

2014 SUSTAINABILITY REPORT



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CEO MESSAGE

Turkish Airlines, Turkey's flag carrier, builds its responsible business approach on the social responsibility culture it has developed since its foundation in 1933. We at Turkish Airlines are strongly committed to contribute to sustainable development by conducting our business in a socially, economically and environmentally responsible manner. Ranking as the "Best Airline in Europe" for the fifth consecutive year, today Turkish Airlines has 282 aircraft in its fleet and aims to carry 63 million passengers in 2015. Together with our subsidiaries, we employ over 40,000 employees worldwide. 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. We have been recognized for the "Best Corporate Governance" in the airline industry in Europe in 2014 by Ethical Boardroom.

Our success goes in pair with satisfaction and value creation for our stakeholders. With our stakeholders, we try to use our natural resources in the most effective and efficient way, since we think not only about today but also about tomorrow and next generations whom we view as an assurance for the future. We are publishing our first sustainability report, in line with the globally recognized sustainability reporting framework, Global Reporting Initiative (GRI) Guidelines' latest version GRI G4.

The aviation industry plays a vital role in economic growth by facilitating the growth of international trade, tourism and international investment, and connecting people across the globe. Airlines have a powerful role in alleviating sustainable development challenges by facilitating tourism and trade, particularly in remote areas, generating economic growth and new job opportunities, improving living standards, alleviating poverty and increasing revenues from taxes. Air transport 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.

Turkish Airlines is the market leader in Turkey carrying 44% of all passengers. As we fly to more countries than any other airline in the world with over 276 destinations in 110 countries, we are creating new economic opportunities through our expanding network, and we are a significant contributor to the Turkish economy, trade growth and tourism. Not only do our main hub Istanbul Ataturk Airport and other hubs Sabiha Gokcen and Ankara provide highly attractive business environments, but also they contribute to local economic and social development at our destinations nationwide and worldwide.

Turkish Airlines is committed to minimizing, to the greatest possible extent, the adverse impacts of its operations on the environment and taking measures to combat climate change. Indeed, air transport was the first industry to take global action on CO₂ emissions and set comprehensive targets. In the light of its responsible business approach, Turkish Airlines makes its best to contribute to the industry's targets and has established a comprehensive fuel efficiency program to contribute to the collective effort of the aviation industry against climate change. Turkish Airlines has undertaken a wide range of initiatives to reduce carbon footprint under the umbrella of many topics. Since 2008, more than 100 operational optimization projects have been introduced and implemented in order to reduce carbon footprint.

SUSTAINABILITY REPORT

Turkish Airlines aims to minimize fuel consumption and invests in the most advanced and environmentally friendly aircraft. Turkish Airlines ordered 75 Boeing and 92 Airbus new generation more fuel-efficient aircrafts which will be delivered by 2021.

Furthermore, aviation industry is also making significant progress to develop sustainable alternative fuel types for aviation. Turkish Airlines invests in research and development to perform research in alternative fuel which would have a big impact in reducing carbon emissions.

At Turkish Airlines, safety and security is the absolute priority and foundation in our operations. We, as Turkish Airlines, are determined to operate in accordance with the highest operational standards. 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. Health and Safety is an integral part of our business conduct and incorporated into every action we undertake.

Customers' satisfaction and their trust in our brand are the backbone of our growth and success and a core value of our Company. As a result of our continuous efforts to serve our customers at best, ensure their satisfaction and win their trust, Turkish Airlines has been awarded the Skytrax awards for Europe's Best Airline for the fifth time in a row. Parallel to the profitable and stable pace of our Company's growth in recent years, the quality of our catering has also improved continuously. We have been elected by SKYTRAX as the World's Best Business Class Lounge Dining in 2015.

Turkish Airlines has carried out many leading corporate social responsibility projects, primarily with the participation of its employees and stakeholders. Turkish Airlines aims to contribute to the society in which it operates beyond its commercial interests. In 2014, memorial forests were created in 19 provinces and 500.000 trees were planted. With the young trees planned to be planted in 2015, we will reach our target of 1 million saplings.

Together with our employees, we set ourselves apart in the international aviation market as a rising star and will continue to increase our brand recognition and awareness. Feedback that we receive from our valued stakeholders remains a source of great strength for us.

Turkish Airlines will continue its practices in accordance with its flag carrier identity, with the provided service quality and social responsibility, both domestically and internationally and will continue to make its best efforts and investments for a sustainable future.

OUR COMPANY

Turkish Airlines is the first airline in the world to fly to the most countries and international destinations from a single hub.



Turkish Airlines At a Glance

Our Vision & Mission

Competitive Strengths & Strategic Priorities

Awards

SUSTAINABILITY REPORT

TURKISH AIRLINES AT A GLANCE

Established in 1933, Turkish Airlines is the flag carrier airline of the Republic of Turkey. Headquartered in Istanbul, Turkish Airlines is a private Company and its main fields of activity are all types of domestic and international passenger and cargo air transportation. Ranking as the “Best Airline in Europe” for the fourth consecutive year, Turkish Airlines has 261 aircraft in its fleet and carried 54.7 million passengers in 2014. Together with our fully consolidated subsidiaries, we employ 25,117 employees worldwide.

We have grown steadily with double-digit growth rates in the last decade and transformed into one of the largest global network carriers in the world. Moreover, we managed this growth while maintaining our strong profitability, which results in having one of the highest EBITDAR margins in the industry. Today Turkish Airlines ranks as the world's 4th largest flight network, connecting Istanbul to 274 destinations in 108 countries. **This makes us the first airline in the world to fly to the most countries and international destinations from a single hub.**

Turkish Airlines joined Star Alliance in 2008.

The Company has 13 subsidiaries, comprising mainly of service provider companies operating in the field of maintenance and overhaul, catering, ground handling and fuel supply. Among these, 3 are directly owned companies and 10 are joint ventures.

SUSTAINABILITY REPORT

2014 Key Figures

'The Airline which flies to the most countries in the world'

108 Countries, 274 destinations

54.7 million passengers carried

666,743 million tons carried by Cargo

270 Aircraft

Average fleet age of 7,2 years

86,916 tCO₂ saved

US\$ 2,044 million EBITDAR

US\$ 845 million NET PROFIT

US\$ 11.7 billion total sales

19,902 Employees

3892 cockpit personnel

7778 cabin personnel

8232 ground personnel

SUSTAINABILITY REPORT

OUR VISION

Sustained growth of above the industry average

Continuously improve the level of operational safety and operational excellence

The most envied service levels worldwide

Unit costs equal to those of low-cost carriers

Sales and distribution costs of below industry averages

Loyal customers who manage their own reservation, ticketing, and boarding formalities themselves

Personnel who constantly develop their qualifications with an awareness of the close relationship between benefits for the Company and the added value that they contribute

A sense of entrepreneurship that creates business opportunities for fellow members in the Star Alliance and takes advantage of the business potential provided by them

A management team, whose members identify with modern governance principles, and who distinguish themselves by being mindful of the best interests of shareholders and all stakeholders alike

OUR MISSION

To develop the Company's standing as a global airline by expanding the coverage of its long-range flight network.

To develop the Company's standing by developing its technical maintenance unit into a major regional resource.

To develop the Company's standing as a service provider in all strategically important aspects of civil aviation, including ground handling services and flight training.

To defend the Company's standing as the leader of the domestic airline industry.

To provide an uninterrupted and superior flight service by entering into a collaborative agreement with a global airline alliance that complements its own network so as to advance its international image and marketing abilities.

To safeguard and improve upon Istanbul's reputation as a regional aviation hub in its capacity as the flag carrier of the Republic of Turkey in the civil aviation industry, to be a leading European airline and an active global player by virtue of its flight safety and security record, and its product diversity, service quality, and competitive edge.

To accomplish Istanbul a significant (hub) destination.

COMPETITIVE STRENGTHS & STRATEGIC PRIORITIES

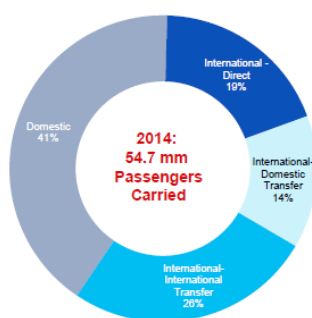
COMPETITIVE STRENGTHS

Natural Aviation Hub

Turkish Airlines has a natural advantage due to the prime location of its hub at Atatürk Airport in Istanbul, with close connectivity to Europe, the Middle East, Central Asia and North Africa—constituting more than 40.0% of all worldwide international air traffic and covering more than 60 national capitals—within a narrow body range. Being able to reach all of these destinations with narrow body aircraft allows Turkish Airlines to penetrate many smaller underserved cities and serve them with greater frequency, differentiating its product from that of its main competitors. Operating from a central location as a main hub has assisted us in creating a balanced network structure and, in return, achieving higher aircraft utilization levels.

A Strong Flight Network

Turkish Airline's extensive route network, combined with Turkey's growth potential, make it well-positioned to grow in both developed and emerging markets. As of December 31, 2014, Turkish Airlines offered flights to 108 countries (including Turkey)—more countries than any other airline. In addition, throughout 2013 and 2014, Turkish Airlines positioned itself as the largest air carrier in the world by number of international destinations served from a single hub, and now aims to improve its connectivity across the globe. With over 9,000 flights per week, Turkish Airlines provides over 44,000 O&D origin-destination options and reaches at least 69% of all destinations daily.



In 2014, 14 million international passengers arrived from one point via Turkish Airlines and transferred in Istanbul to fly to another international destination. Notably, this figure is 20.0% higher when compared to 2013.



1 in the world, flying to the most countries worldwide



1 in the world, flying to the most international destinations from one airport

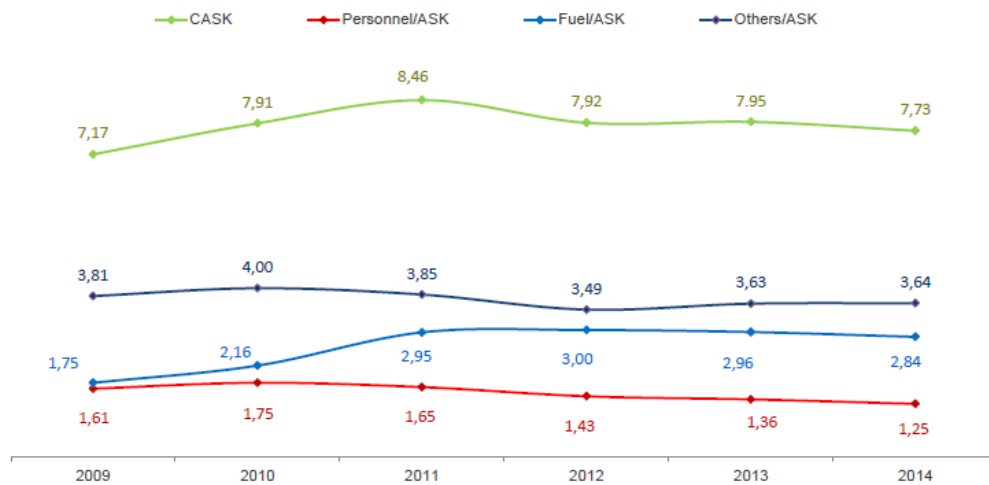


4 in the world, flying to the most airports worldwide

SUSTAINABILITY REPORT

Cost Efficiency

Turkish Airlines has a lower cost base than most of its full-service competitors. The primary driver of this low cost structure is the geographic location of Istanbul, Turkish Airlines' main hub, which enables us to operate at optimum stage lengths and with high utilization rates using lower cost narrow body aircraft. Turkish Airlines' relatively young average fleet age and modern/ efficient fleet also contribute to our operational efficiency. In order to preserve this competitive advantage, we have implemented efficient fuel consumption policies, employee efficiency strategies, cost-cutting strategies and financial risk management strategies. Turkish Airlines plans to continue investing in new generation technologies to decrease costs, increase efficiency and enhance its customers' product experience.



Turkey's and Istanbul's Economic and Demographic Potential

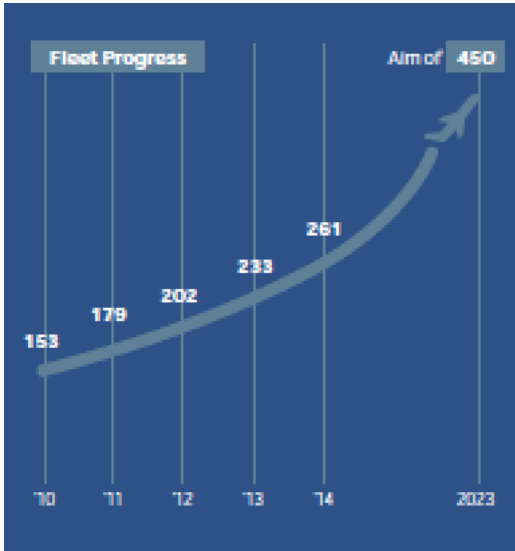
Turkey is a growing country with a population, as of 31 December 2014, of 77.7 million people and Istanbul, specifically, is a city with a young and growing population of 14.3 million people. Turkey, and particularly Istanbul, is rapidly becoming one of the most visited destinations in the world, and Turkish Airlines believes it will continue to grow as a tourist destination, given its strategic central location between Europe and Asia. In 2014, Istanbul ranked as the third largest air travel city in Europe. This growth creates a continuous increase in direct passenger potential for Turkish Airlines and provides leverage for its operations by reducing its dependence on transfer passengers, which is a highly competitive area for passenger transportation. In 2014, 56.0% of Turkish Airlines' international passengers flew directly into or out of Turkey, while the remaining 44.0% were international-to-international transfer passengers.

SUSTAINABILITY REPORT

Efficient Fleet Structure

Extending our network has required and will continue to require Turkish Airlines to make significant investments in new aircraft. Through the '2008-2023 Fleet Projection Program', we have placed firm purchase orders with Boeing and Airbus for a mix of 344 new wide and narrow body aircraft, 99 of which have been delivered as of YE 2014, with the remaining 245 scheduled to be delivered by 2021. All of these aircraft are new generation aircraft that are 15% more fuel efficient and cause relatively less noise.

With these additions and more, we aim to have the world's largest and most modern fleet with more than 450 aircraft by 2023, which meet growing passenger traffic and changing needs of customers, emphasize passengers' comfort and safety, and which are equipped with the latest technology and are not only economical but also environmentally sensitive.



STRATEGIC PRIORITIES

Customer Satisfaction

Customer satisfaction is an integral part of Turkish Airlines' business model. Our commitment to maintaining a high level of customer satisfaction is evident in every service we provide, from Turkish Airlines' **"Lounge Istanbul"** at Atatürk Airport—which was nominated to the list of the world's top ten premium airport lounges and was awarded the "Best Business Class Lounge Dining" by Skytrax in 2014—to Turkish Airlines' award winning catering service—which was elected as the "Best Business Class Catering" by Skytrax in 2014 for the second year in a row. Turkish Airlines is committed to creating, providing and maintaining a product that gains satisfaction and trust of the customers.

Brand Awareness

In 2013 and 2014, awareness of the Turkish Airlines brand increased thanks to its extensive flight network and high-quality service. With the newly adopted slogan "Widen Your World", we actively encourage passengers to take advantage of Istanbul as a bridge between two continents and explore the unknown within our vast network. In the competition organized by Youtube, the video-sharing website, dedicated to its 10th anniversary, our commercial film titled as "Kobe vs. Messi: The Selfie Shootout", released in 2013, has been selected as the best commercial film of the last decade.

As a consequence of these activities, Turkish Airlines believes it has gained strength against traditional airline brands and has become a globally-preferred airline.

Sustainable Growth

Turkish Airlines demonstrated a stable and sustainable growth over the last decade—has made a profit every year since 2006 and became one of the few full-service airlines to remain profitable throughout the financial crises. Turkish Airlines continues to strive daily to maintain its position among the top of the airline industry in network strength and expansion, operational efficiency, customer satisfaction and brand awareness, and each effort is carefully and strategically reviewed and planned by the management.

Since 2003, Turkish Airlines has increased its capacity in ASK by 17.0% on average annually (CAGR). With this growth rate, Turkish Airlines' global market share in terms of ASK capacity more than tripled reaching 1.8% in 2014 compared to 0.5% in 2003 according to the reports issued by the International Air Transport Association (the "IATA"). In 2013 and 2014, Turkish Airlines capacity increase was 21.1% and 16.3%, respectively, compared to the global ASK increases of 4.8% and 5.6%, respectively, for the same years according to the IATA.

In order to support Turkish Airlines' growth plans, the Turkish Government finalized the tender for building a third airport in Istanbul in 2013 and broke ground on the new facility in June 2014. The new airport will be one of the biggest airports in the world at its final stage with six runways, four terminals and 500 aircraft park positions on an area of 77 square kilometers, and will have the capacity to handle more than 150 million passengers. It is anticipated that the first phase of the airport will be ready for use by 2018 and will be able to handle 90 million passengers.

SUSTAINABILITY REPORT

AWARDS

As Turkish Airlines, we are delighted to be awarded for our achievements which are the fruits of our employees' hard work and teamwork!



