

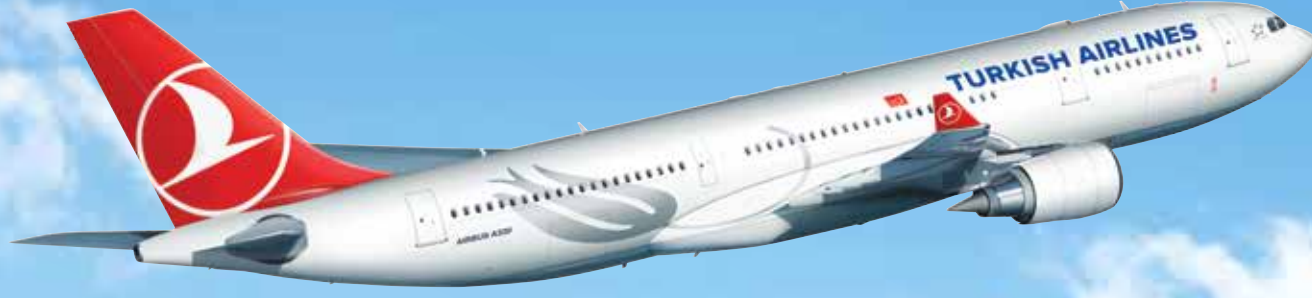
SUSTAINABILITY REPORT 2017



TURKISH AIRLINES 

A STAR ALLIANCE MEMBER 





ABOUT THE REPORT

This is the fourth sustainability report that represents the sustainability performance of Turkish Airlines for the year of 2017 prepared in line with the globally-recognized sustainability framework, "GRI G4", the latest version of Global Reporting Initiative (GRI) Guidelines, in accordance with core option. Where relevant, Turkish Airlines has also included data from the previous year's 2015 and 2016.

Turkish Airlines Incorporation and its fully owned subsidiaries, Turkish Technic Inc. and Aydın Çıldır Airport Services are included in the consolidated financial statements however these subsidiaries are not covered by the report. External assurance has not been provided for any of the indicator or the report itself. We plan to report on our sustainability performance regularly.

SUSTAINOVA
Sustainability Consulting

Content Writer & Reporting Consultant

www.sustainova.com.tr

Tuba Atabey | tuba.atabey@sustainova.com.tr

Contact for Feedback

Any feedback we receive from you remains a source of great strength for us. Contact for feedback: ir@thy.com
Tel. +90 212 463 63 63

A composite image featuring a Turkish Airlines airplane in flight, carrying a lush green island on its wings. The island is populated with various world landmarks, including the Statue of Liberty, the Eiffel Tower, the Leaning Tower of Pisa, the Sydney Opera House, and several traditional Asian temples and pagodas. The scene is set against a bright blue sky with fluffy white clouds. A large, semi-transparent purple circle is overlaid on the right side of the image, containing a quote in white text.

*We are responsible
today for future
generations to be able to
explore the beauties
of the world
tomorrow.*

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear stakeholders,



Protection of the environment and the natural resources, and combat with global climate change play a significant role in enabling our future generations to visit and explore the natural and historical beauties of our world. We, as the airline operating flights to most countries and the highest number of international destinations around the world from a single hub, carry out our operations with a high level of sense of responsibility towards environment and society.

In line with our responsible management approach, we share our performance and future plans in regards to environment, social, economic and corporate governance regularly via our sustainability reports. We were entitled to be included in the Sustainability Index of Borsa Istanbul, for the third time upon the evaluation of our sustainability performance outlined in our sustainability report for 2016, published on our website. We're thrilled to share our fourth sustainability report covering our performance in 2017 which is prepared in accordance with the G4 edition of the Global Reporting Initiative (GRI), the most commonly-used global guidance for

We have taken many initiatives to increase our fuel efficiency, and therefore reduce our carbon footprint in order to protect the environment and fight against climate change. Accordingly; we invest in new technologies, and equip our fleet with young, fuel-efficient and environment-friendly aircraft.

sustainability reporting principles. From the economic perspective, aviation industry brings along many significant contributions such as tourism, commerce, connectivity; it also supports economic development by increasing the employment rate and promoting innovation. As the airline company that flies to the most countries worldwide with 300 destinations across 120 countries, we create new opportunities with our expanding coverage, making significant contributions to Turkish economy, trade and tourism. In addition, our Company connects many developing and underdeveloped territories to other regions around the world, enabling them develop their economic and social relations.

