SUSTAINABILITY REPORT FOR 2018
About The Report

This is the fifth sustainability report that presents the sustainability performance of Turkish Airlines for the year of 2018 prepared in accordance with the Global Reporting Initiative (GRI) Standards: core option. Where relevant, data from the previous years was also included.

Turkish Airlines Incorporation and its fully owned subsidiaries, Turkish Technic Inc. and Aydın Çıldır Airport Services are included in the consolidated financial statements however these subsidiaries are not covered by the report. Greenhouse gas emissions for the period of 2017 was verified by a third party organization according to TS EN ISO 14064-3: 2007 standard and the verification statement is presented at the back of the report. External assurance has not been obtained for any other indicator or the report itself.

Content Writer & Reporting Consultant

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Contact for Feedback

Any feedback we receive from you remains a source of great strength for us.
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The airline that flies to the highest number of international destinations from a single hub.

The airline that flies to the most countries worldwide.

The 4th airline that flies to the highest number of airports worldwide.
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As a global brand and the national flag carrier airline of Turkey, we are carrying out our operations based on an environment-friendly approach and making a positive contribution to the community. We believe that the business world plays a crucial role for accomplishment of the 17 Sustainable Development Goals as set by the United Nations, and we also pursue our activities in line with such Goals.

In line with our approach that is based on the sense of responsibility, we submit our performance and plans for the future with respect to such four core domains, on regular basis, by means of the sustainability reports drawn up by us. We are pleased to share, now, our fifth sustainability report, covering our performance for 2018 and we have drawn up in accordance with the G4 core version of the Global Reporting Initiative (GRI), the globally most-wide referred sustainability reporting guidelines, with you.

From the economic perspective, aviation industry brings along numerous substantial contributions such as tourism, trading, connectivity; and it further provides support for the economic development thanks to its aspects such as growth of employment and promotion of innovation. As the airline operator, flying to the most countries worldwide with a 310 destinations in 124 countries, we create new opportunities for the economy and make material contributions to the Turkish economy, trade and tourism.
by means of our expanding network. In addition, our Company offers the opportunity to develop economic and social relations with the other regions of the globe, to many of the developing or underdeveloped regions. As of 2018, approximately 1.5 million of the passengers, carried within 27 countries, which are listed in the least developed countries category, have travelled by choosing Turkish Airlines, and thus, we provided contribution to development of their economic and social relations with the globe by such countries.

We, as Turkish Airlines, pursue our sustainability activities in cooperation with many national and international organizations. Accordingly, we adopted both the short-term and the long-term targets, set by the International Air Transport Association (IATA) for minimization of the carbon emissions for the purpose of fighting against the climate change, and we work devotedly to provide a contribution to such targets. Furthermore, for the purpose of accomplishment of such targets, the “Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)” was ratified, voluntarily, by 65 states, including our country.

We have taken many initiatives for the purpose of reducing our carbon footprint by increasing our fuel efficiency as part of protection of the environment and fighting against the climate change. Accordingly, we equip our fleet with young, environment friendly aircraft with high fuel efficiency, while investing in the emerging technologies. As of the end of 2018, our fleet, which is one of the youngest fleets in the world, has an average age of 8.2. In consequence of our activities oriented at fuel efficiency, we prevented release of 93.267 tons of carbon since we have made some fuel-saving of 29.608 tones during 2018. We, now, operate flights that are 20 percent more fuel efficient as compared to 2018, and thus, we provided contribution to development of their economic and social relations with the globe by such countries.

In addition, we continue to pursue social responsibility activities with our volunteered staff members for the purpose of enhancing our local contributions at the destinations, we serve. We, as the only airline flying to Somalia, a country suffering from the threat of poverty and starvation, posted the hashtag #TurkishAirlinesHelpSomalia on social media, during the last year. We ensured that the food and aid materials worth million dollars, which were collected within a short period of time, were carried to the Somali people by two freighters. Turkish Airlines, the largest international airline of the continent thanks to the 53 destinations it serves in Africa, was granted with the award of “Turkish Airlines, Enabling Africa To Globalize and Flying to the Most Destinations in Africa” as based on the contributions it has made for connecting Africa with the world.

Turkish Airlines, Europa League, Turkish Airlines Open, Turkish Airlines World Golf Cup, just as we have done during the previous years.

We left behind 2018, whereby our double-digit growth was witnessed and the Istanbul Airport became operational, as a cornerstone of key importance for our Company. The Istanbul Airport, which became fully operational in 2019, has a strategic value for Turkish Airlines in terms of the targets for 2023 and afterwards. Upon the new additions to be made at our fleet, we aim to have one of the largest and most modern fleets in the world in 2023 by possessing more than 500 aircraft, all equipped with the cutting-edge technology and environment-friendly and whereby the safety and comfort of our passengers are prioritized. We, as a family of more than 60 thousand individuals, including the subsidiaries, are tight-knit towards our targets for 2023. Our human resources from various countries and different cultures lay at the foundation of our success. 46 percent of our headcount consists of female employees, and we are proud to see that the number of our female pilots increases year by year, as well.

For the purpose of ensuring a viable World, we, as the Turkish Airlines family, will continue to work unceasingly for supporting the community development at our country and at all of our other destinations, while reducing our environmental impacts, arising from our operations.

M. İLKER AYCI
Chairman of the Board of Directors and Executive Committee
The airline that flies to the highest number of international destinations from a single hub

The 4th airline that flies to the highest number of airports worldwide
The airline that flies to the most countries worldwide
Stable in 1933, Turkish Airlines is the flag-carrier airline of the Republic of Turkey for 85 years. Headquartered in Istanbul, Turkish Airlines is an Incorporation operating in private sector with its main fields of activity in domestic and international passenger and cargo transportation. Turkish Airlines employs approximately 60 thousand people worldwide, including its subsidiaries.

Turkish Airlines has achieved a steady growth with double-digit rates in the last decade, becoming one of the airlines with the most extensive global network. Important and historical initiative was accomplished in 2018 for both our Incorporation and global airline sector. Turkish Airlines achieved a high level of growth rate in operational and financial performance.

Enjoying an extensive flight network connecting Istanbul to 310 destinations in 124 countries as of the end of 2018, Turkish Airlines has the fourth biggest flight network worldwide. Leveraging on this achievement, Turkish Airlines is the airline that flies to the highest number of countries and international destinations worldwide from a single hub. Equipped with 332 aircraft as of 2018, Turkish Airlines increased the number of passengers, it carried, to 75.2 million thanks to the impact of tourism to in 2018. Turkish Airlines achieved to maintain its strong growth in cargo business, increasing steadily for more than 10 years, this year without any interruption, along with its enhanced level of service quality in cargo operations.

Turkish Airlines has been a member of Star Alliance since 2008. It has 15 subsidiaries, five of which are directly-owned and 10 of which are joint ventures. Subsidiaries mainly comprise of the companies operating in the fields of maintenance, catering, ground handling and fuel supply.
SUSTAINABILITY REPORT FOR 2018

TURKISH AIRLINES KEY FIGURES FOR 2018

- 75.2 million passengers
- 3,349 million US dollars EBITDAR
- 124 countries
- 8.2 average fleet age
- 332 aircraft
- 26,739 employees
- 1,412,423 tons of cargo
- 12,855 million US dollars total sales
- 93,267 tons of CO₂ emissions avoided
- 0.2% fuel efficiency (compared to 2017)
- 753 million US dollars net profit
- 124 countries
- 8.2 average fleet age
- 332 aircraft
- 26,739 employees
- 1,412,423 tons of cargo
- 12,855 million US dollars total sales
- 93,267 tons of CO₂ emissions avoided
- 0.2% fuel efficiency (compared to 2017)
- 753 million US dollars net profit
Our Strategic Priorities

We have set our target for 2023 to attain 120 million passengers and to have one of the biggest and most state-of-the-art fleets of the world with more than 500 economically-efficient and environment-friendly aircraft.

1. SUSTAINABLE GROWTH AND PROFITABILITY

We aim to attain 120 million passengers, and to have one of the biggest and most state-of-the-art fleets of the world with more than 500 economically-efficient and environment-friendly aircraft which prioritize safety and comfort of passengers and which are equipped with the state-of-the-art technology, following the delivery of new aircraft by 2023.

Upon the advantages to be brought along by “Istanbul New Airport” which started to operate in 2018, our flight network will extend, and we will maintain our position of being the airline that flies to the highest number of international destinations worldwide. We aim to carry the strong growth trend, we have achieved now in air cargo transportation, to a higher level upon realization of the cargo investments in Istanbul New Airport, and thereby, to increase the market share we hold in global air cargo transportation.
THANKS TO OUR INITIATIVES TO INCREASE OUR FUEL EFFICIENCY AND REDUCE CARBON FOOTPRINT TO PROTECT THE ENVIRONMENT AND COMBAT CLIMATE CHANGE, WE NOW PERFORM 20 PERCENT MORE EFFICIENT FLIGHTS COMPARED TO TEN YEARS AGO.

2. BRAND AWARENESS AND PREFERABILITY
We will constantly continue to maintain our position of being one of the most preferred airlines with our extensive flight network and high-quality service level we offer to our clients. We maintain our brand investments and promotional activities in many fields, especially sponsorships.

3. CUSTOMER FOCUS
We will continue to determine our strategies considering the sensitivity of our customers in price, time and service quality. Recognition of our service level with international awards increases our motivation level. We aim to increase the satisfaction level of our clients through both operational and technological developments to arise upon commissioning of Istanbul New Airport. We maintain our brand investments and promotional activities in many fields, especially sponsorships.

4. CORPORATE SOCIAL RESPONSIBILITY
We are wholeheartedly committed to achieving our target of providing a contribution to sustainable development by performing all our operations in a sense of responsibility towards the society, economy and environment. Accordingly, we provide support through various activities by reaching many people, especially children, at home and abroad, with the voluntary contributions of our employees.

We aim to extend our activities, we carried out in the fields of humanitarian aid, sports, science-technology and culture as part of our social responsibility approach, to all our destinations, and to increase the voluntary participation by 2025. Thanks to our initiatives to increase our fuel efficiency and reduce carbon footprint to protect the environment and combat climate change, we now perform 20 percent more efficient flights compared to ten years ago. We plan to include the new-generation aircraft, which offer 15 percent higher fuel efficiency, into our fleet, with an aim to reduce the carbon and noise emissions even further by 2023.

5. BUSINESS EXCELLENCE AND EFFICIENCY
We develop ourselves to meet the national and international requirements, and continue to increase our efficiency through enhanced level of investments in information and communication technologies, a younger fleet, and effective process management and projects.

6. INNOVATIVE LIFE
We laid the foundations of many projects to advance in the fields of artificial intelligence, internet of things, virtual reality and augmented reality. We will keep developing projects to enhance the customer satisfaction level, besides enhancement of the internal processes as part of the Digital Innovation activities.

7. CREATING VALUE FOR EMPLOYEES
We attach priority to provide a contribution to development of our employees, who are the essential power lying behind all our achievements, as well as to enable them to work in a motivated and contented manner. We will continue to add value to our employees through the working environment, social facilities, career opportunities and trainings we offer jointly with domestic and international institutions.

8. CREATING VALUE FOR STAKEHOLDERS
We have adopted transparency, fairness, liability and accountability as our principles in all our operations. We carry out initiatives to enable our stakeholders to adopt our brand targets and values. We will continue to improve our good governance principles. We will keep enhancing our cooperation, and increasing the number of projects we realize jointly with our business partners, in line with our vision of adding value to our stakeholders.
W

e, at Turkish Airlines, are so delighted to see that our achievements attained, thanks to the intensive efforts and teamwork of our employees, are recognized with awards. Carrying out all its operations in a sense of responsibility towards the society, economy and environment, and continuing to provide a contribution to the sustainable development in line with its investments in optimization and new technologies, as well as its infrastructure improvement policies, our Incorporation granted the award for “Sustainability Politics and Support for the Zero Waste Project” for its significant contribution to the zero waste project by separating 100 tons of waste every month.

Our Incorporation was granted with the award of the “Best Business Class Lounge” with its “Turkish Airlines Lounge Istanbul” where our passengers can enjoy the extraordinary comfort offered before flights. Turkish Airlines was also awarded the “Best Business Class Lounge Catering” this year, as the last three years, in the global ranking with its globally-known catering concept offered to the guests in this lounge.

Our Incorporation makes substantial investments in our products and services through many innovations such as award-winning catering concept, CIP passenger lounges, premium cabin services, inflight entertainment systems, enhanced cabin comfort, expert cabin attendant and customer services trainings offered for employees realized to become a five-star airline.

Besides these superior products and services, many prestigious awards, granted by the leading institutions across the aviation industry recently, increased the brand awareness of Turkish Airlines. We, at Turkish Airlines, believe that this enhanced level of recognition paves the way for our Incorporation to become a five-star airline across Europe. While taking concrete steps to achieve this, Turkish Airlines was named as the “Five-Star Global Airline” in APEX Official Airline Ratings for 2018.
TURKISH AIRLINES 2018 AWARDS

- Best Business Class Lounge Catering
- Five-Star Global Airline (APEX)
- Best Corporate Traveler Program (Global Traveler)
- Best Uniform (The Design Air)
- Best Air Cargo Carrier-Europe (Asian Freight Logistics and Supply Chain Awards)
- Best Green Airline (Asian Freight Logistics and Supply Chain Awards)
- Cargo Airline of the Year (Stat Times Awards)
- Air Cargo Carrier of the Year (World Air Cargo Awards)
- Second Best Cargo Airline of Europe (Schiphol Aviation Awards)
- Lease Deal of the Year (Airline Economics)
- Tax Lease Deal of the Year (Global Transport Finance)
- Transport Finance Deal of the Year (Bonds, Loans & Sukuk Turkey)
- Most Valuable Brand of Turkey (Brand Finance)
- Award for Sustainability Politics and Support for the Zero Waste Project (Ministry of Environment and Urbanisation)
- The Airline that Connects Africa to the World and Flies to Most Destinations in Africa (Turkey-African Economics and Business Forum)
We are strongly committed to contributing to sustainable development by conducting our business in a socially, economically and environmentally responsible manner.
We at Turkish Airlines are strongly committed to contributing to sustainable development by conducting our business in a socially, economically and environmentally responsible manner. At the core of our sustainability approach are our stakeholders. The reasonable expectations and interests of our stakeholders are a key reference point in defining the report content and aspect boundaries as well as in the ongoing development process of our sustainability strategy.

Thus, stakeholder engagement is a crucial aspect of our sustainability practices, which helps us better understand our impacts and in turn continually refine them. As a growing Incorporation, we have a broad and diverse stakeholder base and various channels to engage with them. Please refer to the table on page 20 to get further information about our stakeholder engagement process which forms the basis in identifying our material aspects. In addition, the process for defining the report content and the material aspects and boundaries are indicated in the below figure.

At Turkish Airlines, members of the Board of Directors and the Executive Committee have ultimate responsibility for oversight of our economic, environmental and social impacts. We are committed to integrating sustainability considerations and principles into our business and operations, and every business unit works collaboratively to achieve our common goals. Each business unit has their own specific targets aligned with our Incorporation goals. Performance reviews are conducted annually and future action plans are identified accordingly.
Engaging With Stakeholders

At the core of our sustainability approach are our stakeholders. Our success goes in pair with satisfaction of and value creation for our stakeholders.

Our success goes in pair with satisfaction of and value creation for our stakeholders. Our stakeholder base consists of stakeholder groups who are significantly affected by our activities as well as those having potential to affect Turkish Airlines’ ability to successfully implement its strategy. We value and listen to our stakeholders and strive to maintain an open and constructive dialogue with them and foster greater collaborations.

Turkish Airlines uses various channels to engage with its internal stakeholders including shareholders/financial partners/investors and employees as well as external stakeholders including government, certification bodies, business partners, customers, suppliers, communities, NGOs and academic institutions. Please refer to the below- given table to see the key material topics and aspect boundaries and stakeholder engagement pathways as well as the frequency of our engagement and matters engaged upon.
### SUSTAINABILITY MANAGEMENT

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<th>STAKEHOLDER GROUPS</th>
<th>KEY ENGAGEMENT TOPICS</th>
<th>MAIN ENGAGEMENT PATHWAYS</th>
<th>FREQUENCY</th>
<th>SOME OF THE OUTCOMES OF THE STAKEHOLDER ENGAGEMENT PROCESS</th>
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<td><strong>INTERNAL</strong></td>
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<td>Shareholders</td>
<td>Minority Rights</td>
<td>E-mail distribution list, “<a href="mailto:ir@thy.com">ir@thy.com</a>”</td>
<td>On-going</td>
<td><strong>Investor Day events were organized.</strong></td>
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<td>Financial Partners</td>
<td>Operational &amp; Financial Performance Strategy</td>
<td>Dedicated “ir” website and web application</td>
<td>On-going</td>
<td><strong>110 investors/analysts from 180 incorporations were met.</strong></td>
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<td>Investors</td>
<td>Corporate Governance</td>
<td>General Shareholders’ Meeting</td>
<td>Annually</td>
<td><strong>2,800 information requests were met via e-mail.</strong></td>
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<td>Investors Meetings</td>
<td>Annually</td>
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<td>Presentations, Reports, Publications</td>
<td>Quarterly</td>
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<tr>
<td>Employees</td>
<td>Business Ethics</td>
<td>E-mail distribution list “EthicalWay”</td>
<td>On-going</td>
<td><strong>245 reported cases to the “Ethics Reporting Line” were solved.</strong></td>
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<td>Unions</td>
<td>Cultural Values</td>
<td>E-mails: <a href="mailto:flightsecurity@thy.com">flightsecurity@thy.com</a>; <a href="mailto:security@thy.com">security@thy.com</a></td>
<td>On-going</td>
<td>The survey revealed that the employees’ satisfaction rate was realized as 78%, and many projects were realized in line with the requests of the employees. Please see pages: 84-85</td>
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<td>Employee Satisfaction</td>
<td>“Empathy” Incorporation TV</td>
<td>On-going</td>
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<td>Freedom of Association and Collective Bargaining</td>
<td>“Empathy” Incorporation TV</td>
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<td>Health and Safety &amp; Well-being</td>
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<td>Annually</td>
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<td>Non-discrimination and Diversity</td>
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<td>Performance &amp; Career Development</td>
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<td>Sustainable Use of Resources</td>
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<td>Government Regulators</td>
<td>Social and Economic Development</td>
<td>Audits</td>
<td>Annually</td>
<td><strong>1 million trees have been planted across Anatolia since 2014.</strong></td>
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<td>Local Authorities</td>
<td>Compliance</td>
<td>Meetings</td>
<td>Ad hoc meetings upon needed</td>
<td><strong>28,608 tons of fuel were saved which resulted in 83,267 tons of greenhouse gas emissions reduction. In addition to Istanbul Ataturk Airport and Ankara Esenboga Airport, Izmir Adnan Menderes has also been entitled to obtain the “Green Company Certificate” and title.</strong></td>
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<td>Financial Performance</td>
<td>Reports</td>
<td>Annually</td>
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<td>Flight Security</td>
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<td>Waste Management</td>
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<td>Certification Bodies</td>
<td>Environmental Management</td>
<td>Audits</td>
<td>Regularly</td>
<td><strong>Compliance with ISO 14001:2015 was assessed, and it was successfully achieved.</strong></td>
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<td>Corporate Safety</td>
<td>Customer Care Call Center</td>
<td>On-going</td>
<td><strong>The greenhouse gas report was drawn up and verified in accordance with ISO 14084.</strong></td>
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<td>Flight Security</td>
<td>Customer Web-based/in-flight Feedback Form</td>
<td>On-going</td>
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<td>Health and Safety</td>
<td>Customer Satisfaction Measuring Devices at the Airports</td>
<td>On-going</td>
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<td>Noise Management</td>
<td>Customer Satisfaction Online-Surveys</td>
<td>Annually</td>
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<td>Quality Management</td>
<td>In-flight Safety Handouts and Videos</td>
<td>On-going</td>
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<td>“Skylife” In-flight Magazine</td>
<td>Monthly</td>
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<td>Social Media (facebook, twitter, instagram, blog)</td>
<td>On-going</td>
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<td>Website of the Incorporation</td>
<td>On-going</td>
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<td>Accessibility</td>
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<td>Customer Satisfaction &amp; Service Quality</td>
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<td>Corporate Safety</td>
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<td>Flight Security</td>
<td>Employee Satisfaction Newsletters</td>
<td>On-going</td>
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<td>Innovative Products &amp; Services</td>
<td>“Skylife” In-flight Magazine</td>
<td>Monthly</td>
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<td>Social Media (LinkedIn)</td>
<td>On-going</td>
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<td>Communities</td>
<td>Social and Economic Development</td>
<td>Meetings with Associations and Charities</td>
<td>Ad hoc meetings as needed</td>
<td><strong>Our social responsibility projects are presented in our 2018 annual report on pages 42, 139-143 and 157-161.</strong></td>
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<td>Social Responsibility Projects</td>
<td>School and Hospital Visits</td>
<td>Ad hoc meetings as needed</td>
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<td>Non-governmental Organizations (NGO’s)</td>
<td>CSR Fairs and Events</td>
<td>Ad hoc meetings as needed</td>
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<td>Corporate Social Responsibility Projects</td>
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<td>Academic Institutions</td>
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<td>Universities</td>
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<td>Meetings</td>
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<td>Social Media (LinkedIn)</td>
<td>On-going</td>
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We work collaboratively with national and international civil society organizations and industry associations regarding our material topics. Some of them are listed below.