Turkish Airlines is currently the only European carrier that has earned four stars from Skytrax under its airline rating system in all categories—including seat comfort, inflight entertainment and service efficiency. By 2014, Turkish Airlines had been chosen as the **“Best Airline in Europe”** and the **“Best Airline in Southern Europe”** for four years in a row as part of the Skytrax World Airline Awards. Additionally, Turkish Airlines was awarded the **“Best Business Class Onboard Catering”** and **“Best Business Class Lounge Dining”** at the Skytrax World Airline Awards in 2014

SUSTAINABILITY REPORT

List of Awards

2014:

Best Airline in Europe (Skytrax)
Best Airline in Southern Europe (Skytrax)
Best Airline Business Class Catering (Skytrax)
Best Business Class Lounge Dining (Skytrax)
Best European Cargo Airline (Air Cargo News)
Best Corporate Governance Award (Ethical Boardroom)
Structured Finance Deal of the Year Award (Bonds & Loans)
Tax Lease Deal of the Year 2014 (Airfinance Journal)
Engine Deal of the Year 2014 (Airfinance Journal)
Overall Carrier Of The Year and Combination Carrier of the Year (Payload Asia Awards 2014)
Best European Cargo Airline (Air Cargo News)
Best Operational Excellence (Airbus Awards for Excellence)
“Most Innovative Kit” and “Trio Amenity Kit” awards (Travel Plus Awards)

2013:

Best Airline in Europe (Skytrax)
Best Airline in Southern Europe (Skytrax)
Best Airline Business Class Catering (Skytrax)
Airline of the Year (CAPA Aviation Awards for Excellence)
Aircraft Tax Lease Deal of the Year Award 2013 (Airfinance Journal)
Aircraft Leasing Deal of the Year Award 2013 (Global Transport Finance)
Best Asia Pacific Cargo Airline (Air Cargo News)
Air Cargo Award of Excellence (Air Cargo World)
Airline of the Year (APG Network Awards 2013)
Top Airline Company in Turkey (Fortune 500 Awards 2013)
Marketing Award of The Airline Strategy Awards 2013 (Airline Business)
Best Food and Beverage Award (Passenger Choice Awards 2013)
Most Innovative Kit and Premium Economy Kit awards (Travel Plus Awards 2013)
Top-Performing Global Training Partners (IATA)

2012:

Best Airline in Europe (Skytrax)
Best Airline in Southern Europe (Skytrax)
Best Premium Economy Airline Seats (Skytrax)
Program of the Year (Europe&Africa) for Miles &Smiles frequent flier program (Annual Freddie Awards)
Best Loyalty Credit Card (Europe / Africa) for Shop &Miles Credit Card (Annual Freddie Awards)
Silver Medal in the category ‘The Best Internal Recognition/Motivational Event’ (Stevie Award)
Airline of the Year Award 2012 (AirFinance Journal)

2011:

Best Airline in Europe (Skytrax)
Best Airline in Southern Europe (Skytrax)
Best Premium Economy Airline Seats (Skytrax)
Market Leadership Award 2011 (Air Transport World)
Aircraft Debt Deal of the Year Award 2011 (Jane’s Transport Finance)
Best Inflight Food (Skyscanner) and Best Corporate Website and Best Tourism/Travel Web Site (Altın Örümcek)

GOVERNANCE

Turkish Airlines conducts its operations in a responsible manner for a better future.



Our Sustainability Approach

Engaging with Stakeholders

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Corporate Governance

OUR SUSTAINABILITY APPROACH

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 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 company, we have a broad and diverse stakeholder base and various channels to engage with them.

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 Company goals. Performance reviews are conducted annually and future action plans are identified accordingly.

We have always remained at the forefront of setting new and higher standards for our operations. Turkish Airlines has internationally-recognized management systems and policies in place on its material sustainability issues which lay out our commitment in responsible business act. We monitor our progress and KPIs through online reporting systems.

ENGAGING WITH STAKEHOLDERS

Our success goes in pair with satisfaction 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 stakeholders including employees, investors/financial partners/ shareholders and customers, suppliers, business partners, communities, NGOs, government and academic institutions. Please refer to the below-given table to see the key topics and engagement pathways as well as the frequency of our engagement and matters engaged upon.

SUSTAINABILITY REPORT

Stakeholder Groups	Key Engagement Topics	Main Engagement Pathways	Frequency	Some of the Outcomes of the Stakeholder Engagement
Customers	Accessibility Customer Satisfaction & Service Quality Customer Rights Flight Safety & Security Innovative Products & Services Sustainable Catering	Customer Care Call Center	On-going	Made self check-in kiosk application available in 11 languages Created new call centres in new regions Created a new section on customer rights in our website
		Customer In-flight Feedback Form	On-going	
		Customer Web-based Feedback Form	On-going	
		Customer Satisfaction Measuring Devices at the airports	On-going	
		Customer Satisfaction Online-Surveys	Annually	
		Handouts (in-flight)	On-going	
		Safety in-flight videos	On-going	
		"Skylife" In-flight Magazine	Monthly	
		Social Media (facebook, twitter, instagram, blog)	On-going	
		Website of the Company	On-going	
Employees; Unions	Business Ethics Cultural Values Employee Satisfaction Freedom of Association and Collective Bargaining Flight Safety & Security Health and Safety & Well-being Non-discrimination and Diversity Performance & Career Development Sustainable Use of Resources	Ethics Line "Ethical Way"	Annually	37 Reported cases to "Ethical Way" have been solved Shuttle service for employees has been improved Free and discounted health service has been provided
		E-mails	Ongoing	
		Email account: flightsafety@thy.com	Ongoing	
		Email account: security@thy.com		
		"Empathy" Company TV	Ongoing	
		"Empathy" Employees Newsletter	Monthly	
		"Empathy" Website "I have an idea" Page	Ongoing	
		Events and Forums	Annually	
		Meetings	Regularly	
		Surveys	Annually	
		Summit	Annually	
Investors/ Financial Partners/ Shareholders	Minority Rights Operational & Financial Performance Strategy Corporate Governance	E-mail distribution list	Ongoing	Investor Day events were organized IR website has been renewed Credit Investor Roadshows have been held
		Email account: "ir@thy.com"	Ongoing	
		Dedicated financial website	Ongoing	
		General Shareholders' Meeting	Annually	
		Investors Meetings	Annually	
		Presentations	Quarterly	
		Publications, Reports	Annually	
Suppliers /Business Partners/ Peers and Industry Associations	Business Ethics Safety and Security Climate Change & CO ₂ Emissions Fuel Efficiency Fleet Modernization Operational Efficiency Sustainable Biofuels for aviation	Conferences organized by industry associations	Ad hoc	75 Boeing and 92 Airbus more fuel-efficient new generation aircraft has been ordered Executed a non-binding Letter of Intent with a Corporation on sustainable biofuels
		Membership meetings	Annually; bi-annually; quarterly	
		Meetings	Ad hoc	
Government/ Regulators/ Local Authorities	Social and Economical Development Customer Rights Compliance Financial Performance Flight Safety & Security Forestration Health and Safety Noise Waste Management	Audits	Regularly	500.000 trees were planted Sustainability Report has been published Collection & Separation of wastes
		Meetings	Ad hoc meetings upon needed	
		Reports	Annual	
Certification Bodies	Environmental Management Flight Safety & Security Health and Safety Noise Quality Management	Audits	Regularly	ISO 14001, ISO 9001; OHSAS 18001 Standards were renewed Environmental Policy has been updated Health and Safety Policy has been updated
Communities	Social and Economic Development Social Responsibility Projects	Meetings with associations and charities School and Hospital Visits	Ad hoc meetings as needed	Created a library with 1500 books for five pediatric oncology divisions 10.000 children in 100 village schools are supported with educational supplies During the "Let's Make a Snowman Together!" Campaign, 19 provinces from Tokat to Edirne, nearly 1.700 students were donated books, coats and socks
Non-Governmental Organizations (NGO's)	Corporate Social Responsibility Projects Accessibility	CSR Fair and Events	Ad hoc meetings as needed	Shared Turkish Airlines CSR Projects with participants and members of the CSR Europe and CSR Association of Turkey
Academic Institutions; Universities	Training Employment & Career Opportunities	Meetings	Regularly	Partnership has been formed with Istanbul Technical University for "Air Transport Management Master Program"
		Career Days	Annually	
		Social Media (linkedin)	Ongoing	

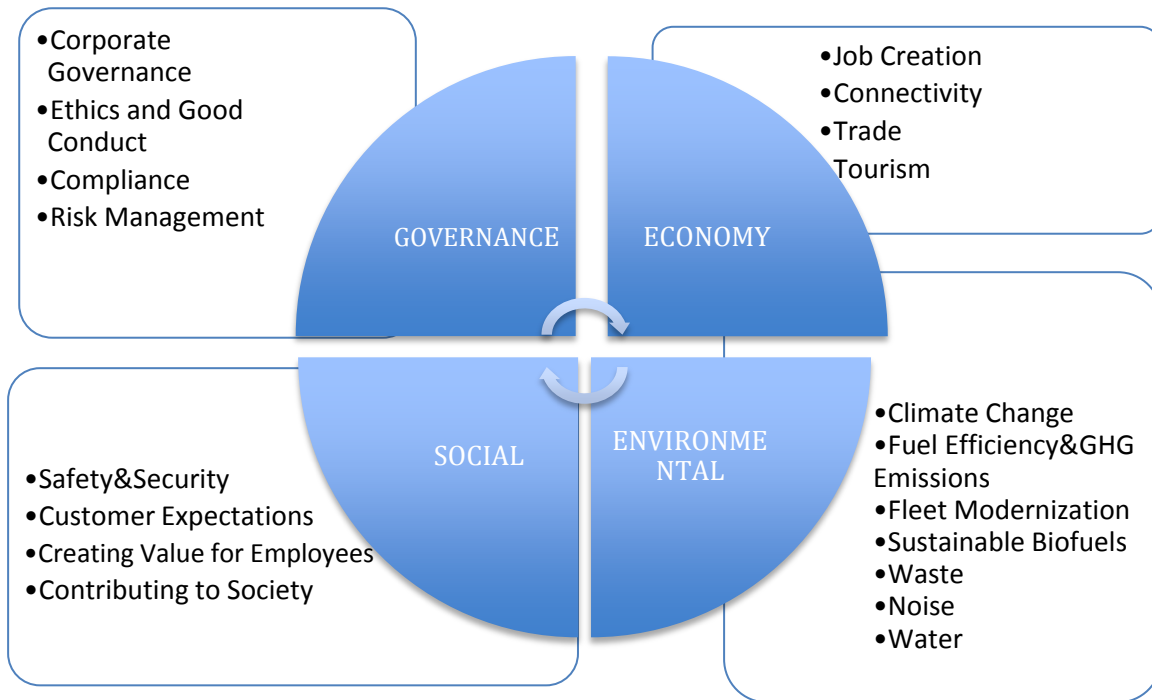
SUSTAINABILITY REPORT

MATERIAL ISSUES

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 Company'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 table.

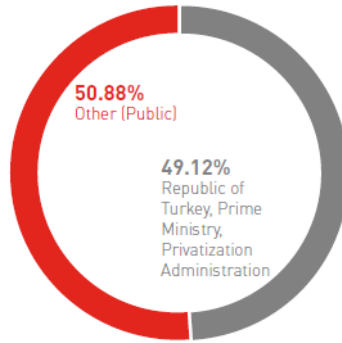
As we have highlighted these aspects as material issues in this report, we will continue to seek our stakeholders' feedback and continue to further deepen our materiality process in the coming years.



CORPORATE GOVERNANCE

OUR GOVERNANCE SYSTEM AND STRUCTURE

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 consequently is now 50.88% publicly owned company while the remaining 49.12% is held by the Republic of Turkey, Prime Ministry, Privatization Administration.



Turkish Airlines is listed in Istanbul Stock Exchange and Borsa İstanbul under the Ticker Symbol “THYAO”, and complies with the Turkish Commercial Code (TCC) and the regulations promulgated by the Capital Markets Board (CMB).

Turkish Airlines builds its Corporate Governance Principles on the social responsibility culture it has developed since its foundation in 1933. Turkish Airlines has adopted the main cultural characteristics of the Turkish people towards all its stakeholders, namely *hospitality, helpfulness and trustworthiness*.

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 a member of the executive committee, assumes separate roles and responsibilities from the Chairman. With the aim of promoting diversity at the Board level, Ms. Arzu Akalın joined our Board in 2014 and we will strive to increase women's representation at our Board in the future.

During 2014, the Board of Directors convened 33 times and adopted 222 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.

SUSTAINABILITY REPORT

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 Turkish Commercial Code (TCC) and the regulations promulgated by the Capital Markets Board (CMB).



Turkish Airlines embraces the principles of transparency, justice, responsibility and accountability in its operations. Turkish Airlines complies with all mandatory Corporate Governance Principles promulgated by the Capital Markets Board (CMB), and pays utmost attention to comply with any non-mandatory principles.

Turkish Airlines has been recognized in December 2014 by **The Ethical Boardroom**, an independent magazine and website, for its outstanding leadership in ensuring high corporate governance in order to protect and enhance long-term value for all stakeholders. The Ethical Boardroom considers four governance attributes in its evaluation, namely: Board Composition, Board Committees, Shareholder Rights and Transparency.



SUSTAINABILITY REPORT

SHAREHOLDERS

Investor Relations Department, which reports directly to the Chief Financial Officer (CFO), serves as a department overseeing the two-way communication of the Board of Directors and all Capital Markets participants including analysts, investors and our shareholders providing accurate, consistent and timely information.

In fact, a **Public Disclosure Policy** has been established by the Board to furnish **all stakeholders** including shareholders, investors, analysts, employees and customers with timely, accurate, complete, comprehensible and easily accessible information for enhanced transparency.

During the 2014 fiscal year, Investor Relations Department participated in 20 investor conferences and road shows with the aim of sharing the financial, operational and strategic developments about the Company with investors and analysts, made 15 teleconferences and organized an Investor Day Webcast meeting. In these conferences and teleconferences, 405 investors/analysts from 289 incorporations and funds were met at the Company Headquarters or at the Investors' offices. During 2014, around 2500 information requests were met by our Company via e-mail.

In terms of shareholders' rights, Turkish Airlines, along with all listed BIST companies, started using 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.

Turkish Airlines Shareholders' General Meetings			
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
	29.03.2013	27.03.2014	06.04.2015
One share equals one vote	Yes	Yes	Yes
Number of shareholders present, represented, granting power of attorney to chairman or voting by email	561 shareholders representing 893,729,919 shares	522 shareholders representing 979,363,717 shares	600 shareholders representing 1,068,996,377 shares
Attendance rate	74,5%	70,97%	77,46%

RISK MANAGEMENT AND INTERNAL CONTROL

Our Risk Management Strategy

An effective risk management strategy is critical in taking potential risks inherent in the airline industry under control, which is prone to fierce competition, and to ensuring sustainable growth. In an effort to provide a reasonable level of security against possible shocks by minimizing sensitivity to fluctuations, particularly those relating to fuel and carbon emission prices, interest rates, cash flow and exchange rates, as well as counterparty risk, Financial Risk Management Department revises the Company's Financial Risk Management Strategy and works to manage any and all actual/potential financial risks to which the Company is exposed.

In addition, the risks related to bribery and corruption across the Company are assessed as part of our ongoing risk management practices. If high level risks are identified, such risks are submitted to the attention of Senior Management.

Our risk management system also includes issues related to **climate change risks**. In this regard, the Company established its liability in relation to carbon emissions, laid down a strategy to protect itself against carbon emission risk and works as required under the framework of the Carbon Emission Trading System.

Internal Control Mechanism

Our Company has a Senior Vice Presidency (SVP), Inspection Board which inspects, with a systematic and disciplined approach, whether the Company's activities including corporate governance, effectiveness of risk and control processes, improvement of Company 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.

BUSINESS ETHICS

Our Business Ethics Approach

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 Company 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 Board of Directors has prepared a "**Code of Ethics¹**" 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 Company, 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 Company's **Corporate Ethics Handbook and Corporate Ethics Procedures**; and are required to act in line with the generally-accepted principles in business life, and to be respectful in their words and deeds with regards to legislation, ethical values, social norms and environment.

Turkish Airlines has not encountered any findings of breaches of competition rules nor has it 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.

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.

¹:Our Code of Ethics is being updated to better reflect our broad approach regarding Business Ethics and Corporate Social Responsibility issues, notably regarding the matters related to Bribery and Corruption, and we expect to implement our new standards across our organizations in 2015

SUSTAINABILITY REPORT

Ethics Trainings

As a growing Company, it is of highly importance for us to conduct this growth process in accordance with the “Competition Law”. We organize trainings for our 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 2013, 13 and 6 participants received trainings on competition law and ethics, respectively.

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 Company and is dedicated to Turkish Airlines employees’ questions and/or reporting about ethical concerns. In order to address these applications, our Ethics Board, which is composed of four members and a president, put forward proposals to the CEO about every application made in the Ethical Way. Ethics Board listens to the respective personnel and receives the opinions of the concerned departments, and thereafter, takes action upon the results received.

Since 2012, 69 applications were made to Ethics Reporting Line on various issues, 24 of which have been addressed and replied by direct e-mail and 13 of which have been addressed by direct discussions with employees. The remaining 32 were considered irrelevant to the Business Ethics.

9 out of all reporting received by the Ethics Reporting Line so far were directly or indirectly associated with discrimination. All of these issues were considered in detail by Turkish Airlines Ethics Board, as a result of which 5 were not found subject to any actions and as for the remaining 4, it was decided to inform the concerned employees and departments to ensure that necessary actions are taken.

Anti-Bribery and Anti-Corruption

Turkish Airlines is committed to ensuring 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 Company. 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 company 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 Company including risks related to bribery and corruption. During the reporting period, no significant fine was paid by Turkish Airlines regarding bribery or corruption.

ECONOMY

We are generating new economic opportunities through our expanding network and we are a significant contributor to the Turkish economy, trade growth and tourism.



Aviation's Contribution to the Economy

Our Economic Footprint

Innovative Products and Services

AVIATION'S CONTRIBUTION TO THE ECONOMY

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 2014 was USD 751 billion. Over 50 million tonnes of goods were freighted and over 3 billion people boarded on an aircraft in 2014; and this figure is expected to double in the next 20 years.

Aviation is indispensable for tourism, which is a major engine of economic growth globally, particularly in developing economies. Globally, 53% of international tourists travel by air. 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 2.4 trillion, equivalent to 3.4 % of the world gross domestic product (GDP).

3.4%
of global GDP
is supported by aviation*

21st in the world

If aviation were a country, it would **rank 21st in the world** in terms of gross domestic product (GDP), generating \$606 billion of GDP per year, considerably **larger than some members of the G20** (and around the same size as Switzerland).

Source: ATAG Facts and Figures 2012

The aviation industry has 4 main economic impacts:

- **Direct impacts:** The aviation industry itself is a direct generator of employment and economic activity, generating a total of 58.1 million jobs globally. The airlines' services generate **8.7 million direct jobs** within the air transport industry and contribute **USD 606 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.
- **Indirect impacts** which include employment and activities of suppliers to the air transport industry. According the ATAG, over **9.8 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 697 billion to global GDP** in 2012.
- **Induced** by the spending of those directly or indirectly employed in the air transport industry. Around 4.6 million induced jobs globally are supported through employees in the air transport industry. The induced contribution to global GDP is estimated at **USD 324 billion** in 2012.
- **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.

