct the Koç Innovation Program since 2014. It focuses on;

1. Building a culture of innovation and creating the right work environment to enhance our innovation capacity
2. Cultivating corporate entrepreneurship (intrapreneurship) across the Group and supporting employees' entrepreneurial spirit and efforts
3. Extending innovative endeavours not only across product and service development activities, but in all business units and operations
4. Increasing partnership with external stakeholders, an important source of innovation, and managing these collaborations more effectively
5. Managing innovative operations via clear processes to ensure sustainability

As part of this program, innovation management competences are developed at Koç Group companies. We aim to grow, build a culture of innovation profiting from

the entrepreneur mindset in order to ensure business model innovation and increase open innovation capacity. Within the scope of the program, we support corporate entrepreneurs through various training programs, mentors, new project management techniques and awards.

As a result of the program, the open innovation capacity is increased, and new products and services have been launched leading to generate additional revenues. The commercialization periods and costs are cut drastically. Built with volunteering aspirations rather than driven by corporate targets, the program is spreading rapidly across the Group.

Designed both for companies with R&D departments as well as sales and service companies, the program supports our strategy of embracing innovation across every business line. We monitor the performance of Group companies' performance on an annual basis through the Koç Innovation Index which comprises of KPIs relating to inputs, processes, outputs and outcomes of technology, R&D and innovation activities.

As of end of 2018, Koç Innovation Program is carried out across 10 Koç Group Companies and with the participation of Koç University and K-Works incubation center. To date, thanks to more than 500 intrapreneurs, we gathered 4400 ideas, ran 24 acceleration programs and worked on 155 intrapreneurial project. We generated more than TRY 51 million through 16 new product, service or business model. In addition to our internal efforts, with open innovation, we currently work with 49 start-ups.

Innovation

In Practice: Aykargo

» » » **Aygaz**, the first and only LPG company in Turkey, provides services in every city of the country with 4,000 distributors/stations and approximately one million vehicles, and enters more than 60 thousand homes every day. Corporate entrepreneurs of Aygaz thought that the company with its existing network of distributors, vehicles and credible staff can solve the delivery and trust problems of e-Commerce customers. Aykargo was brought to life with this idea, incubated in Aygaz Innovation Program and launched as the new line of business of the company in 2017.

E-commerce has grown more rapidly than anticipated. Global online sales in Europe increased by 13 per cent making worth of 547 billion euros in 2018.* The growth rate is even higher in Turkey with 38 per cent increase in one year.** Yet the main challenge of e-commerce sector is timely and effective delivery without any damage. Customers' lack of trust for the process of transportation and staff is another aspect.

Aykargo was brought to life with this idea, incubated in Aygaz Innovation Program and launched as the new line of business of the company in 2017.

After a series of interviews with e-commerce customers and logistics companies, the business model including software development, stakeholder management and operational processes has been established.

Started as a pilot in 3 districts and with 4 distributors, Aykargo currently serves in 39 districts of Istanbul. In partnership with Koçtaş, Arçelik, Unilever, Enerjisa, Zipcar and Tazemutfak, the start-up has successfully delivered 32,000 packages till now. Aykargo aims to become a leading player of the logistics sector. Its distribution network has been expanded all around Istanbul, and new provinces will follow in the upcoming years.

* European Ecommerce Report 2018 <https://www.haendlerbund.de/de/downloads/ecommerce-europe/european-ecommerce-report-2018.pdf>

** Ecommerce in Turkey <https://ecommercenews.eu/ecommerce-in-europe/ecommerce-turkey/>

Suppliers and Distributors

- ▶ ▶ ▶ The size and scale of our business gives us the opportunity to drive positive change across a broad list of industries. We realize the importance of becoming a role-model for our business partners, suppliers, distributors, contractors and focus on analyzing and improving our operations for a positive influence. With the goal of leading by example, we strive to first transform ourselves and then drive this wave of positive change throughout our value chain.

We require our business partners to share our values of honesty, integrity and business ethics. These values which form the basis of all our operations are protected by laws and regulations and we place great care into making sure that they are followed by every link that comprises our value chain. Each link is responsible for delivering products and services in line with international standards, laws and regulations. We encourage cooperation as a principle and support our business partners in improving their performance in quality production, awareness of

environmental and human rights as well as forming a strong company culture based on business ethics.

We are aware of the importance of quality training for the realization of this goal. Therefore, we provide out diverse training programs for our suppliers and distributors. In 2018, the total hours spared for these trainings was 6550 hours. Aside from trainings we also place great importance into making sure all our supply chain operations are supervised to be in line with our company's standards. We have introduced the Supplier Audit Program with this goal in mind and continue to conduct quality and product safety audits as well as assessments centering around social, environmental and ethical criteria. This year, 20.8% of our 13,671 suppliers, dealers and service points were audited based on the criteria. Our goal is for our audits to cover our entire value chain by increasing their numbers every year and spreading our sustainability goals beyond the business sphere.

Supplier Training Hours in 2017	Training on Environmental Issues	Training on Social Issues	Trainings on Ethical Issues
	1702	1803	3045



**Empower people.
Together**

Empower people. Together

Aiming for an equal, empowered workforce

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.

Building on our people-first principles

In our business model, we've 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 seen us become a role model in our industries.

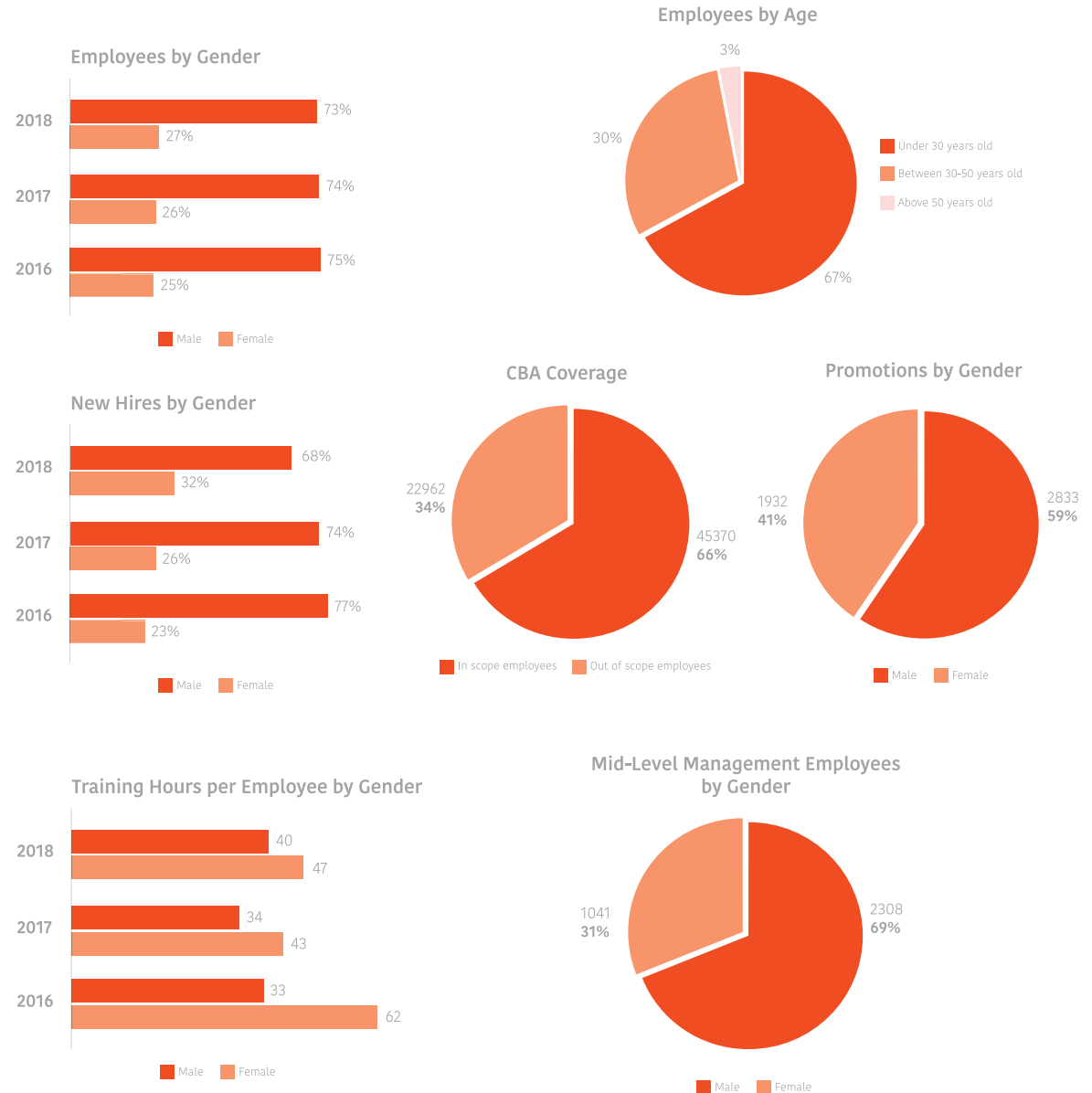
Empowering people drives sustainable development

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



Koç Group Employees in 2018

>>> As of end of 2018 **Koç Group** is the largest employer in Turkey with 92,631 people, including 78,407 in Turkey and 14,224 abroad. 99% of our employees work full time. This report covers 74% of total workforce representing 68,332 employees.



Future Talent

► ► ► Finding, training and keeping the best

When considering the future of our industries, it's important to understand which skillsets will best support our globally competitive business. We want our workplace to become more flexible, agile, dynamic, bold, collaborative and entrepreneurial, in order to attract the best emerging talents.

Developing people is business as usual

Since our beginning, we've been creating opportunities for our people to grow their potential. By training, we enable our people to meet Industry 4.0 demands with more sophisticated skills. Advancing our human capital is our priority.

Facing the skills shortage

There's a shortage of some of the most skilled talent in the world that businesses like ours need to grow and succeed. Science, technology, engineering and math skills are in particular demand, as are multifaceted thinkers who can use their minds to tackle the complex interdisciplinary

challenges facing business and society. We need to grow and strengthen our talent pipeline and give people the skills and the motivation they need to build a resilient business.

The skills shortage in Turkey is a major issue for businesses and it is expected to emerge in the medium to long term. In 2018, 66%* of private companies are experiencing difficulties in finding employees with the required skills. At Koç Group, we aim to provide solutions to tackle skills shortage and secure our successful growth in the long term.

Industry 4.0 has big implications for future talent

Disruptive changes in business models will deeply affect the employment. In near future workplace will see people and machines working more closely alongside each other, while jobs and skills will change as processes become ever more automated. The workforce will be expected to integrate more to the technology and innovation. We think this can be an opportunity for all, if we give people the skillsets, they need to succeed in the new business environment.

* Manpower, Talent Shortage Survey, 2018.

Talent Management

- ▶ ▶ ▶ We focus on strengthening talent management to empower our business and our people. We offer our employees the skills and the motivation they need to prosper in tomorrow's workplace.

We design and implement talent management strategies at Koç Group. Firstly, potential employees are involved in competency-based evaluation processes designed for different organizational levels and positions. Since 2011, employees who possess top executive level competences are identified by the "Assessment Center". This enables an effective succession plan for top executive positions and proactively develops candidates for these positions via training-development programs and job rotation opportunities. Almost 40% of the participants at Assessment Center are female employees.