In 2017, our Company managed to get through all adverse impacts, recovered rapidly, and achieved record high growth rates above the expectations by means of successfully-employed financial discipline and dynamic demand management despite all extraordinary events occurring across our country in the previous year. Accordingly; we yielded a consolidated real operation profit of 1 billion 22 million USD, and net profits of 223 million USD, breaking our own record in 2017. Our EBITDAR amount reached up to a record high level of 3 billion 16 million USD, with a calculated EBITDAR margin of 27.5 percent. Our pax number, we managed to increase even in the years full of tough processes, reached up to 68.6 million

with an increase by 9.3 percent in 2017 with a total of 329 aircraft included in our fleet. As for our cargo operations; we maintained the strong growth trend with our increased service quality, and increased our carried tonnage to the level of 1 million ton with an increase by 26.5 percent, yielding 1.3 billion USD in cargo revenues.

We carry out our sustainability initiatives in cooperation with many national and international organizations. As part of this cooperation; we adopted the short- and long-term targets, set by the International Air Transport Association (IATA) for minimization of carbon emissions in order to fight against the climate change. We work devotedly to provide a contribution to these targets. Furthermore; "Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)" which aims to meet these targets was adopted voluntarily by 65 governments including our country.

We have taken many initiatives to increase our fuel efficiency, and therefore reduce our carbon footprint in order to protect the environment and fight against climate

change. Accordingly; we invest in new technologies, and equip our fleet with young, fuel-efficient and environment-friendly aircraft. We have one of the youngest fleets in the world with an average age of 7.7 as of the end of 2017. Our initiatives in fuel efficient have enabled us to save 46,757 tons of fuel, and prevent 147,283 tons of carbon emissions in 2017. We now operate flights that are 20 percent more fuel efficient compared to ones in 2008, and have saved 468,858 tons of fuel, and prevented 1,476,901 tons of carbon emissions in total.

We believe that as the airline that flies to the most countries worldwide, we have assumed more social responsibilities for a sustainable development of our country. As of 2017, nearly 1.4 million passengers travelling to/ from 22 least developed countries were carried by Turkish Airlines. This way, we have provided a contribution for those countries to develop their economic and social relations with the rest of the world.

We are engaged in social responsibility projects with our volunteers in order to increase our local contributions in our flight

destinations. We, as the only airline to fly to Somalia which is located in Africa and faced with the threat of famine and starvation, posted the hashtag of #TurkishAirlinesHelpSomalia in March on social media. We ensured that the food and aid materials of million dollars, which were collected in a short period of time, were carried to the Somalian people by two freighters. Besides these projects, as a brand that believes in the uniting power of sports, we continue supporting sports and cultural events.

Our Future Vision and Targets for 2023
After leaving the year of 2017 with many achievements, we will see the aviation industry and our brand growing at an increased momentum upon commissioning of the first phase of Istanbul New Airport in the following year. Based on IATA's data; the pax number, carried all over the world throughout this year, reached up to 4.1 billion with an increase by 7.1 percent, and it is expected to increase to 7.2 billion in 2035. Thanks to the slot opportunities to be brought along by the high capacity of Istanbul New Airport; we will be able to increase the frequency of our flights to the countries such as China and India, and launch new lines across these regions in line with

our strategic plan developed for Asia-Pacific region that is expected to play an effective role in the future of the aviation industry. We foresee that we will achieve a pax number of 120 million, a revenue of 30 billion USD, and a share of 4 percent in the global aviation in 2023 when all phases of Istanbul New Airport are planned to be completed.

Upon addition of new aircraft to our fleet, we aim to be one of the biggest and most modern fleets of the world consisting of environment-friendly aircraft which prioritize safety and comfort of our passengers and which are equipped with the state-of-the-art technology.

We, as a family of more than 51 thousand persons including our subsidiaries, are tight-knit towards our targets for 2023. I would like to thank our devoted employees, who are the key source of all our achievements, as well as our business partners, shareholders and all other stakeholders for their valuable contributions.