**CIVIL SOCIETY ORGANIZATIONS & ASSOCIATIONS**

- STAR ALLIANCE
- CAPITAL MARKETS BOARD OF TURKEY
- IATA (THE INTERNATIONAL AIR TRANSPORT ASSOCIATION)
- DGCA (DIRECTORATE GENERAL OF CIVIL AVIATION)
- ICAO (INTERNATIONAL CIVIL AVIATION ORGANIZATION)
- EASA (EUROPEAN AVIATION SAFETY AGENCY)
- AEA (ASSOCIATION OF EUROPEAN AIRLINES)
- ISTANBUL AIRPORT OPERATOR
- UNIVERSITIES
- TUSKAF (CIVIL AVIATION SOCIETY)
- TURKISH AERONAUTICAL ASSOCIATION
- MINISTRY OF ENVIRONMENT
- BODAZICI UNIVERSITY
- TURKISH RED CRESCENT SOCIETY
- PEDAGOGY ASSOCIATION
- MINISTRY OF FAMILY AND SOCIAL POLICIES
- TURKEY NATIONAL AGENCY
- TURKISH STATE RAILWAYS

**MATERIAL ISSUES**

- CONTRIBUTION TO ECONOMIC GROWTH
- CORPORATE SAFETY
- CUSTOMER SATISFACTION
- CLIMATE CHANGE AND FUEL EFFICIENCY
- SUSTAINABLE BIO-FUELS
- TRAINING AND CAPACITY DEVELOPMENT
- BIODIVERSITY
- WASTE MANAGEMENT
- HEALTH AND SAFETY
- HUMANITARIAN RESPONSE
- CONTRIBUTION TO SOCIETY

**DEVELOPMENTS IN COLLABORATIVE WORKS WITH INTERNATIONAL ORGANIZATIONS IN 2018**

Turkish Airlines signed the “Zero Waste Declaration” which was drawn by Istanbul Airport Operator in line with Zero Waste Project.

“Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)” arrangements, adopted in 2016 by ICAO in relation to minimization of carbon emissions, will enter into effect in 2021. Accordingly, airlines will record and report their emission values to the competent authorities as of 2019. Therefore; the procedures and mechanisms, to record the fuel consumption and emission release, will be finalized in coordination with IATA in the next year.

“United for Wildlife Buckingham Palace Declaration (UFW)”, aiming to prevent illegal wildlife trade and increase the level of awareness in this matter with the support of IATA, was signed by our CEO for and on behalf of our Incorporation. The afore-mentioned declaration aims to prevent the illegal trade of wild animal parts such as ivory, rhino horn and tortoise shell, and to increase the level of awareness in this matter.
We continue to refine our sustainability strategy over time focusing on the most material issues which have the potential to impact our business and are considered important by our stakeholders. We take into account the stakeholders’ concerns, broader social expectations and our influence on the value chain along with the Incorporation’s overall mission and strategy while identifying the material issues.

Our sustainability agenda comprises of four pillars, each of which includes a number of material aspects, namely Governance, Economy, Environment and Social. Our most material issues identified are listed in the Sustainability Agenda. All the issues listed are material within the organization except three aspects, namely contribution to economic growth, contribution to society and local development at destinations which are material outside the organization.

As we have highlighted these aspects as material issues in this report, we will continue to seek our stakeholders’ feedback and continue to further deepen our materiality process in the coming years.

Material Issues

Our sustainability agenda comprises of four pillars, each of which includes a number of material aspects, namely Governance, Economy, Environment and Social.
Turkish Airlines, Turkey’s flag carrier airline, was founded in 1933. Originally a 100% state owned airline, Turkish Airlines initiated the process of privatization in 1990. And it is now 50.88% publicly owned Incorporation while the remaining 49.12%, held by the Republic of Turkey, Prime Ministry, Privatization Administration, was transferred to the Turkey Wealth Fund in 2017. One Class C share of it is held by the Republic of Turkey, Prime Ministry, Privatization Administration. Turkish Airlines is listed in Istanbul Stock Exchange ‘Borsa İstanbul’ (BIST) under the Ticker Symbol “THYAO”, and is bound by the provisions, prescribed under the Turkish Commercial Code (TCC), and the regulations promulgated by the Capital Markets Board (CMB). Adopting transparency, fairness, liability and accountability as its principle in all its operations, Turkish Airlines complies with all mandatory principles among the Corporate Governance Principles determined by the Capital Markets Board, and shows utmost care to comply with the optional principles.

Turkish Airlines’ Board of Directors is comprised of nine members, three of whom are independent Board Members also elected by the General Assembly. Three members of the Board of Directors are appointed to the Executive Committee and the majority of the Members of the Board of Directors are non-executive members as per the CMB’s Corporate Governance Principles. The term of office for Board members is 2 years. Due to the dynamic nature of the aviation industry, the Chairman of the Board of Directors also assumes the title of the chairman of the Executive Committee in order to create uniformity. But our Chief Executive Officer (CEO), also being the Vice Chairman of the Board and the Executive Committee, assumes separate roles and responsibilities from the Chairman.

Ms. Fatmanur Altun has replaced Ms. Arzu Akalin as a member to the Board in 2018. We will strive to increase women’s representation at our Board in the future.
During 2018, the Board of Directors convened 52 times and adopted 300 resolutions. Among the discussed matters, there are no related party transactions or transactions of important nature, which are not approved by the independent board members and require submission to the General Assembly. There are three committees formed within the structure of the Board, namely Audit Committee, Corporate Governance Committee and Early Identification of Risks Committee, all of which are chaired by the independent Board members. The Committees have been formed under the framework of the provisions, prescribed under the TCC, and the regulations promulgated by the CMB. Committees’ tasks and duties are determined by the Board of Directors. The Board of Directors provides all means and supports to the committees to carry out their tasks. The tasks and duties of the Nomination Committee and Remuneration Committee were assumed by the Corporate Governance Committee in 2018.

The Corporate Governance Committee reports directly to the Board of Directors. It supports and helps the Board of Directors with practices in the following areas: The Incorporation’s compliance with internationally approved Corporate Governance Principles, determination of the directors and senior executives, evaluation of wages, awards and performances and career planning, as well as investor relations and public disclosure matters.

The Corporate Governance Committee reviews the system and processes, formed and to be formed by the Incorporation, for performance increasing management practices, evaluates them, gives recommendations and oversees the activities of the Investor Relations Department. In 2018, the Corporate Governance Committee convened once and submitted an informative report, in writing, to the Board of Directors.

The Audit Committee directly reports to the Board of Directors. It supports and assists the Board of Directors in the following areas: Compliance of the corporate practices with national and international codes and regulations, improvement of business processes through audits, and coordination of the activities to be carried out to ensure information transparency. The Audit Committee is responsible for taking all precautions necessary for any kind of internal and external audits to be executed in a sufficient and transparent manner, and to carry out the duties assigned to the same under the Capital Markets Board Regulations.

The Audit Committee members are selected among the Independent Directors, both of whom have a 5-year experience in the fields of audits/accounting and finance. Audit committee convenes every 3 months prior to disclosure of the quarterly financial results. In 2018, the Audit Committee submitted six reports, in writing, to the Board of Directors.

In April 2014, Early Identification of Risks Committee was established and authorized by the Board of Directors. Committee is composed of two members, and the Chairperson of the Committee is elected among the independent Directors.

Early Identification of Risks Committee:

a) works for identification of risks that might endanger the existence, development and continuity of the Incorporation at an early stage, taking necessary actions against any identified risk and management of such risks.

b) reviews the risk management systems at least once a year. The Committee prepares all its works in writing, and keeps record of all its activities, and moreover prepares and presents a report – that includes a situation analysis and committee’s opinions & suggestions – to the Board of Directors every two months. In 2018, Early Identification of Risks Committee convened 6 times and presented their risk evaluation report to the Board of Directors.
Investor Relations Department, reporting directly to the Chief Financial Officer (CFO), serves in the fields of ensuring and overseeing of the communication and information exchange by and between the Board of Directors and the capital market regulators and participants by providing accurate, consistent and timely information to analysts investors and our shareholders.

Public Disclosure Policy has been established by the Board of Directors to furnish all our stakeholders including shareholders, investors, analysts, employees and customers with timely, accurate, complete, comprehensive and easily accessible information for enhanced transparency. During 2018, Investor Relations Department participated in 17 investor conferences and road shows with the aim of sharing the financial, operational and strategic developments about the Incorporation with investors and analysts, and made 49 teleconferences and organized more than 70 Corporate/individual investor meetings. In all of these conferences and teleconferences, 180 investors/analysts from 110 incorporations and funds were met at the Incorporation headquarters or at the investors’ offices.

2 teleconferences were organized during the year in relation to the results obtained from the financial statements. During the fiscal year of 2018, around 2,800 requests, sent to our Incorporation for information purposes, were replied via e-mail. Investor Relations Department presented its report about the activities it carried out in 2018, and provided detailed information to the Board of Directors. Aiming to develop the transparent communication, established with the stakeholders, even further, Investor Relations Department has an Investor Relations Application running on iPad, iPhone and devices operating on Android.

The applications enables all stakeholders, as well as the domestic and international investors, to access many information and documents in relation to Turkish Airlines such as the latest developments, material disclosures, operational and financial disclosures, investor presentations, annual reports, etc. at anywhere in 2 different language options on 3 digital platforms.

In terms of shareholders’ rights, Turkish Airlines, along with all listed BIST companies, utilizes the e-General Assembly (e-GEM) system which allows shareholders, delegates, intermediary institutions and all stakeholders to attend the General Assembly Meeting online via a video webcast using their own personal electronic signatures, as well as to send their comments and, above all, be informed of all the processes instantly.

### Shareholders’ General Assembly Meetings of Turkish Airlines

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year of 2015</th>
<th>Fiscal Year of 2016</th>
<th>Fiscal Year of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>One share equals one note</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Number of shareholders present, represented, granting power of attorney to chairman or voting by email</td>
<td>571 shareholders representing 966,222,634 shares</td>
<td>365 shareholders representing 835,649,649 shares</td>
<td>699 shareholders representing 1,026,500,492 shares</td>
</tr>
<tr>
<td>Attendance Rate</td>
<td>70.01 %</td>
<td>80.55 %</td>
<td>74.38 %</td>
</tr>
</tbody>
</table>
OUR RISK MANAGEMENT STRATEGY

An effective risk management strategy at our Incorporation is critical in taking under control potential risks inherent in the airline industry, which is prone to fierce competition and to ensuring sustainable growth. Furthermore, the Financial Risk Management strategy was established in order to minimize particularly the fuel prices, interest rates, cash flow, foreign currency fluctuations and counterparty risks and to provide a reasonable level of guarantee within our Incorporation against potential shocks. Accordingly, fuel price risk is tried to be minimized using the Swap- and option-based structures although they differ by the price levels with respect to the hedging transactions for fuel prices. An effective foreign exchange rate policy, based primarily on natural risk management, is implemented for foreign exchange rates. It is intended to minimize the foreign exchange rate, which might arise even after implementation of natural hedging practices, by means of forward- or option-based costless banded structures. As part of the risk management initiatives for interest rate, the Incorporation performs hedging transactions, ensuring that the loan interest rates remain fixed at a certain rate for a portion of the debt portfolio throughout the loan term, or that they remain fixed between some certain interest levels (bands). More information on management of risks is available on pages 162-165 and 179-180 of the annual report of Turkish Airlines for 2018.

INTERNAL CONTROL MECHANISM

Our Incorporation has a Senior Vice Presidency (SVP), Inspection Board which inspects, with a systematic and disciplined approach, whether the Incorporation's activities including corporate governance, effectiveness of risk and control processes, improvement of Incorporation services are at the quality level that will provide the highest level of customer satisfaction, compliance with legislation, the Incorporation’s internal regulations, agreements, pre-determined strategies, policies and targets, and provides consultancy and assurance on the efficiency and effectiveness of these processes, and also submits opinions and suggestions. In this respect, the SVP, Inspection Board identifies risk mitigating measures, reports and provides counseling service to the Senior Management about these issues including detection of faults, fraud and misconducts.
We have adopted ethics and social responsibility, as well as a transparent and fair management culture as a principle in our operations.
SUSTAINABILITY MANAGEMENT

Business Ethics

The Turkish tradition has been the foundation of Turkish Airlines’ commitment to embracing a socially and ethically responsible approach to its business and adopting a transparent and fair management culture. The Incorporation cultivates open communication channels with all stakeholders which enable the organization to assess all shareholders’ and stakeholders’ interests and understand different perspectives. This approach helps Turkish Airlines serve as a corporate citizen and operate beyond its financial interests.

OUR BUSINESS ETHICS APPROACH

Our Board of Directors has prepared a “Code of Ethics” and a related handbook, which is also published on our website, within the framework of Corporate Governance Principles. Turkish Airlines defines its "Code of Ethics" as the fundamental policies, procedures and rules that all executives and employees are obligated to comply with. These rules have been established to ensure that Turkish Airlines’ executives and employees show high standards of ethical conduct, that they are aware of the impact of their acts and attitudes on the Incorporation, and that they exhibit highly qualified behaviors.

The Code of Ethics covers various issues such as our principles and values as well as the matters related to compliance, bribery and corruption, anti-competitive behavior, etc. Our employees become familiar with our Code of Ethics during their employment period and are provided with information on the Incorporation’s Corporate Ethics Handbook and Corporate Ethics Procedures; and are required to act in line with the generally-accepted principles in business life, and be respectful in their words and deeds with regards to legislation, ethical values, social norms and environment.

DEVELOPMENTS IN 2018

The Ethics Committee Procedure, which sets out the structure, duties, authorities, responsibilities and operating principles of the Ethics Committee that was established in order for assessment of any and all reporting made to the "Ethics Line" by means of telephone, e-mail and web in several issues such as corporate business principles, codes of conduct, discrimination, conflicts of interest, superior-subordinate relationships, problems experienced with colleagues and line managers, etc., as well as of the Sub-Committee reporting to the Ethics Committee, entered into effect in 2017. Turkish Airlines has not encountered any findings of breaches of competition rules nor it has been subject to any sanctions with respect to competition law so far as a result of the inspections/investigations carried out by the domestic and foreign competition authorities.

Our Code of Conduct Manual is being revised. Once all related processes have been completed, our Manual, including detailed information on the Codes of Conduct of our Incorporation, will be made available to our employees.
SUSTAINABILITY REPORT FOR 2018

COMPLIANCE

Turkish Airlines is committed to complying with all national regulations and those related to the aviation industry, which have been prescribed in our Compliance Policy. We believe that compliance goes beyond just strictly adhering to laws and regulations and includes reflecting the spirit of our Code of Ethics in our decisions and actions.

ETHICS TRAININGS

As a growing Incorporation, it is of high importance for us to conduct this growth process in accordance with the “Competition Law”. We organize trainings for all our employees including the executives and managers to create this awareness. The trainings enable to raise the participants’ awareness on anti-competition issues and provide them with tips and tools on how to identify and deal with these issues. In 2018, awareness raising activities on ethics were carried out via mailing, posting, monthly corporate reports.

An online training module on ethics for all employees has been designed. The training program contains information on what ethical rules are, why they are important and how they benefit both the employee and the employer and what to do if employees are exposed to any ethics violations or witness such an incident. Related sound and animation works are being carried out.

MISCONDUCT REPORTING

“Ethical Way”, an Ethics Reporting Line, a whistle-blowing system has been established to enable Turkish Airlines’ employees to anonymously report on any breach of our corporate principles or ethical issues including discrimination, bribery, conflict of interest or anti-competition practices. Ethical Way is managed by a completely independent third party Incorporation and is dedicated to Turkish Airlines employees’ questions and/or reporting about ethical concerns.

Our Ethics Board, which is composed of four members and a president, assess the applications. Ethics Committee works to ensure the adoption of the Ethical Principles and Values within the Incorporation and that all employees in the working environment exhibit a parallel ethical approach to corporate culture which would serve as a form of corporate identity and behaviour in the long term. The Committee aims to provide guidance to employees to make ethical decisions in the unclear ethical dilemmas and resolve disputes.

Ethics Board listens to the respective personnel and receives the opinions of the concerned departments, and thereafter, takes action upon the results received.

In 2018, 245 applications were made to Ethics Reporting Line on various issues. Most of the cases reported were related with “disagreement with colleagues” and “behaviours not aligned with corporate identity and culture.” All of these issues were considered in detail by Turkish Airlines Ethics Board and it was decided to inform the concerned employees and departments to ensure that necessary actions are taken and administrative sanctions were imposed on behaviors contrary to work discipline.

ANTI-BRIBERY AND ANTI-CORRUPTION

Turkish Airlines is committed to ensure the highest standards of integrity and business ethics in its operations and we do not tolerate any form of corruption and bribery or any other kind of unethical behavior. Countering bribery and corruption is an essential part in our way of doing business and is integrated in our Code of Ethics, which is our reference in terms of anti-bribery and anti-corruption standards in our operations to ensure an ethical business conduct.

We comply with the guidelines of the airline industry and the applicable laws in the countries, where we operate, regarding bribery and corruption issues, and we have gone further by setting higher standards for ourselves in our revised Code of Ethics. We strive to raise awareness among our governance bodies and business partners as well as our employees to prevent risks of any related potential incidences, and have established internal control measures to ensure compliance and monitor these issues across our Incorporation.

In respect of anti-corruption guidelines; the roles of the senior management, SVP, Inspection Board, SVP, Security, Audit Committee, Ethics Board, Discipline Council, Human Resources and every employee of our Incorporation have been established with an integrated approach towards detecting and preventing corruption and misconducts in addition to monitoring and improving anti-corruption systems. SVP, Inspection Board assesses the whole Incorporation including risks related to bribery and corruption.