Rotation method is talent mobility, which is one of the most important tools to develop Koç Group's long term human capital. For rotation, we use KoçKariyerim (Koç Career), the internal job posting website, for the transfers within the Group. More than 300 employees were transferred within Group in 2018. Moreover, there are more than 100 international assignees across the world. Rotation has become a must for Top Executive assignment at Koç Group.

In 2018, one of our focus points was improving the recruitment and internship experience. We started the recruitment and internship project and continued our efforts in 2019 as well. This year, we received 2.8 million job applications, while 10,000 out of were recruited. The scope of the project regarding recruitment includes process and inventory standardization, joint candidate pool, analytics tool, ideal candidate journey, feedback and audit mechanisms. According to our redesigned recruitment process, we contact with the candidate in 24 hours following the receipt of job application and we send a notification regarding the process to the candidate every 15 day. We apply global assessment tools and systems, and English is mandatory for job recruitment. We give feedback to the candidates

who are eliminated during the recruitment process. We send a survey to the candidates to evaluate their recruitment experience. In 2018, 14,900 candidates participated the survey and recruitment process satisfaction ratio became %48.

Besides, we have started the "Ghost Candidate" project, which is one of the unique examples in the world, enables us to observe if the improved recruitment process is adopted and applied at all Koç Group companies. Ghost candidates apply to job positions of Koç Group and report their recruitment experiences to us.

Koç Group employs approximately 7,500 interns every year and only 11% of them is recruited. We aim to make internship experience more efficient and structured. We give orientation training to the interns at the beginning of the internship. We follow the jobs assigned to interns and evaluate their performance. We track the recruitment ratio of interns that we are satisfied with their performance.

Koç Group employees at all levels deliver career development plans at widely used KoçAcademy platform. KoçAcademy provides employees in-class and online training programs. Besides, one-on one coaching, mentoring and project initiatives are also essential tools to effectively manage talents and skills. In 2018, 416 employees attended coaching programs and 366 employees took part in the various mentoring program.

As a part of talent management, we launched the LEAD platform in 2016 to support employees in a wide range of areas such as leadership, management, strategy and change management at different stages of their career. Including Personal Development Program, BeGlobal Silicon Valley, partnership with Udacity, there are 36 different programs available under LEAD for all employees. More information on other employee programs can be found at **Koç Holding 2018 Annual Report**.

Future Talent

In Practice: Personal Development Programs

» » » While upskilling employees' technical skills, we also attach priority to empowering senior executives with future leadership competencies in the digital world. Therefore, we launched **Personal Development Program (PDP)** for all senior executives of Koç Group, in cooperation with Harvard University, McKinsey and Aberkyn, to enable our strategic priorities.



The PDP is our first "must have" leadership program for top executives. The program is six-month comprehensive leadership curriculum with 360 assessment, coaching, in-class trainings and online materials. It differs from other programs with its digitalization focus, new leadership skills and intense body-mind activities. The program comprises three phases in which senior executives take part in groups of twenty-five. To date, 150 general managers and deputy general managers completed the program. We aim to cover all senior executives at Koç Group.

The first phase is a one-week camp with a theme of "Personal Awareness", aiming individual transformations through mental and physical awareness. In the interim period, the participants complete Harvard Business School's HBX – Disruptive Strategy program in smaller groups. The second phase, also a one-week camp, has the theme of "Change." McKinsey instructors provide trainings on digital trends, design-thinking, digital marketing, big data, agility and change management, which are tailored to address leaders' specific needs in the digital age. The last phase carried out abroad and focused on experience, has the theme of "Renewal". It aims to empower senior executives' adaptive leadership skills by uncovering the adaptability and flexibility of them in challenging natural conditions. The PDP has been selected as a best practice case for McKinsey globally.

Future Talent

In Practice: BeGlobal Silicon Valley and BeGlobal China

» » » **The BeGlobal Silicon Valley Program** is launched in 2016 to support our globalization and innovation goals. The program targeting senior executives focuses on both multi-disciplinary theoretical knowledge and hands-on experience. We took 50 senior executives in 3 groups to visit 20 companies in Silicon Valley in one week. Inspired by these visits, the executives took actions in their companies.

We aim to turn senior executives into change leaders to adopt technological developments and innovation into our businesses. In this scope, we designed the BeGlobal Silicon Valley and the BeGlobal China programs.

We do not neglect to learn from different geographies as well as steps we have taken to spread the best practices, we have learned to all our companies. We believe that the rapid change in China, like the rapid change in technology, has a transformative effect. To understand and evaluate what is happening in China, we designed BeGlobal China Program. In 2019, the first group of 20 senior executives will visit start-ups, universities and 20 companies from various sectors such as finance, technology and transportation in China. The program enables our top leaders to learn new perspectives and exchange ideas with Chinese experts.

Future Talent

In Practice: Partnering with Udacity

› › › **At Koç Group**, building future skills is a very important aspect of digital transformation. To become a global company, we need to adopt the skills such as data analytics, machine learning and artificial intelligence, which are also highlighted as critical for driving change in World Economic Forum's The Future of Jobs Report. Since 2017, we have been in collaboration with Udacity, the world's most valuable online training company.

Koç Group's employees are able to participate online programs in data analytics, digital marketing, machine learning, self-driving cars, coding and business analytics. By 2018, more than 400 employees have received trainings, which help our employees to internalize the future skills of digital transformation and enable them to quickly apply what they learn.

To enforce digital transformation and expand the scope of online training, we will launch a new program LEAD Digital in 2019. We are set to collaborate with outstanding universities such as Harvard Business School, Massachusetts Institute of Technology and Columbia Business School.

Future Talent

In Practice: LiderSensin (You Are the Leader)

› › › We offer opportunities to our employees to enable them to go beyond their potential. We aim to ensure that young executives that have high potential will continue their career in at Koç Group and take part in the senior management in the future. From this point of view, we developed **LiderSensin** (You are the Leader), 2-year program personalized leadership development program for high potentials.

In every period, 60 young executives participate the program. In the last period, 16% of the participants were female executives. Prior to the program, the participants go through an evaluation process and training content are prepared in line with the evaluation results. In addition to team training, individual programs are provided as well. The program consists of different design approaches and learning methodologies. It is awarded as best talent development program in 2017.

In 2019, we plan to execute a new program that combines one of subprograms of the rotation project with LiderSensin. The new program LiderSensin IT is designed specifically for IT teams and 25 IT employees will take place in it. By the end of the training, the opportunities for admission into rotation will be considered for the participants.



Diversity and Inclusion

► ► ► Creating an equal opportunity workplace

We work hard to cultivate a diverse and inclusive place to work where men and women feel valuable and valued, whether they work in office or industrial roles. Our focus is creating an inclusive culture for a more productive and collaborative workplace across our industrial plants.

Staying true to our progressive values

Our values and compelling previous performance lead us the way to champion diversity and inclusion for many years. As a progressive organization, we take strength from our values and continue to show our commitment to international best practices.

Diversity and inclusion is good for business...

We regard diversity as a strength and value to adopt international business norms where everyone's contribution counts. We think that diversity and inclusion cover many dimensions but all are good for business. Diverse organizations outperform those that have less balanced work environment. Organizations where all employees feel valued, respected and equal have higher employee engagement scores which brings about productivity.

... and good for sustainability

We fundamentally believe that diversity and inclusion in workplace is essential in order to integrate sustainability into business. Organizations with balanced workforce are better governed and have richer skillsets which results in creative thinking and aligning better with the diverse interests of customers and stakeholders.

In the direction of our aforementioned approach, we launched a series of initiatives to provide the same performance, training and career opportunities to all our employees both in office and industrial positions. We

address the needs of our employees regardless of their gender, religion, sexual orientation, language, ethnicity, race, beliefs, faith, disability or any other personal attribute protected by law. Our human rights principles which is a written declaration of our attitude regarding our workforce also comply with the international agreements issued by the International Labor Organization (ILO) and its international equivalents. We follow Koç Group Code of Ethics and Business Conduct in our human resources processes and expect our business partners to do so. Collective bargaining rights of employees are respected and supported at our company.

We have specifically adopted gender equality since 2014 and pioneered many initiatives within the Group. Initially, we reevaluated our work environment from a gender point of view and improved our conditions to be more conducive to women. We enhanced child care and safety at workplace and provide mentoring during and after maternity leave. In 2018, 1145 of our female employees took maternity leave and 91% returned to work after their official leave ended. 20% of women employees benefit from child care while the ratio was 18% in 2017.

At Koç Group, we have adopted a comprehensive approach in order to eliminate all kinds of discrimination and bias based on gender at workplace. We signed the Declaration of Equality at Work and published Koç Group Equality Guidelines and Implementation Principles to ensure that the gender equality is adopted throughout the company at all levels. We also signed the United Nations Women Empowerment Principles (WEPs) with 30 of our subsidiaries. We encourage our employees and business partners to recognize gender equality via the HeForShe initiative. For more information regarding the initiative you may refer to the section of **Strengthen communities. Together**

102-41

Diversity and Inclusion

In Practice: Women Power

- ▶ ▶ ▶ **Opet**, a Koç Group company, operating in fuel-oil distribution, has initiated The Women Power project focusing on increasing women employment in the industry.

In Turkey, only 28.9% of women above 15 years of age participate in the labor force while the ratio is 65.6% for men*. The business world can have a key role in eliminating this considerable gender gap.

The starting point of the project was the fact that in Turkey, the number of female employees at the stations as well as in the energy industry are very low. There is also a solid occupational gender segregation in the field. In line with the goal to increase the employment rate of women in the stations, Opet aimed to make workplaces more in the



stations, Opet aimed to make workplaces more inclusive and contribute to women empowerment over-all the country.

The company took the leadership to alter social perception regarding women and provide equal opportunities in the work environment. In line with this purpose, Opet has reviewed its human resources processes and set a goal to employ at least two female employees at each petrol station and 3500 in total. Following that, Opet has collaborated with the Ministry of Labor and Social Security and the Ministry of Energy and Natural Resources, thereby Opet distributors provide trainings and vocational development programmes taking advantage of employment incentives of İŞKUR (Turkish Employment Agency).

Opet operates in Turkey with more than 1,600 petrol stations, therefore holds a great employment power country-wide. By putting the project in to practice in March 2018, Opet has increased the ratio of female employees at petrol stations by 30% by date and plans to make an increase of more than 2 folds by 2020. In addition to this achievement, Opet aims to increase the number of female employees in grocery clerk, station manager, shift supervisor, accounting clerk positions. During the course of the project, number of female employees rose to 389 from 27 for station attendants and to 789 from 576 for grocery clerks. As a result of encouraging practices of Opet towards women empowerment, 161 petrol stations country-wide achieved the goal in employing at least two female employees. Opet since adopted this approach in its head office, and female office employee ratio reached 37% by 2018.

* TÜİK (Turkish Statistical Institute) 2018. <http://tuik.gov.tr/PreHaberBultenleri.do?id=30707>

Performance Management

- ▶ ▶ ▶ We aim to create a community of empowered, engaged employees who have the knowledge and skills to carry our business forward. Therefore, we consider performance management as a set of applications which enables us to deploy our Group-wide corporate goals integrated to our strategy. Our performance management system is based on measuring and rewarding our employees' achievements. During the process, we focus on creating long-term value rather than short-term accomplishments. As a part of this vision, we determine our employees' competencies and plan their individual development. Effective communication with employees, mutual feedback and reconciliation constitutes the basic principles of performance appraisal.