Mitigating Environmental Impacts

The industry is conscious of aviation's environmental impacts and its contribution to climate change. Efforts to minimize these play an important role in aircraft design and engine manufacturing. Furthermore, every aspect of current operations both in the air and on the ground is being examined to see how the industry can be made cleaner, quieter and more carbon-efficient. In 2008, aviation industry agreed to the world's first set of industry-specific climate change targets. The industry is already delivering on the first target to continue to improve fleet fuel efficiency by 1.5% per year until 2020. From 2020, aviation will cap its net carbon emissions while continuing to grow to meet the needs of passengers and economies. By 2050, the industry has committed to reducing its net carbon footprint to 50% below what it was in 2005.

Air travel has always relied on advances in efficiency. Since the beginning of the jet age, aircraft have reduced fuel use per passenger kilometre by well over 70% and these efforts still continue.

SUSTAINABILITY REPORT

Modern jet aircraft are 75% quieter than the first models that entered into service and each new generation of aircraft maintains this downward trend. Not only do aircraft controllers work to provide operational noise mitigation measures and but also airports and air traffic controllers work to provide operational noise mitigation measures and local governments work with the aviation industry to more appropriate zone areas around airports.

The industry is also making significant progress to develop sustainable alternative fuels for aviation. It is expected that carbon reduction from moving to alternative fuels could be up to 80% compared to traditional jet fuel.

SUSTAINABILITY REPORT

OUR ECONOMIC FOOTPRINT

Turkish Airlines is the market leader in Turkey carrying 44% of total passengers. As we fly to more countries than any other airline in the world with over 264 destinations in 109 countries, we are generating new economic opportunities through our expanding network and we are a significant contributor to the Turkish economy, trade growth and tourism. Not only do our main hub Istanbul Ataturk Airport and other hubs Sabiha Gökçen and Ankara provide highly attractive business environments, but also we contribute to local economic and social development at our destinations both nationwide and worldwide.

EXPENSES (USD)	
State and local authorities	24
Taxes	23
Fees	1
Sponsorships	25
Airport fees	408
Air Traffic Control	534
Suppliers (Fuel)	3.845
Other Suppliers	3.937
Employees	1.694
Payroll Tax	351
TOTAL	10.467
INVESTMENTS and DEVELOPMENTS	
Repayment of debt	1.023
Others	471
Fleet	1.631
Loans	1.606
TAXES and TICKETS (Not included in turnover)	924

Contribution to GDP of Turkey

The aviation industry directly contributed TL 61 billion to Turkish GDP in 2014 through the output of airlines, airports and ground services. This figure corresponds to 3.5% of the total GDP of Turkey. When considered together with its indirect contributions through the aviation industry's supply chain and induced contributions through the spending by the employees of the aviation industry and its supply chain the total contribution is estimated to be over TL 120 billion. These figures do not take into account the addition of 'catalytic' benefits provided by tourism industry.

Turkish Airlines has generated a revenue of USD 11.1 Bn in 2014 reflecting a growth rate of 13% compared to 2013. We have made investments over USD 10 billion since 2006; being USD 2.4 billion in 2014. All of these investments have been financed through our own operations.

Contribution to Public Finances

The aviation industry contributes substantially to the public finances through either direct tax payments or through indirect employee benefits, airport charges etc. Turkish Airlines is a significant contributor to the Public Finances and paid USD 5 million of income tax, USD 948 million of other taxes and fees, USD 351 million payroll tax in 2014.

Contribution to Job Creation

Aviation industry in Turkey is considered as a major employer and supported 187,000 direct jobs in Turkey in 2014. This number is estimated to be over 400,000 including jobs indirectly supported through the aviation industry's supply chain and jobs supported through the spending by the employees of the aviation industry and its supply chain.

An average employee serving in air transport services generates a higher gross value added and is 175% more productive compared to an average employee in Turkey¹.

Turkish Airlines provided 25,117 direct jobs in 2014 while this figure was 23,157 in 2013, and over 43,000 direct jobs together with its subsidiaries which represents over 24% of the direct jobs provided by the aviation industry in Turkey in 2014.

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 increased connectivity. More than 75% of our tickets are sold outside the borders of Turkey, implying a direct inflow of funds equal to USD 8 billion to the country's current account.

There is an increase in export rate in our destinations while we do not observe a similar trend in any points not covered by our flight network. Overall in Africa, the export rate increased from USD 1.3 billion in 2005 to USD 4.4 billion in 2014. To proceed with a particular example, in Nigeria, Turkey's export figures grew by 23% CAGR between 2006 and 2014 after we added 2 new destinations in this country.

¹ Oxford economics, Economic Benefits from Air Transportation in Turkey, 2011.

A similar trend can also be observed in the Middle East. After we launched 10 new destinations in 2004 in four Middle East countries, namely Iraq, Qatar, Yemen and Oman our export operations to these countries grew by 18% CAGR between 2006 and 2014.

Contribution to Tourism

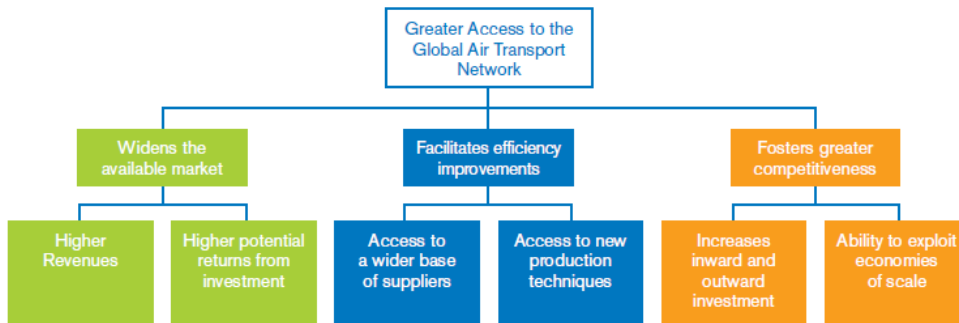
Over 3 billion passengers worldwide boarded on an aircraft in 2014 for various reasons including touristic purposes. Being a major contributor to Turkey's economy and having an increasing number of destinations, Turkish Airlines has a significant footprint on the tourism industry.

In 2014, the number of tourists in Turkey reached 36.8 million and grew by 8% on average annually over the last decade, and is expected to reach 63 million by 2023. Among the 36.8 million tourists 73% preferred air transport instead of the other means of transport.

Connectivity Gains

Connectivity can be defined as the scope of access between an individual airport or country and the global air transport network². 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 seamlessly³. Connectivity is now broadly known to have wide economic benefits both for the users of the aviation services but also for national economies. As highlighted in the chart below, connectivity can not only facilitate access to new markets, greater efficiency in production and supplies and productivity improvements but also exploit economies of scale and encourage both inwards and outwards cross-border investment^{4,5}.

Chart 5: The wider economic impacts of connectivity



² IATA report, Aviation Economic benefits, 2007

³ ICAO (2013), Worldwide Air Transport Conference

⁴ IATA report, Airline Network Benefits, 2006.

⁵ IATA report, Aviation Economic benefits, 2007.

⁶Air connectivity brings many advantages to Turkey's economy including:

- Opening up foreign markets for Turkish exports;
- 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;
- Encouraging Turkish enterprises to invest and specialise 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;
- Raising productivity and therefore the economy's long-run supply capacity. It is estimated that a 10% improvement in connectivity relative to GDP would see a TL 609 million per annum increase in long-run GDP for the Turkish economy⁷.

Istanbul, as a geographically strategic transfer point, is a natural hub and ensures a high level of connectivity. Istanbul, the hub from where all Turkish Airlines flights depart from, ranks as the 3rd largest air travel city in Europe. It is also the 6th most connected air travel city in the world thanks to Turkish Airlines' wide flight network. It has experienced the highest connectivity growth in the world both in 2013 and 2014 thanks to continuous growth of Turkish Airlines' flight network.

Local Development At Our Destinations

Turkish Airlines flies to 40 of the top 50 hub airports which constitute over 68% of the worldwide air traffic from Istanbul. But more importantly Turkish Airlines has the highest coverage of secondary cities not included in the top 50, offers services to many underserved markets and provides many developing and underdeveloped communities with a channel to the world.

As of 2014, 48 countries were categorized as the least developed countries in the world by the United Nations, and Turkish Airlines have performed flights to 16 of such countries. Of those 2.4 million international passengers carried in these 16 least developed countries, 0.9 million passengers were carried by Turkish Airlines, which corresponds to 41% of their total international passenger traffic. For example, 55% and 53% of all international traffic to/from Ethiopia and Nepal connected to the world via Istanbul with Turkish Airlines flights. Most notably in Yemen, 76% of the international passengers were carried to 218 international destinations in 108 countries by Turkish Airlines. Offering global connectivity, our company enabled the Yemenis to foster their economic and social relationships with the rest of the world.

⁶ IATA report, Aviation Economic benefits, 2007.

⁷ Oxford economics, Economic Benefits from Air Transportation in Turkey, 2011.

⁸ Master Card Report

SUSTAINABILITY REPORT

While Turkish Airlines is the sole global airline that serves in underdeveloped cities such as Aden, Mogadishu and Mazar-ı Sharif, Turkish Airlines offers services in other underdeveloped cities such as Bamako, Conakry, Kinshasa, Djibouti, Ndjamena, Niamey, Nkongsamba and Ouagadougou along with only one other major air carrier allowing these cities to boost their global visibility.

Innovative Products and Services

WE’R From Turkey

Although being a precursor airline company is a term indicating sectoral and corporate rights, this title also gives the company a national mission. Having carried the Turkish flag with pride since the day it was founded, Turkish Airlines introduces the Turkish values, first and foremost hospitality, to the world.

"**WE’R From Turkey**" is a project positioned as a Brand for Mission by Turkish Airlines which, in essence, aims to promote the traditions and cultural heritage of Anatolia around the world. Creation of product groups peculiar to Anatolian traditions and consolidation of all these products under a brand name to be launched around the world are among the project steps with utmost importance. These product groups are divided into two groups, namely food and non-food cultural items. The top consideration point in creation of these groups was to make sure that the products, both organic and natural ones, are selected among the highest quality products across the Anatolia region.

With the project "WE’R from Turkey", we as Turkish Airlines aim to reinforce our positioning as flag carrier and pioneer in introduction of our culture into the rest of the World as a Global brand originated from this territory.

Invest On Board

Pitches flyin’ high with Turkish Airlines! ‘Invest On Board’ platform meets investors and startups in sky!

Aiming to further promote the entrepreneurial spirit of Turkey, Turkish Airlines has launched its newest high-flying business venture to great success, giving entrepreneurs the chance to reach investors in the sky. "Invest On Board" is a worldwide program that allows investors to meet startups while onboard sitting on their seats. Away from their busy offices and regular workdays, "Invest On Board" gives investors the opportunity to encounter the next big business in an easy, accessible format, and startups get a chance to grow without having to search for the perfect investor. Using the Turkish Airlines’ in-flight entertainment system ‘Planet’, which offers films, music as well as live flight information to passengers in an interactive, digital touchscreen, investors will also be able to browse through video pitches to encounter the next big idea!

The project is online at "InvestOnBoard.com" where new startups can apply to be periodically included in newer video pitch releases

ENVIRONMENT

We Want to Leave a Habitable World to Next Generations

With our stakeholders, we try to use our natural resources in the most effective and efficient way, since we think not only about today but also about tomorrow and next generations whom we view as an assurance for the future.



Environmental Management

Climate Change

Fuel Efficiency

Fleet Modernization

Waste Management

Noise

SUSTAINABILITY REPORT

ENVIRONMENTAL MANAGEMENT

Turkish Airlines is committed to minimizing, to the greatest possible extent, the adverse impacts of its operations on the environment and taking measures to combat with climate change. Our environmental management approach goes beyond just complying with statutory and regulatory requirements. We implement international management systems and provide trainings to increase environmental awareness of our employees.

Turkish Airlines has been certified to TSE ISO EN 14001 for all its operations in Turkey. We are equipped with environmental management systems (EMS) ensuring that we have appropriate procedures and documentation in place to manage environmental impacts and the risks associated with them. Our Environmental Management Policy which is reviewed regularly, has been extended recently to include further commitments as part of our responsible business approach and has been shared with our stakeholders on our website. We monitor and track our environmental footprint regularly. Environmental Impact Assessments (EIA) are regularly carried out and reported bi-annually. Senior Vice Presidency (Quality Assurance) directly reporting to the CEO is responsible for managing the environmental issues. Management review meetings are held twice a year, upon attendance of the CEO and our Senior Executives.

Within the EMS, various activities are carried out in order to reduce the environmental impacts that may arise as a result of our operations. As part of our climate change mitigation strategy, we strive to maintain continuous fuel efficiency which ultimately decreases our carbon footprint. Furthermore, we invest in research and development projects on sustainable biofuels. Waste management projects are conducted in offices, and in-flight activities and projects promoting effective and efficient use of natural resources such as water, electricity, natural gas and paper are implemented.

Savings:

Savings achieved in the consumption of electricity, natural gas and water are given in the table.

	2014
Electricity Consumption (kWh/employee)	%1.62 reduction
Natural Gas Consumption (m ³ /employee)	% 0.51 reduction
Water Consumption (m ³ /employee)	% 19.4 reduction

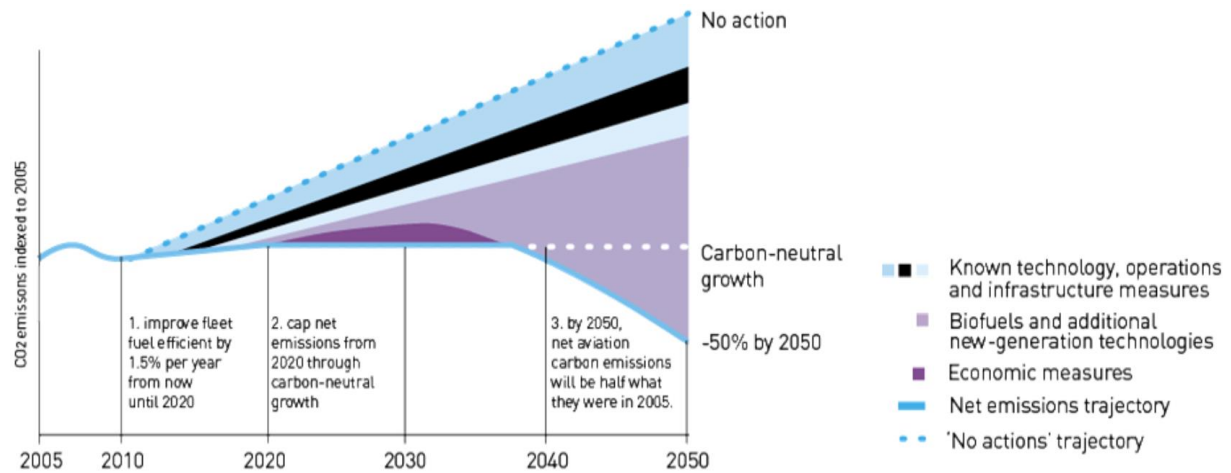
CLIMATE CHANGE

Turkish Airlines recognizes the need to address climate change which is one of the most challenging global problems. The major concern for the aviation industry is the greenhouse gas emissions and their implication for climate change.

According to the United Nations [Intergovernmental Panel on Climate Change](#) (IPCC), aviation produces around 2% of the world's man-made emissions of carbon dioxide (CO₂). Turkish Airlines is committed to mitigating the carbon emissions associated with its operations.

Industry Commitment and Targets

Air transport was the first industry to take global action on CO₂ emissions and set comprehensive targets..



Short term and long term targets are:

- 1) From 2009 until 2020: average 1.5% efficiency improvement per year
- 2) From 2020: Capping emissions growth from aviation
- 3) By 2050: halving net emissions based on 2005 levels

In the light of our responsible business approach, Turkish Airlines makes its best efforts to contribute to the industry's targets and has established a comprehensive fuel efficiency program to contribute to the collective effort of the aviation industry against climate change.

Less fuel, less emissions!

Each kilogram of fuel saved reduces carbon dioxide (CO₂) emissions by 3.16 kg.

SUSTAINABILITY REPORT

FUEL EFFICIENCY

It is Turkish Airlines' responsibility to take action and promote sustainability as a commitment to the environment. To that end, Turkish Airlines has undertaken a wide range of initiatives to reduce carbon footprint under the umbrella of below-given topics.

Turkish Airlines launched a collaborative study with IATA Green Team which involves measuring and monitoring of fuel efficiency.

Having established a Fuel Steering Committee acting in a matrix organization of key departments which meet regularly and review the action plans, Fuel Efficiency Program has become an integral part of Turkish Airlines' company culture.

Establishing a corporate fuel saving culture and awareness is the fundamental basis of Turkish Airlines' existing and future achievements.



Fuel Steering Committee

SUSTAINABILITY REPORT

Turkish Airlines Fuel Policy is based on three pillars:

- ✓ We optimize our operations
- ✓ We invest in new technology
- ✓ We improve our infrastructure

We Optimize Our Operations

- Fuel Saving Practices
 - Piloting (Single Engine Taxi, reduced-flap takeoff/landing, climb/level flight/descent procedures, NADP, Cost Index, descent speed, short-cut, idle reverse)
 - Dispatch/Flight Planning (effective flight planning system, optimum route, tankering)
 - Aircraft Maintenance (modifications, winglet/sharklet, engine wash, CDL)
 - Ground Operations (APU, catering, potable water, fuel servicing, CG)

We Invest in New Technology

- Fleet Modernization (the 6th youngest fleet of the world)
- Biofuels (alternative fuels) Research Studies
- Modern 4-D Flight Planning System
- 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

Turkish Airlines Fuel Efficiency Program

Turkish Airlines will continue to make its best efforts and investments for a sustainable future

1.Optimising Our Operations

Since 2008, more than 100 operational optimization projects have been introduced and implemented in order to reduce carbon footprint. Some of these operational optimization projects include: Pilot technique, optimizing the use of APU (auxiliary power unit) while the aircraft is on the ground, introducing a new optimized flight planning system, optimization of the routes and aircraft speed, aircraft weight reduction practices (fly away kits, magazines, containers, potable water, catering equipment) and aircraft modifications such as winglet and sharklet and engine wash.