Turkish Airlines has not encountered any findings of breaches of anti-bribery and anti-corruption policy nor it has been subject to any administrative and monetary sanctions with respect to bribery and corruption.
We operate flights to 310 destinations in 124 countries, increasing the global connectivity and providing a contribution to economic and social development.
The aviation industry plays a vital supporting role in economic growth by facilitating the growth of international trade, tourism and international investment, and connecting people across the globe. The total value of goods transported by air represents 35% of all international trade. The overall world aviation market size in 2017 was USD 754 billion (IATA). Over 60 million tons of goods were freighted and over 4 billion people boarded on an aircraft in 2017, and this figure is expected to grow 4% annually for the next 20 years.

Air transport also increases a country’s connectivity which can help raise productivity, by encouraging investment and innovation; improving business operations and efficiency; and allowing companies to attract qualified employees. The global economic impact of aviation industry is estimated at USD 2.7 trillion, equivalent to 3.5% of the global gross domestic product (GDP).

If aviation were a country, it would rank 21st in the world in terms of GDP.
THE AVIATION INDUSTRY HAS
4 MAIN ECONOMIC IMPACTS

1 DIRECT IMPACTS
The aviation industry itself is a direct generator of employment and economic activity, generating a total of 62.7 million jobs globally. The airlines’ services generate 9.9 million direct jobs within the air transport industry and contribute USD 664 billion to global GDP.

In comparison with other sectors the airlines contribution to the global GDP is higher than the textile, automotive or pharmaceuticals and is around half as big as the global chemicals. Also, the air transport industry has important ‘multiplier’ effects, which mean that its overall contribution to global employment and GDP is much larger than its direct impact alone.

2 INDIRECT IMPACTS
Which include employment and activities of suppliers to the air transport industry. According to the ATAG, over 11.2 million indirect jobs globally are supported through the purchase of goods and services by companies in the air transport industry. These indirect jobs contributed approximately USD 761 billion to global GDP in 2014.

3 INDUCED IMPACTS
Induced by the spending of those directly or indirectly employed in the air transport industry. Around 5.2 million induced jobs globally are supported through employees in the air transport industry. The induced contribution to global GDP is estimated at USD 355 billion in 2014.

4 CATALYTIC
Air transport’s most far-reaching economic contribution is via its contribution to the performance of other industries and as a facilitator of their growth by providing connectivity. These ‘catalytic’ or ‘spin-off’ benefits of aviation affect industries across the whole spectrum of economic activity.


Airlines have a powerful role in alleviating sustainable development challenges by facilitating tourism and trade, particularly in remote areas, generating economic growth and new jobs, improving living standards, alleviating poverty and increasing revenues from taxes. Airlines can also contribute significantly to communities when road or rail networks are lacking or in remote areas such as small islands where access to essential services depends on the air transport. Therefore, airlines can significantly contribute to deliver urgently needed assistance during emergencies caused by acts of natural disaster, famine and war.
Connectivity can be defined as the scope of access between an individual airport or country and the global air transport network.\(^1\) It is also an indicator of a network’s concentration and its ability to transport passengers from their points of origin to their points of arrival seamlessly.\(^2\)

2. Worldwide Air Transport Conference, ICAO 2013
Air connectivity brings many advantages to Turkey’s economy including⁴:

- Opening up foreign markets for Turkish exports due to positive correlation between connectivity and exports.⁵
- Increased foreign direct investments through opening up Turkish factor markets for investors. For example, new route openings lead to increases in the FDI levels.⁶
- Reducing transport costs, particularly over long distances, and increasing competition as suppliers can provide service to a wider area and potentially reduce average costs, through increased economies of scale;
- Increasing the flexibility of labor supply, which should enhance allocative efficiency and bring down the natural rate of unemployment. It is estimated that in Europe, 10% increase in air connectivity results in 0.5% increase in GDP/capita at the national level.⁷
- Encouraging Turkish enterprises to invest and specialize in areas that play to the economy’s strengths.
- Accelerating the adoption of new business practices, such as just-in-time-inventory management that relies on quick and reliable delivery of essential supplies. (Studies related to air connectivity suggest that increasing connectivity leads to enhanced technology diffusion among countries)
- Raising productivity and therefore the economy’s long-run supply capacity.⁸

Istanbul’s High Connectivity Rate

*Istanbul Ataturk Airport, 5th largest airport in Europe and 7th most connected airport in the World*

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⁶ - According to Bannò Redondi, 2014
⁷ - InterVISTAS, 2015
⁸ - Baruffaldi, 2015
THE AVIATION SECTOR’S SUPPLY CHAIN

PURCHASES BY THE AVIATION SECTOR OF DOMESTICALLY PRODUCED GOODS & SERVICES FROM FIRMS OUTSIDE THE AVIATION SECTOR

LOCALLY-BASED AIRLINES
- Domestic
- International passenger
- Freight Services

GROUND-BASED INFRASTRUCTURE
- All on site activities at Airports
- Air Navigation Service Provider (ANSP)
- Regulators

NON-AIRSIDE SUPPLY CHAIN

Source: Economic Benefits from Air Transport in Turkey, Oxford Economics, 2011
Our Contributions To Economic And Social Development

Turkish Airlines is the market leader in Turkey carrying 50% of total passengers. With the addition of 6 new flight destinations and 4 new country in 2018, we, as the airline that flies to the most countries worldwide with 306 cities, 310 destinations in 124 countries, generate new economic opportunities through our expanding network. We provide substantial contributions to the Turkish economy, trade and tourism. Not only do our main hub Istanbul Ataturk Airport and Istanbul Airport which started operating on 29th October 2018 other hubs Sabiha Gokcen and Ankara provide highly attractive business environments, but also we contribute to local economic and social development at our destinations both nationwide and worldwide.

CONTRIBUTION TO GDP OF TURKEY

Experienceing a rapid growth period following the statutory regulations made since 2003 across our country, the aviation industry keeps developing with the increased number of infrastructure and fleet investments, number of connections and ticket fare arrangements. The aviation industry directly contributed 27.2 billion USD to Turkish GDP in 2018 through the outputs of airlines, airports and ground handling agents. This corresponds to 4% of the total GDP of Turkey.

Turkish Airlines has generated a revenue of approximately 13 billion USD in 2018, reflecting an annual growth rate of 13% since 2006. We have made investments over 15 billion USD between 2005-2018, and spent 918 million USD for procurement of 12 new aircraft in 2018.

CONTRIBUTION TO PUBLIC FINANCE

Aviation industry provides a substantial contribution to public finance directly through tax payments, indirectly through fringe benefits, airport fees, etc. The total amount of the other taxes and charges, generated in 2018 by Turkish Airlines with a substantial contribution to Public Finance, corresponds to 1 billion 301 million USD.

CONTRIBUTION TO JOB CREATION

Aviation industry is considered as a major employer in Turkey, and provided job opportunity directly to more than 209 thousand people in 2018 across the country. An average employee, serving in air transportation services, generates a higher gross added value, and is 175% more productive compared to an average employee in Turkey.

Providing job opportunities directly to 31 thousand 543 people in 2017, Turkish Airlines increased this figure to 35 thousand 275 people in 2018, and represented a major portion of the direct jobs, provided by the aviation industry across Turkey in 2018, with its direct job opportunities of approximately 60 thousand.

1- Directorate General of Civil Aviation, 2018
* Figures of Turkish Technic Inc. and Aydin Cildir Havalimani Isletme A.S. are included.
CONTRIBUTION TO TURKEY'S EXPORT

Turkish Airlines contributes to Turkey’s export directly as the Turkey’s biggest exporter and also indirectly by opening new channels of transport, and therefore increases connectivity. 2018 and 76% of our tickets are sold outside the borders of Turkey, implying a significant service export for our country.

Moreover, Turkish Airlines ranked in the first place in “500 Great Service Exporter” survey which was conducted by Turkish Exporters Assembly this year for the second time, meaning that Turkish Airlines brought the most foreign currency into our country.

CONTRIBUTION TO TOURISM

Over 4.4 billion passengers worldwide boarded on an aircraft in 2018 for various reasons including touristic purposes. Being a major contributor to Turkey’s economy and having an increasing number of destinations, Turkish Airlines has a significant footprint the tourism industry. In the aftermath of the unfavorable developments occurring in Turkey and its neighboring geographical region in 2016, the tourism industry enlivened in 2017, with a favorable impact on the service industry.

The number of tourists, visiting Turkey in 2018, was reported as 32.4 million with an increase by 22% compared to 2017.

76% of these 39.5 million tourists preferred air transportation instead of the other transportation means.

CONTRIBUTION TO LOCAL DEVELOPMENT AT OUR DESTINATIONS

As of 2018, 47 countries were categorized as the least developed countries in the world by the United Nations, and Turkish Airlines flies to 27 of these countries. Approximately 1.5 million of these passengers, carried in these 27 countries covered under the list of the least developed countries, preferred Turkish Airlines for their travels as of 2018. Offering global connectivity, our Incorporation enables people in the least developed countries to foster their economic and social relationships with the rest of the world.
Our Economic Footprint

**LOANS**
- 3,057 million $ (Loans)

**INVESTMENTS**
- 1,291 mln $ (Fleet)
- 906 mln $ (Financial Lease Payments)
- 743 mln $ (Others)
- 1,291 mln $ (Fleet)
- 906 mln $ (Financial Lease Payments)
- 743 mln $ (Others)

**REVENUE**
- TOTAL 12,855 Million $
- 84.4% Passenger
- 12.8% Cargo
- 2.8% Maintenance and Others

**EXPENSES**
- TOTAL 11,686 Million $
- 3,768 mln $ (Suppliers (Fuel))
- 46 mln $ (Sponsorships)
- 514 mln $ (Airport fees)
- 542 mln $ (Air Traffic Control)
- 5,003 mln $ (Other Suppliers)
- 41 mln $ (Government)
- 1,772 mln $ (Employees)

**TAXES ON TICKETS**
- 1,301 million $ (Not included in turnover)

**AIRPORTS**
- GOVERNMENTS
8.2 Average Fleet Age, One of the Youngest Fleets Worldwide

Environment

40 ENVIRONMENTAL MANAGEMENT
50 RESOURCE EFFICIENCY
51 NOISE MANAGEMENT
52 WASTE MANAGEMENT
54 COMBATING CLIMATE CHANGE
58 FUEL EFFICIENCY
MINIMIZING OUR ENVIRONMENTAL FOOTPRINT

- **20%** More Efficient Flights Compared to 10 Years Ago
- **29,608** Tons of Fuel Saved in 2018
- **93,267** Tons of CO₂ avoided in 2018
- **12%** Decrease in natural gas consumption (m³) in 2017-2018
- **8,246,712** The number of avoided plastic package
- **5%** Increase in Power Consumption (kWh) in 2017-2018
- **1,570,168** Total Tons of CO₂ avoided 2008-2018
- **498,518** Total Tons of Fuel Saved 2008-2018

New-Generation Aircrafts Consuming **15% Less Fuel** in 2018 - 2023
- 92 Airbus
- 75 Boeing

More Efficient Flights Compared to 10 Years Ago

- **12%** Decrease in natural gas consumption (m³) in 2017-2018
- **8,246,712** The number of avoided plastic package
- **5%** Increase in Power Consumption (kWh) in 2017-2018
- **1,570,168** Total Tons of CO₂ avoided 2008-2018
- **498,518** Total Tons of Fuel Saved 2008-2018
## Environmental Practices and Performance for 2018

### Environmental Management

<table>
<thead>
<tr>
<th>Achievement</th>
<th>Target for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuity in compliance with the environmental regulations was achieved, and any non-conformity on environmental matters could not be identified.</td>
<td>Continuity in compliance with the environmental regulations</td>
</tr>
<tr>
<td>No environmental emergency, accident or incident occurred.</td>
<td>Non-occurrence of any environmental accident, emergency or incident</td>
</tr>
<tr>
<td>TS EN ISO 14001:2015 Environmental Management System (EMS) Certificate was successfully renewed.</td>
<td>Continuation of the Certificate</td>
</tr>
<tr>
<td>46 internal audits were conducted under TS EN ISO 14001 and 14064-1 to ensure continuous improvement of the Environmental Management System (EMS), and the actions, required to be taken for the identified findings, were assigned to the concerned departments.</td>
<td>Monitoring of the findings identified in the previous audit, and planning of the new internal audits to improve the EMS performance.</td>
</tr>
<tr>
<td>All environmental issues, which are required to be addressed on minimum basis, were addressed completely in Compliance Review Board meetings.</td>
<td>Escalation of environmental issues to the Management Review Meetings, and assessment thereof by the senior management</td>
</tr>
<tr>
<td>Our Incorporation is included in the BIST Sustainability Index.</td>
<td>Maintenance of our listing in the BIST Sustainability Index.</td>
</tr>
</tbody>
</table>

### Efficient Use of Resources

<table>
<thead>
<tr>
<th>Achievement</th>
<th>Target for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical energy consumption in the Headquarter, and Yenibosna and Technology premises was increased by 5% compared to 2017, and the total amount of power consumption was reported as 7,829,239 kWh.</td>
<td>Decrease of the electrical energy consumption by 5% compared to 2018 in the respective premises</td>
</tr>
<tr>
<td>The natural gas consumption in the Headquarter, and Yenibosna and Technology premises was decreased by 12% compared to 2017, and the total amount of natural gas consumption was reported as 366,794 Sm³.</td>
<td>Decrease of the natural gas consumption by 5% compared to 2018 in the respective premises</td>
</tr>
<tr>
<td>Water consumption in the Headquarter, and Yenibosna and Technology premises, was reported as 56,608 m³.</td>
<td>Decrease of the water consumption per person by 5% compared to 2018 in the respective premises</td>
</tr>
<tr>
<td>Revisions to boost the productivity of our air-conditioning plants have been performed with an aim to minimize the power consumption. Coins have been replaced with the more productive alternatives, and LED lamps have been started to be used in lighting.</td>
<td>New target</td>
</tr>
<tr>
<td>As part of the natural gas consumption saving; the air-ventilation system of the General Management building was revised in a manner to be adjusted on floor basis.</td>
<td>New target</td>
</tr>
<tr>
<td>The boiler system, available at the General Management building, was equipped with the heat recovery system.</td>
<td>New target</td>
</tr>
</tbody>
</table>

### Waste Management

<table>
<thead>
<tr>
<th>Achievement</th>
<th>Target for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes for engaging licensed companies in accordance with the applicable statutory regulations for segregation, temporary storage, recovery and disposal of waste, and keeping and monitoring the records thereof were performed</td>
<td>Maintenance of waste management in accordance with the applicable statutory regulations.</td>
</tr>
</tbody>
</table>
## ENVIRONMENTAL PRACTICES AND PERFORMANCE FOR 2018

<table>
<thead>
<tr>
<th>Activity</th>
<th>Achievement</th>
<th>Target for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>258 tons of packaging waste were sent to recycling</td>
<td>Performance achievement above the targeted-level with an increase by 1000% compared to 2017</td>
<td></td>
</tr>
<tr>
<td>124 tons of non-hazardous waste were sent to recycling; 115 tons of hazardous waste were sent to the respective companies holding the license to collect waste</td>
<td>%16 increase compared to 2017</td>
<td>A decrease by 10% in hazardous waste compared to 2018</td>
</tr>
<tr>
<td>In-flight waste segregation practice was initiated in 22 domestic and 44 international flights</td>
<td>New target</td>
<td></td>
</tr>
<tr>
<td>Bio-plastic bags, which are fully conforming to TS EN 13432 standard “Packaging- Requirements for packaging recoverable through composting and biodegradation” and which are of biodegradable nature, started to be used instead of the plastic bags we used to utilize while packaging the earphones and blankets.</td>
<td>New target</td>
<td></td>
</tr>
<tr>
<td>Wood toys, made from forestry products and certified by the Forest Stewardship Council (FSC), started to be offered to our child passengers on-board the aircraft instead of the plastic toys.</td>
<td>New target</td>
<td></td>
</tr>
<tr>
<td>All travel and toy sets started to be provided without any external plastic package, resulting in abolishing the use of a total of 8,246,712 bags.</td>
<td>New target</td>
<td></td>
</tr>
</tbody>
</table>

### Combating Climate Change

- Greenhouse gas emission resources were monitored through the form which was filled by 58 stations. 100% Monitoring of the greenhouse gas resources
- Direct and indirect greenhouse gas emissions were calculated in accordance with the standard TS EN ISO 14064-1, and the greenhouse gas report was drawn up. 100% Continuity in greenhouse gas emission calculations for the existing facilities under the project
- Greenhouse gas statement was assured by the independent auditing organization in accordance with TS EN ISO 14064-3 100% Verification of the emissions for 2019
- Besides Istanbul Atatürk Airport and Ankara Esenboga Airport, Izmir Adnan Menderes Airport was also entitled to obtain the Green Company Certificate by the Directorate General of Civil Aviation (DGCA) in 2018. 100% Monitoring of the related GHG emissions
- We started to engage in “renewable jet fuel” initiatives in line with our target of minimizing the carbon emissions. 100% Continuation of the renewable jet fuel initiative
- In consequence of the fuel saving projects conducted successfully, the fuel efficiency was reported as 18.22 kg/100 ATK in 2018, representing an improvement by 0.2 percent compared to the previous year. 100% Decrease of ATK by 5% by 2025
- 29,608 tons of fuel were saved 100% To save 42,000 tons of fuel
- 93,267 tons of CO2 emissions were avoided 100% To avoid 130,000 tons of CO2 emissions
- Online training contents to raise the level of awareness on environment and greenhouse gas were generated. Environmental awareness training was assigned to 4,139 flight crew members, 1,057 cargo personnel and 2,421 ground personnel, and greenhouse gas awareness training was assigned to 5,033 personnel. 100% Assignment of the respective trainings to the new joiners
- The emission tracking plan was submitted to the DGCA under the scope of the CORSIA draft. New target Monitoring of the related GHG emissions
We, as Turkish Airlines, have committed ourselves to minimizing all adverse environmental impacts and considering people and environment while growing, as we have indicated under our environmental policy. As part of the initiatives we are carrying out accordingly; we determine the environmental aspects of all our activities, and develop action plans for elimination or minimization of such impacts, and implement any and all remedial methods therefor. (See: http://investor.turkishairlines.com/documents/ThyInvestorRelations/download/icerikler/environmental_dimensions.pdf)

We comply with any and all statutory requirements and carry out remedial actions continuously in line with our Environmental Policy. Our Environmental Policy is shared with all related parties on our website. (See: http://investor.turkishairlines.com/en/governance/environmental-policy)

TS EN ISO 14001 Environmental Management System, which we have been implementing since 2013, was successfully renewed to 2015 version. We carry out our operations, services and products in accordance with the requirements of this standard.

1 - ISO 14001 Environmental Management System Certificate covers design and provision of scheduled and unscheduled domestic passenger and cargo air commercial transportation services, and services offered during international flights, as well as the training services.
We maintain TS EN ISO 14001 Environmental Management System Standard, we have been holding since 2013, and provide all of our operations, products and services in accordance with the requirements sought under this standard.

All environmental issues are managed by the Senior Vice Presidency, Quality Assurance, reporting directly to the CEO, within the organization of our Incorporation, and such issues are escalated to, and addresses at the Management Review Meetings which are held regularly by the Senior Vice President, Quality Assurance upon attendance of the senior management.