Our employees are assessed with regard to specific goals set previously, following that promotions are made according to performance appraisal results. In 2018, 99% of office employees and 87% of employees in industrial positions were subjected to performance appraisal.

The performance management system also provides inputs for the Compensation Management System including benefit packages. For details on performance management, remuneration and bonuses, please refer to the Remuneration Policy for Members of the Board of Directors and Senior Executives and **Koç Holding 2018 Annual Report**.

Health and Safety

- ➤ ➤ Attaining excellence in health and safety standards is an essential part of our goal of achieving zero accidents throughout our operations. Occupational health and safety rules constitute the core value of our work culture without any compromise.

With a precautionary and risk-based approach, we progressively develop health and safety related policies and management systems. In accordance with regulations and directives, globally-accepted standards and the Koç Group Code of Ethics and Business Conduct, we manage health and safety issues and look to ensure the elimination of any relevant risks. We regard OHSAS 18001 as an important framework to ensure systematic management of health and safety issues at our facilities. As of 2018, approximately 89% of facilities owned by Koç Group companies were certified with OHSAS 18001 Occupational Health and Safety Management System. In parallel we are also in the process of updating the OHSAS 18001 to the newer version of this certificate, named as ISO 45001. Occupational health and safety management processes at our Group companies mainly include risk assessments, continual measurement and tracking of occupational health and safety performance, trainings and, making use of new technologies and implementing innovative practices.

The Koç Holding Occupational Health and Safety Coordination Board is responsible for reviewing practices and efforts on these issues with the aim to continuously improve Group performance, whereas Occupational Health and Safety Committees are responsible for management of health and

safety issues at each Group company. In 2018, we established a central Occupational Health, Safety and Environment Unit which aims to contribute to the transition towards an encompassing and integrated occupational health, safety and environment management policy and system.

We believe that employee engagement is key to foster a healthy and safe working environment. To that end, trainings play a significant role to form a safety culture based upon shared responsibility. In 2018, we provided 521,793 employee-hours of occupational health and safety training to Group employees, and 94,306 employee-hours to contractors.

Health and safety are amongst material issues for us and our stakeholders. Despite this fact, workplace accidents and fatalities still occur. We are deeply saddened for the loss of one Koç Group employee and three of our contractors' employees who lost their lives while working for our company in 2018. Our employee lost his life due to suffocation by nitrogen during gas measurement exercise. A contractor's employee lost his life during a construction work and one security personnel committed suicide using his gun. A court process is still ongoing for a contractors' employee who had a heart attack. Following these incidents, relevant work procedures have been reviewed and measures has been taken to further ensure the safety of our colleagues and partners.

Further information on our occupational health and safety management practices and awards is available in [Koç Holding 2018 Annual Report](#).

Health and Safety Performance	2016	2017	2018
Injury rate (IR)*	4.09	4.40	7.50
Occupational illness frequency rate(OIFR)**	0.10	0.12	0.14
Lost-time injury frequency rate (LTIFR)***	-	-	3.86
Occupational health and safety training provided Koç Group (employee*hours)	561,916	588,156	521,793
Occupational health and safety training provided - contractors (employee*hours)	77,663	89,804	94,306

* IR = (Number of injuries in given period*1,000,000) / Total hours worked in given period. The calculation method is revised in 2018 and it includes injuries without a day lost as well.

** OIFR: (Number of occupational illnesses in given period*1,000,000) / Total hours worked in given period

*** LTIFR: (Number of lost time injuries in given period*1,000,000) / Total hours worked in given period. Calculations are based only on lost time injuries and exclude fatalities.



Act for the planet.
Together

Act for the planet. Together

Aiming for a balanced approach to doing business

Sustainable economic development will only happen when protecting the environment is core to our decision making. Put another way, at Koç Group, we know our financial wellbeing is worth very little without the human wellbeing that comes with a healthily functioning natural world.

A connected, long-term perspective

We're in a strong position to act on complex global challenges with long time frames – like climate change. Our global scale and engagement present big opportunities to contribute to the progressive climate agenda. In doing so, we provide a role model for other businesses – both within our own ecosystem and beyond.

Global climate change has widespread unprecedented social and environmental impacts. It is one of the biggest

challenges that the humanity is facing ever since, with a potential to have irreversible hazards if action is not taken on time. In order to mitigate climate change, businesses, governments, societies need to act together. The internationally recognized 1.5°C limit for temperature increase is approaching, the challenge of climate change is more acute than ever.

Market players around the world have an important role responding the needs of the planet. Goals set in Paris Agreement and the climate relevant United Nations Sustainable Development Goals address the need for change especially for the areas being affected the most. A global shared vision is of utmost need in order to raise awareness and trigger a transformation towards a more environmental sensitive business making. At this point the leadership of private sector and collaboration with different initiatives are essential, which is the core of our motivation to act for a better planet.



Act for the planet. Together

Koç Environment Committee

All the experts on environment, energy and sustainability working in different Koç Group companies are united under Koç Environment Committee and make coordinated efforts in order to create sustainable solutions and strategies for all Group businesses. The Committee develops its strategies in the light of universal principles such as the Paris Agreement, UN Global Compact and Sustainable Development Goals Agenda.

Each of the Group companies is tasked with establishing business plans in line with the long-term strategies designed by the Koç Environment Committee and adapting them to the unique conditions of the locations they operate in. Our current long-term strategy focuses on climate action, resource and energy efficiency, green procurement, zero-waste operation, developing environmentally-friendly products and obtaining internationally recognized environmental management certifications for all our facilities.

To achieve these goals, we monitor our performance closely and evaluate our efficiency through monthly meetings

with representatives from over 20 of our companies. The key performance indicators in the field of environmental management, according to which the companies prepare their annual performance reports, are determined by the research and discussion conducted by the Committee. In order to manage our environmental performance and to carry out coordinated studies for the environment goals of the group more efficiently, a new position has been formed with the title of Group Environment Manager.

The core responsibilities of this position include improving Koç Group's environmental strategy and policy, determining the Group roadmap, implementing Koç Group environmental management system and developing projects according to the needs of the Group. In addition, policy and performance-based audits of the Audit Group, in coordination with the Koç Environment Committee, are also handled by the senior Holding management. All environmental policy and performance belonging to the Group companies are inspected internally as well as externally for an objective and detailed evaluation.

Climate Change

- ▶ ▶ ▶ Climate change and its adverse impacts are a key material issue for the majority of our industries. We aim to demonstrate our commitment to addressing this challenge, by innovating and collaborating for the future, increasing our operational performance and taking adaptive measures to build a resilient business.

Adopting the best available technology to optimize our operations is essential for reducing emissions and improving energy efficiency, increasing our use of renewable energy and adapting to the impacts of climate change across all our industries. Developing effective solutions to environmental issues requires coordinated efforts between all related parties. We work with industry and sector peers, government institutions, public bodies, academia and civil society to drive forward the climate change agenda and support policy development, both nationally and internationally.

Our stakeholder research indicated that NGOs, universities, opinion leaders and public institutions expect us to act on climate change, adapt to the shift towards a low carbon economy and invest in renewable energy and energy efficiency.

Climate Leadership

Since 2011, Koç Group represents Turkish business community on climate change with its presence in many local and international platforms. The Group participates in the Climate Change Conference of the Parties (COP) annually and adheres to the United Nations Framework Convention on Climate Change (UNFCCC). Koç Group companies Arçelik and Tüpraş participated in the panel arranged by the Republic of Turkey Ministry of Environment and Urbanization at COP24 in 2018, in order to share their practices and strategies with other businesses as well as organizations. Arçelik is a signatory of the Science Based Targets initiative, jointly launched by the Carbon

Disclosure Project (CDP), United Nations Global Compact (UNGC), World Resources Institute (WRI) and World Wildlife Foundation (WWF) and committed to reduce its greenhouse gas emissions. Additionally, in 2018, Yapı Kredi joined the CDP Water Program and conducted its first reporting.

Since 2015, a senior executive from Koç Group leads the Environment and Climate Change Working Group under Turkish Industry and Business Association (TÜSİAD). With Koç Group companies, we regularly contribute to policies, position papers and research developed by TÜSİAD.

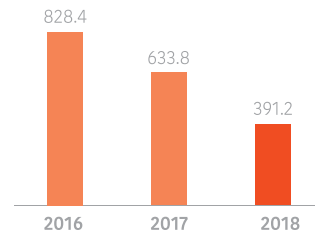
Climate Change

Improving our Energy Efficiency

- ➤ ➤ With its short- and long-term implications for businesses, climate change is an emerging risk. It is our responsibility to act accordingly and carry out projects to improve energy efficiency in our operations. We are committed to sustain continuous improvement of our operational processes. We give high importance to increase energy efficiency and decrease greenhouse gas emissions caused by our direct or indirect operations.

Energy intensity is an indicator which reveals the amount of energy consumed per income generated. The overall energy intensity of the Group companies in 2018 was 391.2 GJ/TL million of net income. Additionally, our greenhouse gas emissions intensity was 26.6 tons CO²e/TL million of net income. In the energy sector these figures stand at 642.8 GJ/TL million and 43.7 CO²e/TL million. The Group companies operating in non-energy industries have an average energy intensity of 44.13 GJ/TL million and an average greenhouse gas emission intensity of 3.24 tons CO²e/TL million.

We focus on ways to reduce the energy intensity by increasing the energy efficiency of our operations. Each group company focusses on their own business models and processes and it contributes to the group total energy efficiency. Based on these efforts, in 2018 Koç Group saved 3.9 million GJ of energy, which resulted in a CO² emissions reduction of 263,493 Tons.



Koç Group energy intensity (GJ/million TL)

Furthermore, Arçelik, Ford Otosan, Opet, Tofaş, TürkTraktör and Yapı Kredi's greenhouse gas emissions in 2018 were certified in accordance with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standards. Tüpraş began to certify greenhouse gas reductions obtained from energy efficiency projects under ISO 14064-2 and included a life cycle analysis approach in its work.

Energy Management Highlights of 2018

- **Arçelik** reached 64,890 GJ of energy saving and reduced 6,201 tons of CO² emissions through 118 different energy efficiency projects.
- **Ford Otosan** saved 6,955 GJ in natural gas usage and a reduction of 362.7 tons in CO² emissions with the Solarwall project.
- **Opet** used 526 GJ green electricity produced from the Mersin Terminal Solar Power Plant.
- **Otokoç** reached 30% reduction in energy consumption due to LEED Green Office Certificate.
- **Tat Gıda**'s efforts for energy efficiency projects have resulted in 17,694 GJ of energy savings and a reduction of 2,365 tons in CO² emissions.
- **Tofaş** reduced its CO² emissions by 5,383 tons.
- **Tüpraş** achieved a 243,666-ton reduction in CO² emission with its energy efficiency projects.

	2016	2017	2018
Energy	1,647.9	1,168.5	642.8
Automotive	107.2	85.2	66.7
Consumer Durables	262.8	77.5	54.2
Finance	50.1	50.0	11.5
Koç Group	828.4	633.8	391.2

Energy intensity per sector (GJ/million TL)

Climate Change

Managing water risks

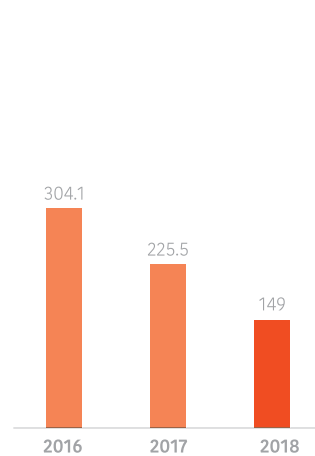
- ➤ ➤ Achieving SDG 6: Clean Water and Sanitation is essential for human health, environmental sustainability and economic prosperity. In addition, water risk is a significant concern for any of the industries that we operate in. Recognizing the importance of managing water risks across our operations, Koç Group Environment Committee prepared the “Koç Group Water Risks Analysis” to examine the physical, regulatory and reputational risks in the river basins that we operate.