Some of Our Ongoing Weight Reductions

Container, Pallet and Net:

We have started to replace 2614 baggage containers with their composite equivalents along with 2500 light pallets and 3000 light nets which will enable us to save 3000-3500 tons of fuel per year.

Carbon Break:

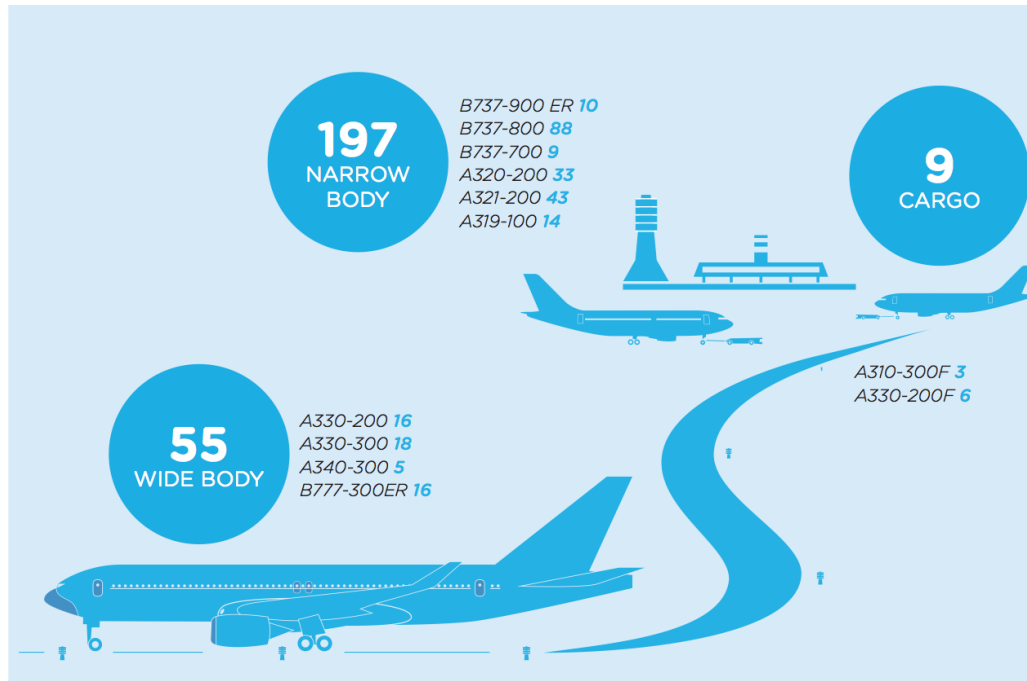
We have started to replace steel breaks with carbon breaks of 20 aircraft in our B737 family expecting an annual fuel saving of **380 tons**.

2. Improving Our Infrastructure

Turkish Airlines attempts to improve the air traffic management system working closely with both domestic and international air navigation service providers. Turkish Airlines has a team dedicating themselves to permanently performing researches on the optimum flight routes, and has created an interdivisional committee working on the SESAR (Single EUROPEAN SKY ATM Research) project. Other infrastructure projects to improve operational efficiency include airport enhancements such as new parking areas and better use of airspace with improved approaching procedure

3. Investing In New Technology

FLEET MODERNIZATION



Average Fleet Age: 7,2

Total Number of Aircraft: 261

Thanks to the technological developments which enable to ensure fuel efficiency and offer ultimate passenger comfort, Turkish Airlines aims to minimize fuel consumption and invests in the most advanced and environmentally friendly aircraft.

Turkish Airlines has an order of 75 Boeing and 92 Airbus 15% more fuel-efficient new generation aircraft

By the end of 2014, the number of aircraft in the Turkish Airlines' fleet increased to 261, with an average fleet age of 7.2 years. Aiming to acquire the youngest and most modern fleet in Europe, Turkish Airlines ordered 75 Boeing (B737 9-MAX and 737 8-MAX) and 92 Airbus (A 321 NEO) new generation 15% more fuel-efficient new generation aircraft in 2013 and these aircraft will be delivered by 2021. Adding these aircraft to our fleet will enable us to meet not only our targets on carbon emission reduction but also on noise and air quality. At the same time, with the ordered aircraft, more long-haul flights will be enabled, and network and passenger improvements will be ensured.

THY FLEET CHARACTERISTICS

- ✓ YOUNG
- ✓ COMFORTABLE
- ✓ TECHNOLOGICAL
- ✓ EFFICIENT
- ✓ DYNAMIC
- ✓ FLEXIBLE
- ✓ FAMILY FRIENDLY
- ✓ ENVIRONMENTALLY FRIENDLY
- ✓ COMPETITIVE
- ✓ RELIABLE

SUSTAINABILITY REPORT

Installation of Sharklets:

Installation of sharklets on the aircraft increases fuel efficiency by 2-3%.

As of 2014, 9 aircraft in our A320 fleet had sharklets. Upon completion of installment of sharklets on the entire A320 family, we will have achieved approximately **17-21 thousand tons savings** in our annual fuel consumption based on the flight hour figures for 2015.

Improved Fuel Management System:

Our new Fuel Management System, the procurement process of which has substantially been completed, will have been introduced by the end of the last quarter of 2015. This new system will enable to calculate the cost of ATC operations in particular (airborne instructions, deviations from the flight plan, etc.) and discuss possible solutions together with this cost items measured. It will also enable us to closely monitor significant factors that affect fuel consumption including any deviations from the flight plan and in actual flight route, changes of altitude and speed, etc. and respond in a very short time in potential areas.

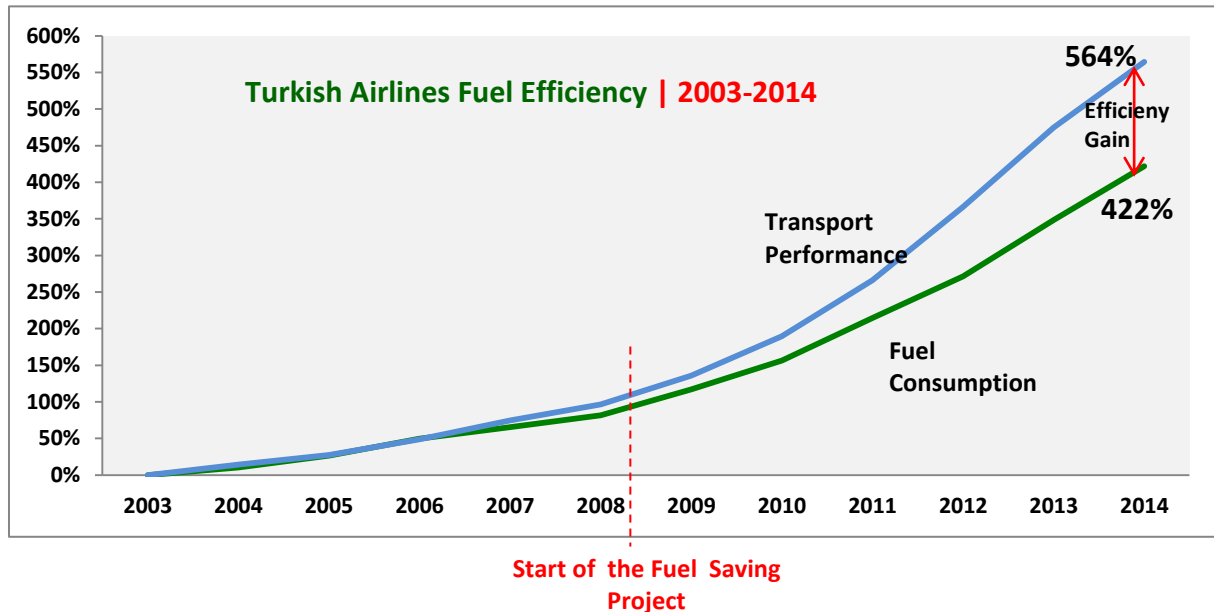
Sustainable Biofuels

Turkish Airlines invests in research and development to perform researches in alternative fuels which would have a big impact in reducing carbon emissions. Turkish Airlines has executed a non-binding Letter of Intent with Solena Fuels Corporation, situated in Washington DC, USA in 2013 with a view to explore any potential partnership opportunities on installing a waste-to-biofuel production facility in Istanbul, Turkey.

SUSTAINABILITY REPORT

Performance

We fly 20% more efficiently compared to 7 years ago!



The chart above illustrates the transport performance and the corresponding fuel consumption of Turkish Airlines between 2003-2014. If 2003 is set as a "reference/baseline", it is seen that the transport performance and the corresponding fuel consumption has increased by 564% and 422%, respectively. The gap between the above lines on the graph gives a good indication of Turkish Airlines efficiency performance over the years. We can simply call it "efficiency gap" and it can easily be concluded that the gap between transport performance and the corresponding fuel consumption has gradually increased each year, making a significant contribution to operational efficiency, and therefore, profitability (the fuel efficiency project was launched following the first quarter of 2008).

2014 Measurable Fuel Saving:

Thanks to various fuel savings projects implemented; 27,592 tonnes fuel has been saved which corresponds to reduction of 86,916 tonnes of CO₂ by the end of 2014.

Our Future Target (KPI)

Turkish Airlines has set a target to reduce fuel consumption-liter/available ton-km by 5% by 2020 and 10% by 2025.

EU ETS

EU has agreed, for the period to 2016, that the scope of the EU ETS (European Emissions Trading System) will be limited to the flights that take-off from and land in the European Economic Area.

We calculate, report and get verification for the direct emissions that are covered by the (EU-ETS) as per its requirements, and follow up the developments very closely.

SUSTAINABILITY REPORT

WASTE MANAGEMENT

As stated in Turkish Airlines Environmental Policy, we aim to minimize the generation of waste and promote recycling and recovery initiatives where possible. 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 regulations of the Ministry of Environment and Urbanization.

Waste Management Supervisor's Office reporting to the Office of Chief Human Resources Officer coordinates the process for waste management. Waste management procedures are in place for each different waste category defined by the applicable national laws.

Actions in 2014:

- ✓ As part of the waste management system, we continued to conduct awareness raising trainings for our employees in 2014.
- ✓ Turkish Airlines allocated waste storages at all locations needed. To that end, General Management Building Waste Storage has been established and sortation of such wastes has been ensured based on the type of the wastes.
- ✓ Furthermore, agreements with waste disposal firms which are licensed by the Ministry of Environment and Urbanization were executed to ensure that the most appropriate waste disposal method is implemented for each waste category.
- ✓ Industrial waste management plans were developed in accordance with the recent regulations in the field of Environment and Urbanization.

Reporting of Wastes

Reporting of any hazardous waste is performed online in accordance with the regulations of the Ministry of Environment and Urbanization. Amounts of wastes delivered to the licensed firms are given in the waste table under the performance tables section of the report.

378,086 kg waste including paper (198,502 kg), metals (175,049 kg), glass (3,260 kg) and plastics (1,275 kg) were sent to recycling in 2014.

NOISE

As stated in our Environmental Policy, we are committed to reducing the noise emissions. Acquiring one of the youngest fleet of the World with an average age of 7,2 years already makes substantial contributions in our reduction targets. Furthermore, we have already ordered new generation aircraft to be delivered by 2021 which will enable us to reduce our noise emissions even further.

Airworthiness Tracking Supervisor's Office executes application processes to obtain Noise Certificate for each aircraft in accordance with the applicable national and international aviation requirements. It can be seen that the noise level limitations are complied with during landing and take-off at airports with this certificate providing the allowed noise level data for aircraft.

SOCIAL



Flight Safety

Enhancing a Secure Travel Experience

Employees

Customers

Corporate Social Responsibility

FLIGHT SAFETY

Approach

At Turkish Airlines, safety is the absolute priority and foundation in our operations.

We, as Turkish Airlines, are determined to operate in accordance with the highest operational standards. In order to serve these purposes and principals, resources are allocated to establish, maintain and improve state-of-the-art systems, one of which being the Safety Management System (SMS). Turkish Airlines' CEO has been the designated accountable executive for the current SMS, which has been in place since 2006. He leads in the commitment for safety by setting the policy and scene for the Turkish Airlines' team.

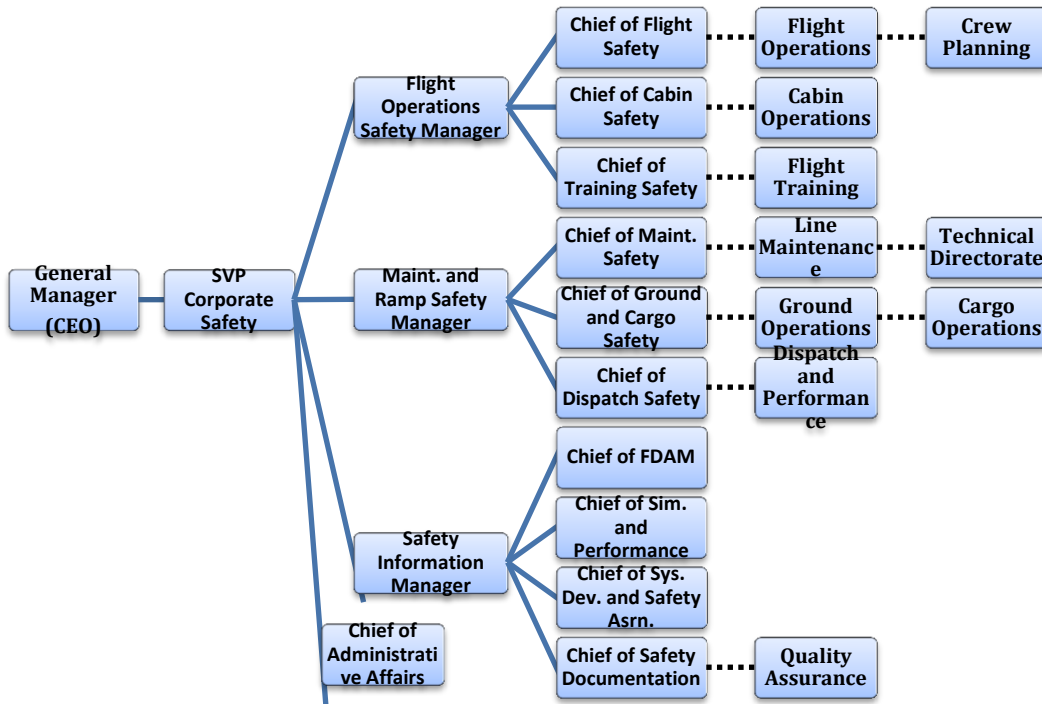
Policy

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. In order to achieve this goal, management systems are implemented in an integrated manner. One of the management systems in place as part of the Integrated Management System (IMS) of Turkish Airlines is the **Safety Management System (SMS)** to specifically deal with the operational hazards and manage risks. Being ranked as the best airline with respect to its operational quality and customer experience for 4 times in a row, Turkish Airlines is determined to be recognized with its excellence in safety.

SMS Organization and Management

Principally, Turkish Airlines' SMS is maintained beyond the level that suffices for compliance with the global standards. Safety system has been structured to encompass the entire organization as well as the interactions with the operational environment; operations-specific safety programs are implemented to identify hazards and manage risks in a proactive and predictive manner to assure sustainability. The day-to-day administration of SMS is ensured by the SVP, Corporate Safety. Flight Operations Safety, Ground and Maintenance Safety and Safety Information Management are the three departments within the SVP, Corporate Safety that are responsible for managing the Flight Safety, Cabin Safety, Training Safety, Ground Safety, Maintenance Safety, Cargo Safety, Dispatch Safety, Safety Assurance, Fatigue Risk Management and Flight Data Monitoring Programs.

SUSTAINABILITY REPORT



Each program exploits various methods to acquire data to reflect the safety level in operations, to identify new hazards and improvement opportunities and transform into knowledge through thorough analyses. Being **SMART** (Specific, Measurable, Achievable, Realistic, Timely) is another principle of the system in setting goals and management. The goals, objectives and performance of the system are reviewed bi-monthly by the safety board chaired by the CEO. In these review meetings, Safety Performance Indicators (SPI) and the action plans are closely examined.



SUSTAINABILITY REPORT

SMS Standards and Regulations

Turkish Airlines' SMS, being more sophisticated than the standard requirements, is in strict compliance with the highest level of standards and regulations in the industry.

Turkish Airlines has been registered under IOSA (IATA Operational Safety Audit) since 2006, when IOSA program was first introduced. Establishing the most detailed operational safety standard in aviation, IOSA provides a measure for and a proof of health and safety of an airline operator. In addition to the IOSA audit, Turkish Airlines is in active contact with numerous Civil Aviation Authorities due to its vast operation network, and time to time may be subject to audits by such authorities as well as by Turkish Directorate General of Civil Aviation. These audits are appreciated as a reassessment opportunity and feedback mechanism for Turkish Airlines' safer operation. Active and continuous participation in Workgroups of ICAO, EASA, Turkish DGCA and Star Alliance is encouraged by the CEO.

Safety Culture

Turkish Airlines fosters a Safety Culture with the following attributes: Flat, Reporting, Learning, Informed, Adaptive, Committed and Just.



Corporate Safety has adopted a Flat Office and Flat Cockpit Policy to enhance safety culture, which is one of the principal components of the corporate values.

Empirically being the safest mode of transportation, aviation has globally well-defined high operational standards. Nevertheless, the reports provided by the stakeholders, especially the frontline personnel, very much help to improve the system and operational conditions. Thus, safety declaration and policy states a non-punitive approach and provides immunity for reporting. The number of reports and the trend are one of the items reviewed by the safety board since reporting is appreciated as the hallmark of a functioning and effective SMS.