Climate change, one of the leading global environmental concerns, is among the most important environmental issues prioritized by our Incorporation. Accordingly; we carry out multidimensional initiatives across Turkish Airlines to eliminate and minimize any and all factors that might lead to climate change. These include provision of support to all fuel efficiency-related initiatives, and taking actions to minimize consumption of natural resources and greenhouse gas emission. Additionally, any and all actions, taken by the international aviation authorities against climate change, are also supported and all requirements thereunder are fulfilled by our Incorporation.

OUR ACTIONS

We have taken many actions and developed action plans to manage our environmental aspects and to minimize all environmental impacts arising thereunder, in alignment with our Environmental Policy.

The primary measures and actions we took are summarized below.

- We carry out voluntary certification processes to enhance and improve continuously the Environmental Management System performance.
- We implement effective waste management projects in our cargo operations, office activities and in-flight activities.
- We carry out projects to encourage effective and efficient utilization of the resources such as water, power and natural gas, etc., and to decrease the paper consumption.
- We implement fuel efficiency practices, ensure consumption of natural resources more efficiently and minimization of greenhouse gas emissions.
- We hold trainings to increase the level of awareness of our employees.
- We identify any and all kinds of potential environmental emergencies, and take measures against such emergencies, and hold drills to get ready for them at all times.

TARGET FOR 2019

We aim to initiate zero-waste initiatives in all fields of operation of our Incorporation, and to be certificated for such initiatives in 2019.

At the Zero-Waste Summit held as part of the “Zero-Waste Project” providing substantial contributions to both environment and economy after commissioned by the Ministry of Environment and Urbanization, our Company was granted with the “Award of Support to Sustainable Policies and Zero-Waste Project” which was presented to Mr. İlker Aycı, the Chairman of the Board of Directors of our Company.
The Senior Management of Turkish Airlines hereby declares its Environmental Policy covering the design and presentation of the scheduled and unscheduled passenger and cargo commercial air transportation services in domestic lines, the in-flight services in international lines, and the training services in order to bring its employees, customers, suppliers, affiliates, and all its business partners and shareholders together around a common goal for its future, in line with duties and common values of the Incorporation by considering the national and international laws and regulations as well as the commercial ethics, by focusing on total quality.

**OUR ENVIRONMENTAL POLICY**

**Abiding by the Rules**
It complies with the aviation regulations along with the national legal requirements, and the other national/international requirements on the environmental issues that it is liable to comply with. It aims to extend beyond compliance with laws by the environmental projects it supports.

**Managing the Environmental Aspects**
It determines the environmental aspects of all its activities, products, and services, detects the environmental impacts, and develops action plans to decrease such impacts. It applies an improvement-oriented management system and methods to keep significant environmental aspects under control.

**Minimizing Adverse Environmental Impacts**
It gives top priority to protection of environment while carrying out all its activities, products and services. It supports the fuel efficiency initiatives and takes measures to decrease the greenhouse gas emissions to decrease and eliminate the factors that may worsen the climate change. It takes measures against noise pollution and wastes. It minimizes wastes by giving priority and support to the use and recovery of recyclable materials within the waste management process.

**Considering People and the Environment while Growing**
It considers the life cycle approach while planning new investments in relation to its operation area, expanding its fleet, and upgrading its technological infrastructure.

**Bequeathing an Habitable World for Future Generations**
It uses the natural resources effectively and efficiently as per the sustainability principle by considering the future generations that are its common assurance with its stakeholders; and places importance on biological diversity.

**Developing along with Stakeholders**
It works to increase the environmental awareness of its own employees, and encourages their participations. It shares and spreads good environmental practices by making contact with all its stakeholders. It supports the sustainable products and services throughout the life cycle.

**Improving Consistently**
It measures, monitors, reviews and continuously improves its environmental performance on a regular basis as per its environmental objectives. It ensures participation of stakeholders and all levels of the organization for the improvement of its environmental performance. It shares the information on its environmental performance with its stakeholders. It reviews, updates, and shares its Environmental Policy with the relevant parties periodically.
Developments in 2018

Besides Istanbul Ataturk Airport and Ankara Esenboga Airport, Izmir Adnan Menderes Airport was also entitled to obtain the Green Company Certificate by the Directorate General of Civil Aviation (DGCA) in 2018.

TS EN ISO 14001:2015 ENVIRONMENTAL MANAGEMENT SYSTEM

The environmental management system was established across our Incorporation in 2013, and it was maintained up until 2018. The transition to the 2015 version of the TS EN ISO 14001 Environmental Management System standard was successfully completed in 2018.

CORSIA

We, as Turkish Airlines, fulfill any and all codes of practice, provided under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), developed and initiated officially in 2019 by the International Civil Aviation Organization (ICAO). Accordingly; the first “Emission Monitoring Plan” was drawn up and submitted to the Directorate General of Civil Aviation in 2018, and the infrastructure was adjusted, as necessary, to ensure monitoring of emissions under the draft. Preparations were completed to carry out the reporting and verification activities, respectively, in the subsequent period in line with the requirements under the draft.

GREENHOUSE GAS EMISSION MEASUREMENT AND CERTIFICATION

Extensive projects, involving many departments, are carried out across our Incorporation in order to combat with the climate change. Greenhouse gas emissions, caused by our operations, were calculated in 2017 in accordance with ISO EN 14064-1, and the greenhouse gas statement was drawn up accordingly. The statement was verified by the independent auditing organization. In consequence of the projects conducted successfully, we were entitled to obtain the

Further information on this project is accessible under the section titled Combating Climate Change.

Besides Istanbul Ataturk Airport and Ankara Esenboga Airport, Izmir Adnan Menderes Airport was also entitled to obtain the Green Company Certificate by the Directorate General of Civil Aviation (DGCA) in 2018.

IDENTIFICATION OF ENVIRONMENTAL ASPECTS AND IMPACTS CAUSED BY OUR OPERATIONS

We, as Turkish Airlines, are engaged in initiatives to determine all environmental aspects and impacts, arising from under activities, and to eliminate such impacts, and if not possible to eliminate, to minimize the same. All environmental aspects, identified in the fields of operations of our Incorporation within the borders of our country, are included under the “Substantial Environmental Dimensions Report”. (http://investor.turkishairlines.com/documents/ThyInvestorRelations/download/icerikler/environmentaldimensions.pdf)

Not any environmental accident or incident occurred during realization of our services, products and operations, and not any non-compliance with the applicable environmental laws was identified in 2018.

TRAININGS

We continued to assign e-learning programs, prepared in 4 modules considering the scope of working areas, in order to increase the level of awareness on environmental issues across Turkish Airlines in 2018. Throughout 2018;

▶ “Environmental Awareness Training for Flight Crew Members”, prepared to increase the level of awareness of our flight crew members in environmental aspects and impacts arising from the flight operations, was completed by 4,139 persons.
▶ “Environmental Awareness Training for Ground Personnel”, prepared to increase the level of awareness in environmental aspects and impacts arising from all other activities by us, was completed by 2,421 persons.
▶ “Environmental Awareness Training for Cargo Personnel” prepared to increase the level of awareness of the employees, serving at the Cargo Directorate in charge of cargo operations, in environmental impacts arising from their working areas was completed by 1,057 persons.
▶ The e-learning themed “Awareness on Greenhouse Gases” was completed by 5,033 persons.

SUSTAINABILITY EVALUATIONS

We were entitled to be listed under the BIST Sustainability Index, created by an independent evaluation Incorporation based on the performance of the top-ranking 50 companies, listed in Borsa Istanbul, in the fields of environmental, social and corporate management, for the third time. We aim to maintain our position under the Index with our sustainability performance, we keep developing, in the next period.

Upon release of the “Special Report on Global Warming of 1.5°C” by IPCC, the entire world accepted that fighting against climate change is now a non-negligible requirement. Acting with our environmental sensitivity, we, as Turkish Airlines, do our part at both national and international level, and fulfill the requirements of the CORSIA, as well as the EU-ETS and TS EN ISO 14064-1 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. We keep on working to provide more and more favorable contributions to environment in this ever-changing and ever-developing world.

BİLAL TEK
Senior Vice President, Quality Assurance

2 Ref: https://new.usgbc.org/leed
We are aware of our responsibility for sustainable use of natural resources in line with our vision of leaving behind a livable world for future generations. Within this scope, we track consumption amount of water, natural gas, power and paper, and set annual targets to reduce those. We assess our performance, and develop action plans to accomplish the targets we set.

**ENERGY PRODUCTION**

We produce electrical energy from natural gas in the trigeneration plant established at our cargo premises. We make use of such energy to meet the electrical energy needs of our cargo and head office premises. Moreover, we transform the cooling water and flue gas heat, arising during the generation process, into productivity by means of the absorption chiller we have at our premises.

**DEVELOPMENTS in 2018**

1. Coins have been replaced with the more productive alternatives, and LED lamps have been continued to be used in lightning.

2. A condenser (economizer) has been installed on the boiler flue in order to minimize the natural gas consumption.

3. Automation controlled air dampers have been continued to be installed on water taps with the aim of minimizing the water consumption. Moreover, the condensate, forming in the air-conditioning plants, has been continued to be used in garden irrigation processes.

4. In order to minimize the paper consumption, most correspondences have been started to be exchanged on the electronic medium thanks to the electronic document management system.

12% reduction in natural gas consumption compared to 2017!
NOISE MANAGEMENT

We, as Turkish Airlines, are committed to minimizing our noise emissions, as specified under our Environmental Policy. We created one of the youngest fleets of the world with an average fleet age of 8.2, taking a big step towards our targets for noise minimization. Moreover, we will reduce our noise emissions to even much lower levels with our new-generation aircrafts ordered and expected to be delivered in 2023. Airworthiness Monitoring Supervisor’s Office carries out the application procedures to obtain the Noise Certificate for each aircraft in accordance with the national and international aviation requirements. This certificate, showing the noise levels of the aircraft, enables to check that whether or not the noise level limits are observed during landing and take-off at airports.

PERFORMANCE FOR 2018

We continued to make use of the electronic documentation management system, resulting in paper consumption of 2,391,703 m² in 2018.

In 2018, natural gas scope 1 consumption at the premises where we have the management control was 4,149,367 sm³. Natural gas scope 2 consumption where we did not have the management control was 621,487 sm³. Total natural gas consumption was 4,770,853 sm³. More information about the scope of the natural gas consumption is available in the Appendices.

In 2018, electricity scope 2 consumption at the premises where we have the management control was 7,171,601 kWh. Electricity scope 2 consumption at the premises where we did not have the management control was 28,336,046 kWh. Total electricity consumption was 35,507,647 kWh. More information about the scope of the electricity consumption is available in the Appendices.

<table>
<thead>
<tr>
<th>Natural gas consumption (sm³)</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>4,149,367</td>
<td>621,487</td>
<td>4,770,853</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Electricity consumption (kWh)</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>7,171,601</td>
<td>28,336,046</td>
<td>35,507,647</td>
</tr>
</tbody>
</table>
Waste Management

Waste management practice involves ensuring identification of types and sources of the wastes generated within the organization, collection and separation of the wastes at their own sources, temporary storage, recycling and disposal of the wastes in accordance with the Draft Zero-Waste Regulations and the applicable statutory regulations.

Waste management practice involves ensuring identification of types and sources of the wastes generated within the organization, collection and separation of the wastes at their own sources, temporary storage, recycling and disposal of the wastes in accordance with the Draft Zero-Waste Regulations and the applicable statutory regulations.

Any and all wastes generated are regularly reported to the Ministry of Environment and Urbanization by waste types and waste codes. Any and all kinds of hazardous and non-hazardous wastes, packaging wastes, medical wastes, waste oils and packages released to the market in the previous year are all reported online and in writing to the Provincial Directorates of Environment and Urbanization, if and when so required, in accordance with the regulations of the Ministry of Environment and Urbanization.

Furthermore; we ensure online data inputs for all waste types and amounts generating at our locations thanks to the recently-commissioned “Zero-Waste Information System”.

Waste Management Supervisor’s Office serves in coordination with the “officials in charge of waste”, designated in all our premises in Istanbul and Turkey, and ensures that all types of waste, including packaging waste, domestic waste, medical waste, hazardous and...
non-hazardous waste which arise from our operations, are managed in accordance with the applicable regulations.

**DEVELOPMENTS IN 2018**

1. In-flight segregation practice was initiated in 22 domestic and 44 international flights in 2017. Plans and projects were developed for in-flight segregation practice at Sabiha Gokcen Airport in 2018. The infrastructure was provided, as necessary, for commissioning in 2019, and in-flight segregation practice was initiated in 17 domestic flights.

2. In order to minimize generation of plastic waste which cause greater damages to the nature, bio-plastic bags, which are fully conforming to TS EN 13432 standard “Packaging- Requirements for packaging recoverable through composting and biodegradation” and which are of biodegradable nature, started to be used instead of the plastic bags we used to utilize while packaging the earphones and blankets offered to our passengers.

3. In order to minimize generation of plastic waste, wood toys, made from forestry products and certified by the “Forest Stewardship Council (FSC)”, started to be offered to our child passengers on-board the aircraft instead of the plastic toys.

4. The travel sets, offered in plastic packages to our passengers in all flights operated by our Company, were started to be offered without any plastic package as of May 2018 in order to minimize our plastic waste amount.

5. It is ensured that out of the electronic earphones, offered to our passengers in all flights operated by our Company, the ones, which are still functional upon use thereof and the ones which are repaired, are recovered following sterilization process.

**PERFORMANCE FOR 2018**

The amount of packaging waste, sent to recycling in 2018 at Istanbul locations, was reported as 258 tons while the amount of non-hazardous waste, sent to recycling, was reported as 124 tons. The total amount of hazardous waste, sent to the companies holding the license to collect hazardous waste, was reported as 115 tons. Thanks to the in-flight segregation practice; 69 tons of glass packages, 28 tons of plastic packages and 1,225 tons of paper packages were delivered to the licensed firms and recycled.

**TARGET FOR 2019**

In 2019, we aim to decrease the hazardous waste amount, reported as 115 tons in the previous year, by 10% and to fulfill the infrastructure requirements completely, as necessary to obtain the Gold certificate under the Zero-Waste Project developed by the Presidency, at our Head Quarters, Halkali Technology and Yenibosna premises.
Combating Climate Change

Thanks to our fuel saving practices, we saved 93,757 tons of fuel corresponding to 147,283 tons of CO$_2$ emissions avoided in 2018. Since 2008, 468,858 tons of fuel have been saved and 1,476,901 tons of CO$_2$ emissions have been avoided.

Greenhouse gas emission is the primary reason of the climate change which is one of the most challenging global problems. According to the Intergovernmental Panel on Climate Change (IPCC), the aviation industry generates approximately 2% of the world’s man-made emissions of carbon dioxide (CO$_2$). However, if no action is taken, this rate might increase further due to the increase of the global air traffic.

We, as Turkish Airlines, are committed to minimizing the carbon emissions, associated with our operations, in line with our intention to leave a livable world to the next generations.

Our activities to combat with the climate change are monitored at the highest level by the CEO. We determine the coordinated activities, which might reduce the greenhouse gas emissions, and develop new action plans in the Greenhouse Gas Committee Meetings.

**Our Actions to Combat with Climate Change**

- We identify our greenhouse gas sources, calculate the emissions in accordance with the internationally accepted ISO 14064-1 Standard, and ensure that they are verified by an independent verification organization.
We offset our greenhouse gas emissions, associated with our flights under EU-ETS, with carbon credits provided by the carbon credit agencies.

We keep abreast of the international developments in climate change, and attend in the related workshops. We closely follow all developments in relation to the proposal titled CORSIA, raised to the current agenda by IATA, the international aviation authority, with respect to calculation and verification of greenhouse gas emissions, and offsetting thereof with carbon credits, and we, as Turkish Airlines, plan all our activities in line with this proposal.

We attend the related national projects voluntarily. (For example: Green Airport Project initiated by DGCA and TSE)

We perform operational improvements in order to minimize and control our greenhouse gas emissions, increasing our fuel efficiency.

We keep abreast of the technological developments, modernize our fleet, and aim to minimize both the emissions and the noise level by means of the new-generation and environment-friendly aircraft.

We conduct surveys in relation to sustainable bio-fuels.

We organize trainings for our employees to increase the level of awareness on climate change.

We plant trees in accordance with the protocol we executed with the Directorate of Forestry. We planted a total of 1 million trees.

DEVELOPMENTS IN 2018

1. In line with our commitment of reducing our greenhouse gas emissions, the “Greenhouse Gas Committee” gathered to review the emission reduction practices.

2. In 2017, 20,792 employees were provided with online greenhouse gas awareness training in order to increase the level of awareness of our employees on climate change, and to decrease the greenhouse gas emissions of our Incorporation. In addition, 5,033 employees were provided with the online ghg training in 2018.

3. We made the greenhouse gas inventory of our Incorporation, including the locations in Istanbul and Ankara, on voluntary basis in order to increase the transparency, consistency and reliability of our activities to decrease the greenhouse gases.

Direct and indirect greenhouse gas emissions were calculated in accordance with the standard TS EN ISO 14064-1 Quantification and Reporting of Greenhouse Gas Emissions and Removals, and our greenhouse gas statement was drawn up accordingly.

4. Our greenhouse gas statement for 2017 was verified by the independent auditing organization in accordance with the standard TS EN ISO 14064-1 Quantification and Reporting of Greenhouse Gas Emissions and Removals. However, this work takes a long time due to the detailed reviews during the verification process, and the greenhouse gas emission verification for the previous year can be completed. Therefore, the verification statement on the emissions for 2017 is available at the end of the report. The verification process on our greenhouse gas emissions for 2018 is still ongoing.

5. Our Incorporation applied to participate voluntarily in the Green Airports Project introduced by the Directorate General of Civil Aviation (DGCA) in order to minimize the damages, which were or might be given to the environment and humans by the agencies serving at the airport, systematically and to eliminate them, if possible. Our works under the “Green Company Project”, initiated in 2017 along with our initiatives for analysis of the present situation, were completed successfully in 2017, and Istanbul Ataturk Airport and Ankara Esenboga Airport were entitled to obtain the Green Company Certificate. Besides Istanbul Ataturk Airport and Ankara Esenboga Airport, Izmir Adnan Menderes Airport was also entitled to obtain the Green Company Certificate by the Directorate General of Civil Aviation (DGCA) in 2018.

6. We continued to increase the fuel efficiency, and to make investments in modern and environment-friendly aircraft. Further information is available in the sections titled “Fuel Efficiency and Fleet Modernization” hereunder.
COMMITMENTS AND TARGETS

Air transportation is the first industry to have taken global actions and set extensive targets to minimize the CO2 emissions. In light of our responsible business approach; we, as Turkish Airlines, adopted the below-given targets, determined by the International Air Transport Association (IATA), and work devotedly to provide a contribution to such targets.

European Union decided to restrict the scope of the EU Emission Trade System (EU-ETS) with the flights which take off from and land in within the borders of the European Economic Area until 2016.

Accordingly; we calculate the direct emission values, falling under the scope of EU-ETS, in accordance with the related requirements, submit the reports and obtain the approval as necessary, and follow the respective developments closely.

Furthermore; “Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)”, restricting the CO2 emissions in order to attain these challenging targets, was adopted voluntarily by 65 governments including our country. With its first phase started to be implemented in 2021, CORSIA is the first proposal encompassing the entire industry on global scale.