In order to manage our water risks, we aim to reduce freshwater withdrawals by boosting water efficiency in production through recycling and recovery, to lower the stress on water resources through source diversification, to cut wastewater and improve the quality of it. Performance is

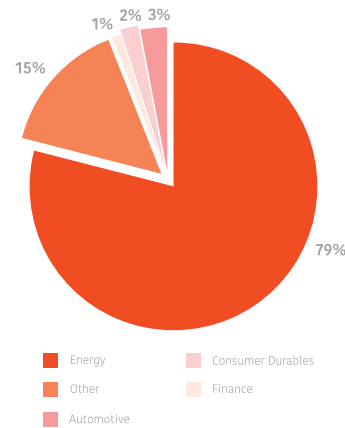
tracked on all of these fields across the Group companies. In 2018, Group companies consumed 38 million m³ of freshwater, which was equivalent to a water density of 149 m³ per million TL revenue generated.

Water Management Highlights:

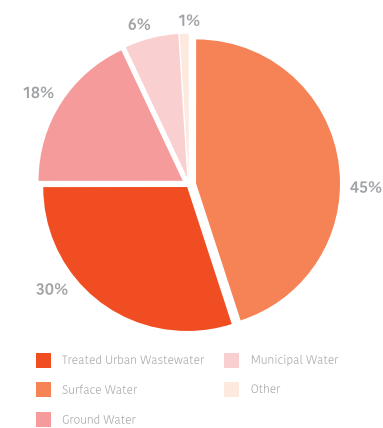
- **Arçelik** saved 237,000 m³ of water through water saving projects.
- **Otokoç** achieved a 40% reduction in water usage due following the LEED Green Office Certificate.
- **Tüpraş** supplied 98.5% of its water needs through wastewater recovery at İzmit Refinery.
- **TürkTraktör** achieved 6,584 m³ of wastewater recycling through recycling activities.



Koç Group water intensity (m³/million TL)



Water consumption by sectors (%)



Total water withdrawal by resource (%)

Climate Change

In Practice: Addressing Climate Change Impacts

► ► ► **Tüpraş**, Turkey's largest company and the seventh largest refinery in Europe, has been addressing climate change in its business strategy for more than a decade. Tüpraş is focusing on R&D and maximizing energy efficiency in all its facilities and production processes, effectively taking part in climate action and adapting its business to the impact of climate change. In virtue of various partnerships and collaborations, Tüpraş shares its experience with a wide community of stakeholders.

Focusing on Energy Efficiency

In accordance with its sustainability objectives, Tüpraş, recognizing it operates in an industry with high energy consumption, concentrates on maximizing energy efficiency in all its facilities. Prioritizing energy-efficiency projects in its investments made it possible for Tüpraş to reach an energy saving of 865,238 Gcal in 2018. This energy saving is equivalent to 243,666 tons of CO2 emission savings and led to a financial saving of TRY 174.4 million.

Adaptation to Climate Change

Recognizing the significance of adapting to climate conditions, Tüpraş prioritizes identifying and eliminating the effects of climate change which pose as a threat to its operations. Accordingly, it has acted to preserve the vital sources of its operations, by mitigating water risks and adjusting its production processes to manage its resources effectively. In collaboration with the Körfez Municipality, Tüpraş has initiated the Urban Waste Water Recycling Project, investing \$24.8 million in İzmit Refinery between 2014 and 2015. Currently, the total municipal wastewater recovery production capacity of the refinery is 1,500 m3/hour and 98.5% of the water being used at the facility comes from the waste water of the municipality. İzmit and İzmir refineries of Tüpraş are gradually working to recycle industrial waste water and reuse processed waste water in the intermediate stages. As one of the few initiatives around the globe which focuses on repurposing urban waste water recycling project and the recycled-reused industrial waste water, the projects lead to the recycling of 66.5 million m3 of water in the last three years. This means that the project saved an amount of water equal to the annual consumption of an urban area around 414,000 houses. Additionally, Research & Development

Tüpraş R&D departments work to present solutions to mitigate climate change impacts on the company's business. As part of the Horizon 2020 programme, which is the largest European Union Research & Innovation Programme, Tüpraş has established various partnerships and has taken action to promote energy efficiency projects, the

economically and environmentally viable conversion of CO2 waste into value-added products to be used as alternative fuels or chemicals, development and demonstration of new and advanced CO2 capture technologies, research and development of advanced waste water treatment technologies and the manufacturing of energy efficient materials. Partnerships initiated by Tüpraş aim to produce biosynthetic fuel with the objective of supporting low carbon development, innovating technologies which make the recycling of waste heat possible and active sustainability on an industrial scale.

Furthermore, studies carried out on the Heavy Polynuclear Aromatics problem in Diesel Production Units (Hydrocrackers) have led to a monthly financial saving between USD 184,000 to 1,116,000. The studies on this field have also contributed to the company know-how and helped increase efficiency of the diesel production process. Another technical study on internal processes enabling the usage of Near Infrared technology resulted in both resource and financial saving. The study which was ongoing since 2015 in İzmit Refinery has led to a process efficiency due to reduced analysis times, number of analysis performed and off-spec production. Dissemination of this project in four refineries creates USD 620,000 potential saving.

Collaboration

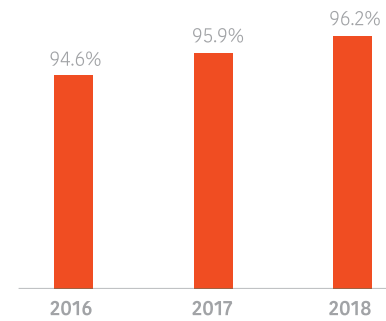
Recognizing sharing knowledge and making collaborations as an essential part of sustainable development, Tüpraş makes effort to share its own experience on climate change with the business world. Participating at the 24th session of the Conference of the Parties (COP 24), which was held in Katowice, Poland, Tüpraş presented MRV Benefits on the Low Carbon Development Pathway. Moreover, Tüpraş took part in the preparation of the Partnership for Carbon Market Readiness (PMR) conducted by the Turkish Ministry of Environment and Urban Planning, as well as the "TUSIAD Position Paper on Addressing Climate Change". As part of its collaboration with the Körfez Municipality, the company held meetings with several local municipalities, the Ministry of Forest and Water Management, along with NGOs and universities.

Waste

- ➤ ➤ At Koç Holding it is of the utmost importance to manage waste in the most environmentally friendly way, which is enabling circular methodologies in our operations. In other words, we aim to reduce the waste generated and continuously increase the proportion of waste which is recycled and reused. Furthermore, we practice ways to safely treat and dispose the residual waste. We identify possible effects of our waste and treat them accordingly. As of today, 17% of our total waste generated is labelled as hazardous waste, which is held as highly significant and treated accordingly.

With our practices on waste management we aim to lead the industries we operate in and the communities we are in touch with towards a more circular way of managing the waste generated. We believe this transformation is significant in order to build a future with higher responsibility of the waste generated.

Waste recovery by year (%)



Climate Change

In Practice: Circular Economy and Tackling Plastic Wastes

- ➤ ➤ **Arçelik** aims to create shared value for all its stakeholders, following its vision and strategy, where business efforts and sustainability are interlinked. In line to this, Arçelik gives high importance to circular economy, which enables recyclable or reusable waste to be handled as input in the new production processes.

In 2014, acting with extended producer responsibility, Arçelik established waste electrical and electronic equipment (WEEE) recycling facilities in Bolu and Eskişehir in order to regain its products in nature and to encourage the evaluation of its products as a resource. In the same year, Arçelik initiated Turkey's greatest recycling movement with the motto "Let's Return to Nature." In the campaign, all old white goods and televisions, regardless of their brands, were exchanged with the new and efficient Arçelik products.

As a white goods manufacturer in Turkey, Arçelik, the first and only company to set up its own recycling plant, also initiated the Great Renewal Movement in 2018 and took used white goods regardless of their brand from end-users' and replaced them with new environmentally friendly products. Between the years of 2014 and 2018, the energy saving as a result of the recycling processes within the two plants was 202.1 GWh which is equivalent to annual energy production of 32 wind turbines with a capacity of 2.5 MW. Also, as a result of this movement, 3.6 million tons of water was saved which is equivalent to the daily water consumption of about 4.5 million households.

Grundig electric vacuum cleaner was manufactured using plastic waste. 90% made of recycled plastic materials obtained in Arçelik's recycling plants. In 2018, the product won the "Recycled Plastic Consumer Lifestyle Product Of the Year" award, at "The Plastics Recycling Show Europe" which was awarded by Crain and Plastics Recyclers Europe.

In order to further combat against the plastic pollution and contribute to a circular waste management system, Arçelik uses PET bottles to manufacture some part of the washing machines. Using this approach Arçelik recycled 15 million PET bottles from the beginning of the project until 2018 year-end. As the project expands, the target is to recycle 25 million PET bottles; thus, to save 5.7 million kWh energy equivalent to 1,700 households annual electricity consumption and to prevent 885 tons of carbon dioxide emissions. The ghost fishing nets constitute a major threat to marine life. Arçelik has developed innovative high-performance plastic materials using those recycled fishing nets and the materials are approved for oven productions.

The efforts to reuse or recycle plastic are not the sole actions taken to combat plastic waste. Alternative methods to replace plastics are also being investigated for at Arçelik. The bio-plastic project developed by Arçelik enables plant-based resources such as corn starch to be used instead of petrol-based plastics. Thanks to the bio-materials developed by Arçelik, the life-span and durability of bio-plastics are increased in durable goods and home appliance applications have increased.

For a more efficient transformation towards the bio-plastics Arçelik works in collaboration with its European partners within the frame of EU Horizon 2020 BIO4SELF Project.

Biodiversity

- ▶ ▶ ▶ Human activity on a global scale has a potential to threaten the biodiversity and ecosystems. The potential negative impacts need to be dealt with in order to restore the environmental sustainability, as well as to ensure economic and human development. In line with this, our environmental strategy includes the conservation of biodiversity, evaluation and mitigation of potential negative impacts of our operations. We prioritize these fields and summarize our biodiversity approach under four pillars.

Koç Holding Environmental Committee has created a biodiversity action plan in cooperation with Nature

Conservation Centre, an NGO specialized in biodiversity protection. According to this plan, we are continuously seeking ways to minimize the impacts caused by our operations. We aim to provide effective land management and biodiversity protection. The biodiversity action plan incorporates ecosystem protection, habitat degradation, preservation for all species and particularly those whose existences are under threat as well as endemic species and soil protection. Our actions in this area also help us contribute to the SDGs, in particular to Goal 14 (Life Below Water) and Goal 15 (Life on Land).