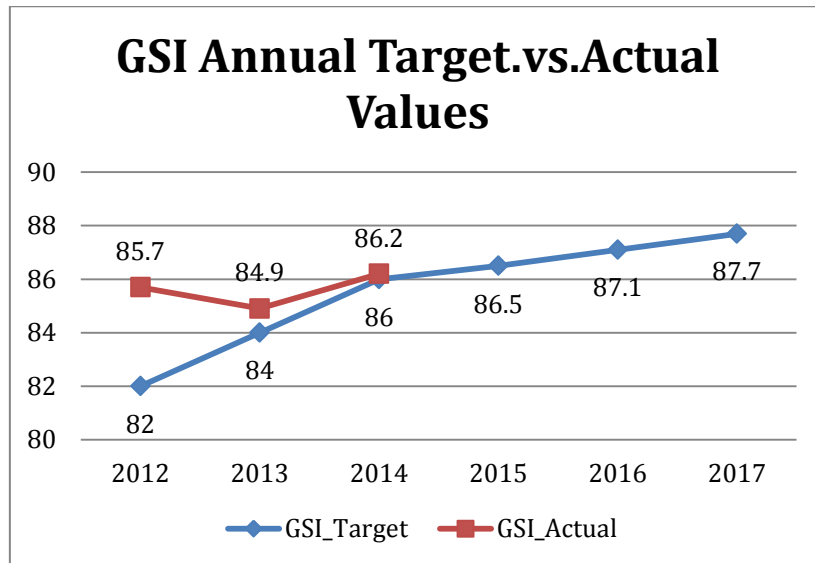
Trainings

In addition to their personal risk perceiving attitudes, thanks to the SMS trainings and safety communications all through the company, everyone under the wings or in the cockpit of Turkish Airlines is very well aware of their responsibility for safety. To ensure that skills are maintained at highest level, training programs are adaptively improved. In addition to online trainings for the entire organization, classroom trainings are provided to cockpit personnel. Flight Data Analysis, Hazard Identification and Risk Management, Safety Management System trainings are also provided through the Aviation Academy of Turkish Airlines. Moreover, Turkish Airlines will be involved in an ERASMUS+ Project concerning "European Education for Aviation Safety" as a responsible industry partner.

Safety Performance

SUSTAINABILITY REPORT

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.

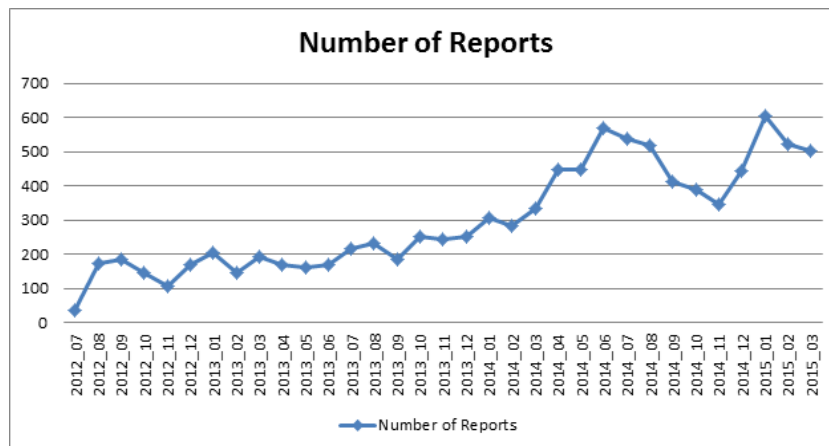


A very large set of SPI's is improved continuously and Generalized Safety Index (GSI), derived from the SPIs, is monitored as one of the core business indicators. The results are disseminated within the company to enable data driven improvement process and enhance safety culture. The target value of GSI for 2014 was 86, which has been surpassed to reach **86.2** with a better performance; a score that is very close to the target set at 86.5 for 2015.

Safety Processes and Reports in Place

Turkish Airlines continuously assesses the philosophy and proficiency of its paradigm, monitors efficiency of its safety policy and safety objectives as well as its compliance with the policy.

A centralized, non-punitive and well-functioning safety reporting system is in place. The evolution in reporting system can be seen through the figure depicting the number of reports per month.



SUSTAINABILITY REPORT

In addition to the reporting system, other open channels such as “Direct Message to CEO”, “flightsafety@thy.com” and open invitation for a coffee at Safety Office are also provided to promote communications.



Hazard identification and risk management process is standardized and the regular trainings are provided to all operational managers. With the coordination of the responsible safety managers, operational safety representatives and operational managers meet monthly to assess the safety level. Safety Action Group that also meets monthly is the higher safety organization of the process owners. Most of the agenda of these meetings is comprised of the inputs provided through data collection systems and activities of the Corporate Safety such as Flight Data Analysis System (FDAS), Safety Reporting System, and Operational Observations.

SMS Audits and Activities

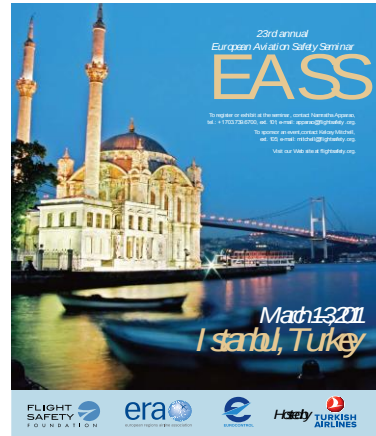
In 2014, Turkish Airlines successfully completed its most recent biannual internal Safety Audit with respect to enhanced IOSA standards and its Safety Management System (SMS) successfully underwent a detailed audit by Turkish DGCA.

Moreover, in the same year Turkish Airlines successfully completed the DGCA's operational audit and Internal Compliance Audit with respect to IOSA standards. In May 2015, Turkish Airlines will be having its biennial IOSA audit with respect to the enhanced standards before it becomes mandatory.

Turkish Airlines conducts operational observations in addition to the audits and inspections. Line Operations Safety Audit (LOSA) being the source of inspiration, all operational areas are planned to be within scope of a two-year plan. LOSA observations have been implemented since 2010 to assess operations from a safety perspective and collect data about errors and potential threats, which are otherwise difficult to identify. Every sub-fleet within Turkish Airlines' fleet is observed biyearly. The findings are used in enhancing airline SOPs, trainings and safety communications. The information is collected and reported, in line with ICAO 9803 guidelines, in a non-identifying fashion to encourage participation. Safety assurance and promotion activities go hand in hand with the support and participation of upper management.

SUSTAINABILITY REPORT

In addition to above mentioned activities and processes, 17th Incident Review Meeting of IATA and European Safety Conference of Flight Safety Foundation were organized in Istanbul with the hospitality of Turkish Airlines.



The **Safety Assessment of Foreign Aircraft Program (SAFA Program)**

Safety Assessment of Foreign Aircraft (SAFA) is a 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 determine and solve any matters, which may affect the flight safety adversely. Audits carried out among SAFA members' result in a SAFA rating.

Our Company achieved an improvement by almost 50% compared to the year 2012 which is above the European average and closed the year 2014 at 0.287.

Safety Assessment Of National Aircraft Program (SANA Program)

These are the audits conducted by the DGCA (Directorate General of Civil Aviation) based on the control criteria of EASA SAFA audits for the Airlines operating in Turkey.

Safety Assessment of Company (Community) Aircraft (SACA Program)

SACA inspections are internal inspections conducted as of 2011 under the leadership of the SVP, Quality Assurance of Turkish Airlines. The purpose of SACA inspections is to minimize SAFA and SANA findings and to ensure that repetitive findings are eliminated through corrective and preventive actions. SACA inspections make a great contribution to the successful improvement we have achieved in SAFA rate.

Turkish Airlines pay great attention to safety and security and makes investments accordingly. Our numbers clearly speak for our success.

Investments and Future Plans

Every flight record is aimed to be analyzed by the FDAS to assure that the management has been in compliance with Standard Operating Procedures and aircraft's airworthiness is not affected. The same flight data are also analyzed to monitor fuel efficiency and carbon footprint. In order to reach 100% almost real-time data coverage, Turkish Airlines invested in excess of USD 10,000,000 in Teledyne's End-to-End wireless solution including retrofits. Our modern, young aircraft fleet is planned to be communicating wireless by the end of 2016.

ENHANCING A SECURE TRAVEL EXPERIENCE

Approach

Turkish Airlines Security Department ensures security during the course of all its activities. These activities include sustainability of passenger transportation, cargo transportation, and security training according to national and international security regulations and standards while preventing acts of unlawful interference.

As a proactive measure, Turkish Airlines Security Department conducts risk assessment of 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.

Policy

Turkish Airlines 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 in company.

✓ 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.

✓ 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 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.

✓ To Provide 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.

SUSTAINABILITY REPORT

✓ To Establish and Promote a Corporate Security Culture

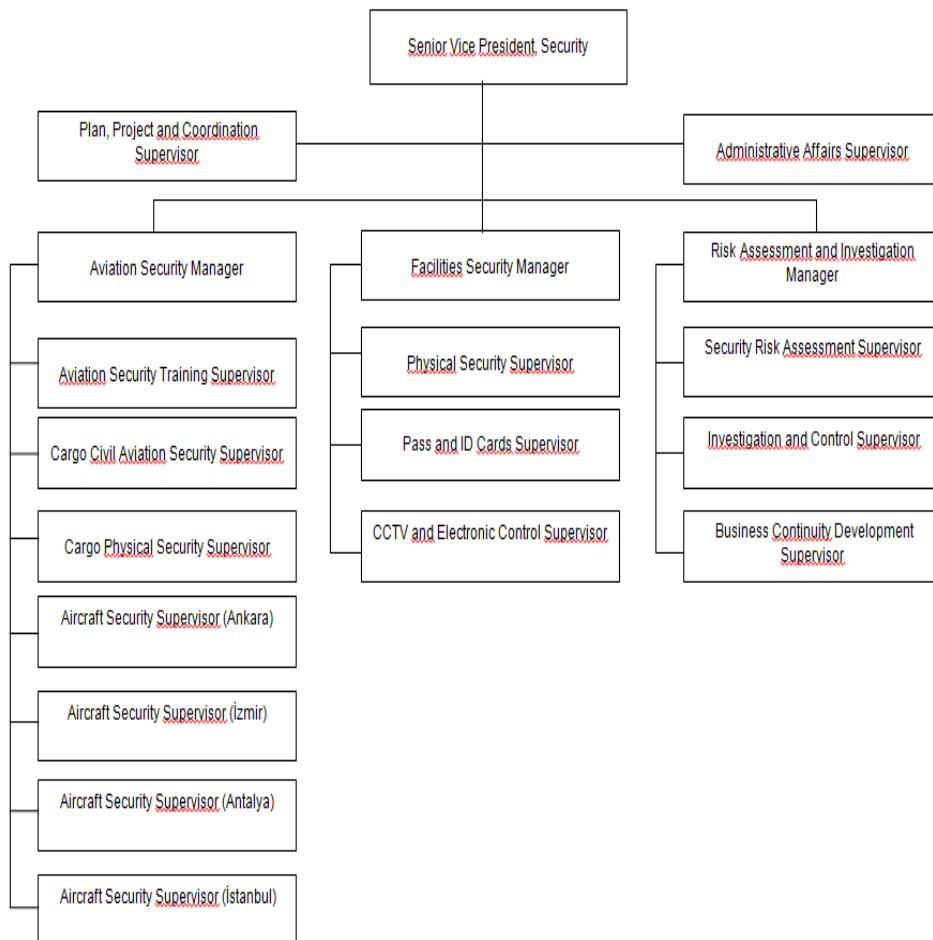
Turkish Airlines ensures that all necessary arrangements are made to establish and improve a “Corporate Security Culture”. It promotes activities to increase security awareness and to make security an integral part of the corporate management system.

✓ To Provide Necessary Resources for Security

Turkish Airlines ensures the provision of the resources necessary for the successful implementation of the security policy.

SeMS Organization and Management

Turkish Airlines Security Management System (SeMS) is managed by the SVP, Security. Aviation Security Management is responsible for the protection of the passengers, the aircraft and the cargo on the ground and in the air; while Risk Assessment and Investigation Management ensures the sustainability of the security operations. Additionally, Facilities Security Management protects the buildings, vehicles, employees from any threats that might arise against company facilities globally.



SUSTAINABILITY REPORT

Security Training

All personnel (management, front office, ground handling, flight crew, security, catering, cargo, service provider/supplier, etc.) are provided with the security awareness trainings as described in national regulations concerning their respective duties and responsibilities prior to the commencement of their employment at Turkish Airlines.

All aspects of the security training programs are regulated according to instructions published by Directorate General of Civil Aviation in Turkey.

Security Communication

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 Company, 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.

Targets and Actions

Turkish Airlines security procedures aim to ensure the protection of its customers, employees and assets including facilities and aircraft. For maintaining the sustainability of the operations, various measures such as risk assessment of the flights and control of aircraft, passengers, baggage, cargo and employees are taken systematically. As the entire security operation is subjected to strict regulations by the Directorate General of Civil Aviation, Transport Security Administration (TSA), European Union Regulations, etc., it is important for SVP, Security to constantly monitor national and international regulations for compliance purposes. We see these activities as high priority since we are the flag carrier of the Republic of Turkey.

CUSTOMERS



STILL EUROPE'S BEST ... STILL GETTING BETTER!

Our Innovative Approach

Dialogue with Customers

Innovative and Sustainable Products and Services

Customer Information & Rights

Accessibility

OUR INNOVATIVE APPROACH

Turkish Airlines makes the whole world more accessible for its passengers by flying to many international destinations. In recognition, we have adopted a new branding that emphasizes its global reach: “Widen Your World”, and which emphasizes Istanbul’s linking character between two continents. Our new brand strategy aims to develop new applications at each phase of the travel, to offer memorable surprises to passengers and to bring them together with international innovation and distinctive services to make them feel special and cherished.

Customers’ satisfaction and their trust in our brand are the backbone of our growth and success and a core value of our Company. As a result of our continuous efforts to serve our customers at best, ensure their satisfaction and win their trust, **Turkish Airlines has been awarded the Skytrax⁸ awards for Europe’s Best Airline for the fourth time in a row and for Southern Europe’s Best Airline for the fifth time in a row in 2014, and the World’s Best Premium Economy Class Airline Seat for three consecutive years in 2011, 2012 and 2013.** Furthermore, Turkish Airlines was chosen the Airline of the Year by Air Transport News at the Air Transport News Awards 2013.



Customers are the foundation of our existence and we aim to strengthen our heart bonds with them, maintain and increase their satisfaction. Each passenger is special and unique for us, therefore we adopt a customer-oriented approach in all of our activities in order to gain their trust and loyalty and nurture long-term relations. Numerous innovative projects are being put into practice in all our departments to achieve a customer-oriented approach and to increase customers’ satisfaction.

Aiming to become a five star airline, Turkish Airlines has invested heavily in its products and services through the introduction of an award winning catering concept, CIP lounges, premium cabin offerings, inflight entertainment systems, enhanced cabin comfort and specialized cabin attendant and customer service training for its personnel. In recent years, these superior products and services, combined with the numerous prestigious awards from prominent bodies of the airline industry, have resulted in increased brand awareness for Turkish Airlines and, Turkish Airlines believes that an increased appreciation of the airline will pave the way for Turkish Airlines to become the first five-star airline in Europe.

Responsibility for and oversight of customer related topics are managed by the various departments including Customer Relations, Cabin Operations, Marketing and Corporate Communications and Ground Operations. Customer requests, recommendations, and complaints are thoroughly evaluated by these departments.

⁸ SKYTRAX is an independent evaluation company that audits airlines and grants stars to them

SUSTAINABILITY REPORT

Being at the heart of our business, customer satisfaction is embedded in our policies such as our Corporate Policy and Quality Policy. We also have a dedicated Customer Satisfaction Policy and we aim to obtain ISO 10002- Customer Satisfaction Certification by 2015.

Our Customer Satisfaction Policy

Everything is for improvement

We provide the networks through which our passengers easily convey their expectations, complaints, suggestions, and satisfactions. We implement the compensation methods, evaluate the feedbacks, generate solutions, and use the information we have obtained to induce persistent improvement in order to stimulate passenger satisfaction when needed.

We work with customer focus

We adopt a customer-oriented approach in all our activities in order to provide top level satisfaction to our passengers, who are the foundation of our existence, and to win their trust and loyalty.

We understand the complaints

We analyse our passengers' complaints related to our activities most correctly and generate solutions related to the inconvenience. We inform our passengers about the results of the complaints in the framework of the principles of transparency and accessibility.

We get our passengers involvement in our processes

In line with the expectations and transmitted feedbacks of our passengers we work together with them to design a new product and service or to improve the existing designs.

SUSTAINABILITY REPORT

DIALOGUE WITH CUSTOMERS

We always seek to respond immediately to our customers' wishes in line with our approach to high-quality and sustainable products and services.



Through the “Voice of Customer” application, which has been implemented this year, we enable our customers to share their travel experiences and feedback with our cabin crew. Thus, we aim to have our cabin crew internalize our customers' expectations and cultural differences.

We took another step in ensuring customer satisfaction and we opened **representative agencies**. These new teams, which we refer to as “**the Customer Representative Teams (CRT)**” generate instant and onsite solutions to any problem that customers might experience. In this way, we attempt to develop a standard behavioral model towards the problems our customers face, regardless of where they occur in the world.

Social Media:

Turkish Airlines owns one of the most popular airline pages on “Facebook” with followers from all over the world.



Facebook Global
6.615.201 Followers



Facebook Turkey
1.176.476 Followers



Twitter Global
689.213 Followers



Twitter Turkey
742.750 Followers

SUSTAINABILITY REPORT



Travel Blog

Discover the world
through the eye of
Turkish Airlines

As the airline that flies to more countries than any other, our primary goal is to share Turkish Airlines' comprehensive travel culture with our passengers. Aiming to enhance the sharing concept between the passengers and the extended family of Turkish Airlines, **the Travel Blog** was created by our employees. The blog is published in both English and Turkish so that interested readers across the globe have the access.

SUSTAINABILITY REPORT

Feedback Management Process



Your feedback is valuable to us!

As Turkish Airlines, our primary objective is to ensure customer satisfaction by providing world-class service in the aviation industry. Hence; all kinds of feedback that we receive from our valued customers remains a source of great strength for us.