M. İLKER AYCI
Chairman of the Board of Directors and the Executive Committee



ABOUT OUR INCORPORATION

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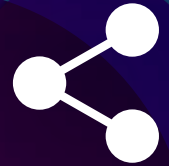


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The airline that flies to the most countries worldwide



1



The airline that flies to the highest number of international destinations from a single hub

The 4th

airline that flies to the highest number of airports worldwide



TURKISH AIRLINES AT A GLANCE

Established in 1933, Turkish Airlines is the flag-carrier airline of the Republic of Turkey for 85 years. Headquartered in Istanbul, Turkish Airlines is an Incorporation operating in private sector with its main fields of activity in domestic and international passenger and cargo transportation. Turkish Airlines employs approximately 52 thousand people worldwide, including its subsidiaries.

Turkish Airlines has achieved a steady growth with double-digit rates in the last decade, becoming one of the airlines with the most extensive global network. Leaving all global and national unfavorable developments behind, our Incorporation achieved a record level of growth rate in 2017 with our well-maintained operational and financial performance thanks to the financial discipline and dynamic capacity management.

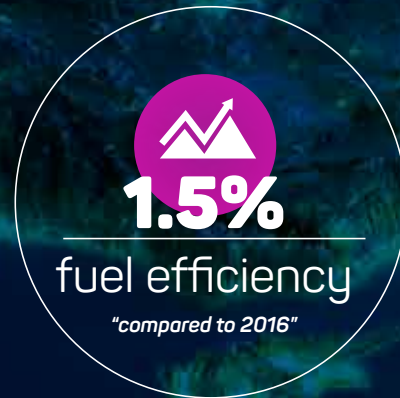
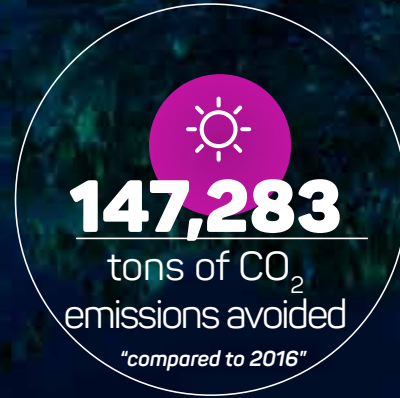
Enjoying an extensive flight network connecting Istanbul to 300 destinations in 120 countries as of the end of 2017, Turkish Airlines has the fourth biggest flight network worldwide. Leveraging on this achievement, Turkish Airlines is the airline that flies to the highest number

Turkish Airlines is the airline that flies to the highest number of countries and international destinations worldwide from a single hub.

of countries and international destinations worldwide from a single hub. Equipped with 329 aircraft as of 2017, Turkish Airlines increased the number of passengers, it carried, to 68.6 million thanks to the impact of tourism which started to boom in 2017. Turkish Airlines achieved to maintain its strong growth in cargo business, increasing steadily for more than 10 years, this year without any interruption, along with its enhanced level of service quality in cargo operations.

Turkish Airlines has been a member of Star Alliance since 2008. It has 12 subsidiaries, three of which are directly-owned and 9 of which are joint ventures. Subsidiaries mainly comprise of the companies operating in the fields of maintenance, catering, ground handling and fuel supply.





TURKISH AIRLINES KEY FIGURES FOR 2017

OUR STRATEGIC PRIORITIES

1. SUSTAINABLE GROWTH AND PROFITABILITY

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

Upon the advantages to be brought along by "Istanbul New Airport" with its first phase scheduled to be commissioned in 2018, our flight network will extend, and we will maintain our position of being the airline that flies to the highest number of international destinations worldwide. We aim to carry the strong growth trend, we have achieved now in air cargo transportation, to a higher level upon realization of the cargo investments in Istanbul New Airport, and thereby, to increase the market share we hold in global air cargo transportation.

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

2. BRAND AWARENESS AND PREFERABILITY

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

3. CUSTOMER FOCUS

We will continue to determine our strategies considering the sensitivity of our customers

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

4. CORPORATE SOCIAL RESPONSIBILITY

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

We aim to extend our activities, we carried out at 30 destinations/countries with more than 100 volunteers in 2017, to all our destinations, and to increase the voluntary participation by 2025. Thanks to our initiatives to increase our fuel efficiency and reduce carbon footprint to protect the environment and

combat climate change, we now perform 20 percent more efficient flights compared to ten years ago. We plan to include the new-generation aircraft, which offer 15 percent higher fuel efficiency, into our fleet, with an aim to reduce the carbon and noise emissions even further by 2023.