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We, as Turkish Airlines, created an extensive fuel efficiency program to provide a contribution to the collective efforts exerted across the entire industry against climate change. Fuel Executive Committee, formed as part of this program, provides information to CEO regularly about the fuel efficiency performance, one of the indicators we follow as part of our combat against climate change.
Fuel Efficiency And Reduction Of Our Greenhouse Gas Emissions

We are committed to act in a manner to achieve the short-term and long-term targets, set by the International Air Transport Association (IATA). The main reason of the emissions in aviation industry is the aircraft fuel consumption. Accordingly, our fuel saving policy constitutes the basis of our combat against climate change and our strategy to reduce the greenhouse gas emissions. We aim to increase our fuel efficiency, and to reduce both costs and emissions. Every one kg fuel saved prevents approximately 3.15 kg carbon dioxide (CO₂) emission. For this purpose, we have undertaken wide range of initiatives to increase our fuel efficiency and reduce our carbon footprint.

As part of the Fuel Efficiency Program, Fuel Executive Committee, consisting of the key departments, was formed in order to review the respective action plans through regular meetings.
# TURKISH AIRLINES FUEL POLICY IS BASED ON THREE PILLARS

The Fuel Efficiency Policy of Turkish Airlines is based on three pillars:

1) **Optimization of the Operations**
2) **Investments in New Technology**
3) **Improvement of the Infrastructure**

### WE OPTIMIZE OUR OPERATIONS

**FUEL SAVING PRACTICES**

- Flight Operations Practices (reduction of auxiliary power unit - APU, engine out taxi, efficient take off, climb, descent profiles, short cuts, etc.)
- Technical Maintenance Practices (engine wash, aircraft weight reduction, aircraft modifications such as winglet/sharklet, etc.)
- Dispatch Practices (4D Flight Planning System, route optimization, tankering, etc)
- Ground Operation Practices (Center of Gravity (CG) optimization, monitoring potable water uplift, weight reduction of cabin interior, etc.)

### WE INVEST IN NEW TECHNOLOGY

- **FLEET MODERNIZATION**
- **RESEARCH IN BIOFUELS**
- **MODERN 4-D FLIGHT PLANNING SYSTEMS**
- **FUEL MANAGEMENT & MONITORING SOFTWARE**

### WE IMPROVE OUR INFRASTRUCTURE

**ATC OPERATIONS (SEPARATION, USE OF AIRSPACE MORE EFFECTIVELY)**

- SESAR Project
- Military Airspace
- Route Optimization

**AERODROME INFRASTRUCTURE**

- New Parking Areas / Taxiways
- Assessment of Service Providers’ Equipment
DEVELOPMENTS in 2018

Amounts saved due to the optimization of our operations

<table>
<thead>
<tr>
<th></th>
<th>Fuel saved (tons)</th>
<th>Greenhouse gas emissions avoided (equivalent to CO₂ tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flight operations practices</td>
<td>28,007</td>
<td>88,220</td>
</tr>
<tr>
<td>Ground operations practices</td>
<td>147</td>
<td>462</td>
</tr>
<tr>
<td>Aircraft technical maintenance</td>
<td>1,455</td>
<td>4,585</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,608</strong></td>
<td><strong>93,267</strong></td>
</tr>
</tbody>
</table>

Thanks to the optimization of the flight operations, dispatch practices, ground operations and aircraft technical maintenance, we saved 29,608 tons of fuel corresponding to 93,267 tons of CO₂ emissions avoided in 2018.

OPTIMIZATION OF OUR OPERATIONS

We have initiated and implemented successfully more than 100 operational optimization projects since 2008 in order to reduce our carbon footprint. Some of these projects include: Optimization of auxiliary power units, commissioning of the newly-optimized flight planning system, optimization of the routes and aircraft speed, practices to reduce the aircraft weight (fly away kits, magazines, containers, drinking water, catering equipment), and the aircraft modifications such as winglet and sharklet. Thanks to these fuel saving practices, we saved 29,608 tons of fuel corresponding to 93,267 tons of CO₂ emissions avoided in 2018.

INFRASTRUCTURE IMPROVEMENT

We endeavor to improve the air traffic management system in close collaboration with both domestic and international air navigation service providers. Besides a team which is always busy with researches on the most appropriate flight routes, we formed a committee, including many department, to be assigned in the SESAR (Single European Sky Atm Research) project.

Among the other infrastructure projects we carried out to increase the operational efficiency, there are many airport improvement activities such as construction of new parking areas, utilization of the air space better through the improved approach procedure.

As part of the “Fuel Saving Project” we have been carrying out with great efforts as the entire Incorporation since 2008, we attained a highly substantial progress in our fuel efficiency in the previous year, with an increase on year-on-year basis. We have achieved a total increase of approximately 20% in our efficiency rate until now. As I have mentioned, the contributions of all our departments in the substantial fields such as flight planning, technics, cabin ground operations, catering and information technologies, etc. especially pilot techniques are of great value. Measurability is so critical in our activities that it’s not possible for us to manage any process that we cannot measure. I would like to underline here that all investments, our Incorporation has made in technology so far, have carried our capability to monitor and measure each phase of our flights to a higher degree along with the fuel management information system software (FMIS) we started to employ in 2017. Just at this point, thanks to the FMIS, we have increased payload capacity upon route optimization and this is exactly where our operational efficiency starts. Again thanks to the system; we started to provide feedback to our captains, and we observe that we have attained a considerable development of 10-20% in the pilotage practices since the dat when we first started.

REŞAT GÜNDÜZ
Operational Fuel Manager
INVESTMENT IN NEW TECHNOLOGIES

We include the new-generation aircraft—offering 15% more fuel efficiency and lower emission values, to our fleet

FLEET MODERNIZATION

2018

- Consisting of 332 aircraft with an average fleet age of 8.2, our fleet is one of the youngest fleets across Europe.
- Our fleet encompasses 218 narrow-body and 92 wide-body aircraft, besides 22 freighters.
- The composition of our fleet is given on the table below.
- We have removed 16 narrow-body aircraft, which yield low fuel efficiency values due to its old age, out of our fleet in line with our fleet modernization strategy.
- With the inclusion of A321 NEO and B737 MAX in our fleet, 15% fuel saving has been achieved.
- Our Incorporation aims to keep the environmental impacts, to arise in both passenger and cargo transportation, at the lowest level. In line with this commitment; upon inclusion of the Boeing 777F type aircraft into the fleet of Turkish Cargo in 2017, we have achieved
  - 20% lower emissions
  - 20% lower environmental noise and
  - Fuel saving of 15% - 20%

compared to the old-generation freighters equipped with similar capacity and range.

<table>
<thead>
<tr>
<th>NARROW-BODY (223 AIRCRAFT)</th>
<th>WIDE-BODY (90 AIRCRAFT)</th>
<th>FREIGHTER (16 AIRCRAFT)</th>
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<tbody>
<tr>
<td>A319-100</td>
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<td>A340-300</td>
<td>A300-600F</td>
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<tr>
<td>A321 NEO</td>
<td>B777-300ER</td>
<td>B747-400F</td>
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<td>B737-700</td>
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<td>B777-200LRF</td>
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<td>B737-800</td>
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<tr>
<td>B737-8MAX</td>
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<tr>
<td>B737-900ER</td>
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TARGET FOR 2023

In line with our target of having the youngest and most modern fleet of Europe, we ordered 75 Boeing (B737-8 MAX and B737-9 MAX) and 92 Airbus (A321 NEO) new-generation aircraft, equipped with 15% higher fuel efficiency rate, in 2013.

Additionally; in 2018 we placed orders for 25 final and five optional Airbus A350-900 aircraft, 25 final and five optional Boeing 787-9 aircraft which are all planned to receive between 2019-2023, as well as three B777 freighters, planned to receive between 2019-2020, for the fleet of Turkish Cargo.

These new aircraft, to be included in our fleet by 2023, will provide a contribution to our targets of reducing carbon emissions, decreasing the level of noise, and improving the air quality. Accordingly, it is planned to receive 3 A321 NEO aircraft and 7 B737-8 MAX aircraft during 2018.

It is expected that the fuel consumptions per seat of the new-generation wide-body aircraft, ordered in late 2018 in addition to the narrow-body aircraft and to be received completely by the end of 2025, will be 13% lower on average basis than the existing wide-body fleet. Thus, all these newly-purchased wide-body aircraft will bring an enhanced efficiency level.
SUSTAINABILITY REPORT FOR 2018

SOME FUEL SAVING PRACTICES OF TURKISH AIRLINES

Reduction of Aircraft Weight, Reduces Fuel Consumption and Carbon Emissions! 1 Kg Fuel Saved = 3.15 Kg CO₂ Emissions Avoided

<table>
<thead>
<tr>
<th>Fuel saved (tons)</th>
<th>Carbon emissions avoided (tons of CO₂)</th>
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<tr>
<td>Single-engine taxi</td>
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<tr>
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<td>1,917</td>
</tr>
<tr>
<td>Installment of sharklets</td>
<td>20,000</td>
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</tbody>
</table>

PILOTAGE
Some of our main practices are single-engine taxiing, take-off and landing with lower flaps, idle reverse (lower engine thrust deceleration), NADP2 lower flap retraction altitude.

ROUTE OPTIMIZATION
Shorter planned flight periods in some sectors increased the capacity supply and resulted in carriage of payload instead of fuel, providing a substantial contribution to enhanced operational efficiency.

ADVANCED FUEL MANAGEMENT SYSTEM (FMIS)
Our new fuel management system was commissioned at the end of 2016. This new system enables us especially to calculate the costs of ATC operations (airborne instructions, deviations from the flight plan, etc.), and to assess the alternatives along with such cost items calculated. It also allows us to monitor closely all important factors such as any and all kinds of deviations, altitude and speed changes performed in the flight plan and the actual flight route, etc. which affect the fuel consumption, and to take actions in a very short time in all potential areas.

PBN PROCEDURES
The PBN (Performance Based Navigation) applications developed in more than 10 domestic aerodromes lead to shorter flight periods and substantial amounts of fuel saved.

EFFECTIVE FLIGHT PLANNING
All flight routes and altitudes are optimized by means of the 4-D flight planning system, resulting in decrease in the emissions arising during flights.

STATISTICAL TAXI FUEL PLANNING: Upon commissioning of the FMIS, we have started the dynamic taxi fuel planning for all aerodromes. This practice has brought along a total fuel saving of 3,479 tons.

SHARKLETS increased fuel efficiency by 2.3% and reduced CO₂ emissions

3,000 LIGHT NETS and 2,000 LIGHT PALLETS increased fuel efficiency and reduced CO₂ emissions

2,614 baggage containers were replaced with COMPOSITE CONTAINERS which resulted in CO₂ emissions reductions

Use of I-PADs instead of paper inside the cabin decreased both aircraft weight and CO₂ emissions

Investment in R&D projects in relation to sustainable BIO-FUELS

Steel brakes were replaced with CARBON BRAKES which resulted in CO₂ emissions reductions

3,000 LIGHT NETS and 2,000 LIGHT PALLETS increased fuel efficiency and reduced CO₂ emissions

Issue of SKYLIFE with lesser paper use decreased both aircraft weight and CO₂ emissions

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SOME FUEL SAVING PRACTICES OF TURKISH AIRLINES

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PERFORMANCE AND TARGETS

We calculated our greenhouse gas emissions in accordance with ISO 14064 Greenhouse Gas Calculation and Reporting Standard, and prepared our greenhouse gas report accordingly. Our greenhouse gas statement was verified by an independent organization. The greenhouse gas verification statement for 2017, including our direct and indirect energy emissions, is available at the end of the report. The verification process on our emissions for 2018 is still ongoing. Although the verification process is still ongoing, we forecast that our greenhouse gas emission for 2018 corresponds to nearly 16.7 million tons. Fuel consumption and the respective greenhouse gas emission values are provided in the “Fuel and Greenhouse Gas Emissions Table” by years. The transportation performance of Turkish Airlines between 2003-2018, and the corresponding fuel consumption values are shown in the below-given chart. If we consider 2008 as the “baseline”, it can be seen that the transportation performance increased by 856 percent, and that the corresponding fuel consumption value increased by 640 percent as of 2018. In other words, the fuel amount consumed for unit transportation operations is gradually decreasing thanks to the fuel efficiency projects we have been carrying out successfully since 2008. Gradual increase in the difference between the transportation performance and the fuel consumption, as shown on the chart, year by year clearly shows our enhanced efficiency performance.

Our extensive fuel saving policy increased our fuel efficiency by 0.2 percent compared to 2017, and by 20 percent compared to 2008. Our fuel efficiency for 2018 was reported as 18.17 kg/ATK (Available ton-kilometers).
We keep minimizing our carbon footprint thanks to various fuel saving projects we realized successfully on an annual basis. We saved 29,608 tons of fuel in 2018, corresponding to 93,267 tons of CO₂ emissions avoided. Since 2008 we have saved 498,518 tons of fuel, 1,570,168 tons of CO₂ emissions have been avoided. The fuel saving amounts and greenhouse gas emissions avoided are shown by years on the charts available on the following pages.

### Fuel and greenhouse gas saving amounts

<table>
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<tr>
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<th>2016</th>
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<th>2018</th>
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<tbody>
<tr>
<td>Fuel Saved (tons)</td>
<td>44,248</td>
<td>46,757</td>
<td>29,608</td>
</tr>
<tr>
<td>Greenhouse Gas Emissions Avoided (tons)</td>
<td>139,382</td>
<td>147,283</td>
<td>93,267</td>
</tr>
<tr>
<td>Fuel Efficiency (kg/ATK)*</td>
<td>18.57</td>
<td>18.20</td>
<td>18.17</td>
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</table>

*Available ton-kilometers
OUR TARGETS FOR FUTURE

We, as Turkish Airlines, aim to reduce the fuel amount, consumed per ton-km, by 5% until 2025 by normalizing the ATK (available ton-km) weight and range. In line with this target, we aim to avoid 130,000 tons of CO₂ emissions.

SUSTAINABLE BIO-FUELS

We, as Turkish Airlines, have embraced the target of reducing carbon dioxide emissions by 50% until 2050 as set by IATA to which we are a member. To achieve this target, we make partnerships with various research agencies to produce bio-fuels as an alternative to jet fuel which cause greenhouse gas emissions across the aviation industry. Accordingly, we have joined the research project carried out by Bogazici University to produce bio-fuels from microalgae (bio-hydrogen and biodiesel), as supported by Tubitak (The Scientific and Technological Research Council of Turkey). Bio-jet fuels, intended to be produced, will be tested in aircraft engines at Turkish Teknik A.S.

AWARDS AND INTERNATIONAL RECOGNITIONS

Turkish Airlines ranks 4th in Fuel Efficiency among 20 International Transatlantic Airlines

International Council on Clean Transportation (ICCT) released the report, under which the fuel efficiency of 20 international airlines flying in America/Canada and European transatlantic lines, as well as the corresponding carbon densities were compared, in 2014. Accordingly, Turkish Airlines ranked fourth in fuel efficiency among 20 international airlines.

Fuel Efficiency Ranking of Transatlantic Airlines for 2014 is accessible on the below-given link: https://www.theicct.org/publications/transatlantic-airlinefuel-efficiency-ranking-2014
Our business management approach is based on the principle of ensuring a long-term value and satisfaction for all our stakeholders including our customers, employees and society.
Corporate Safety

Our approach to Safety Management is positioned beyond just compliance with the requirements. We cultivate the Safety Culture, and steer all our processes in line with our Safety Policy focused on continuous improvement.

Safety covers any and all activities carried out to identify all potential risks with respect to flight operations, and to minimize such risks to acceptable levels. “Risk” is the most important concept in relation to safety. In general terms, risk is defined as the possibility of encountering with any undesired, unfavorable or dangerous case in a certain period of time. A safe operation is possible when all operational activities are carried out at the acceptable risk level where all known risk factors are revealed and managed.

We have established the Safety Management System for creation of the overall structure, which is in compliance with all safety requirements, and monitoring of such structure systematically and improvement thereof continuously in order to keep all safety risks within acceptable limits.

Aiming to attain the highest level of standards at all times in its operations, Turkish Airlines considers safety as an essential priority constituting the basis of all its operations. Accordingly, we endeavor to improve the Safety Management System, we have been employing since 2006, continuously. As stated in our Safety Policy, Turkish Airlines implements continuous improvements to develop and improve operational conditions to go beyond the global standards of the authorities and manufacturers that define the baseline. The existing Safety Management System has been structured beyond the traditional standards in a manner to cover all organizational tiers, operational environment and interactions. Safety programs exclusive for Flight, Cabin, Maintenance, Ground and Cargo operations are implemented in order to handle all risks in a prudential and farsighted approach in order to ensure the systematical sustainability.

Our Safety Policy is accessible on our website.
The day-to-day administration of SMS is ensured by the SVP, Corporate Safety, but the final responsibility rests with the CEO.

Developed and commissioned leveraging on the bio-mathematical models, built with the help of scientific researches at the respective national and international civil aviation authority standards, and operational experience, Fatigue Risk Management System is comprised of all flight operations of the cockpit and cabin crew members, and all phases of flight operations can be monitored on real-time basis through reactive, proactive and predictive processes against all fatigue-led risks that might arise through the flight operations as of the planning phase until the realization phase.

SAFETY MANAGEMENT SYSTEM STANDARDS AND REGULATIONS

Compliance with the highest levels of standards and guidelines applicable across the industry is considered as a primary principle in the Safety Management System of Turkish Airlines which is positioned beyond just compliance with the requirements. Setting the most extensive operational safety standards of the aviation industry, the IATA Operational Safety Audit (IOSA) program is an extensively-accepted global program which inspects whether the airlines perform their operations in a safe and robust manner.

We have been included in the Program since 2005. Moreover, we also assume active roles continuously in the working groups of such organizations as the International Civil Aviation Organization (ICAO), European Aviation Safety Agency (EASA), Directorate General of Civil Aviation and Star Alliance.

SAFETY CULTURE

Turkish Airlines fosters a “Flat, Fair, Flexible, Committed, Informed, Learning and Reporting” safety culture. Especially the “horizontally organized” feature is promoted in administrative processes and flight operations in order to improve the safety culture which is one of the main components of our corporate values.

SAFETY TRAININGS

Trainings in compliance with the international regulations are held, and international researches are supported as a responsible stakeholder across our Incorporation in order to raise the level of awareness on safety continuously.

It is aimed to develop the safety culture of our Company, besides information and competencies, as required, during the trainings, provided in line with the roles and responsibilities of employees, in order for effective running of the Safety Management System. Further information on trainings is available under the section “Aviation Academy”.

Adaptive

Learning

Reporting

Flattened

Informed

Committed
SAFETY MANAGEMENT SYSTEM AUDITS

Our Company is in active interaction with a high number of Civil Aviation Authorities due to its extensive operational network, so it is subjected to the audits conducted either by such authorities or the Directorate General of Civil Aviation. We consider all these audits as an opportunity and feedback mechanism to make our operations much safer. We completed the IOSA audit successfully in 2017. We aim to keep our success during the audit to be repeated in 2019.

Besides the audits and internal controls, operational observations are performed within the organization of our Company. Line Operations Safety Audits (LOSA) have been implemented since 2010 in order to obtain information about any and all failures and potential threats which would be difficult to identify otherwise. Based on the foregoing; each aircraft fleets available at Turkish Airlines are subjected to audits biannually, and the identifications are used to improve the operational procedures, trainings and safety communication. We operated LOSA flights by means of Boeing 777 fleet in 2018. We are planning to operate LOSA flights again in two different aircraft types, namely narrow-body and wide-body aircraft, in 2019.