Customers' expectations, complaints, suggestions and satisfaction are of great importance to us and therefore, through various channels, we are committed to enabling our customers to reach us at all stages of their experience.

Feedback Forms

Our customers can contact us through the contact form that is given by the cabin crew during the flight. Our feedback form is also available on our Company web site. In addition, our "Reservation and Customer Care Team" is available 24/7 for those who prefer to call us directly. Our call center services are available in various languages namely Turkish, English, French, German, Italian, Russian and Arabic.

Customer Satisfaction Measurement and Surveys

Skytrax, the acknowledged name associated with air travel excellence in 21st century by providing unique products to the global aviation industry through professional audit and service benchmarking programs, is the most respected global airline passenger survey firm in the industry. In 2014, the awards were based on the results of over 18 million passenger surveys, with more than 105 nationalities participating and covering 245 airlines. Turkish Airlines has scored a resounding success in the 2014 Skytrax World Airline Awards, with air travelers once again recognizing the airline as the "Best Airline in Europe", for the fourth year running.

As a Star Alliance member, we undertake Online Customer Satisfaction Survey (OCSS) in which we invite Miles & Smiles members to this survey after their flights. The OCSS results reveal Turkish Airlines' passenger satisfaction score and position among Star Alliance members. **Our current OCSS percentage of passenger satisfaction is around 70% and above.** These reports are shared with all departments responsible for customer touch points, and various improvements are implemented.

Furthermore, we send online questionnaires to our Miles and Smiles member customers in order to assess the level of their satisfaction with the service they receive from our call center.

In addition, at Ataturk Airport we have installed **Customer Satisfaction Measuring Devices** at all counters where we offer services, which enable online tracking of customer perception and station-based reporting.

All feedback reports show us the way to increase the quality of service. Our expert staff evaluates the feedback with a customer-centric, transparent and objective approach and within the framework of the principle of confidentiality.

INNOVATIVE AND SUSTAINABLE PRODUCTS AND SERVICES

IT Development at the Service of Our Customers

Always aiming to offer innovative services to make a difference, we as Turkish Airlines also make use of the developments in information technologies (IT).

Our customers have direct access to our services through our web and mobile channels for reservation, ticketing, check-in and information transactions and they can also instantly check in with the help of the kiosks at the airport. We also plan to upgrade our website and mobile applications by 2015 in order to further enhance the platforms and ergonomics, enable flexibility in marketing and sales capabilities and increase customer satisfaction.

Some of our IT driven applications to enhance customer experience are as below:

Self Check-in Kiosks, which reduce queues and offer more flexibility for the passengers, have been enhanced to offer service in 9 more languages, bringing it to a total of 11 languages for an easier use by our international passengers. We are happy to see that the number of passengers using these devices is increasing every day.

We have launched our “**One Stop Security**” application for our transit passengers coming from EU countries and continuing to the international destinations through Istanbul, enabling them to board without passing through security check again which has reduced the transit period about 20 minutes.

Our “**Fly Turkish**” application makes it possible, via smartphones, to book tickets in less than a minute and to access all the services needed for a Turkish Airlines flight.

Our “**My Airport Shuttle**” mobile application has been put online at App Store and Google Play. Thanks to this application, our customers can reach the updated information on the shuttles between domestic airports and city centers.

A Skylife Magazine application for **i-pad** has been released with an enriched content for online readers. While the iPad app makes articles even more enjoyable for readers thanks to galleries containing visuals that could not be included in the magazine, the videos on the app add visual richness to art-culture news items and film promotions. The app lets you listen instantly to some of the concerts and vocal artists appearing on the music pages. In addition, readers can bookmark pages they like and put them on a favorites list, and they can also use the app on the various social media.

We have also started implementing an **electronic passport pass** at the Ataturk Airport. At the end of this pilot application period the necessary legal arrangements will be completed and electronic passport pass will be used in the whole airport.

SUSTAINABILITY REPORT

Sustainable Catering

Parallel to the profitable and stable pace of our Company's growth in recent years, the quality of our catering has also improved continuously. We have been elected by SKYTRAX as the Best Airline for Business Class Catering in 2014.

Our latest innovation programs have not only increased the quality of our catering services, but they also help us to step forward in terms of sustainable catering. TURKISH DO&CO supplies 85% of its food supplies locally in Turkey, which helps us promote local produces and reduce food miles. Also, our in-flight catering meals are always prepared with purely fresh and best-quality ingredients. We do not use any frozen or canned products or any food additives. This helps us reduce the environmental burdens related to processed food and provide high quality products. Our meals are prepared according to the highest hygiene standards in line with ISO 22000 Food Safety Management requirements and we prefer products from suppliers that are ISO 22000 certified. In addition, the selection process for TURKISH DO&CO suppliers includes a detailed risk assessment. Product safety controls are overseen and documented by our Hygiene and Procurement Departments. Our menus include healthy options from Turkish, Mediterranean and International Cuisine.

TURKISH DO&CO in Figures

200,000 Daily meal capacity

9,125 tons of oranges squeezed

861 FLYING CHEFS, the biggest Flying Chefs fleet of the world.

85% of the food products used in catering are purchased in Turkey

With a capacity of 200,000 meals per day, we are aware that even with small adjustments we can do big changes. Within our efforts to provide a sustainable catering, all of our organic waste, paper and packing wastes are sent to recycling firms contracted by the General Directorate of State Airports Authority for waste recycling process. In addition, we collect our waste oil and send it to a contracted waste oil processing company, licensed by Ministry of Environment, enabling the transform of waste oil into biodiesel fuel. The remaining organic wastes are recycled as compost by food waste recycling companies.

In-flight Sustainability Practices

When we started our new flight concept in 2013, all of our equipment was renewed to include exquisite design and lightness, reducing the total weight of catering supplies and as such contributing to reduce our carbon emissions and increase our fuel efficiency. In addition, we recycle in-flight plastics, aluminum and paper in accordance with environmental regulations. Moreover, in 22 of our domestic flights which take longer than 1.15 hours, our cabin crew separates paper meal trays, plastic bottles and Tetrapak boxes as part of the flight operation. Related trainings are delivered to all of our employees as a part of our employee sustainability program.



Premium Catering Services



As a leading airline, we constantly innovate, renew ourselves and surprise our passengers. We are constantly innovating our catering concept to increase our passengers' satisfaction. Among the innovations we offer to our passengers are "firsts" such as dinner service by candlelight and freshly brewed tea in a "samovar". We try to offer the best examples of our Turkish hospitality to our passengers on our flights while we also serve our traditional Turkish Coffee and Turkish Delight. We also receive attention with our freshly prepared soft drinks.



Our passengers experience feelings of being guests at an exclusive restaurant when they board our aircraft. The Flying Chefs who serve during our long-haul flights are also gaining appreciation from our passengers.

Moreover, the new products prepared by TURKISH DO & CO for business, comfort and economy class draw attention with their modern and plain design reflecting Turkish culture. The design inspired by Ottoman and Seljuk motifs has the convenience for in-flight use and also represents new trends. As for product design, numerous factors such as weight and ergonomics as well as ease of use in cabin were taken into consideration.



Entertainment in our Flights

2014 Skytrax World's Airline Awards Best In-flight Entertainment #3

194.982 in-flight internet accesses in 2014

536 live sports games were broadcasted in 2014

Turkish Airlines has a new in-flight entertainment system. The new B777 has a new Panasonic eX3, android based system. The system also has a new GUI (General User Interface) that has specially been designed for Turkish Airlines. The system has also HD content features, and in addition, Turkish Airlines is continuing to serve our passenger with WIFI connectivity and also Live TV Channels. In particular, Turkish Airlines Business Class seats have their own touch pad video handsets, which enable passengers to use as a separate map screens or other applications while watching in-flight movies. Furthermore, Turkish Airlines now has contents in 12 different languages with the new system. The new A321 aircraft are equipped with Thales Avant system, which again has a new GUI, HD content and special business class touch pad handsets. This system is available in 8 different languages.

Turkish Airlines is currently installing the brand new system GUI to the existing systems in 2015. Current systems are capable of providing service also in 8 different languages to our passengers.

Being in service since 2013 for our B777 aircraft, WIFI connectivity and live TV application via satellite communication are now available on board A330 aircraft. Moreover, international investors can meet important business leaders in the sky thanks to our "Invest On Board" digital platform.

In 2014 we executed an agreement with Universal Music and we created 'My Music Planet' platform which gives passengers access to specially prepared content including audio and video playlists, teasers, concert videos, music news, behind the scenes footage and short videos. In addition, music lovers have the opportunity to stream the latest albums in



Universal Music Group's unique library. Every month, a world-renowned artist will be named as the 'Artist of the Month'. The featured artist will present a unique video introducing the flight destination for that month. 'My Music Planet' will feature specialist playlists prepared exclusively for the chosen city, sharing music and artists around the globe with Turkish Airlines' valued guests.

SUSTAINABILITY REPORT

By pushing the limits to offer the perfect travel experience for its passengers, Turkish Airlines puts its signature again under a unique innovation. It promises home comfort on the clouds to the Business Class passengers during the extended range flights. “Sky Illusion” sleeping collection is the latest innovation developed by Turkish Airlines to enable its passengers to enjoy the best Turkish hospitality within the concept of privileged travel. Each detail has been meticulously thought out in the collection. The collection is presented in the packages arranged as “Bohça”, which is used as a hospitality indicator in the Turkish society for centuries as well as being an unalterable element of Turkish culture.



Miles and Smiles

Miles & Smiles is the frequent-flyer program of Turkish Airlines. Earned miles can be used on Turkish Airlines' flights, as well as on flights operated by the Star Alliance network. Members of Turkish

Airlines Miles & Smiles program increased by 26% and reached 4.59 million in 2014. In addition, 64 program partners (38 being new) from various industries were reached.



In response to the increasing popularity of online shopping, Turkish Airlines introduced “Shop&Miles”, an alternative way of using miles accumulated in the airline’s popular mileage reward program. The new option allows the program members to purchase items either with their accumulated miles or in cash or by using a combination of miles and cash.

Lounges

Turkish Airlines invites you to come visit its lounges and experience for yourself the very special environment that has been created to make your travels on Turkish Airlines even more memorable

At Turkish Airlines, hospitality is a key component of our culture, therefore we want our lounge guests to have a relaxed and comfortable travel experience. Both in our arrival and departure lounges, we offer the finest service to ensure our passengers have a pleasant trip. The wide range of activities and services transforms preflight or connection times into a special experience, unique to Turkish Airlines.

Lounge Istanbul



“Turkish Airlines Lounge Istanbul elected by SKYTRAX as the Best Business Class Lounge Dining in 2014”

Lounge Istanbul, located in the departure area of Ataturk Airport, already a world-class facility, offers a wide range of activities and services that will bring additional satisfaction to customers with diverse requirements.

Services offered in the lounges include: variety of meals featuring traditional Turkish delicacies as well as contemporary cuisines, a wide range of beverages, free Wi-Fi, printers and computers, meeting rooms, teleconference room, cinema, a wide selection of local and international papers/magazines, library, media wall, worship room, showers, massages, billiard table, suit rooms, playroom for children, ironing service, piano and performance stage, golf simulator, car racing simulator and electronic diversions.

Turkish Airlines was awarded in the category, “Best Business Class Lounge Dining” for its excellent catering service that has been a hallmark of guest comfort in its expanded and refurbished lounge at Ataturk Airport.

TourIstanbul



Thanks to TourIstanbul, Turkish Airlines international passengers have a unique opportunity to use their transit time visiting Istanbul instead of simply waiting at the airport. The tours with English speaking guides, are designed especially for this purpose. TourIstanbul also contributes to the global promotion of Istanbul with the support of a number of government and touristic departments. Launched in 2009, the program continues to attract more participants each year, with approximately 20,000 passengers taking advantage of the offer in 2014

CUSTOMER INFORMATION AND RIGHTS

In order to increase customer satisfaction, our passengers are given information during all phases of their flights. Sample announcements were prepared for the standardization of all cockpit announcements.

Turkish Airlines complies with regulations related to passenger rights including EU and US regulations and informs its customers about their rights via various channels such as our website and brochures. In Turkey, Directorate General of Civil Aviation is responsible for protection of passengers' rights.

Training Academy has prepared an e-learning platform about the regulation on air passenger rights. (shy-passenger) for our employees. At our call center, our teams are trained to offer solutions for customer complaints (during call). These teams reply to passengers' calls, make necessary analysis and aim to offer instant solutions to the customers.

As part of the "Star Alliance Seamless Hub Project", TAV Airports, Turkish Airlines and Star Alliance conducted a common work and all the visual equipment in the airport was renewed. Installing additional monitors at the transfer area, we have started to give detailed information to the customers.



Customers Privacy

Due to the nature of our operations, we daily handle personal data of our customers. Turkish Airlines recognizes that the confidentiality of personal information is of utmost importance, and therefore we guarantees that we will comply with Turkish Airlines' Privacy Policy and guidelines in the matter.

Turkish Airlines endeavors to ensure compliance by our staff with the strictest standards of security and confidentiality and commits to limit the collection and use of personal information to what is necessary to administer our business. For more details about our Privacy Policy Statement please check our website.



Lost Baggage

The baggage irregularity rate in the world is 8.99 per thousand and it is planned to be reduced to 5 per thousand by IATA by 2018. Turkish Airlines almost attained this goal at the end of 2013. **In 2014, we ranked first in the list airlines with the lowest lost baggage level with 5.4% lost baggage per 1,000 passengers in AEA's (Association of European Airlines) lost baggage rate evaluation.** Our efforts in this regard have been awarded and **we received the "Star Alliance Award for Priority Baggage Delivery".**

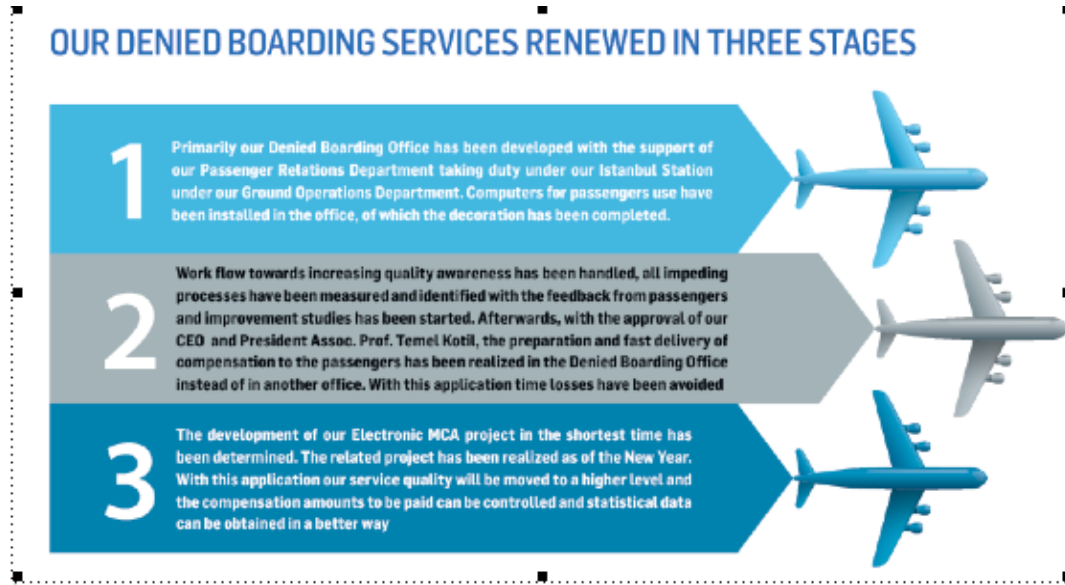
The focus of our work is to increase the satisfaction of our passengers, showing empathy to them and therefore keeping their confidence in our Company. In case of lost baggage, we proactively call our passengers even before they fill any form and start the solution procedure for them. We called 34,150 passengers and enhanced the follow-up of their files between 2013 and 2014. **We formed an additional e-mail team for instant response to baggage-related customer complaint messages.** Our basic standard is to reply to passenger complaints *within three days*.

We investigate all lost baggage reports and unclaimed baggage sent from our entire stations and transport them to our passengers in the shortest time. Thanks to the improvements we have implemented, baggage and items left behind in cabin are returned to the passengers more easily. **In 2013, 78% of the lost & found baggage in our international depot was delivered to their owners** and we aim to further increase this rate.

Denied Boarding

Our denied boarding office (DBO) significantly contributes to increasing customer satisfaction.

We undertook innovations in our denied boarding services and started using a follow-up system. We started to realize EMD arrangements in the system and speeded up the transactions and compensations. In this context, we have developed a prepaid card system which increases passenger satisfaction while on the other hand reduces the workload of our staff.



ACCESSIBILITY

Helping Our Passengers Overcome Fear Of Flying/Aviophobia

Our SVP, Training initiated an operation intended for overcoming fear of flying: 'Program for Overcoming Fear of Flying'. Launched in 2007, the program is dedicated for helping those who fear flying to overcome this problem. Firstly, pilots and technical trainers instruct attendees about flights, aircraft structures and atmospheric situations. Secondly, a virtual flight in a cabin simulator takes place. This aims at smoothing away the feelings of fear and worry by way of normal and heavy turbulence. The team flies to a destination as a last step.

We also consider our customers in regards to training needs. We designed "*Conquer Your Fear of Flying*" program for our customers to enable them to overcome their fear of flying. The program is conducted with a success rate of over 90%, carried out every month by trainers and psychologists due to the increasing demand in recent years.



Helping Our Passengers With Reduced Mobility

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.

EMPLOYEES

Turkish Airlines aims to provide all of its 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 Greatest Asset: Human Capital

Performance Management and Career Development

Internal Communication and Employee Engagement

Employee Satisfaction

Diversity and Equal Opportunity

Freedom of Association and Collective Bargaining

Health, Safety & Well-being

Training

OUR GREATEST ASSET: HUMAN CAPITAL

Turkish Airlines' greatest asset is its human capital, and the Company has transformed the dynamism of its young cadre consisting of more than 43 thousand personnel including the subsidiaries into an international success story. As of 2014, Turkish Airlines is a big family with **19,902** employees consisting of **3892 cockpit personnel**, **7778 cabin personnel** and **8232** ground personnel and of whom 54% are male and 46% are female. Turkish Airlines aims to provide all of its 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. All individuals taking a step into the magical world of aviation commit themselves to their profession at Turkish Airlines.