**Strengthen communities.
Together**

Strengthen communities. Together

Aiming for better, across society

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

Leveraging our scale to drive change

Our scale means 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 provide access to an audience of half a million people that other businesses cannot easily reach. Engaging this many people in effecting change can start a movement that spreads through communities and beyond, and positively transforming society. Coupled with this, we work in a wide range of industries – from food processing to energy, consumer durables to finance. This means we can build interdisciplinary teams that are inclusive of diverse talents to make creative interventions and to scale prosperity in many high impact areas.

Building the world we want to live in

Our stakeholders recognize us as a driving force in society. We, too, see ourselves as a unique part of the socio-economic landscape. In parallel with the SDGs, we imagine and build the world we want in 2030 through transformative partnerships and with the momentum of

our stakeholders. It all begins within our business networks before reaching out to the suppliers and the wider community. It is important to think carefully about where we focus our efforts. Through our community investments, we aim to create sustainable, scalable and replicable models for wide dissemination and lasting impact in the five focus areas of Lead. Together - digital transformation, innovation, future talent, diversity & inclusion and climate change. With our leadership in sustainability, we help communities transform and build a better future. Therefore, we focus on the societal effects of complex issues material to Koç Group and partnering 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 the society and our business.

It is important to think carefully about where we focus our efforts. Through our community investments, we aim for wide dissemination and lasting impact in the five focus areas of **Lead. Together** - digital transformation, innovation, future talent, diversity & inclusion and climate change. Focusing on the societal effects of complex issues material to Koç Group and partnering with stakeholders to increase the prosperity and equality of the world we work in benefits society as well as our business.

Scrutinizing the future of community

At Koç Group, we aim to reflect future-oriented thinking in all areas of our business. A digital future awaits us, where our daily lives, relationships, working environment, economic and social lives are redefined by the increasing impact of digital technologies. In this emerging future, the focus areas of Lead. Together are all intersecting and equally relevant. We, therefore, concentrate on the social change essential to digital transformation, innovation and future talents. In addition, gender equality continues to stay on our community investment agenda, with respect to the great importance we give to diversity & inclusion.

For My Country: I Design the Future

- ▶ ▶ ▶ As Koç Group, through our community investments, we aim for wide dissemination and lasting impact for the society. Our target is to understand the societal effects of complex issues material to Koç Group.

The For My Country platform was launched as a social responsibility initiative in 2006 to mobilize Koç Group's vast network of employees, suppliers and distributors in different fields of sustainable development. The focus area of the platform changes every three years. Over the course of next three years, our motto will be "For My Country: I Design the Future". We will concentrate our efforts on understand the complex relationship between digital transformation, innovation and future talent.

In a world of fast-paced change, technology is redefining the way we live and the way we do business. In line with this transition, adaptation and transformation are key issues in order to sustain the business and further inspire communities. We will, therefore, focus our community investments on how technology is shaping and changing our lives and how we can transform the way we do business accordingly. We target at empowering individuals to shape their futures and to rethink their relationships with technology. Koç Group has partnered with Deloitte Digital to develop the content of the programme and the Community Volunteers Foundation for dissemination of the project.

The program offers several tools for individuals to explore their perception of the future and their relationship with technology. The tools are designed as different stages of progress.

- Future compass: An online self-assessment tool that helps individuals to define their personal roadmap in this changing environment. With a 20-minute experience, individuals can explore their perception on shaping future as well as their relationship with technology.
- Designing the Future Sessions: These are 1-hour sessions

delivered by Koç Group volunteers. The aim of the session is to discuss how rapid change results in uncertainty, how technology is widely used and accessible, how technology is solving complex issues at scale and what each of us can do to shape our futures.

- Future Workshop-1: 1-day workshop that targets at deeply exploring the different perspectives on future and technology.
- Future Workshop-2: It is a 1-day workshop that includes futuristic methodologies. Participants work on future scenarios, understand the trends and their impact. At the end, each participant prepares a personal manifesto to imagine their role in their desired future scenario.

The programme will help Koç Group employees, our ecosystem of suppliers and distributors to get familiar with the rapid change in technology and their impact on our business and daily lives. These tools are disseminated through 120 volunteer employees as well as more than 80 volunteer distributors. We target at reaching out 95,000 employees, nearly 10,000 distributors and teenagers in 20 cities. While introducing these concepts at Group level, we aim to channel our community investments in the same direction for a larger impact.



Investing in 21st Century Skills in Vocational Training

- ➤ ➤ Koç Group has been investing in vocational training for more than a decade and carried out a comprehensive programme, Vocational Training: A Crucial Matter for the Nation from 2006 to 2013. In collaboration with Vehbi Koç Foundation and the Ministry of National Education, the programme aimed at creating awareness in all segments of society on the importance of vocational technical education as well as positioning business as a key stakeholder in vocational training.

The main outcome of the programme was “School-Company Collaboration Model” which puts forward the major components of collaboration such as on-the-job trainings, mentorship opportunities and establishment of labs in schools with real time technologies. The Model has been disseminated with key stakeholders in vocational training.

Additionally, with the adoption of Industry 4.0 technologies, there is an emerging need for 21st century skills. With the learnings of the previous vocational training investments, Koç Holding and IBM is partnering with the Ministry of National Education to pilot a sustainable business-school partnership model to strengthen the vocational training ecosystem for 21st century skills. The partnership targets to empower the school to put forward strategies which are adaptable to the changing conditions. Accordingly, teachers and students are equipped through trainings and workshops design thinking methodology, critical thinking skills and empathy.

One of the unique components of the project is that students have a chance to meet the industry as early as possible in the 9th grade through design thinking workshops. In addition, IBM volunteers inform the students and the teachers on concepts with growing importance, such as cloud technology, blockchain, artificial intelligence, cybersecurity and software development. In the pilot phase, we worked very closely with more than 50 teachers and 500 students. Currently, a blueprint of the pilot phase is being prepared and disseminated to other schools in the coming year.



Gender Equality

- ➤ ➤ Gender equality is vital to advance social progress, improve human development and build more equitable societies. Yet, much remains to be done. According to the Sustainable Development Goals Progress of Goal 5 in 2018*, while some forms of discrimination against women and girls are diminishing, gender inequality continues to hold women back and deprives them of basic rights and opportunities.

Turkey's performance in the area falls below the world average." While growing globally and recognizing the trends of the world, we feel the need to invest in the communities that we operate in. Therefore, it is critical for us to create the right environment to foster gender equality in our workplace, among distributors and suppliers, and in the wider community.

Koç Group companies operate in various industries including the energy, durable goods, automotive and

finance sectors. These industries are traditionally male dominant; thus we see that barriers in equal access to economic participation and gender-sensitive workplaces can only be overcome by eliminating gender stereotypes in people's minds. For that reason, Koç Group works to shift traditional norms and be a role model. More information on Koç Group's efforts on diversity and inclusion can be found in the **Empower people. Together** section.

In the meanwhile, we also continue to create added value by organizing and supporting projects and events in the areas such as sports, culture, contemporary art and education. For more details on these projects, please see our **Koç Holding 2018 Annual Report** and **Vehbi Koç Foundation's website**.

* Sustainable Development Goals Progress of Goal 5 in 2018. <https://sustainabledevelopment.un.org/sdg5>

** Turkey ranked 130 among 149 countries in WEF Gender Gap Report, 2018.

Gender Equality

HeForShe

- ▶ ▶ ▶ UN Women launched the IMPACT 10x10x10 Initiative in 2015 in order to engage key decision makers in governments, corporations, and universities around the world to drive change from the top. IMPACT Champions make gender equality an institutional priority by developing three bold, game-changing commitments to advance and achieve gender equality for all.

Mustafa V. Koç, former Chairperson of the Board of Directors of Koç Holding, was also selected as an Impact Champion. He supported the efforts personally and served as one of the ambassadors of the campaign. Koç Holding Chairperson Ömer M. Koç took on the leadership role after late Mustafa V. Koç.

Koç Holding's three commitments to the HeForShe movement are:

1. Fund implementation of the HeForShe campaign in Turkey and mobilize 4 million supporters by 2017.
2. Empower HeForShe mobilizers at Koç to shift gender norms across Turkey, reaching 100,000 people with gender sensitization training by 2020.
3. Strengthen gender sensitive work environment to drive towards parity.

Successfully completing the first two commitments through HeForShe communications campaign and the I Support Gender Equality For My Country trainings, our efforts to transform our work environment continue. We work to increase female employment in male dominant sectors and introduce diversity and inclusion filters to our marketing and communications processes and support HeForShe Turkey's social media accounts. We monitor gender equality indicators annually and report them in our sustainability reports as well as in the HeForShe Parity Reports.



Gender Equality

In Practice: Addressing Stereotypes in Communications and Marketing

- ▶ ▶ ▶ As Koç Group, we aim to mainstream gender equality in all areas of our business and the communities we operate in. Our experience shows that unconscious biases constitute the single most important challenge. For that reason, we focus on addressing stereotypes by advocating and empowering role models in unconventional roles and mobilizing stakeholders in and outside of business world.

In order to introduce a gender filter to our communications, we developed "Guide to Gender Equality in Communications". The Guide is designed as a communication standard for Koç Group; therefore compliance is a necessity. Through Gender Sensitive Communications Workshops, marketing and communications professionals from 8 Koç Group companies and 30 advertising/PR agencies have internalized the key criteria introduced in the Guide.

We designed a digital monitoring mechanism to evaluate all TV commercials of our brands. With this mechanism, we provide gender auditing for TV commercials and also keep track of the teams' gender-sensitive communications skills. This provides us with a platform to continue the dialogue with the teams, to reward best practices and to better understand the current status and trends in our communications in terms of gender equality.

According to the results of the evaluations;

- We observe that all brands avoid presenting women as objects of sexuality, and men as of power. Explicit gender biases are rare, however, they can still be seen in physical characteristics and the positioning of women at home.
- Diversity is better reflected in the communications of social responsibility projects; than in mainstream advertisements.

- Positive role models appear in the campaigns for Mother's Day, Father's Day and International Women's Day. However, in the half of the main trust ads, we don't see these role models, proving that we need to increase the representation of both female and male role models.

Koç Group's Guide to Gender Equality in Communications has been embraced by the TUSIAD, Turkey's top business organization. All the major sector associations, including the Association of Turkish Advertisers, Advertising Foundation, Association of Communications Consulting Companies, Public Relations Association of Turkey and Association of Corporate Communicators, became dissemination partners for the guide. These organizations now circulate the guide among their members and implement the workshops for their teams and stakeholders.

Association of Turkish Advertisers, later, launched the RVD Platform on Gender Equality in Advertising to tackle gender stereotypes in advertising. The first activity of the Platform was the academic research based on the analysis of gender roles depicted in 489 Effie award-winning television commercials in Turkey from 2007 to 2018. According to the results;

- Only 35% of main characters in Turkish TV commercials are played by women
- Only 10% of voiceovers are female
- Women are largely associated with household products (91%), fashion (80%), beauty and personal care (63%) while men are associated with financial services (96%), electronics (83%) and automotive (83%)

Following these findings, the Platform launched The Turkish translation of the World Federation of Advertisers' Guide to Progressive Gender Portrayals in Advertising. Koç Group's video campaign for 2018 International Women's Day is selected as an unsterotyping ad and explained in the guide as an example.

Gender Equality

In Practice: Addressing Stereotypes in Communications and Marketing

Gender Stereotypes in TV Series

While carrying out the Project, we realized that besides advertisements, visuals and language used in TV series reproduces and reinforces gender discrimination as well. Moreover, when the average time spent watching TV in Turkey considered, TV series offer a very important platform to fight against traditional gender stereotypes and create a gender equal positioning. With this point of view, we started a project called Gender Equality in TV Series. Turkish Industry and Business Association became the umbrella organization of the project, and UN Women and UNFPA became the consulting partners.