FLIGHT DATA MONITORING SYSTEM

Data of every flight are analyzed through the Flight Data Analysis System (FDAS) to assure that all flights are operated safely in compliance with the standard procedures, and that aircraft’s airworthiness is not affected. We make use of all results and considerations, obtained in consequence of flight data analysis, for various projects as exemplified below.

▶ Generation and issue of the individual performance indicators with respect to their flights in order to support the personal development of pilots,
▶ Provision of data for fuel efficiency and carbon footprint assessments,
▶ Partnering with engine producers for scheduled maintenance of aircraft engines.

SAFETY ASSESSMENT OF FOREIGN AIRCRAFT PROGRAM (SAFA)

Safety Assessment of Foreign Aircraft (SAFA) is a safety audit program run by European Aviation Safety Agency (EASA). The purpose of SAFA audit is to check the cockpit, cabin and documents inside the aircraft, and all exterior surfaces and cargo compartments outside the aircraft before and after the flight; and to identify and solve problems, which may affect the flight safety adversely. Audits carried out among SAFA members result in a SAFA rating.

Our Incorporation closed the year 2018 with an achievement of 0.215 SAFA rating as a result of SAFA audits conducted by 38 different Authorities at 58 locations. This rating is quite a successful result, as compared to the other EASA countries with a SAFA average of 0.48, and indicates the importance of safety for our Incorporation.
Turkish Airlines always follows its safety targets, efficiency of its safety policy and compliance with this policy considering its knowledge, operational competency and philosophy. The Incorporation employs a centrally-managed, non-punitive and well-functioning safety reporting system. Development of our reporting system can be seen on the chart showing the monthly reporting order.

In addition to the reporting system, various means of communication such as “Direct Message to CEO”, “flightsafety@thy.com” are also available to foster communication on safety. Moreover, employees can reach their managers in safety issues under the concept of “open door”.

Thanks to safety performance indicators, safety, despite its abstract nature, has become measurable as a tangible asset, which is one of the fundamental attributes of the service presented. A very large set of Safety Performance Indicators (SPIs) are improved continuously, and Generalized Safety Index (GSI), derived from the SPIs, is monitored at each level as one of the core business indicators.
Turkish Airlines Security Directorate ensures security during the course of all its activities. These activities include sustainability of passenger transportation, cargo transportation according to national and international security regulations and standards while preventing acts of unlawful interference.

As a proactive measure, SVP Security conducts security assessment of the airports, hotels for accommodation and city offices at the destinations before the commencement of the operations and informs the related departments and personnel about the security vulnerabilities in order for them to take necessary precautions.

Our Directorate has made the Security Information System, it has established in order to inform the concerned departments and personnel about any and all security vulnerabilities which have been identified during the security inspections conducted at the airports of the respective destinations, stay-over hotels in stay-over stations, and all provincial offices before initiation of our operations as a prudential measure, available to all executives of the Incorporation.

Any and all details, obtained from the international news sources from which we receive consultancy service, are shared with the concerned departments currently and weekly, and instant security warnings are provided against all developments in case of any emergency.

Our Security Policy ensures the operational security, management of security related activities, determination of the security responsibilities, identification of the security vulnerabilities/risks, providing the highest level of communication, promoting a corporate security culture and providing necessary resources for ensuring security.

Turkish Airlines Security Management System (SeMS) is managed by the SVP, Security which reports directly to the CEO. Aviation Security Management is responsible for the management of the security of the passengers, the aircraft and the cargo in accordance with the national and international security requirements; while Risk Assessment and Investigation Management identify the risks and examine the security incidents. Additionally, Facilities Security Management protects the buildings, vehicles, employees from any threats that might arise against Turkish Airlines.

At Turkish Airlines Security Department, communications are executed in a secure manner, including non-punitive reporting procedures to encourage the reporting of any inadvertent human error. To ensure the exchange of relevant operational information throughout all functions of the Incorporation, including senior managers, operational managers, front line personnel, cockpit and cabin crew, SVP, Security has established a communication system, which enables the flow of information from the top management to the staff step by step according to the job title levels. To promote communication, SVP, Security ensures that the flow of information is provided through "security@thy.com" for all suggestions, requests and reporting.

Our security procedures and practices aim to ensure the protection of our customers, employees and assets including facilities and aircraft and sustainability of the operations. As the security operation is subject to strict regulations by the International Civil Aviation Organization (ICAO), European Civil Aviation Conference (ECAC), European Union and the Directorate General of Civil Aviation, it is important for Turkish Airlines that SVP, Security constantly monitors national and international regulations for compliance purposes.
To Provide the Highest Level of Communication
Turkish Airlines promotes a just culture where the flow of information and communication is carried out objectively between senior management and the employees in order to support all activities. Communication should be executed in a secure manner, including non-punitive reporting procedures to encourage the reporting of any inadvertent human error.

To Establish and Promote a Corporate Security Culture
Turkish Airlines ensures that all necessary arrangements are made to establish and improve a “Corporate Security Culture”. It promotes activities to increase security awareness and to make security an integral part of the corporate management system.

To Provide Necessary Resources for Security
Turkish Airlines ensures the provision of the resources necessary for the successful implementation of the security policy.

To Determine Security Responsibilities
Turkish Airlines determines the responsibilities of its employees regarding security-related issues and ensures a commitment to security from senior management as a fundamental priority throughout the organization.

To Identify Security Vulnerabilities and Risks
Turkish Airlines provides assistance to all its employees to identify and prevent vulnerabilities and risks that may occur as a result of the interaction between people, machines, the environment and duties.

Management of Security-Related Activities
Turkish Airlines ensures a clear statement of the organization’s security objectives and the measures taken in order to conform to security regulations. It executes its corporate security management system to provide security to all its activities with constant improvement.

To Ensure Operational Security
Turkish Airlines develops and implements processes to prevent acts of unlawful interference that may occur on the ground or during flights and establishes security objectives and security performance standards. While implementing these processes, Turkish Airlines provides a periodic policy review to ensure continuing relevance to organizational needs and to the requirements of security performance standards.
We, as Turkish Airlines, make the whole world more accessible for our passengers by flying to many international destinations. We aim to enhance the customer satisfaction with increased and intensified bonds we establish with our customers, the essential factor for our existence. We adopt a customer-oriented approach in all our operations in order to gain the trust and loyalty of our customers, and to develop long-term relations with them.

We realize many innovative projects across all our departments with an aim to enhance the customer satisfaction. We make substantial investments in our products and services through many innovations such as award-winning catering concept, CIP passenger lounges, Premium cabin services, inflight entertainment systems, enhanced cabin comfort, cabin and customer services trainings offered for employees realized to become a five-star airline. Satisfaction of our customers and their trust in our brand is the backbone of our growth and success and the core value of our Incorporation. Customer satisfaction is an important factor in our Corporate Policy and Quality Policy, as well as our Customer Satisfaction Policy, and the other corporate policies of us.

OFFERING PROACTIVE SOLUTIONS

Thanks to the collective efforts of our Marketing Directorate and Cabin Crew Management Directorate, all irregularities in the cabin have been recorded by cabin chiefs, and reported to the Customer Relations Management since 2016. This enables us to provide proactive solutions to eliminate these irregularities before they turn into passenger complaints. We have replied to our passengers in relation to 15,883 irregularities mostly experienced in the cabin in 2018.
We always seek to respond immediately to our passengers’ wishes in line with our approach to high-quality and sustainable products and services. We have reached 10 million followers on Facebook just through the contents prepared exclusively for social media posts.

FEEDBACK MANAGEMENT PROCESS

All kinds of feedback that we receive from our passengers remain as a source of great strength for us to achieve this target. We are committed to enabling our customers to reach us at all stages of their experience. All kinds of feedback, requests, suggestions and complaints, received by our incorporation, are reviewed comprehensively, and assessed upon obtaining information from the other concerned departments, if and when so required, by the Customer Relations Management. Turnaround time to customers’ complaints, set as seven days to enhance the customer satisfaction, was reported as 78% in 2018.

Feedback channels

- Feedback form available on our website
- Telephone numbers 444 0 849 / +90 850 333 0 849
- Our Facebook, Twitter and Instagram accounts
- Feedback form available on our in-flight entertainment systems
- Cabin interior communication form or Skylife communication form which may be obtained from cabin crew members during travels
- Customer Relations Management and all sales offices of Turkish Airlines
CUSTOMER SATISFACTION MEASUREMENT AND SURVEYS

We conduct customer satisfaction surveys for all products and services provided by Turkish Airlines at the points of contact with our customers. According to the results of this survey, our customer satisfaction rate is 79 percent in 2018.

We, as a member of the Star Alliance, send online customer satisfaction surveys to our passengers who are Miles & Smiles members. This survey enables us to obtain general opinions based on experiences such as re-purchase intention, recommendation, etc., and also to monitor the satisfaction level at the points of direct contact with our customers regarding check-in, boarding, departure punctuality, lounge, cabin crew, food & beverages, in-flight entertainment and cabin environment, in comparison with our competitors. We conduct the Airs@t comparative customer satisfaction survey, enabling us to see and monitor our regional position continuously among our competitors, in cooperation with IATA, and report its results 4 times a year.

Mystery Passenger activities, covering the points of contact with customers for domestic and international flights, are carried out in order to increase the service quality of our Company. As part of these activities; the points of contact with customers are assessed in terms of service quality and compliance with procedures. We also measure the satisfaction levels of our customers by means of the customer satisfaction surveys included in the in-flight entertainment system available on board some aircraft. Feedback management system satisfaction surveys were sent electronically to an average number of 6,169 passengers, who sent their complaints to us in 2018, on monthly basis.
Turkish Airlines, the flag carrier airline of Turkey, improves the quality of its catering service in parallel with its continuous growth trend. Our innovative solutions not only improve the quality of our catering service, but also help us take a step forward in sustainable catering service practices. We procure 85 percent of our foods from the domestic suppliers, supporting promotion of our local products, and shorten the period of arrival of raw materials at our Incorporation, resulting in fuel saving and reduced CO₂ emissions.

All meals, offered on board the aircraft, are always prepared using fresh and the highest-quality foods. We never use any frozen or canned food or any additive, providing a contribution for us to reduce the unfavorable impacts of processed foods on environment, and to offer high-quality products.

All our foods are prepared by the expert food engineers at high hygiene standards as per ISO 22000 Food Safety Management System, and we prefer the products of ISO 22000 certificated suppliers in raw material supply. All suppliers are evaluated in detail under the “Supplier Risk Evaluation Procedure”, and thereby, we ensure that accurate suppliers are preferred.

Food safety checks are performed in coordination of our Procurement Department and Hygiene & Quality Assurance Departments from acceptance of raw materials until arrival of finished products. We take pains to ensure that domestic raw materials are used during creation of our menus. We plan our menus considering the foregoing matter.

Healthy and natural alternatives from the Turkish, Mediterranean and World cuisine are included in these menus.

In line with our daily food capacity of 210 thousand just for flights originating from Turkey, and to offer a sustainable catering service; all our organic, paper and packaging wastes, arising in our production and distribution areas, are sent to recycling companies, contracted by the Directorate General of State Airports Authority, in order for waste recycling process. Moreover, we send all waste oils to the waste oil treatment facility, contracted and licensed by the Ministry of Environment and Urbanization, in order to convert waste oils into bio-diesel. Upon introduction of our new flight concept in 2013, all our tools and equipment have been replaced with light-weight ones of superior design, and thereby, we have decreased the total weight of the catering supplies, providing a contribution for reducing our carbon emissions, and increasing our fuel efficiency.

We don’t use any frozen or canned food, thereby, reduce our CO₂ footprint.

We procure 85% of our food from domestic suppliers.

ISO 22000 Food Safety certificate-holder suppliers are preferred.
Upon introduction of our new flight concept in 2013, all our tools and equipment have been replaced with light-weight ones of superior design, and thereby, we have decreased the total weight of the catering supplies, providing a contribution for reducing our carbon emissions, and increasing our fuel efficiency.

We also ensure that all plastic, aluminum and paper wastes, arising on board the aircraft, are recycled in accordance with the applicable environmental regulations. Packages of the hot sandwiches, we started to offer in 2016, are made of recyclable papers.

Bio-plastic bags, which are fully conforming to “TS EN 13432 Standard for packaging - requirements for packaging recoverable through composting and biodegradation” and which are of biodegradable nature, started to be used instead of the plastic packages we used to utilize while packaging the earphones and blankets.

We started to offer wood toys, made of forestry products and certificated by the “Forest Stewardship Council (FSC)”, in order to protect the health of our children who are our guarantee for future. It is aimed to increase the level of awareness by distributing the toys of “Play Natural” concept, consisting of the figures of endangered animal species, along with the brochures prepared based on the information provided by WWF Turkey.

We developed a service concept which will provide guidance to our passenger regarding what can be done before, during and after flights in order to ensure that they have an overall comfortable travel experience through our Fly Good Feel Good project. The informative videos, accessible on the in-flight entertainment system, include recommendations on various topics such as air travels during pregnancy, and air travels with infants or children, feeding during flights, decreasing the impacts of jetlag, etc.
Customer Information
And Rights

Our baggage irregularity rate was realised as 5.2 per thousand, better than the World and Europe average performance figures.

Furthermore, it investigates and replies to the feedback, sent from customers to DGCA and then informs DGCA.

CUSTOMERS PRIVACY

Due to the nature of our operations, we daily handle personal data of our customers. We recognize that the confidentiality of personal information is of utmost importance, and therefore we guarantee that we will comply with Turkish Airlines’ Privacy Policy and guidelines in the matter. For more details about our Privacy Policy Statement please check our website.

BAGGAGE SERVICE

In 2018, the baggage irregularity rate was 7.29 per thousand in Europe and 5.69 in the World.

Our baggage irregularity rate was realised as 5.2 per thousand, better than the World and Europe average performance figures. We make a continuous effort to improve and to minimize this rate and increase our customers’ satisfaction.

Our systems were improved in order for maintenance of our success to ensure travelling of our passengers with their baggage in 2018. We have many completed and ongoing projects such as preparation of transfer baggage in the same container at the stations of departure, ensuring that short-connection baggage are loaded separately, and tracked accordingly, and performance of remaining Baggage reasons and analyses in a more detailed manner, etc. Some development works are ongoing to ensure that the Baggage Reconciliation system can be utilized at all stations.
For the first time in Turkey, Turkish Airlines Aviation Academy initiated a customized program intended for overcoming the fear of flying. The program is dedicated to helping those who fear flying to overcome this problem. As part of the program, pilots and technical trainers instruct attendees about flights, aircraft structures and atmospheric situations.

This is followed by a virtual flight in a cabin simulator which aims to soothe away feelings of fear and anxiety by simulating normal and severe turbulence. To complete the training, participants actually fly together with the team. Since its launch in 2007, we helped 928 people to overcome their fear of flying.

Our ground handling agents are responsible for performing the processes in relation to transport of sick passengers, pregnant passengers, and passengers with reduced mobility, mentally disabled passengers and any other passengers with special needs, to the aircraft, and the station managers are responsible for the adoption of the final decision in respect of ensuring such passengers’ travel. The cabin crew members ensure the required coordination with the ground personnel during handling of any passengers with special needs. Our passengers can request via our call center, ticket sales offices or website before the flight to have a companion, transportation and wheelchair services up to aircraft/terminal building free of charge during landing and take-off. In order to better serve our customers, our special sign language trainings continued in 2018. Since the Program’s launch, the number of cabin crew members attended the trainings have reached to 500.
Turkish Airlines conducts all its internal and external process improvement, sustainable development management and corporate social responsibility projects under the scope of the program "Differences Add Value", with an aim to make all its products and services accessible by the passengers with restricted mobility, as well as disabled-veteran, elderly, pregnant and disadvantaged passengers. Accordingly; you can find our projects, completed in 2018, below.

### IMPROVEMENT OF IN-FLIGHT STRETCHERS

Stretchers, currently used for our passengers with reduced mobility or who cannot sit, were replaced, and the ones offering a high level of privacy and equipped with curtain system started to be used.

The conditions of the stretchers, procured in 2018, were determined and reported. The related departments were informed to take any and all necessary actions in relation to the ones which were determined to need maintenance in consequence of the above-mentioned process.

### FREQUENT FLYER PROGRAM - MILES&SMILES DATA-BASED DISCOUNTED TICKETING PROCESS

Upon realization of this project for our passengers who were required to visit any sales office and submit their documents to make use of the off-prices during ticketing process, we revised this process.

Now all our disabled passengers can take advantage of a discount rate of 20% and 25% in domestic and international flights, respectively, during ticketing processes via the call center or agencies by recording their reports, showing their disabled status, under their Miles&Smiles membership details for once only via Internet.

### DEMO VIDEO OFFERED EXCLUSIVELY FOR OUR HEARING-IMPAIRED PASSENGERS ON IFE SCREENS

We have realized the project of preparing a special safety film exclusively for our hearing-impaired passengers in our in-flight entertainment system.
We realized the ticketing process enabling our disabled passengers to purchase their tickets on our mobile application upon being a member to Miles&Smiles without any need to visit our sales offices.

**Rules and Terms & Conditions:**
Our Miles&Smiles members are eligible to take advantage of discounts offered for disabled passengers. In order to take advantage of discounts, our members should proceed with their transactions after selecting the passenger type as student or disabled. The respective passenger type should have been approved by the system in order to benefit from this discount. Our disabled passengers can benefit from this discount only if they complete their transactions for domestic flights on our mobile application. If our passengers intend to benefit from the same discount type for international flights, they should get into contact with the call center or sales offices. Only the member can take advantage of the discount; any other passengers under the same reservation record are not eligible to enjoy the discount. Discounted prices are applied on the base price, excluding all taxes and charges, during ticketing process. The discount is applicable and valid for flexible tickets while it is not valid and applicable for promotional tickets.

**MILES&SMILES DATA-BASED & MOBILE-ASSISTED DISCOUNTED TICKETING PROCESS**

**SAFETY VIDEO FOR OUR HEARING-IMPAIRED PASSENGERS**
Our Safety video, prepared for all our passengers, is now accessible by our hearing-impaired passengers. The video, played on IFE screens, is now available in the sign language.

**TRANSLATION OF OUR TRAVEL EXPERIENCE VIDEO INTO THE SIGN LANGUAGE FOR OUR HEARING-IMPAIRED PASSENGERS**
Our travel experience video, posted on our website that has been prepared exclusively for our handicapped passengers, is now available with the option to translate into the sign language for our hearing-impaired passengers.

**TRANSLATION OF OUR WEBSITE INTO THE SIGN LANGUAGE FOR OUR HEARING-IMPAIRED PASSENGERS**
The frequently asked questions page within website, the travel experience video for our disabled and mobility-impaired passengers has been translated into the sign language with our project, which started in 2018, for our hearing impaired passengers.

Our development process is continuing to ensure the accessibility of our entire website. Web translation works on these texts by parsing them into the origins of words. It translates such texts into the sign language with a level of perception for all synonyms and compound words.
We offer all our employees a unique career opportunity in the aviation industry, and support the development of all our employees.
As Turkish Airlines, our employees are our greatest asset, and the driving force behind all our achievements. We have transformed the dynamism of our young cadre, consisting of 60,359 personnel including the subsidiaries, into an international success story. As of 2018, we, as Turkish Airlines, are a big family with 26,739 employees consisting of 5,213 cockpit personnel, 10,513 cabin personnel, and 11,013 ground personnel. The average age of our employees is 34.4, and 54 percent of our employees consists of men, and the remaining 46 percent of them consists of female employees. Further information on the profile of Turkish Airlines’ employees is accessible under the title “Performance Tables” available in the section “Annexes” of this report. We aim to provide all of our employees, residing in different parts of the world, with a transparent working environment that supports creativity and team spirit, is conducive to personal development, an environment where the corporate targets are internalized at every level and ideas can be exchanged freely.