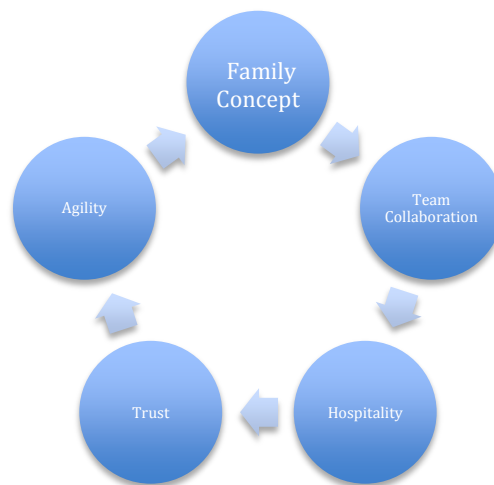
Our Human Resources Policy is to ensure employment of qualified personnel who abide by the professional and ethical rules and are able to perform their duties effectively and efficiently in line with the Strategic Plans and Targets of our Company, as well as maintaining the sustainability of such personnel's 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.

Turkish Airlines is Y Generation's Choice

We are proud to be awarded by Universum and Dinamo collaboration, as the "ideal employer" by participation of 7776 students at 20 universities.

Cultural Values

Our cultural values constitute the foundation of how our employees interact in the workplace. We are committed to living and communicating the following cultural values:



PERFORMANCE MANAGEMENT AND CAREER DEVELOPMENT

With its comprehensive scope of activity and multicultural structure, Turkish Airlines provides its employees with a unique career opportunity in the aviation industry. Corporate loyalty and effective team work are two of the most prominent characteristic features of the company. While the qualifications of the employees add a distinct richness to the company, individual targets and corporate objectives are in harmony with each other. Prospects for a long-term career are available for pilots.



The Leadership School

Established with the aim of raising and developing talented managers that our Company and the aviation industry as a whole will need in the future, Turkish Airlines Academy Leadership School was launched in 2012. The aim is to bring up new leaders with high performance potential who can keep up with the competition, come up with corporate related ideas and solutions for our fast growing Company and the aviation field in general. Leadership School is aimed at candidates who wish to have a better career in their organization, as well as for those who work as senior executives. The Leadership School, with the training concept integrated by the distance learning programs of Harvard University, is on its way to become a globally recognized school following the international education standards.

In 2014, 147 employees participated in the leadership school. The number of female employees participating in the program has reached 60 and doubled compared to the numbers in 2012.

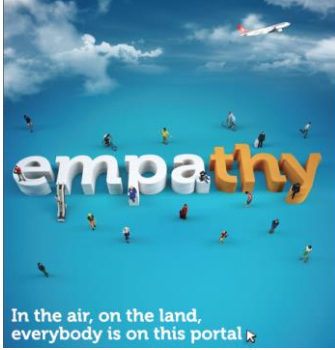
Career Development Program Ideas Bank Project

The project is designed to enable the participants to realize and put into practice their ideas by implementing projects regarding the improvement and development of our Company. Thus, they will be able to both gain the experience of putting their knowledge they get through Career Development Program into practice, and have the opportunity to make a direct contribution to our Company's growth.

INTERNAL COMMUNICATION AND EMPLOYEE ENGAGEMENT

A healthy pace of internal communication affects the happiness and productivity of the employees in a positive way.

Empathy



The secret of success is hidden in understanding the other side by developing empathy. In this sense, our Empathy magazine, which takes its name from the same word, gives us the

opportunity to develop empathy by bringing new perspectives. **Empathy magazine**, published in Turkish and English languages, is made available to Turkish Airlines personnel everywhere in the world, enables our employees to learn about the important news about our Company and future plans. Furthermore, the employees can share their ideas and give feedback about the Company practices via empathy website and **Empathy TV**, Turkish Airlines' corporate broadcast medium through which current news about the company are disseminated at 120 locations.

Different Together Project



We aim to create a more participatory and enjoyable work environment for the members of our family and consolidate the sense of belonging in each member with “*Different Together*” project. This project contributes to the understanding and adoption of our new strategy by our employees. An event for our employees was organized under the scope of our cultural integrity project.

Customer Forum

Significant events are organized for improving customers' satisfaction within the organization of our company. Customer Forum, which is held every year, is an important event during which applications and ideas towards improving passengers' satisfaction are discussed with the participation of our senior executives and customer representative team members. Also, the staff members

and departments are awarded at this event for their valuable contributions toward the success of our Company.



SUSTAINABILITY REPORT

Management Summit:

Our annual management summit is a significant meeting where our managers from 108 locations all over the world get together and discuss the strategies regarding the future. In this year's annual meeting, participants focused on the 2023 goals of Turkey and our Company. The participants agreed that the synergy created at this summit would turn into a whole form of motivation aimed for our 2023 goals.



EMPLOYEES' SATISFACTION

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.

The Company managed to exploit all incentives to the fullest extent through appropriate workforce allocation. Indeed, it has been awarded by the Social Security Institution for paying the highest premium and for being a debt free entity.

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 or 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.

Crew Garden Lounge

World's Best Lounge for the World's Best Team

When it comes to our employees' happiness, we do not hesitate to invest in anything which contributes to our employees' satisfaction. **The Crew Lounge**, used by our crew in between flights, was inaugurated with the "World's Best Lounge for the World's Best Team" slogan.



Crew Café

Crew Café will be a place where our teams can have rest and chat with their friends. We will continue to design and implement new projects for our teams.

Awarding the Best Colleague



Our Products and Services Management Department serving by reporting to SVP, Ground Operations launched a new application with “360 Degrees, 365 Days of Excellence” slogan to reward the best stations and colleagues of the month. As a result of the assessments, ongoing as of January, awards are granted in three categories for the purpose of increasing sustainable product, service quality and efficiency to the top level.

Employee Satisfaction Survey

In order to assess employees’ satisfaction, we conduct surveys at regular intervals. In 2014, with the participation of 6683 employees, the employees’ satisfaction rate was 76.2% and we continuously work to increase the participation and satisfaction level of our employees. Last year, following the survey, an “Employee Satisfaction Workshop” has been organized. Upon the results of this workshop, we set a comprehensive action plan. Some of our initiatives are listed in the below-given graph.

In brief, we are working constantly to increase our employees’ satisfaction.

DIVERSITY AND EQUAL OPPORTUNITY

Turkish Airlines experiences the pride and happiness of its achievements gained with the help of its employees who come from many different national and cultural backgrounds. **Our diverse employee profile is a great source of creativity and innovation.** Having been committed to systematic diversity management for many years, Turkish Airlines is an equal opportunity employer and no employee is subjected to any form of discrimination because of her/his race, color, sex, national origin, religion, disability, age, parental status.

Number of our cockpit crew members, who have made a significant contribution in Turkish Airlines' success story, is more than 3,000 upon recruitment of 450 foreign pilots from 42 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 19,902, as of 2014. 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.



Turkish Airlines is committed to integrating people with disabilities and their talents in employment. Number of disabled employees has been 165 in 2014.

We are a growing family where newcomers join at any level every year. In line with the growth pace of the Company; 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 2014, 2599 people were employed at Turkish Airlines. Growth- and quality-based human resources policies are an important part of our Company's 2023 vision and our personnel planning until 2023 has already been made.

Turkish Airlines' diverse employee profile is illustrated by age and gender in the employee profile table under the performance tables section.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Turkish Airlines complies 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 Turkish Airlines for nearly 48 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.

HEALTH, SAFETY AND WELL-BEING



Approach

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. Health and Safety is an integral part of our business conduct and incorporated into every action we undertake. Our commitment to Occupational Health and Safety (OH&S) goes well beyond compliance with statutory OH&S requirements and integrated into our Company 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.

Policy and Management

Turkish Airlines has a public occupational health and safety (OH&S) policy accompanied with a well-documented OHS 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. There are also several Committees where each particular business unit is represented.

Turkish Airlines has established various internal procedures including management of OH&S and environmental risks and communication as well as involvement and consultation to implement its policy successfully. All of these procedures are subjected to audits through the Internal Audit Procedure of Turkish Airlines and published every year in the Company's intranet system.

The Company holds 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.



SUSTAINABILITY REPORT

As stated in the policy, Turkish Airlines identifies all risks concerning occupational health and safety and environment arising from its activities. Actions are planned to eliminate these risks before they cause any occupational accidents and disease.



Turkish Airlines systematically collects, monitors and reviews health and safety data through online reporting systems and has established various mechanisms to achieve continuous improvement in its 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 strive to achieve continuous improvement and ongoing compliance with the regulations and standards.

Performance

Turkish Airlines is dedicated to achieving the goal of reducing injury rate on continuous basis. As a first step, the reporting system has been improved to identify even the smallest type of injuries. In 2014, the injury rate has been 20.18, which is calculated as number of accidents*1000000/working time.

Since 2011, Turkish Airlines has not experienced any fatal accidents.

Main types of injuries experienced at work within the organization of Turkish Airlines are minor cuts, musculoskeletal system injuries and falls.

Targets

70% of our employees have been provided with training about the recent OH&S regulations in 2014. We aim to deliver training to 100% of our employees in 2015.

Health and Safety Practices

Turkish Airlines promotes psychological health as well as physical health and well-being of its staff members, and is committed to ensuring that the staff members taking part in critical functions are physically and medically ready to undertake their respective tasks.

Personal Protective Equipment

Turkish Airlines determined and provides appropriate personal protective equipment (PPE) that meet the respective international and national standards.

PPE needs are regularly assessed and any and all existing PPE are re-assessed to ensure that they are still at good operating conditions.



Emergency Response

Turkish Airlines has emergency response action plans which cover pre-determined actions that employers and employees must take to ensure safety in case of fire or other emergencies. Adequate emergency equipment such as first

aid kits, fire extinguishers, emergency showers, emergency lighting, breathing apparatuses, ladders, stretchers, emergency communication equipment are regularly checked.

8 emergency evacuation drills were conducted in 2014 in order to enhance the emergency preparedness.



Training

Turkish Airlines supports the improvement of occupational health and safety culture by raising the awareness of its personnel about occupational health and safety issues and provides all employees with relevant information and regular trainings on occupational health and

safety issues including;

- regulations and statutory rights and responsibilities of employees
- general principles of OH&S culture
- chemical, physical and ergonomic risk factors,
- safe use of work

equipment,

- use of personal protective equipment,
- causes and prevention of occupational accidents,
- emergency response plans (explosions, fires, etc.)
- evacuation and rescue

SUSTAINABILITY REPORT

Medical Examinations

Our goal is to ensure and enhance the long-term health and employability of all our employees. For this, periodic medical examinations are conducted with the purpose of evaluating the health status, screening for risk factors and diseases and providing

preventive counseling interventions for our employees.

In 2014, 93.158 medical examinations including routine periodic medical examinations of the existing employees and pre-examinations of the newly recruited staff

members have been performed.



Drinking Water Tests

Microbiological, physical and chemical parameters of water at our aircraft and stations are tested periodically in order to ensure safe drinking water both for our employees and customers.

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.



Health is in the air!



We know how important is right nourishment for a healthy life, therefore we reunite you THY family members with Dietician Zeynep Yeri Erol.

Considering the BMI (Body-mass Index) you will receive consultancy for a healthier and right nourishment along with struggling obesity. Employees with BMI 30 kg/m² and above will be of first priority. BMI calculation is available on <https://saglik.thy.com>.

Please call 12633 for appointment.

SUSTAINABILITY REPORT

TRAINING

While training of employees is essential for business continuity and ensuring safe, efficient and sustainable operations, it is also essential for employee engagement and delivery of high quality customer service. As Turkish Airlines, we not only aim to enhance the fulfillment and performance of our employees but also work to develop both the technical competencies and customer-oriented soft skills of them. To that end, we utilize significant resources on employee training and development.



TURKISH AVIATION ACADEMY

Turkish Airlines Aviation Academy has been providing service training since 1982 with the vision of being a prominent airline training center in Turkey and in the regions mostly covering Europe, Africa, and the Middle East.

OUR AMBITIONS

- Sustainable Growth and Profitability
- Brand Awareness and Preference
- Business Excellence and Productivity
- Innovative Approach
- Customer Oriented Service Culture
- Corporate Social Responsibility
- Adding Value to Business Partners

As a flag carrier in the industry, being a sustainable airline is the most important element in achieving success and becoming a leader in personnel training. Within this framework, Turkish Aviation Academy has three fundamental visions namely; providing all levels of internationally approved training, pre-planning potential long term needs, taking into account fast growth rate of Turkish Airlines and becoming a brand for personnel training in the aviation industry.

SUSTAINABILITY REPORT

Our National & International Approvals and Partnerships:

IATA Regional Training Partner and Accreditation Training Center and School
DGCA Dangerous Goods Authority
DGCA Approval
TS-EN-ISO 9001: 2008 Quality Management System Certificate
ICAO Trainair Plus Full Membership
PEARSON Accreditation

SUSTAINABILITY REPORT

Trainings are delivered by 45 highly experienced instructors

2,000 courses and seminars annually

30,000 training attendees annually

Over 100,000 participants benefited from distance learning courses

The frequency of trainings varies based on the Company's needs and requirements, and that whether it is mandatory compliance, new hire, recurrent training or seminar.

We offer trainings under three categories: Corporate Solutions, Organizational Development and Language Skills.



Corporate Solutions Trainings

The variety of internationally certified courses ranging from “*Passenger Services*” to “*Dangerous Goods Regulations*” is mainly designed for the efficiency and safety of daily and long-term operations.

Our Academy is the regional business partner of IATA (International Air Transport Association) which represents 84% of worldwide air traffic. We offer IATA certified trainings to improve safety and efficiency of air transport through establishment, maintenance and monitoring of high standards of training. As a result of our Academy's distinguished efforts, we are honored by IATA as 2012 Worldwide Top Regional Training Partner. Our Academy is also a “Center of Excellence” of ICAO (International Civil Aviation Organization) TRAINAIR Plus which promotes training collaboration for the purpose of **providing safe, secure and sustainable development of global air transport**.

Turkish Airlines aims overall reduced consumption of paper, gas, fuel and electricity for effective and efficient use of natural resources in the workplace and operations. We are committed to raising environmental awareness among employees. Therefore the Academy offers an “*Environmental Management Training*” online course which is compulsory for all of our employees.

For effective management of occupational health and safety at the workplace, we conduct “Occupational Health and Safety Trainings” that are compulsory for all of our employees and relative refresher courses every three years. In 2014 **approximately 6.600 employees** received “Occupational Health and Safety Trainings”.

SUSTAINABILITY REPORT

Organizational Development

We intensely conduct trainings to improve soft skills of our employees with the aim of ensuring outstanding customer experience. Our courses include conflict resolution in different cultural environments, stress management and body language.

Language Trainings

English is the predominant language in aviation industry, and thus, the Academy offers “Aviation English” and “English for Specific Purposes” training courses for employees. Audio visual language training materials enable employees to equip with professional communication skills. In addition to these, our language department conducts the in-house English language proficiency tests for cabin crew members and pilots on a regular basis or on demand.

Partnerships and Collaborations

The Academy cooperates with universities, academies, vocational schools and various educational institutions including Fatih Sultan Mehmet University, Maltepe University, Istanbul Technical University and Yıldız Technical University to provide the qualified human resources that we need due to the fast growth of our Company.

In addition to educational institutions, we executed goodwill agreements and contracts with High Level Aviation Academy based in Sudan, Gulf Aviation Academy in Dubai and Allied International Support.



Air Transport Management Master Program

Our Academy has entered into a partnership with Istanbul Technical University (ITU) and Boeing in October 2013 in order to train the executives who will shape the future of the World Aviation.

The Air Transport Management Program was attended by a second group of

students in 2014. Offering an international Master’s Degree Program, the courses are given by distinguished instructors across the world, coming from **Boeing, the Massachusetts Institute of Technology (MIT), ITU, Cranfield University, McGill University and the University of British Columbia.**

SUSTAINABILITY REPORT

FLIGHT TRAINING CENTER

The Flight Training Center is responsible for delivering all flight-related trainings provided to the Company's cockpit and cabin crew members, and is focused on achieving higher standards through continuous improvements. 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.

The Flight Training Center regularly deals with aviation safety and security, is comprehensively integrated into the organization, processes and the culture of the company, and is committed to achieving the highest performance standards. Thus, our Flight Training Center has been certified by the Turkish Civil Aviation Authority as a Type Rate Training Organization (TRTO) and Flight Training Organization (FTO).

Furthermore, we continue to update our approach to training to improve the quality of trainings and ensure employees are highly equipped with the necessary technical skills to serve in a globally aligned matrix environment. We, therefore, offer conversion and recurrent trainings that are well above the international standards in addition to our various trainings in other areas such as safety, security, communication and environmental awareness.



We also seek to raise environmental awareness by training our employees in the related fields such as fuel efficiency. The Flight Training Center conducts seminars about fuel efficiency through their operational applications (such as engine out taxi in/out, reduced flap take-off/landing, or using ground power units rather than auxiliary power units) in order to sustain environmental well-being.

The Flight Training Center positions itself around the company's growth rate. Employing new trainers and EASA-certified (European Aviation Safety Agency) flight simulators, training time per person has increased in accordance with our fleet's growth and variety. Around 40,000 people are trained each year by 372 highly qualified instructors, and courses are provided for each aircraft type.