In order to have a common and objective understanding around the issue, we partnered with the academicians of Kadir Has University to do a research on the current gender situation of TV series. A consultative committee including representatives from UN Women, UNFPA, Mother Child Education Foundation, Istanbul University, Kadir Has University and Koç University supervised the research procedure. The results of the study has shown that;

- "Having characteristics of a stereotypical woman" is widely used to insult and humiliate female characters – even by women, with 62% of characters portrayed in this way.
- 64% of shy characters are portrayed by women while 69% of vulgar characters and 62% of aggressive characters are male.
- The majority of scenes (73%) involving tears and grief belong to female characters whereas 79% of violent scenes are played by male characters.
- Visibility of working women is limited. Female characters do 92% of the household chores shown whereas business- and work-related matters belong to male characters 82% of the time.

The research results and the workshop we ran to have an in-depth discussion on the roles and responsibilities of the stakeholders led to the creation of the Gender Equality Principles in TV Series. The Principles include promoting diversity in characters, rejecting stereotypes, reflecting different roles and responsibilities in a balanced way, standing against the normalization of violence, adopting a gender-mainstreaming discourse and increasing the visibility of different role models. On March, 2018, a launch meeting was organized with the participation of major sectoral associations such as Association of Television and Cinema Producers, Screenwriters Association, Actors' Union of Turkey and Advertisers Association. Together, as sector representatives, they commit to take action for realizing Gender Equality Principles in TV Series.

Now we are establishing a Monitoring Platform for TV Series including these major sectoral associations, university and civil society representatives, and building a digital tool to easily monitor and evaluate ongoing shows. Under this platform, the stakeholders will have the chance to work together and share recommendations on discriminative scenes with relevant stakeholders and award best practices.

From the learnings of Gender Equality in TV Series Project, we now want to speak the unspoken and bring implicit gender issues to the table to mobilize business world around them. We will support TUSIAD to be an umbrella organization that unites stakeholders around issues, initiates collaborations, generates clear solutions and develops policy and position papers for the businesses.

Corporate Governance and Risk Management

- ➤ ➤ Managing sustainability across diverse industries and structures can be a challenging task. Our tailor-made approach allows us to integrate sustainability into our business strategies by setting a central framework and implementing through senior management in each business. This distinctive way of managing sustainability enhances our competitive advantage, enables a continuously improving business environment and means we get the win-win of an overarching perspective that also reflects the specifics of the industries we work in.

As Koç Group, we believe that robust corporate governance practice is key to the long-term productivity and success of the Group Companies by helping to improve performance and mitigate risks. For all the details on Corporate Governance, please refer to **Koç Holding 2018 Annual Report**.

Ethics and Transparency

As Koç Group, we pay high importance to ethics and transparency. We have extensive global operations with numerous stakeholders around the world. Therefore, it is essential that the Group continues to earn their trust while ensuring high ethical standards and the cooperation of both internal and external stakeholders.

The Koç Group Code of Ethics and Implementation

Principles provides guidance for all Koç Group employees on value-based and legally irreproachable conduct. Our aim is to provide clear guidance, to protect our employees, companies, and business partners. It outlines the basic rules of conduct within the Group and takes a stance on ethical issues such as whether to give or accept gifts, how to avoid conflicts of interest and how to deal with insider information. We regularly update the Code of Ethics and Implementation Principles to widen its scope and to emerging issues as well.

Each Group Company's Human Resources Department is responsible for ensuring employees read and understand the Code of Ethics and Business Conduct and Implementation Principles, and to document the employees' commitment to their execution. Every employee can report violations via email or the telephone line that is set up specifically for this purpose. Any such report is kept strictly confidential and is not shared with any third party. Our Code of Ethics and Business Conduct also extends to our business partners.

The Koç Group Code of Ethics and Implementation Principles document can be accessed [here](#).

► ► ► **Countering Bribery and Corruption**

Our core values of honesty, integrity, and business ethics form the foundations of our business. Our business principles require us to comply with all rules and regulations in each sector where we operate and not to accept any form of corruption. We aim to act with integrity towards our stakeholders while following our business principles. As Koç Group, we are sensitive and rigorous about fighting bribery and corruption. The Koç Group Code of Ethics and Implementation Principles states a zero-tolerance policy on corruption and demands compliance with all relevant laws and our own business principles. All employees and all third parties acting on behalf of Koç Group are required to comply with the rules on the fight against corruption and with the applicable laws and regulations.

5,386 employees have received training on anti-bribery, nearly triple compared to last year's employees. In addition, 137 managers have received training on anti-bribery. We provided 3,045 employee-hours of ethics training to contractors in 2018, resulting in a 48% increase compared to 2017.

Risk Management

Sustainability management is closely tied to our management of risk and opportunities. We are investing and preparing our companies for the future while maintaining our prudence.

Risk Management Committee is responsible for the overall process of risk management, which is the highest body within the group and is led by the Finance department. The

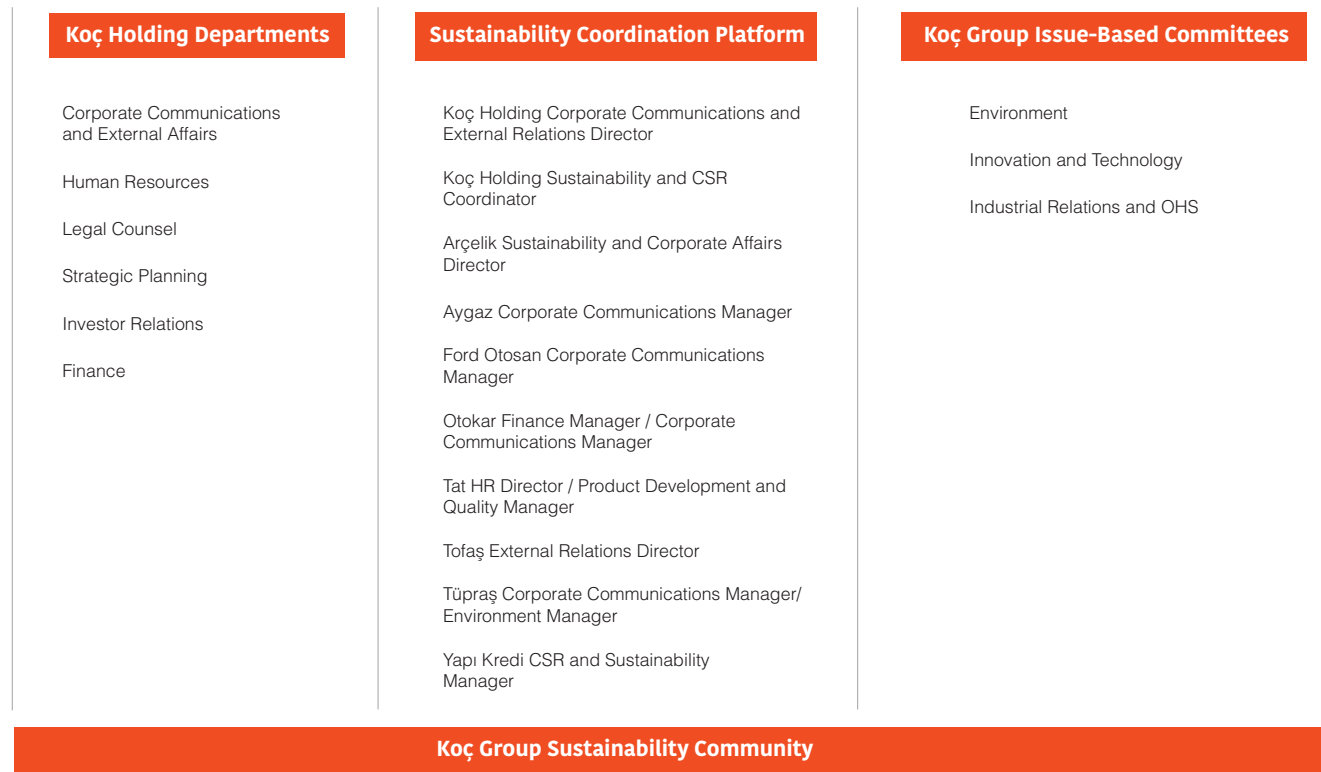
Committee is set up under Board of Directors and therefore reports directly to it. The Board of Directors is periodically being informed regarding the outputs of the work carried out in the Risk Management Committee, which convenes at least 6 times per year. In 2018, the Committee worked to assess the Company's risk profile and identify the measures to be taken in risk prone areas.

The speed and unprecedented scale of change introduces new risks constantly. We believe risk management is a value-generating activity. Including non-financial risks, such as climate change, talent management, biodiversity and occupational health and safety, to our risk management approach enables us to deal global trends, improve competitiveness of our Group. The Sustainability and CSR Unit is tasked with overseeing non-financial risks amid an accelerating change agenda. The Unit monitors the global trends and developments, regularly follows up with stakeholders and promotes improved sustainability performance to manage these risks and address them in a pro-active manner. This approach enables us to identify potential risk and impact areas in advance and helps Group companies to take necessary actions to mitigate and manage non-financial risks.

For further details on our risk and opportunity management and a detailed description of significant risks, please refer to **Koç Holding 2018 Annual Report**. More information on how we manage sustainability risks and opportunities is available under "Empower people. Together" and "Act for the planet. Together" sections of this report.

Sustainability Governance Across Koç Group

- ➤ ➤ Sustainable thinking is embedded firmly at the core of Koç Group's business practices. Sustainability management enables us to take holistic view and implement it through senior management level across diverse industries we work in. The way we perceive sustainability, and how we decide to incorporate it our business strategy enhances our competitive advantage, reduces costs and risks, increases revenues and helps safeguard the value of non-financial assets.



Sustainability Governance Across Koç Group

► ► ► How we coordinate sustainability at Group level

Our sustainability governance model at Group level provides a strong anchorage for implementing the Lead. Together strategy. Sustainability and CSR Unit is responsible for the overall coordination of sustainability management at Koç Holding. The Unit is led by Koç Holding Corporate Communications and External Affairs Departments' Director, who reports directly to the CEO. It ensures that we focus on embedding sustainability into the business by implementing decisions in the relevant business areas.

The main objectives and responsibilities of the Koç Holding Sustainability and CSR Unit include:

- providing guidance for Koç Group companies on cross-cutting issues,
- creating platforms to build a community of practice,
- building relationships with internal and external stakeholders at different levels,
- acting as a hub for learning and development of managing sustainability priorities.

Koç Group Sustainability Coordination Platform

Clear responsibilities and decision-making processes assure the efficiency of our operations. Koç Group Sustainability Coordination Platform is supported by a wider network, known as sustainability community and

is managed by the Holding's Sustainability and CSR Coordinator. The Platform consists of members from Koç Group's publicly listed companies and report directly to General Managers or Assistant General Managers in their respective organizations. The Platform members meet twice a year to forge cross-sectoral links, to review global trends and their potential impact, to discuss material issues and to share listed companies' strategic priorities and best practices.