Our Human Resources Policy is to ensure the employment of qualified personnel who abide by the professional and ethical rules and are able to perform their duties effectively and efficiently in line with the strategic plans and targets of our Incorporation, as well as maintaining the sustainability of such personnel’s qualifications. In this context, the human resources planning, setting the job descriptions, ensuring the creation of the corporate culture and awareness, personnel employment, performance management, training and development, personnel processes, social and economic rights, ensuring the personnel satisfaction, working order, disciplinary and rewarding processes are covered by our Human Resources Policy.

Our Greatest Asset: Our Employees

Our employees are our greatest asset, and the driving force behind all our achievements.
In 2017 "Manual on the Implementing Principles of Assessment and Evaluation Instruments", was drawn up in order to standardize the examinations and practical processes which consist of a substantial portion of the candidate evaluation processes of our Incorporation.

With our comprehensive scope of activity and multicultural structure, we provide our employees with a unique career opportunity in the aviation industry, and support the development of all our employees. Further information on the training and development opportunities, we offer, is provided on pages 92-95 of this report and under the annual report for 2018.

We provide our pilots with long-term career opportunities. We are encouraged by the corporate loyalty and effective team work which are two of the most prominent characteristic features of our Incorporation.

Career Development

We provide our pilots with long-term career opportunities. We are encouraged by the corporate loyalty and effective team work which are two of the most prominent characteristic features of our Incorporation.

Leadership and Management Trainings

“Leadership Development Program” was created in order to develop fundamental managerial and functional competencies of our managers at executive level, and approximately 200 managers completed this program. Building Essential Leadership Skills (BELS) and Change Acceleration Process (CAP) trainings, provided by GE Academy, were attended by a total of 100 managers. Leadership for Customer (LFC) training was held in Crotonville by GE Academy for our executives assuming the title of at least Assistant Senior Vice President.
IDEA MANAGEMENT SYSTEM 2018

01 Submission of the suggestion
02 Assessment of the suggestion by the manager
03 Preparation of the draft project by the suggestion-owner
04 Inclusion of the suggestion into the projects portfolio
05 Realization of the suggestion

IDEA MANAGEMENT SYSTEM 2018

01 Submission of the suggestion
02 Assessment of the suggestion by the manager
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Development of Innovation Culture and Promotion of Employee Engagement

Designed on the basis of the principle of processing all internal and external sources and turning them into output, our Corporate Innovation System consists of combination of many complementary activities. “Idea Management”, one of the most important components of our Corporate Innovation System, has been commissioned to activate the creative potential of our employees, the greatest asset of our Incorporation, and to increase their participation to innovation activities. Having a transparent sharing and rewarding structure, the idea management system enables all our employees to submit their valuable opinions, and provides them with the opportunity to develop and realize projects and in return, to be rewarded for their efforts. Taking the interdepartmental coordination to the top level, this platform keeps serving for the purpose of utilizing all available opportunities and resolving any and all problems. Thanks to the idea management system; we create awareness on innovation, promote the innovation culture and raise innovation ambassadors. By the end of 2018, 6,268 colleagues shared 16,715 suggestions and upon realization of 659 of such suggestions, Turkish Airlines yielded a financial gain of more than 55 million USD.

We conducted the first Innovation Culture Measurement Survey in Turkey in order to cultivate our innovation culture across the organization. This survey enabled us to access all information we need to strengthen our improvement aspects and to reinforce our strengths using all data collected on department basis across the organization. All reflections attained help us shape our innovation activities.

We organize various trainings, seminars, workshops and informative sessions to increase the level of productivity and awareness of our employees regarding the technologies to reshape the future. Innovation Talks, project management and design thinking trainings and Cabin Brands Workshop are included in such kind of activities. Innovative solutions ideas, provided by our internal and international stakeholders, have contributed to Turkish Airlines to maintain its leading position, and to introduce innovative experiences in aviation sector. Moreover; the innovative competency level of our employees has increased.

External innovation activities are another source of innovation for Turkish Airlines. Accordingly; we carry out many projects jointly with national and international start-ups, advanced entrepreneur networks, universities, technology transfer offices and leading institutions and companies. Moreover; the platform we have designed under the title of “Invest on Board”, which supports not only our Incorporation but also the entire entrepreneurship ecosystem for sustainable development, and gathers all promising entrepreneurs and potential investors by means of our in-flight entertainment systems is growing day by day.
We care about our employees’ satisfaction as much as our passengers’ satisfaction. SVP, Social and Administrative Affairs handles the service processes that directly affect many of our employees and is primarily responsible for creating quality awareness and presenting it to the service of our employees on a sustainable basis. While progressing toward the objective of being the best in the world, we pay utmost attention to the processes such as transportation, nutrition, office ergonomics and life quality that would maximize the motivation of our employees.

**SOCIAL BENEFITS**

Turkish Airlines provides its employees with important social benefits. Examples of these social benefits are as follows: A wide ranging of service network, private health insurance, private health insurance discounts provided to the employees’ families, allowances for birth, nursing, death and marriage, kindergarten allowance for the female employees with dependent children, free or discount domestic/international flight opportunities, visa facilities, contract accommodation opportunities all around the world.
In order to assess employee satisfaction, we conduct surveys at regular intervals. In 2018, with the participation of 13,347 employees (55% participation rate), the employee satisfaction rate was 66% and we continuously work to increase the participation and satisfaction level of our employees.

**You Ask and We Do It for You!**

As the Best Airline Incorporation in Europe, we continue our efforts to make our teammates the happiest employees in the world. From personnel development to nutrition, we have initiated many projects upon our employee satisfaction surveys.

---

**Employee Satisfaction Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>76%</td>
</tr>
<tr>
<td>2017</td>
<td>78%</td>
</tr>
<tr>
<td>2018</td>
<td>66%</td>
</tr>
</tbody>
</table>

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**ACTIONS TAKEN UPON EMPLOYEE SATISFACTION SURVEY**

- We have taken many steps to expand the scope of our agreements executed with both national and international hotels.
- We have assessed all opinions and suggestions of our employees received through the “I Have An Idea” page on Empathy portal.
- We have initiated the project to include all hotel-related information to our UP mobile employee application to facilitate access to such information.
- Training agreements were executed with universities to provide a support for continuous training.
- Food and beverage vending machines were placed to improve the physical working environments of our colleagues.
- We have taken many steps to promote participation of our employees to competency-based certificate programs.
- We have entered into many cooperation projects with different brands for discounted prices to make our colleagues feel themselves privileged.
- Badges were presented to our colleagues, who have completed a certain period of service at our incorporation, to enhance the sense of belonging and motivation of our employees.
- To meet our employees’ expectations, feedback mechanism was established in 2018. Further development of the system is continuing.
- We organized collective events to strengthen the communication between our employees and executives.
- We have taken many steps to expand the scope of our agreements executed with both national and international hotels.
Diversity And Equal Opportunity

The number of female employees corresponds to 46% of the total number of employees, which hit 12,330, as of 2018.

At the foundation of our success lie our human resources from diverse cultures and various countries. We appreciate our diverse employee profile as a great source of creativity and innovation. Our Incorporation always advocates equal opportunity among our people and we never discriminate any employees on the basis of race, color, gender, nationality, religion, disability, age, family status etc. Number of our cockpit crew members, who have made a significant contribution in Turkish Airlines’ success story, is more than 4,000 upon recruitment of 449 foreign pilots from 57 countries, which makes cockpit environment a truly cosmopolitan place to work. At Turkish Airlines, the number of female employees corresponds to 46% of the total number of employees, which hit 12,330 as of 2018. Indeed, the workforce is dominated by women as cabin personnel role. We are happy to see that our female pilot numbers are increasing year by year.

Aiming to improve career opportunities for female employees, we developed measures such as offering kindergarten or kindergarten allowance for the female employees with dependent children and providing allowances for birth. We are committed to integrating people with disabilities and their talents in employment. In 2018, the number of disabled employees has been 217 of which 20 are supervisors and managers. We are a growing family where newcomers join at any level every year. In line with the growth pace of the Incorporation; pilots, cabin personnel and the employees holding other positions are recruited following an active process. Applicants are evaluated by objective criteria at all phases of assessment.

In 2018, 3,900 people were employed at Turkish Airlines. Growth- and quality-based human resources policies are an important part of our Incorporation’s 2023 vision and our personnel planning until 2023 has already been made. Turkish Airlines’ diverse employee profile is illustrated in the “employee profile by age and gender table” under the performance tables section of the report.

46% Female employees

57 Countries 449 foreign pilots

3,900 New employees
We, as Turkish Airlines, comply with national regulations about freedom of association and rights of collective bargaining. Furthermore, the agreement with the Union and Turkish Airlines internal procedures describes the general rules and principles of employment and type and duration of the employment contracts. Collective bargaining agreement has been in place at our Incorporation for 50 years, and it has been continuously refined to improve the rights of employees and executed smoothly in a manner to minimize any possible conflicts through dedicated efforts of the parties so far. We will strive to do so in the future.

Freedom Of Association And Collective Bargaining

We have developed new projects in line with our continuous improvement approach. Some of these projects are as follows:

- Taking steps for improvement of career paths
- Collection of all feedback and expectations of our employees through interviews/surveys
- Promotion of the feedback culture
- Standardization of the ceremonies held for retired employees and presentation of badges
- Increase of the internal communication activities
- Improvement of the orientation and job adaptation processes
- Development of employee support lines
Training

As Turkish Airlines, we not only aim to enhance the fulfillment and performance of our employees but also work to develop their technical competencies and customer-oriented soft skills. To that end, we provide many opportunities for employee training and development.

Turkish Airlines Aviation Academy

Situated on a 5,800 square meter area, Turkish Airlines Aviation Academy is equipped with more than 50 expert trainers, delivers training to 46,000 trainees annually, and provides service with many smart classrooms and an amphitheater with a seating capacity of 120 people. The Academy has been accredited and certified by many national/international authorities, and offers training and consultancy services to airline and cargo operators, travel agencies, universities, airport operators and other companies and individuals in civil aviation industry with a wide range of training programs ranging from passenger services to ground operations, professional and personal development and occupational language training. Turkish Airlines Aviation Academy, which has been accredited as a Regional Training Partner and Approved Training Academy of IATA since 2011, continues to provide IATA-approved training courses for participants across the world. The trainings, provided at Turkish Airlines Aviation Academy, are maintained under three categories: Corporate Solutions, Organizational Development and Language Skills. The frequency of trainings varies based on the Company’s needs and on the nature of the requirements in terms of authority compliance, initial training, recurrent training or seminar.

We offer trainings under three main categories: Corporate Solutions, Organizational Development and Language Skills. The frequency of trainings depends on the needs and requirements of the Company, the type of training, and the type of trainees.
In 2018, the Academy conducted 2,385 in-class trainings for a total number of 47,419 trainees, and 1,172,742 participants took e-learning courses. Training hours per personnel was 13 in 2018. Other relevant data regarding the Academy is illustrated in the “Figures 2018” graphic.

2017 figures are written in brackets.
We, as Flight Training Center, conduct training activities for more than 4,000 cockpit crew members, cabin crew members, dispatchers and load masters as well as more than 45,000 flight crew members of our Incorporation in accordance with the international standards, and serve to develop competencies of the flight crew members. The center provides training services for national and international customers through domestic and international authorizations, and aims to be one of the biggest training centers across Europe, the Middle East and Africa. Besides, the activities carried out with institutions and organizations provide valuable contributions to extend civil aviation knowledge on both national and international basis. Maintaining its activities as driven by its vision of attaining the highest performance standards in aviation safety and security across our Incorporation, our Flight Training Center serves as a training center which has been audited and authorized by the Turkish Civil Aviation authority and many international civil aviation authorities to have the competencies on the international platform.

Equipped with 19 Full Flight Simulators (FFS), Flight Training Devices (FTD), 8 Cabin training simulators, the Flight Training Center provides cockpit trainings, ground trainings, flight trainings, SAFA trainings, ground courses and practical trainings for cabin crews, trainings for candidate pilots, and trainings for dispatchers and loadmasters. All trainings for flight crew members aim at increasing knowledge, skills and competencies in communication, assuming responsibility, leadership, team building, problem solving and making sound judgments. We update our training program on regular basis to increase the quality of our trainings, and ensure that the employees are equipped with all technical skills required to provide service for safe operation all around the world. We also seek to raise environmental awareness by training our employees in the related fields such as fuel efficiency. We conduct seminars about fuel efficiency through their operational applications in order to protect environment.

PROJECTS REALIZED

3 narrow-body and 2 wide-body simulators were commissioned at Sedat Sekerci Campus in 2019, and the number of operational FFFs will reach up to 22 at this...
All attempts have been completed to introduce the MINT Training Management System (TRMS) platform, utilized by many international airlines, into the Flight Training Directorate. We will be equipped with an infrastructure where all resources can be planned in the most efficient manner, all records can be stored and processed on the digital medium, and communication can be achieved at the highest level thanks to the online reports with the concerned departments and authorities once the system will be commissioned in the mid-2019. Moreover; this system will be in full harmony with the other decision-making systems of our Company, and the capability of working with the concerned departments in a concurrent and coordinated manner will be maximized.

At the new Flight Training Center equipped with 18 simulators and 45 classrooms as well as a mock-up area, constructed in 2017 in order to meet our increasing need for training as our fleet keeps growing as the flag carrier airline of Turkey, 9 simulators have been commissioned, 2 desktop simulation training classrooms have been commissioned in order to be used for ground trainings, and cabin service training devices, used for cabin service trainings, have been activated. As part of the new “Flight Training Center Project” initiatives; 5 domestic simulators have been ordered from Havelsan A.S., and they will be commissioned respectively within a period of 24 months as of 2020.

As part of such ongoing projects; Havelsan will also deliver 6 FTDs, besides the foregoing.

Upon introduction of these simulators; we have now 19 EASA-approved Full Flight Simulators (FFS), and 2 Flight Training Devices (FTD), as well as 3 Flight Navigation Procedures Training Devices (FNPT).
Health, Safety and Well-Being

Turkish Airlines has been certified under the internationally recognized Occupational Health and Safety Management System Certificate (OHSAS 18001).

Health, safety and well-being of our employees, customers, business partners and contractors and those who may be impacted by our activities are our top priority in every field we operate. Our commitment to Occupational Health and Safety (OH&S) goes well beyond compliance with statutory OH&S requirements and integrated into our Incorporation culture. We are dedicated to maintaining the aim of eliminating and reducing the risk of injury and taking any and all preventive and protective measures to ensure a safe and healthy work environment.

We have a public OH&S Policy accompanied with a well-documented OH&S Management System that is carried out together with SVP, Personnel Management and SVP, Quality Assurance. These two SVPs and our Health Management consisting of various health experts including doctors, nurses, health and safety specialists and officers work to ensure that the highest standards of occupational health and safety can be achieved and maintained. Turkish Airlines’ CEO is the accountable executive designated for the existing occupational health and safety management. Furthermore, our Health and Safety Committees including representatives from employees, encourage the employees in actively involving in health and safety activities.

We hold management review meetings regarding OH&S issues twice a year, with the attendance of the CEO, the Chief Officers, the Senior Vice Presidents, the Managers directly reporting to the CEO and President and the Managers of the SVP, Quality Assurance.

We systematically collect, monitor and review health and safety data through online reporting systems and have established various mechanisms to achieve continuous improvement in our performance.
Thus, all incidents including the near misses are reported; the root causes of the incidents are examined and investigated, and corrective and preventive actions are implemented. Moreover, the statutory agreements executed by and between Turkish Airlines and unions cover compliance with the rules and regulations applicable to the health and safety issues.

As a result of all these efforts, Turkish Airlines has been certified under the internationally recognized Occupational Health and Safety Management System Certificate (OHSAS 18001) in 2013. We established a regulations-compliant management system under which risks are analyzed with OHSAS 18001 standard, accidents are minimized by taking measures, controls are ensured by means of audits, targets of the Incorporation are set, sub-targets regarding occupational health and safety are communicated to the personnel and all these practices are realized.

We strive to achieve continuous improvement and ongoing compliance with the regulations and standards.

**TRAINING**

We, as Turkish Airlines support the improvement of occupational health and safety culture by raising the awareness of our personnel about occupational health and safety issues and provide all our employees with relevant information and regular trainings on occupational health and safety issues including; the regulations and statutory rights and the responsibilities of employees, overview of the principles of OH&S culture, chemical, physical and ergonomic risk factors, safe use of work equipment, the use of personal protective equipment, causes and prevention of occupational accidents, emergency response plans (explosions, fires, etc.) evacuation and rescue.
HEALTH AND SAFETY PRACTICES
We promote psychological health as well as physical health and well-being of our staff members, and are committed to ensuring that the staff members taking part in critical functions are physically and medically ready to undertake their respective tasks. 17 emergency evacuation drills were conducted in 2018 in order to enhance the emergency preparedness. In 2018, 157,016 medical examinations including routine periodic medical examinations of the existing employees and pre-examinations of the newly recruited staff members have been performed.

PROMOTING HEALTHY LIFESTYLES
We encourage our employees to make healthy choices through various initiatives. Our health program promotes healthy diet, substance abuse awareness and being smoke free. Weight management and an active lifestyle are keys to prevent obesity which is associated with numerous chronic diseases.

We offer nutrition counseling service to help our employees make healthy nutrition choices, exercise and manage their weight. We promote a smoke-free environment and our employees can participate in a tobacco cessation program to help them become smoke-free.

PERFORMANCE
We are dedicated to achieving the goal of reducing injury rate on a continuous basis. As a first step, the reporting system has been improved to identify even the smallest type of injuries. In 2018, the injury weight rate has been 8.6 which is calculated as number of lost days *1,000,000/working time. Main types of injuries experienced at work within our organization are minor cuts, musculoskeletal system injuries and falls.

TARGETS
All of our employees have been provided with training about the recent OH&S regulations. In 2019, we aim to decrease the injury weight rate to below 7.74 which is 8.6 as of 2018.

2018 injury weight rate: 8.6
2019 Target: Decrease the injury weight rate to below 7.74
TURKISH AIRLINES

GERÇEK KAHRAMANLAR
İŞ BAŞINDA!

İşte İSG'nin önemini biliyen tüm kahramanlar,
asında her gün hayat kurtarırlar.

İş Sağlığı ve Güvenliği
Sizin İçin Var!

TURKISH AIRLINES

GERÇEK KAHRAMANLAR
İŞ BAŞINDA!

İSG'de herkes birer kahraman.