In 2014 Compared to 2010;

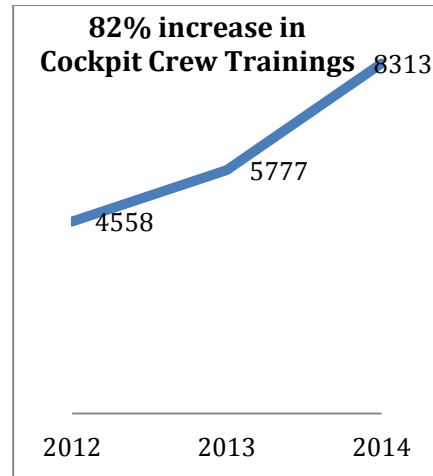
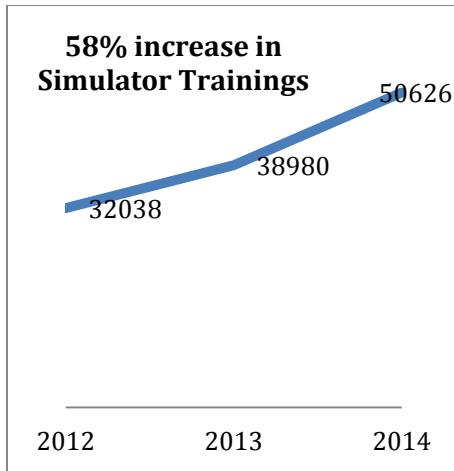
66% increase in Simulators

183% increase in Training Area

86% increase in Training Aircraft A/C

67% increase in Trainers

SUSTAINABILITY REPORT



Compared to 2012, simulator trainings and cockpit crew trainings has increased by 23 % and 82%, respectively.



Our Company's rapid growth has also created opportunities for the Flight Training Center to engage in both academic and industrial partnerships. In order to sustain the internationally competitive strength of the Flight Training Center, academic collaborations are established with well-respected national and international universities and flight training institutions.

CORPORATE SOCIAL RESPONSIBILITY

Turkish Airlines has executed many leading corporate social responsibility projects, primarily with the participation of its employees and stakeholders.



Corporate Support and Sponsorships

Employee Volunteering

Humanitarian Response all over the World

Supporting Social Development in Turkey

Supporting Communities at our Destination Countries

Planning for 2015

CORPORATE SUPPORT AND SPONSORSHIPS

Supporting Sports

Euroleague Basketball & One Team



Using the Power of Basketball to Integrate Communities

Turkish Airlines, the Euroleague Basketball title sponsor, has partnered to create an initiative, "One Team", as a way to reach out to those in our society who are disadvantaged, either mentally or physically. As a founding partner of the project, Turkish Airlines and the players will donate their time as the group reaches out to people who often are overlooked by society and will use their skills, learned on the court, to brighten lives. Of the basic principles of One Team is that it focuses on life skills NOT sport skills



One Team was with Special Olympics athletes during One Team Games

In the first year of the One Team project, 8 teams have agreed to participate (Alba Berlin, Anadolu Efes, CSKA, Maccabi, Olimpia Milano, Olympiacos, Real Madrid and Unicaja) and in coming years the number should grow, eventually including all the Euroleague teams.

SUSTAINABILITY REPORT

Turkish Airlines Open 2014



Deemed as one of the most exciting golf tournaments that brings Europe's best Golf players together since its first years, "Turkish Airlines Open" staged a golf feast for four years. At the tournament that is held under the auspices of the Ministry of Youth and Sports, Brooks Koepka succeeded to complete in first place and obtained his first European Tour win.

Promoting Bicycle as a Sport Branch in South Africa



Turkish Airlines sponsored the Team Rwanda (Kigali) bicycle team. We are glad to exist in a country where bicycle as a sport branch is very popular.

Supporting Forestation



1 Million Young Trees, 1 Million Smiling Children's Faces

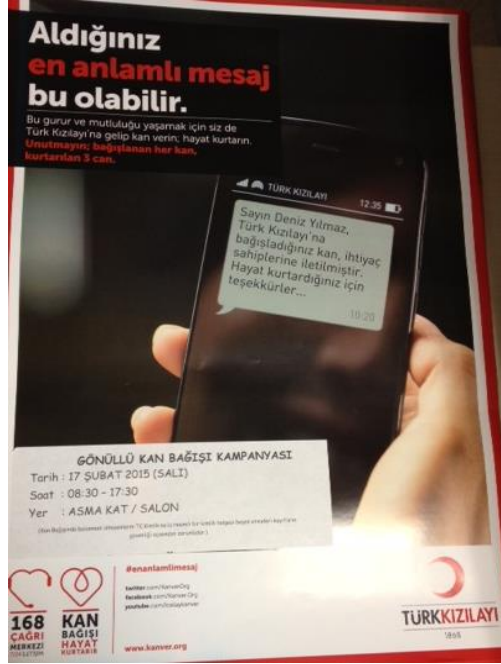
Turkish Airlines has been planting a young tree for each baby passenger since 2012.

In 2014, memorial forests were created in 19 provinces and 500.000 trees were planted. With the young trees planned to be planted in 2015, we will reach our target of 1 million saplings. These activities are organized with the full support of Turkish Airlines' employees, and some of the trees are planted with village children. During these activities, entertaining activities are also carried out with the children.

EMPLOYEE VOLUNTEERING

Humanitarian Response

Turkish Red Crescent Society



4180 of our employees made blood donation in 2014

Under a long-standing cooperation agreement with the Turkish Red Crescent Society, Turkish Airlines contributes towards the society's natural disaster recovery, blood drive, educational, and publicity activities on an ongoing basis. As part of this support, Turkish Airlines undertakes to transport the assistance provided by the society in the event of natural disasters taking place anywhere in the world. There are some social responsibility projects that can be applied by co-operations of Turkish Airlines and Turkish Red Crescent.

Van Earthquake:

As Turkish Airlines family, once again we acted immediately to help the residents of Van in the aftermath of the earthquake which hit Erziş. From the very beginning, we organized at the enterprise level, and mobilized all our resources to help Van. Our efforts began with a donation campaign, and proceeded with a campaign to donate blankets and diapers. In this context we delivered tons of aid materials to Van. Through 7 cargo flights arranged in the coordination with the Prime Ministry's Disaster and Emergency Management Committee, we delivered 300 tons of aid materials as well as search & rescue and medical teams to the region. Also, we arranged additional flights from Istanbul and Ankara to Van in response to increased demand.

SUSTAINABILITY REPORT

Play Therapy with Children from Soma



Turkish Airlines employees organized an aid campaign for the relatives of the deceased miners in Soma. The employees also visited families and orphans on the 40th day after the disaster. R veyda, a symbol of pain for Soma, and her brother Talha, who lost his father 10 days before his circumcision feast, were visited by Turkish Airlines Volunteers. The volunteers extended their visit to the Governor, the District National Education Directorate, and the District Directorate of the Ministry of Family and Social Policy, and other official institutions and expressed their condolences.

From the first day of the disaster on, Turkish Airlines Volunteers monitored the situation closely and negotiated with tens of associations. The volunteers partnered with the Association of Pedagogy and Doctors Worldwide and supported the treatment of children who lost their fathers with play therapy. Other than play therapies, we delivered therapeutic play therapy set to 100 children.

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Supporting Social Development in Turkey

Turkish Airlines aims to contribute to the society in which it operates beyond its commercial interests.

Education

Studies show that education is among the most important issues in Turkey. Many schools lack educational tools and equipment and also children lack the supplies they need for their education. Turkish Airlines is supporting children's education in a new campaign carried out by its employees in which more **10.000** children in **100** village

schools are supported with educational supplies.



"It's Your Turn to Read This Book"

Turkish Airlines employees and their families collected and bought thousands of books. These books were donated to 13 village libraries set up in the provinces of Hatay, Konya, Eskişehir, and Muş by Turkish Airlines Volunteers. Thanks to these libraries, many children who have never seen an airplane before and even never visited the sea, had the opportunity to socialize and chat with Turkish Airlines Volunteers about the Company's flight destinations and about being a pilot.



Turkish Airlines Ahmet Nuri Duman Children's Library

In memoriam for the child of a Turkish Airlines employee who lost his/ her child from leukemia, a children's library consisting of 1,500 colored and moving large books in total have been donated to five pediatric oncology divisions. As well, Turkish Airlines' Volunteers pay regular visits to accompany children in addition to the delivery of materials varying from sports to handicraft materials to oncology clinics.

Every Toy is a Joy

Many children grow up without a simple toy, let alone a good education. A while back, Turkish Airlines employees came together with the intention of doing good work for their communities. This group delivered toys to village kids, collected through the 'Every Toy is a Joy' project. Moreover, Turkish Airlines' employees' poverty committee delivered aid packs of stationery, toys and books for village schools and established libraries in village schools in Turkey. In 2014, **1000** aid packs are delivered.

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Computer

We also contribute to meet the needs of **100** village schools in terms of **400** computers. This project which started in May 2012, provided support since then to thousands of kids in the regions of Batman and Malatya

“Let’s Make a Snowman Together!”



Turkish Airlines organized a meaningful campaign for village schools where the winter season is harsh named “Let’s Make a Snowman Together!” During the campaign, held in **19** provinces from Tokat to Edirne, nearly **1,700** students were donated boots, coats, and socks. In addition, Turkish Airlines Volunteers delivered over 500 blankets and collected garments for homeless refugees in Istanbul. During this campaign, support was provided to in-house employees who needed help and to children with leukemia.

Training & Activity Center for Orphans



Turkish Airlines Volunteers have reached thousands of orphans in Istanbul, Turkey, and abroad for the past three years. Some **100** orphans are regularly supported in Gaza. The volunteers have opened up an Orphanage Center in Haseki, Istanbul, in order to carry out different kinds of social, art-related, and sports activities.

This center was decorated by Turkish Airlines Volunteers, and children from various age groups were involved in activities such as a space workshop, sports, blind painting, acrobatics, and storytelling workshops. Volunteers regularly join approximately **250** orphans Istanbul-wide to conduct various and pleasant activities such as a kite flying festival, breakfasts, amusement park visits, museum visits, forest trips, and movie programs.

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Supporting Communities at our Destination Countries



As the airline brand that flies to the most number of destinations in the world, we contribute to the normalization processes of countries that are going through difficult times and help people of those lands stay in touch with the rest of the world.

For instance, **Afghanistan**, which suffers under the influence of long-lasting wars and conflicts, is one of these countries. The flights operated by our Incorporation to Afghanistan are a part of this process. Our team in Kabul continues to offer services despite all the challenges.

In **Pakistan**, we participated in the supporting visits organized for the children in need of care, in Pakistan's Rawalpindi, Kashmir and Haripur regions. We made **700** children happy with our gifts. Guided by our Islamabad Manager Alp Yavuzeser, Pakistani bureaucrats, opinion leaders and political representatives of other countries attended the visits, which took place in three different places.

In **Niger**, our employees signed an extraordinary aid campaign in order to bring stable economic revenue for the families of orphans. In the context of an aid campaign accomplished with the contributions of our Niamey Management, 610 goats were presented by our employees to the families of orphans. The families will use the milk and wool of the goats initially and will in time provide sustainable revenue for the families. Also, our volunteering employees conveyed thousands of candies, soaps, medicines, toys and most importantly insecticide mosquito nets to **500** children to protect them from malaria. They also organized Iftar meals for **1000** people.

In **Senegal**, we delivered educational supplies for children. In **Bangladesh** and **Ivory Coast** we distributed chocolate and Turkish delight while we hosted iftar meals in various countries such as **Tanzania** and **Iraq**. We restored two orphanages in **Burkina Faso** which were in reduced circumstances. Our employees opened water wells in various destinations throughout Africa to enable people to reach clean water supply they lack access.

Through the agency of our Düsseldorf Management, Turkish Airlines supported an association that carries aid to **Uganda**, one of the poorest countries in Africa. Our financial support covered various areas, and we cherish the joy of being able to do something for the people who live in a country where troubles and sorrow never come to an end. So, our flying

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crew are constantly trying to develop new ideas for micro projects in our destination points with the thought that even though that something is small for us, it means a lot to those people.

Charity Gala in Dortmund

In 2014, we organized a donation night together with Borussia Dortmund in Germany, the soccer team we sponsor. During the event, over 200 people participated in the event called “Turkish Airlines charity night” over 35,000 Euro in financial support was collected and was used for ‘Youngsters Akademie’, which supports the adaptation of the young people to society and for the water well and facilities that will be opened in Ghana.

PLANNING FOR 2015

We will launch numerous campaigns in the coming year while we will maintain our volunteering projects with utmost dedication. We included 21 new projects in our 2015 Corporate Social Responsibility plans. For instance, we are planning to launch “**100 Hopes 100 Holidays**” project for children with cancer that we supported with play therapies during their cancer treatment process. They will go on a holiday in a destination they wish after their treatment is completed successfully.

We also map out the plan for building playrooms, libraries and scheduling monthly visits for children under 6 who are in penitentiary facilities with their mothers. Furthermore, building 2 new orphanages in Burkina Faso and Niger, providing infant formulas to Adana Tent Camp, organizing sailing tours with our flight crew for orphan children are among our 2015 activity plans.

We strive to ensure that we will continue to use every opportunity to enrich communities of which we are a part. We will continue to lead the corporate social responsibility projects in various areas and categories in 2015 and thereafter.

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PERFORMANCE TABLES

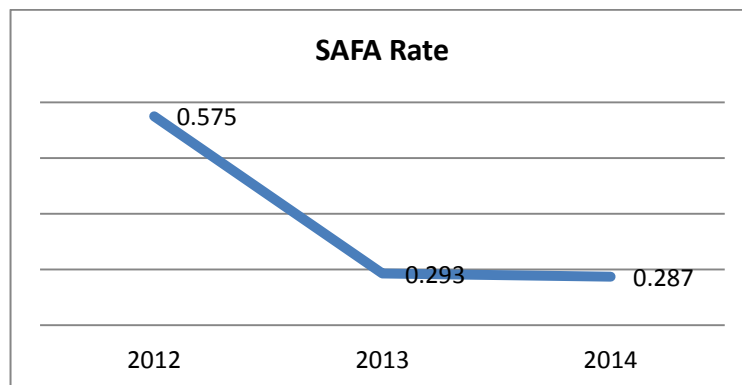
Environmental Performance

G4-EN 23: Total Weight of Waste by Type and Disposal Method

Non-hazardous waste	Amount (kg)	Disposal Method
Paper	198502	Recycling
Glass	3260	
Plastics	1275	
Metals	175049	
Total	378,086	
Hazardous waste	Amount (kg)	Disposal Method
Electronic waste	17622	Recovery
Toner	151	
Fluorescent lamps	77	
Waste vegetable oil	4260	
Waste oil	3000	
Contaminated Waste	459	
Tank	2790	
Contaminated Packaging waste	678	
Pressured tank	160	
Paint remover	401	
Chemicals	420	

Social Performance:

Safety Audit Performance



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G4-LA 6 : Injury Rate

2012	2013	2014
19.65	16.12	20.18

G4-10: Employee Profile By Age Groups and Gender

Year	Employee category	Age Group			Gender		TOTAL
		0-29	30-49	50+	Female	Male	
2012	Cockpit personnel	253	1.648	638	32	2.507	2.539
	Cabin personnel	2.874	2.614	3	4.215	1.276	5.491
	Ground personnel	1.328	6.115	384	3.325	4.502	7.827
	Total	4.455	10.377	1.025	7.572	8.285	15.857
2013	Cockpit personnel	623	2.079	667	57	3.312	3.369
	Cabin personnel	4.131	2.803	2	5.027	1.909	6.936
	Ground personnel	1.829	6.373	375	3.568	5.009	8.577
	Total	6.583	11.255	1.044	8.652	10.230	18.882
2014	Cockpit personnel	669	2.460	763	78	3.814	3.892
	Cabin personnel	4.390	3.385	3	5.439	2.339	7.778
	Ground personnel	1.819	6.049	364	3.709	4.523	8.232
	Total	6.878	11.894	1.130	9.226	10.676	19.902

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G4-LA 1: Breakdown of New Employee Hires by Age Group, Gender and Geographic Region

		2012	2013	2014
	Total	1.448	3.965	2.599
Age Group	Below 30	967	2.888	1.847
	30-49	446	982	663
	50+	35	95	89
Gender	Male	881	2.405	1.594
	Female	567	1.560	1.005
Geographic Region	Africa	53	78	53
	America	18	55	38
	Asia	33	34	65
	Europe	156	224	130
	Middle East	53	73	45
	Far East	42	49	35
	Turkey	1.093	3.452	2.233

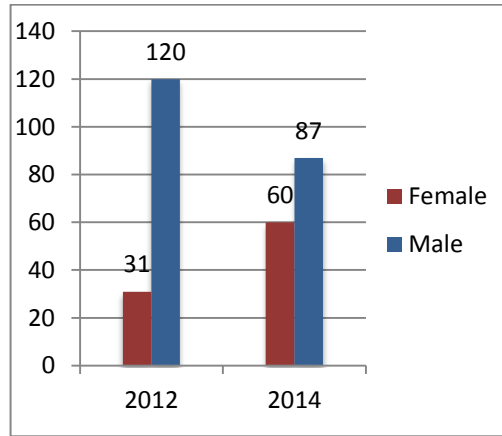
G4-LA: 11 Performance: Breakdown of Employees Receiving Performance and Career Development Reviews By Gender

Executives are subjected to target and competency-based performance evaluation system

	2012	2013	2014
Total	320	378	462
Female	36	42	50
Men	284	336	412

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G4-LA 11: Leadership Training Participants



G4- LA-12: Breakdown of Management Profile by Age Group and Gender

Year	Age Group			Gender		TOTAL
	0-29	30-49	50+	Female	Male	
2012	8	423	52	52	431	483
2013	18	451	51	50	470	520
2014	23	468	49	54	486	540

APPENDIX

Calculation Methodology

About the Report

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Calculation Methodology

Electricity, Water and Natural Gas 2014 saving figures are calculated based on the consumptions in the following locations: Turkish Airlines Headquarters and Yenibosna and Gunesli Premises

OH&S

Turkish Airlines calculates the accident frequency rate as follows: $\text{number of accidents} \times 1000000 / \text{working time}$.

Scope: Only Turkish Airlines data are used while calculating the injury rate.

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About the Report

This is the first sustainability report represents the sustainability performance of Turkish Airlines for the year of 2014 prepared in line with the globally-recognized sustainability reporting framework and Global Reporting Initiative (GRI) Guidelines' latest version "GRI G4" in accordance with core option. Where relevant Turkish Airlines has also included data from the previous years 2012 and 2013. We plan to report on our sustainability performance regularly.

Contact for Feedback:

Feedback that we receive from you remains a source of great strength for us.

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