Members of the Platform are:

- Arçelik Sustainability and Corporate Affairs Director
- Aygaz Corporate Communications Manager
- Ford Otosan Corporate Communications Manager
- Otokar Finance Manager / Corporate Communications Manager
- Tat HR Director / Product Development and Quality Manager
- Tofaş External Relations Director
- Tüpraş Corporate Communications Director
- Yapı Kredi CSR and Sustainability Manager

Sustainability Coordination Platform is mainly responsible for informing Group companies about Koç Holding's sustainability agenda. The Platform contributes to the development of shared standards among the Sustainability Community, strengthens stakeholder engagement, tracks sustainability performance management and develops best practice in line with Koç Group Sustainability Guide.

Sustainability Governance Across Koç Group

► ► ► Koç Group Issue-Based Committees

Three different issue-based committees monitor the progress – and potential risks – of the Lead. Together and report to Koç Holding C-level in their respective areas. Committee members meet several times throughout the year. The Sustainability and CSR Unit works closely with issue-based committees within the Group. Members of the Unit regularly attend committee meetings to review how sustainability and business strategies are aligned and to ensure that the strategic direction and actions taken are in line with Koç Holding's sustainability agenda.

Koç Group Sustainability Community

Koç Group Sustainability Community consist of Sustainability Coordination Platform, Koç Group Issue-Based Communities and Koç Holding Departments. The Community operates closely with the Sustainability Coordination Platform in order to implement sustainability strategies within relevant functions of Group companies. The Community brings together mid-level managers from a wide range of expertise areas, including environment, human resources, innovation, digital transformation, auditing, purchasing, legal and corporate communications functions. The Community meets twice a year under the leadership of the Sustainability and CSR Unit to share best practices, discuss industry-specific issues, develop stakeholder engagement and highlight the contribution of each function within the overall Lead. Together strategy. These meetings include, but are not limited to, team members from companies represented in the Platform.

How sustainability is organized at Koç Group: role of Koç Holding Sustainability and CSR Unit

The Unit focuses to build a community of practitioners and provide thought leadership to facilitate collective progress. The Unit develops platforms to bring together sustainability professionals from Platform members Companies', create the suitable environment for sharing and learning, bring external know-how to reach international standards and scale best practices and develops a tool, Koç Group Sustainability Guide.

Koç Group Sustainability Guide

Through the Guide, we aim to:

- Build group-wide sustainability leadership capacity
- Develop an integrated approach for sustainability and business strategies
- Align sustainability practices such as issue management, stakeholder engagement, setting up and monitoring key performance indicators (KPIs) and implementation and dissemination of best practices, across industries and companies
- Create a shared understanding for sustainability within Koç Group companies.

Making It Happen with Stakeholders

- ➤ ➤ **Lead. Together** sets us a framework for making collective progress and helps us harness the power of our network to drive positive change and develop every person and organization we engage with. Increasing partnerships with external stakeholders is crucial for progress and managing such collaborations in a more efficient way. 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 values 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.

As Koç Group, we believe sustainability communication with stakeholders requires a goal-oriented approach and our foremost objective is to consistently create value for our stakeholders. Therefore, our sustainability approach and the way we manage it, is aligned with SDG 17. The 2030 Agenda requires effective collaborations between all stakeholders and an integrated approach in order to achieve the seventeen SDGs. SDG 17 specifically aims at creating this commitment, partnerships and collaborations.

Stakeholder outreach and integration is key driver for group companies' success. We created a comprehensive approach to identify expectations and opinions of our stakeholders on environment, human and employee rights, transparency and ethics, innovation, diversity and inclusion and bring stakeholder perspective into our sustainability strategy in order to nourish our business, gain profit and generate tangible. We aim to meet the competing expectations and interests of shareholders, investors, employees, group companies, distributors, customers, civil society organization, governmental authorities and entities, industry associations and universities in a transparent and equal way.

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

102-42

Making It Happen with Stakeholders

Stakeholder Groups	Engagement Relevancy	Material Issue Relevancy	Our response (Related report sections)
Shareholders and Investors	<ul style="list-style-type: none"> To ensure sustainable and profitable growth To deliver the digital transformation and innovation agenda To become a role model that drives change in society 	<ul style="list-style-type: none"> Digital transformation Innovation Social responsibility programmes Stakeholder dialogue Risk Management 	Corporate Governance and Risk Management Grow the Business. Together
Employees	<ul style="list-style-type: none"> To be more appealing to the best emerging talent To create an inclusive culture for a collaborative workplace 	<ul style="list-style-type: none"> Employee rights and human rights Talent management Employee engagement Occupational health and safety Diversity and inclusion Ethics and transparency Countering bribery and corruption 	Empower people. Together Corporate Governance and Risk Management
Group Companies	<ul style="list-style-type: none"> To transform our business for the better To provide guidance on managing sustainability 	<ul style="list-style-type: none"> Leadership in sustainability Climate change management Waste management Biodiversity Water stewardship 	Grow the Business. Together Act for the Planet. Together
Suppliers & Distributors	<ul style="list-style-type: none"> To support the transformation of SMEs To increase the standards related to sustainability issues 	<ul style="list-style-type: none"> Leadership in sustainability Responsibility in the value chain Supporting local development 	Grow the Business. Together Strengthen communities. Together
Customers	<ul style="list-style-type: none"> To serve our customers better, faster, with a fully customized experience and personalised 	<ul style="list-style-type: none"> Customer satisfaction and customer orientation Privacy and cybersecurity 	Grow the Business. Together
Civil Society Organization	<ul style="list-style-type: none"> To unify efforts in order to offer solutions to sustainability issues To act in line with the expectations of beneficiaries and local Communities To commit resources on areas that matter to stakeholders 	<ul style="list-style-type: none"> Community investment programmemes Stakeholder dialogue Climate change management Waste management Biodiversity Water stewardship 	Strengthen communities. Together Act for the Planet. Together
Governmental Authorities and Entities	<ul style="list-style-type: none"> To develop scalable action in order to solve complex sustainability issues 	<ul style="list-style-type: none"> Community investment programmemes Stakeholder dialogue Leadership in sustainability 	Strengthen communities. Together
International Organizations	<ul style="list-style-type: none"> To develop scalable action in order to solve complex sustainability issues 	<ul style="list-style-type: none"> Community investment programmemes Stakeholder dialogue Leadership in sustainability 	Strengthen communities. Together
Industry Associations	<ul style="list-style-type: none"> To initiate joint action in order to contribute to cross-industry issues To initiate self-assessment, self-regulation tools for the transformation of the business world 	<ul style="list-style-type: none"> Leadership in sustainability Digital transformation 	Strengthen communities. Together Grow the Business. Together
Universities	<ul style="list-style-type: none"> Partnerships, cooperation and joint projects, support for research projects, know-how transfer through internship and courses 	<ul style="list-style-type: none"> Community investment programmemes Stakeholder dialogue Leadership in sustainability 	Strengthen communities. Together

102-40 / 102-43 / 102-44

Making It Happen with Stakeholders

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 SDGs, strong partnerships are necessary at all levels and between different 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 as partnerships lasting for a pre-determined period. Increasing partnership with external stakeholders, an important source of innovation, and managing these collaborations more effectively.

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 the change reaching out to the whole community and we respond effectively to stakeholder expectations. 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 manage material topics in large scale. Koç Holding takes part in multi-stakeholder initiatives where an issue has wider effects within the society and requires the presence of various stakeholders in order to **Lead. Together** narrative.

102-42 / 102-43 / 102-44

Making It Happen with Stakeholders

Stakeholder Groups & Engagement Methods

Stakeholder Groups	Engagement Platforms & Tools	Communication frequency
Shareholders and Investors	General Assembly meeting, meetings upon requests in different countries, road shows and conferences, quarterly webcasts, investor relations bulletin, website, and the iPad app; e-mails, teleconferences, financial (quarterly and annually) and sustainability reports, credible stock exchange indices	At least once a week
Employees	Intranet, electronic communication tools, monthly internal magazine "News from Us", meetings and organizations on regular basis, Website and the iPad apps, employee engagement surveys, volunteering programmes	On a daily basis
Group Companies	Internal meetings and workshops, issue, function and industry specific committees	On a daily basis
Suppliers & Distributors	Anatolian Meetings (with the participation of CEO, Chairman of the Board and Executives), "News from Us" magazine, capacity building trainings, workshops	At least once a week
Customers	Communication form on the website, phone or e-mail, call centers, satisfaction surveys	Daily support by telephone and email. Once a year by survey
Civil Society Organization	Memberships, cooperation and joint projects, workshops, project partnerships, annual and sustainability reports.	Every two weeks
Governmental Authorities and Entities	Workshops, cooperation on joint projects	Every two weeks
International Organizations	Multi-stakeholder initiatives and partnerships, cooperation and joint projects, roundtables, memberships	Every two weeks
Industry Associations	Multi-stakeholder initiatives and partnerships, participation in management level, memberships	Every two weeks
Universities	Partnerships, cooperation and joint projects, support for research projects, know-how transfer through internship and courses	Every two weeks

102-47 / 102-49

Materiality Analysis

➤ ➤ ➤ With many industries we operate in, we have a great potential for positive impact. Sustainable economic development can only be possible if environmental and social needs are met. In order to address these needs and be part of solutions, we work in collaboration with our stakeholders. In line with our strategic approach Lead. Together, where sustainability is put to the core of our decision making, we executed a materiality analysis. The aim of this analysis is to validate our sustainability approach Lead. Together and review material sustainability issues for Koç Holding. By reviewing these material issues periodically, we enable to both meet stakeholder expectations, generate shared value for all our stakeholders on numerous industries and areas we operate in and be in line with global sustainability trends. To achieve this, this, we adopted a comprehensive methodology, including Holding strategy, internal and external stakeholders, global trends and a SASB 4 Factor Analysis.

Materiality Analysis

Priorities for Koç Holding

Koç Holding Annual Reports and Investor Kit
Sustainability Approach
SASB 4 Factor Analysis

Priorities for Stakeholders

External Trends
Stakeholder Analysis

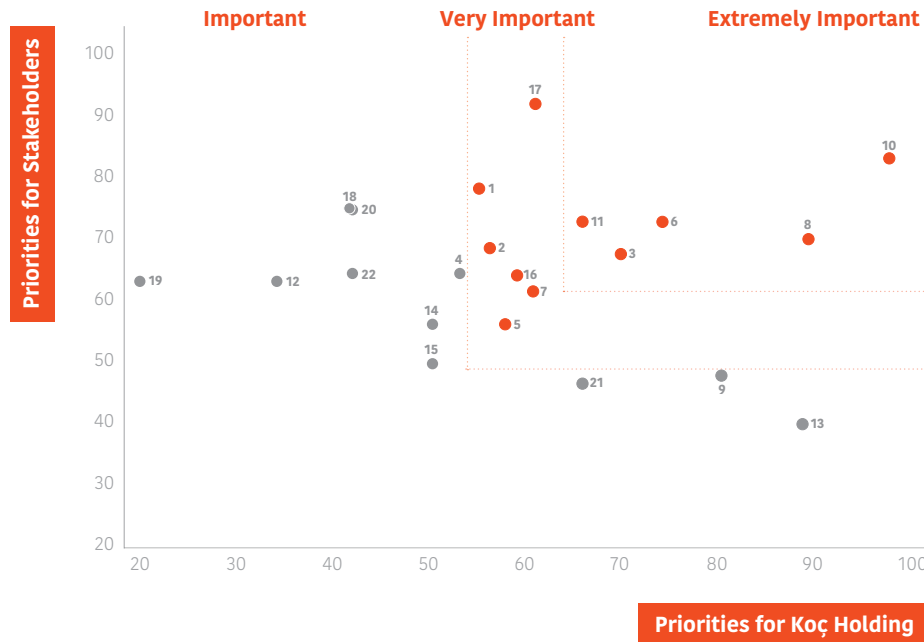
Stakeholder expectations and appeals are critical in order to understand the needs of the society and the planet. In line with this, in our initial analysis, stakeholders were asked to respond to questions on critical mega trends and sustainability issues, implications of megatrends and issues on emerging markets, business' role in contributing the SDGs, material issues for Koç Holding and roles and expectations from Koç Holding. The stakeholders included

government institutions, international organizations, NGOs business organizations, research centers, opinion leaders, start-ups and universities both at national and international level.