İş Sağlığı ve Güvenliği
Sizin İçin Var!
### Annexes

**100 PERFORMANCE TABLES**

**100 SCOPE OF THE NATURAL GAS AND ELECTRICITY DATA**

**102 GRI INDEX TABLES**

**108 GREENHOUSE GAS VERIFICATION STATEMENT**

### Performance Tables

#### G4-10: Employee profile by age groups and gender

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee Category</th>
<th>0-29</th>
<th>30-49</th>
<th>50+</th>
<th>Kadın</th>
<th>Erkek</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Cockpit personnel</td>
<td>696</td>
<td>2,806</td>
<td>872</td>
<td>92</td>
<td>4,282</td>
<td>4,374</td>
</tr>
<tr>
<td></td>
<td>Cabin personnel</td>
<td>4,670</td>
<td>4,056</td>
<td>6</td>
<td>6,099</td>
<td>2,630</td>
<td>8,729</td>
</tr>
<tr>
<td></td>
<td>Other personnel</td>
<td>2,124</td>
<td>6,398</td>
<td>405</td>
<td>4,011</td>
<td>4,916</td>
<td>8,927</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>7,490</td>
<td>13,260</td>
<td>1,280</td>
<td>10,202</td>
<td>11,828</td>
<td>22,030</td>
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<td>2016</td>
<td>Cockpit personnel</td>
<td>678</td>
<td>2,866</td>
<td>924</td>
<td>121</td>
<td>4,347</td>
<td>4,468</td>
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<tr>
<td></td>
<td>Cabin personnel</td>
<td>4,990</td>
<td>4,930</td>
<td>2</td>
<td>7,072</td>
<td>2,850</td>
<td>9,922</td>
</tr>
<tr>
<td></td>
<td>Other personnel</td>
<td>2,358</td>
<td>6,884</td>
<td>422</td>
<td>4,280</td>
<td>5,454</td>
<td>9,734</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>8,136</td>
<td>14,640</td>
<td>1,348</td>
<td>11,473</td>
<td>12,651</td>
<td>24,124</td>
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<tr>
<td>2017</td>
<td>Cockpit personnel</td>
<td>684</td>
<td>2,905</td>
<td>920</td>
<td>153</td>
<td>4,356</td>
<td>4,509</td>
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<tr>
<td></td>
<td>Cabin personnel</td>
<td>4,825</td>
<td>5,431</td>
<td>3</td>
<td>6,819</td>
<td>2,902</td>
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<td></td>
<td>Other personnel</td>
<td>2,232</td>
<td>7,112</td>
<td>409</td>
<td>4,396</td>
<td>5,449</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>7,293</td>
<td>15,450</td>
<td>1,332</td>
<td>11,368</td>
<td>12,707</td>
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<td>2018</td>
<td>Kokpit personeli</td>
<td>945</td>
<td>3,312</td>
<td>956</td>
<td>241</td>
<td>4,972</td>
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<td></td>
<td>Diğer personel</td>
<td>2,783</td>
<td>7,775</td>
<td>455</td>
<td>4,292</td>
<td>6,084</td>
<td>11,013</td>
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<tr>
<td></td>
<td><strong>Toplam</strong></td>
<td>8,144</td>
<td>17,180</td>
<td>1,415</td>
<td>12,330</td>
<td>14,409</td>
<td>26,739</td>
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</tbody>
</table>

#### G4-LA 1: Breakdown of new employee hires by age group, gender and geographic region

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30</td>
<td>3,656</td>
<td>3,486</td>
<td>1,331</td>
<td>3,900</td>
</tr>
<tr>
<td>30-49</td>
<td>2,314</td>
<td>2,583</td>
<td>940</td>
<td>2,840</td>
</tr>
<tr>
<td>50+</td>
<td>657</td>
<td>871</td>
<td>377</td>
<td>967</td>
</tr>
<tr>
<td>Male</td>
<td>85</td>
<td>32</td>
<td>14</td>
<td>53</td>
</tr>
<tr>
<td>Female</td>
<td>1,641</td>
<td>1,655</td>
<td>896</td>
<td>2,463</td>
</tr>
<tr>
<td>Africa</td>
<td>1,415</td>
<td>1,831</td>
<td>436</td>
<td>1,437</td>
</tr>
<tr>
<td>America</td>
<td>59</td>
<td>54</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Asia</td>
<td>42</td>
<td>87</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Europe</td>
<td>27</td>
<td>44</td>
<td>32</td>
<td>19</td>
</tr>
<tr>
<td>Middle East</td>
<td>156</td>
<td>210</td>
<td>65</td>
<td>190</td>
</tr>
<tr>
<td>Far East</td>
<td>115</td>
<td>85</td>
<td>20</td>
<td>58</td>
</tr>
<tr>
<td>Turkey</td>
<td>30</td>
<td>39</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>Türkiye</td>
<td>2,027</td>
<td>2,367</td>
<td>1,161</td>
<td>3,503</td>
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</table>
### C4-LA12: Breakdown of management profile by age group and gender

<table>
<thead>
<tr>
<th>Year</th>
<th>Age Group</th>
<th>Gender</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>0-29</td>
<td>30-49</td>
<td>50+</td>
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<tr>
<td>2015</td>
<td>16</td>
<td>480</td>
<td>47</td>
</tr>
<tr>
<td>2016</td>
<td>13</td>
<td>513</td>
<td>47</td>
</tr>
<tr>
<td>2017</td>
<td>14</td>
<td>518</td>
<td>46</td>
</tr>
<tr>
<td>2018</td>
<td>14</td>
<td>543</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Kadın</td>
<td>Erkek</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>493</td>
<td>543</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>521</td>
<td>573</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>528</td>
<td>578</td>
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<tr>
<td>2018</td>
<td>553</td>
<td>607</td>
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</tbody>
</table>

**Scope Of The Natural Gas And Electricity Data**

The natural gas scope 1 consumption data at the Premises where Turkish Airlines have the management control

**İstanbul:** Datacenter, Headquarters, Levazım Warehouse, Halkali Technology Building, Catering Presidency, Kadıköy, Cargo, Cargo trigeneration, Yenibosna GİSAD, Sedat Şekerli Campus (New SİM), Flight Training Presidency

**Ankara:** Ankara Cargo Management

**İzmir:** İzmir Sales Management

The natural gas scope 2 consumption data at the Premises where Turkish Airlines do not have the management control

**İstanbul:** AHL (TAV), Locations which use from THY (Technical Dining Hall, Hangar, Inflight, Catering, Florya Engineering, Apron Operation, EBI, Training Presidency)

**Ankara:** Ankara Station Management, Regional Flight Presidency, Ankara Sales Management

**İzmir:** İzmir Sales Management, İzmir Station Management, İzmir Cargo Management

**Electricity scope 2 data at the Premises where Turkish Airlines have the management control**

**İstanbul:** Headquarters, Levazım Warehouse, Halkali Technology, Harbiye, Kadıköy, Cargo, Ikitelli Archive Building, Taksim, Sedat Şekerli Campus, Yenibosna

**Ankara:** Ankara Cargo Management, Ankara Sales Management

**İzmir:** İzmir Sales Management

**Electricity scope 2 data at the Premises where Turkish Airlines do not have the management control**

**İstanbul:** AHL (TAV), Locations that use from THY Technical (Technical Dining Hall, Hangar, Inflight, Catering, Florya Engineering, Apron Operation, EBI, Training Presidency)

**Ankara:** Ankara Station Management, Regional Flight Presidency

**İzmir:** İzmir Station Management, İzmir Cargo Management

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SUSTAINABILITY REPORT FOR 2018

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<thead>
<tr>
<th>Indicator numbers</th>
<th>GENERAL DISCLOSURES 2016</th>
<th>Report Page</th>
<th>Disclosure/Link</th>
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<tr>
<td>102-1</td>
<td>Name of the organization</td>
<td>102</td>
<td>Turkish Airlines Inc.</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
<td>10, 11</td>
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<td>102-3</td>
<td>Location of the headquarters</td>
<td>102</td>
<td>General Management Building, Atatürk Airport Yeşilköy 34469 İstanbul Türkiye</td>
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<tr>
<td>102-4</td>
<td>Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report</td>
<td>8, 9, 10, 11</td>
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<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>23</td>
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<tr>
<td>102-6</td>
<td>Markets served</td>
<td>8-11, 102</td>
<td>“2018 Annual Report, page 18-21, 25-31”</td>
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<td>102-7</td>
<td>Scale of the organization</td>
<td>8-11,</td>
<td>“2018 Annual Report, page 18-31”</td>
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<tr>
<td>102-8</td>
<td>Information on employees and the other workers</td>
<td>8-11, 85</td>
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<tr>
<td>102-9</td>
<td>Supply chain</td>
<td>36</td>
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<td>102-10</td>
<td>Significant changes to the organization and its supply chain</td>
<td>61</td>
<td></td>
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<tr>
<td>102-11</td>
<td>Precautionary approach</td>
<td>23-28, 44-49</td>
<td></td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
<td>21, 56</td>
<td></td>
</tr>
<tr>
<td>102-13</td>
<td>Membership of associations</td>
<td>21, 56</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-14</td>
<td>Statement from senior decision maker</td>
<td>1, 2</td>
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</tr>
<tr>
<td><strong>Ethics and Integrity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-16</td>
<td>Values, principles, standards, and norms of behaviour</td>
<td>28, 29</td>
<td>2018 Annual Report page 36-37, 175</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
<td></td>
<td></td>
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<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>19, 20, 21</td>
<td></td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>18, 19</td>
<td></td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>19, 20, 21</td>
<td></td>
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<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>20, 21</td>
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<tr>
<td><strong>Reporting</strong></td>
<td></td>
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<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>3</td>
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</table>
### TOPIC SPECIFIC STANDARDS

#### GRI 200: ECONOMIC STANDARDS

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>201-1</td>
<td>Development and impact of infrastructure investments and services supported</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>201-2</td>
<td>Significant indirect economic impacts, including the extent of impacts</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td></td>
<td>30-39</td>
</tr>
<tr>
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<tr>
<td>GRI 201: Economic Performance 2016</td>
<td>Direct economic value generated and distributed</td>
<td>Financial implications and other risks and opportunities for the organization’s activities due to climate change</td>
<td></td>
</tr>
<tr>
<td>201-1</td>
<td>11, 32-39,103</td>
<td>24, 26</td>
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#### Economic Performance

<table>
<thead>
<tr>
<th>Reporting period</th>
<th>Reporting cycle</th>
<th>Contact point for questions regarding the report</th>
<th>Claims of reporting in accordance with the GRI Standards</th>
<th>External assurance</th>
<th>GRI content index</th>
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<tr>
<td>1 January 2018-31 December 2018</td>
<td>Annual</td>
<td>3</td>
<td>3</td>
<td>3, 108</td>
<td>102-107</td>
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### Anti-corruption

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>28, 29</th>
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</thead>
<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>28, 29</td>
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<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>28, 29</td>
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</tr>
<tr>
<td>GRI 205: Anti-corruption 2016</td>
<td>205-1</td>
<td>Operations assessed for risks related to corruption</td>
<td>28, 29</td>
</tr>
<tr>
<td></td>
<td>205-2</td>
<td>Communication and training on anti-corruption policies and procedures</td>
<td>28, 29</td>
</tr>
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<td></td>
<td>205-3</td>
<td>Confirmed incidents of corruption and actions taken</td>
<td>28, 29</td>
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</table>

### Anti-competitive Behaviour

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>28, 29</th>
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</thead>
<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>28, 29</td>
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<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>28, 29</td>
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<tr>
<td>GRI 206: Anti-competitive behaviour 2016</td>
<td>206-1</td>
<td>&quot;Number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices&quot;</td>
<td>28, 29</td>
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### GRI 300: ENVIRONMENTAL STANDARDS

#### Energy

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>44-65</th>
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</thead>
<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>44-65</td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>44-65</td>
<td></td>
</tr>
<tr>
<td>GRI 302: Energy 2016</td>
<td>302-1</td>
<td>Energy consumption within the organization</td>
<td>41,42,50,51,101</td>
</tr>
<tr>
<td></td>
<td>302-2</td>
<td>Energy intensity</td>
<td>42,50,51,60-65</td>
</tr>
<tr>
<td></td>
<td>302-3</td>
<td>Reduction of energy consumption</td>
<td>42,50,51,58-65</td>
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</table>

#### Water

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
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<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>44-51</td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>44-51</td>
<td></td>
</tr>
<tr>
<td>GRI 303: Water 2016</td>
<td>303-1</td>
<td>Total water withdrawal by source</td>
<td>42, 51</td>
</tr>
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</table>
### Emissions

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>41-65</th>
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<tbody>
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<td></td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>41-65</td>
</tr>
<tr>
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<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>41-65</td>
</tr>
<tr>
<td>GRI 305: Emissions 2016</td>
<td>305-1</td>
<td>Direct Greenhouse gas (GHG) emissions (scope 1)</td>
<td>63-64, 101</td>
</tr>
<tr>
<td></td>
<td>305-2</td>
<td>Indirect Greenhouse gas (GHG) emissions (scope 2)</td>
<td>101</td>
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<tr>
<td></td>
<td>305-5</td>
<td>Reduction of GHG emissions</td>
<td>54-65</td>
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### Effluents and Waste

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>44-47, 52-53</th>
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</thead>
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<tr>
<td></td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>44-47, 52-53</td>
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<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>44, 47, 52-53</td>
</tr>
<tr>
<td>GRI 306: Effluents and Waste 2016</td>
<td>306-2</td>
<td>Waste by type and disposal method</td>
<td>42, 43, 51, 53</td>
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### Environmental Compliance

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>44-49</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>44-49</td>
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<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>44-49</td>
</tr>
<tr>
<td>GRI 307: Environmental Compliance 2016</td>
<td>307-1</td>
<td>*Monetary value of significant fines and total numbers of non-monetary sanctions</td>
<td>49</td>
</tr>
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</table>

### GRI 400: SOCIAL STANDARDS

#### Employment

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>85-90</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>85-90</td>
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<tr>
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<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>85-90</td>
</tr>
<tr>
<td>GRI 401: Employment 2016</td>
<td>401-1</td>
<td>Total number and rates of new employee hires and employee turnover by age group, gender and region</td>
<td>100, 101</td>
</tr>
<tr>
<td></td>
<td>401-2</td>
<td>*Benefits provided to full-time employees that are not provided to temporary or part-time</td>
<td>88</td>
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</tbody>
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### Labor/Management Relations
<table>
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<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>85-91</th>
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<td>The management approach and its components</td>
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<td>103-3</td>
<td>Evaluation of the management approach</td>
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</table>

<table>
<thead>
<tr>
<th>GRI 402: Labor/Management Relations 2016</th>
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<th>*Minimum notice periods regarding operational changes, including whether these are</th>
<th>106</th>
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<tbody>
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<td></td>
<td></td>
<td>A period of 8 weeks is allocated for preparation and planning before the collective bargaining agreement.</td>
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</table>

**Occupational Health and Safety**

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
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<td>The management approach and its components</td>
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<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
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</table>

<table>
<thead>
<tr>
<th>GRI 403: Occupational Health and Safety 2016</th>
<th>403-1</th>
<th>Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs</th>
<th>106</th>
</tr>
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<tbody>
<tr>
<td>403-2</td>
<td>Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender</td>
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<tr>
<td>403-4</td>
<td>Health and safety topics covered in formal agreements with trade unions</td>
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**Training and Education**

<table>
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<th>GRI 103: Management Approach 2016</th>
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<th>Explanation of the material topic and its boundary</th>
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<td>103-2</td>
<td>The management approach and its components</td>
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<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
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<table>
<thead>
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<th>GRI 404: Training and Education 2016</th>
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<th>Average hours of training per year employee by gender, and by employee category</th>
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<td>404-2</td>
<td>Programs for skills management and lifelong learning that support continued employability of employees and assist them in managing career endings</td>
<td>86, 92-95</td>
<td></td>
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</tbody>
</table>

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<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
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<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>90</td>
<td></td>
</tr>
</tbody>
</table>

| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 90 |

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**NOTE:**

- GRI 402-1: "Minimum notice periods regarding operational changes, including whether these are...
- GRI 403-1: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs...
- GRI 403-2: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender...
- GRI 403-4: Health and safety topics covered in formal agreements with trade unions...
- GRI 404-1: Average hours of training per year employee by gender, and by employee category...
- GRI 404-2: Programs for skills management and lifelong learning that support continued employability of employees and assist them in managing career endings...
- GRI 405-1: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity...
**Non-discrimination**

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>28, 29</th>
</tr>
</thead>
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<td>GRI 103: Management Approach 2016</td>
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<td>The management approach and its components</td>
<td>28, 29</td>
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<td>Evaluation of the management approach</td>
<td>28, 29</td>
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</tbody>
</table>

| GRI 406: Non-discrimination 2016 | 406-1 | Total number of incidents of discrimination and corrective actions taken | 28, 29 |

**Freedom of Association and Collective Bargaining**

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
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<td>Evaluation of the management approach</td>
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</tr>
</tbody>
</table>

| GRI 407: Freedom of Association and Collective Bargaining | 407-1 | Örgütlenme ve sözleşme hakkının ihlal edilmiş olabileceği belirlenen faaliyetler ve tedarikçiler ve bu hakların desteklenmesi için alınan önlemler | 91 |

**Local Communities**

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
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<th>20, 38</th>
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<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>20, 38</td>
</tr>
</tbody>
</table>

| GRI 413: Local Communities | 413-1 | Operations with implemented local community engagement, impact assessments, and development | 20, 38, 81, 2018 Annual Report 42, 139-143, 157-161 |

**Customer Privacy**

<table>
<thead>
<tr>
<th>GRI 103: Management Approach 2016</th>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>80</th>
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<td>GRI 103: Management Approach 2016</td>
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<td>Evaluation of the management approach</td>
<td>80</td>
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</tbody>
</table>

| GRI 418: Customer Privacy | 418-1 | Number of substantiated-complaints regarding breaches of customer privacy and losses of customer data | 80 |

**Socio-economic Compliance**

<table>
<thead>
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</table>

| GRI 419: Socio-economic Compliance | 419-1 | Non-compliance with laws and regulations in the social and economic area | 28, 29 |

2018 Annual Report 145, 149, 171, 195
HEAD OF SURVEILLANCE AND INSPECTION CENTER
GREENHOUSE GAS VERIFICATION STATEMENT

Certificate Number: SER.006.2018/B00089
Report Number: SER.006.2018/R00080
Date of Verification Statement: 19.11.2018
Company Title: Türkköysie Hava Yolları Anonim Ortaklığı
Company Address: Yeşilköy Atatürk Hava Limanı Bakırköy/İSTANBUL

Purpose of Verification:
Verifying the Greenhouse Gas Assumption of the organization which is prepared according to TS EN ISO 14064-1:2007 standard for the period 01.01.2017-31.12.2017 and verifying Total Greenhouse Gas Emissions which are in accordance with the requirements of the TS EN ISO 14064-3:2007 standard in Reasonable assurance level.

Verification Methodology:
Greenhouse Gas Statement Verification is carried out in accordance with requirement of TS EN ISO 14064-3:2007 standard.

Techniques of Verification:
Greenhouse gas information system controls and greenhouse gas data / information are evaluated by document review, site visits and recalculation methods and on the basis of the evidence of Greenhouse Gas Assumption is verified.

Verification Criteria:
TS EN ISO 14064-1:2007

Verification Period:
01.01.2017 - 31.12.2017
Base Year:
2016

Organizational Boundaries:
Türk Hava Yolları A.O. (Genel Başkanlık Binası Yeşilköy Mah. Havaalanı Caddesi No:3/1 Bakırköy/İSTANBUL, Adnan Menderes Havalimani, 31421 Gaziantep/SAM, Atatürk Esenboğa Havalimani, Adıyaman/VANKARA)

Type(s) of Greenhouse Gases:
CO₂, CH₄, N₂O, HFC, HCFC, SF₆, Novec 1230, CFC

Total Emissions:
15.579.354,223 tonnes CO₂ equivalent
Direct Emissions:
15.555.813,937 tonnes CO₂ equivalent
Energy Indirect Emissions:
23540,286 tonnes CO₂ equivalent
Other Indirect Emissions:
-

GHG Removals:
Not quantified by the organization.

Level of Assurance:
Reasonable assurance level

Mehmet ERGÜN
Director of Environmental Surveillance and Verification

DISCLAIMER
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