We have enriched the stakeholder opinion and vision with the external trends, in order to have a more thorough assessment of external opinions on sustainability issues relevant to Koç Group. We made this possible through the assessment of the global initiatives and decision mechanisms and inclusion of these outcomes to the materiality analysis. These parties which are directly and indirectly linked to the many business areas we are active in are also important in terms of setting the global sustainability trends. World Economic Forum's The Global Risks Report 2019, UN Sustainable Development Goals, Sustainability Accounting Standards Board (SASB) materiality map considering an industry based assessment of potential impacts on companies, 2019 Strategy of Presidency of Republic of Turkey and other lawmaker institutions are some of the many parties which have been included to the study.

We have included our business and sustainability strategy to the study in order to determine our material issues. Additionally, we have included the SASB 4 Factor Analysis, which reflects an integrated thinking and management structure in our analysis. It provides a risk analysis of the main sustainability issues, based on likelihood and impact assessment. We analysed each issue, whether they have a direct financial impact on the business, with respect to legal, regulatory and policy drivers, their potential to create a differentiation opportunity regarding competitiveness and potential innovation opportunities.

Materiality Analysis



The materiality analysis, which served as a validation of our priority issues revealed results which comply with our existing material issues such as digital transformation, innovation, talent management, diversity and inclusion, and climate change. Risk management, ethics and transparency, countering bribery and corruption, employee engagement and occupational health and safety have always been part of the way we do business. We will continue to manage and report our performance on these issues. Furthermore, privacy and cybersecurity came out as an emerging issue which may have a potential impact on our business in the near future.

102-47 / 102-49

- | | |
|---|--|
| 1. Ethics and transparency | 12. Responsibility in the value chain |
| 2. Countering bribery and corruption | 13. Customer satisfaction and customer orientation |
| 3. Talent management | 14. Privacy and cybersecurity |
| 4. Employee rights and human rights | 15. Supporting local development |
| 5. Employee engagement | 16. Leadership in sustainability |
| 6. Occupational health and safety | 17. Climate change management |
| 7. Diversity and inclusion | 18. Waste management |
| 8. Digital transformation | 19. Biodiversity |
| 9. Product quality and safety | 20. Water stewardship |
| 10. Innovation | 21. Community investment programmes |
| 11. Risk management | 22. Stakeholder dialogue |

(Extremely important and very important material issues are marked with red)

Performance Indicators

Social Performance Indicators

Employees by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of Employees	18,297	55,101	18,615	54,175	18,188	50,144
Total Number of Employees	73,398		72,790		68,332	

Employees by Employment Type	2016	2017	2018
Full Time	73,005	72,269	68,142
Part Time	765	903	659

Employees by Age	2016	2017	2018
Under 30	27,701	25,174	20,365
30-50	44,027	45,924	46,119
Over 50	1,706	1,692	1,848

Employees Who Left by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of Employees	2,252	9,334	2,759	9,746	2,943	9,165
Total	11,586		12,505		12,108	

Employee Turnover Rate	2016	2017	2018
Employee Turnover	15.8	17.2	17.7

New Hires by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of New Hires	3,179	10,535	3,037	8,704	2,462	5,198
Total	13,714		11,741		7,660	

Senior Management by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of Senior Management	25	170	22	177	24	192

Mid-Level Management by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of Mid-Level Management	1,017	2,248	1,020	2,224	1,041	2,308

Training Hours per Employee	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Average Annual Training Hours per Employee	62,4	32,8	43	34,1	46,9	39,9

Performance Indicators

Environmental Performance Indicators

Energy Savings and Reduction in Greenhouse Gas Emissions by Year

Year	Energy Savings (million GJ)	Reduction in Greenhouse Gas Emissions (thousand ton CO ₂ e)
2016	1.50	112.40
2017	1.09	71.12
2018	3.88	275.74

Water Consumption (m³)

	2016	2017	2018
Surface water	16,205,619	14,449,822	17,193,124
Ground water	7,842,177	8,179,582	6,791,670
Municipal water	2,820,391	2,718,450	2,292,479
Treated urban wastewater, rainwater and other sources	13,807,375	15,768,052	11,466,725
Total consumption (m³)	40,756,562	41,115,907	38,019,684

Environmental Trainings in 2017	Employees	Contractors
Number of participants	31,111	30,010
Training (person*hours)	42,170	15,751

Waste by type (tons)

	2016	2017	2018
Recovered and recycled hazardous waste (R code)	35,927.276	28,185.18	38,937.72
Recovered and recycled non-hazardous waste (R code)	293,112.345	312,875.66	195,220.72
Hazardous waste disposed (D code)	12,102.22	7,793.09	2,047.29
Non-hazardous waste disposed (D code)	6,232.45	6,864.35	6,326.79
Hazardous waste sent to temporary storage	73.24	212.64	896.02
Non-hazardous waste sent to temporary storage	14.65	3.2	23.1
Total	347,462.18	355,533.11	243,451.62

GRI Content Index



GRI Standard	Disclosure	References
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
GRI 102: General Disclosures 2016	Organizational Profile	
	102-1	3
	102-2	https://www.koc.com.tr/en-us/activity-fields/sectors https://www.koc.com.tr/en-us/activity-fields/list-of-brands
	102-3	https://www.koc.com.tr/en-us/about/headquarters
	102-4	https://www.koc.com.tr/en-us/activity-fields/international-network-of-koc-group
	102-5	https://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/shareholder-structure
	102-6	https://www.koc.com.tr/en-us/investor-relations/financial-statements-and-statistics/AnnualReports/Koc-Holding-2018-Annual-Report.pdf
	102-7	25, 65, https://www.koc.com.tr/en-us/investor-relations/financial-statements-and-statistics/AnnualReports/Koc-Holding-2018-Annual-Report.pdf
	102-8	25, 65
	102-9	22
	102-10	https://www.koc.com.tr/en-us/investor-relations/financial-statements-and-statistics/AnnualReports/Koc-Holding-2018-Annual-Report.pdf
	102-11	9, 10, 22, 32, 35, 37, 38, 47, 54, 55, 56, 57, 59
	102-12	3, 9, 10, 22, 32, 35, 37, 38, 47, 54, 55, 56, 57, 59, 62
	102-13	32, 51
	Strategy	
	102-14	4, 5
	102-15	9, 11
	Ethics and Integrity	
	102-16	54, https://www.koc.com.tr/tr-tr/hakkinda/Documents/Koc-Group-Code-of-Ethics-and-Business-Conduct.pdf
	Governance	
	102-18	56-58, https://www.koc.com.tr/en-us/about/organization-chart
	Stakeholder Engagement	
	102-40	60
	102-41	32
	102-42	59, 61
	102-43	60, 61
	102-44	60, 61
	Reporting Practice	
	102-45	3
	102-46	3
	102-47	9, 10, 11, 64
102-48	No such restatements were made in this report.	
102-49	3, 9, 10, 11, 64	
102-50	3	
102-51	3	
102-52	3	
102-53	3	
102-54	3	
102-55	67-68	
102-56	Information and data presented in this report has not been independently verified.	

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

GRI Content Index

GRI Standard	Disclosure	References	Omission
GRI 200: ECONOMIC STANDARDS SERIES 2016			
Economic Performance			
GRI 103: Management Approach 2016	103-1	13, 14	-
	103-2	13, 14	-
	103-3	13, 14	-
GRI 201: Economic Performance 2016	201-1	https://www.koc.com.tr/en-us/investor-relations/financial-statements-and-statistics/AnnualReports/Koc-Holding-2018-Annual-Report.pdf	-
	201-2	https://www.koc.com.tr/en-us/investor-relations/financial-statements-and-statistics/AnnualReports/Koc-Holding-2018-Annual-Report.pdf	-
GRI 300: ENVIRONMENTAL STANDARDS SERIES 2016			
Energy			
GRI 103: Management Approach 2016	103-1	37-39	-
	103-2	37-39	-
	103-3	37-39	-
GRI 302: Energy 2016	302-1	40, 66	-
	302-3	40, 66	-
	302-4	40, 66	-
Water			
GRI 103: Management Approach 2016	103-1	37-39	-
	103-2	37-39	-
	103-3	37-39	-
GRI 303: Water 2016	303-1	41, 66	-
	303-3	41, 66	-
Emissions			
GRI 103: Management Approach 2016	103-1	37-39	-
	103-2	37-39	-
	103-3	37-39	-
GRI 305: Emissions 2016	305-1	40, 66	-
	305-2	40, 66	-
	305-4	40, 66	-
	305-5	40, 66	-
Waste			
GRI 103: Management Approach 2016	103-1	37-39	-
	103-2	37-39	-
	103-3	37-39	-
GRI 306: Effluents and Waste 2016	306-2	43, 66	-
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	22	-
	103-2	22	-
	103-3	22	-
GRI 308: Supplier Environmental Assessment 2016	308-2	22	-

GRI Content Index

GRI Standard	Disclosure	References	Omission
GRI 400: SOCIAL STANDARDS SERIES 2016			
Employment			
GRI 103: Management Approach 2016	103-1	24-27	-
	103-2	24-27	-
	103-3	24-27	-
GRI 401: Employment 2016	401-1	65	-
	401-3	32	-
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	35	-
	103-2	35	-
	103-3	35	-
GRI 403: Occupational Health and Safety 2016	403-1	35	-
	403-2	35	-
Training and Education			
GRI 103: Management Approach 2016	103-2	26-27	-
	103-3	26-27	-
	103-3	26-27	-
GRI 404: Training and Education 2016	404-1	27	-
	404-2	27-29	-
	404-3	34	-
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	32	-
	103-2	32	-
	103-3	32	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	65	-
Non-discrimination			
GRI 103: Management Approach 2016	103-1	32	-
	103-2	32	-
	103-3	32	-
GRI 406: Non-discrimination 2016	406-1	32	-
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	22	-
	103-2	22	-
	103-3	22	-
GRI 414: Supplier Social Assessment 2016	414-1	22	-

GRI Content Index

GRI Standard	Disclosure	References	Omission
MATERIAL TOPICS			
Digital Transformation			
GRI 103: Management Approach 2016	103-1	14, 15, 18	-
	103-2	14, 15, 18	-
	103-3	14, 15, 18	-
Innovation			
GRI 103: Management Approach 2016	103-1	19-21	-
	103-2	19-21	-
	103-3	19-21	-
Risk Management			
GRI 103: Management Approach 2016	103-1	54, 55	-
	103-2	54, 55	-
	103-3	54, 55	-

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

Report Design: Caretta Communication & Consultancy
Photography: Muhsin Ergün

For more information

Koç Holding Corporate Communications and External Affairs
Sustainability and CSR Unit

sustainability@koc.com.tr