5. BUSINESS EXCELLENCE AND EFFICIENCY

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

6. INNOVATIVE LIFE

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

”

Thanks to our initiatives to increase our fuel efficiency and reduce carbon footprint to protect the environment and combat climate change, we now perform 20 percent more efficient flights compared to ten years ago.

“

7. CREATING VALUE FOR EMPLOYEES

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

8. CREATING VALUE FOR STAKEHOLDERS

We have adopted transparency, fairness, liability and accountability as our principles in all our operations. We carry out initiatives to enable our stakeholders to adopt our brand targets and values. We will continue to improve our good governance principles.

We will keep enhancing our cooperation, and increasing the number of projects we realize jointly with our business partners, in line with our vision of adding value to our stakeholders.



AWARDS

We, at Turkish Airlines, are so delighted to see that our achievements attained, thanks to the intensive efforts and teamwork of our employees, are recognized with awards. Carrying out all its operations in a sense of responsibility towards the society, economy and environment, and continuing to provide a contribution to the sustainable development in line with its investments in optimization and new technologies, as well as its infrastructure improvement policies, our Incorporation realized the project titled **"Fuel Efficiency Project"** with an aim to leave a more livable world to the next generations, which was granted with the award as the most successful project in the category of Carbon and Energy Management where the projects to reduce carbon emissions and energy utilization were assessed under the Sustainable Business Awards for 2017.

Turkish Airlines was named as the **"Best Airline in Southern Europe"** for the 9th time in a row in Skytrax 2017 World Airline Awards held on annual basis. Our Incorporation was granted with the award of the **"Best Business Class Lounge"** with its "Turkish

*Turkish Airlines named as the **"Five-Star Global Airline"** in APEX Official Airline Ratings for 2017.*

Airlines Lounge Istanbul" where our passengers can enjoy the extraordinary comfort offered before flights.

Turkish Airlines was also awarded the **"Best Business Class Lounge Catering"** this year, as the last two years, in the global ranking with its globally-known catering concept offered to the guests in this lounge.

Our Incorporation was granted with the award of the **"Best Business Class Catering Service"** this year, as in 2013, 2014 and 2016, with its inflight catering concept offered to its business-class passengers. Our Incorporation makes substantial investments in our products and services through many innovations such as award-winning catering concept, CIP

passenger lounges, premium cabin services, inflight entertainment systems, enhanced cabin comfort, expert cabin attendant and customer services trainings offered for employees realized to become a five-star airline.

Besides these superior products and services, many prestigious awards, granted by the leading institutions across the aviation industry recently, increased the brand awareness of Turkish Airlines. We, at Turkish Airlines, believe that this enhanced level of recognition paves the way for our Incorporation to become a five-star airline across Europe. While taking concrete steps to achieve this, Turkish Airlines was named as the **"Five-Star Global Airline"** in APEX Official Airline Ratings for 2017.

TURKISH AIRLINES 2017 AWARDS

Best Airline in
Southern Europe
(Skytrax)

Best Business
Class On-Board
Catering
(Skytrax)

Best Business
Class Lounge
(Skytrax)

Best Business Class
Lounge Dining
(Skytrax)

Five-Star Global
Airline
(APEX)

First Prize in
Carbon and Energy
Management category
with Fuel Saving Project
(Sustainable Business
Awards)

Overall Carrier Of
the Year
(Payload Asia)

Fastest Growing
Airline of the Year
(Seoul Incheon Airport
Authority)

Air Cargo Carrier
of the Year
(Ghana Shippers
Awards)

Runner-up Best Cargo
Airline (Amsterdam
Schiphol Aviation
Awards)

Transport Finance
Deal of The Year
(Bonds & Loans)

Airline Brand
of the Year
(Turkey Golden
Brand Awards)

Fastest Growing
International Cargo
Airline of the Year
(2017 Stat Times
International Award
for Excellence in Air
Cargo)

First Ranking in
Turkey's Top 500
Service Exporters'
Survey (TIM -
Turkish Exporters'
Assembly)

Best Corporate
Service Provider Airline
Connecting to Africa
(IMA, Italian Mission
Awards)

A close-up photograph of dandelion seeds with their long, thin, white filaments, set against a soft, out-of-focus teal background. The seeds are positioned in the upper left and center of the frame, with some filaments extending towards the right. A dark teal circular shape is overlaid on the right side of the image, containing white text.

*We are strongly
committed to contributing to
sustainable development by
conducting our
business in a socially,
economically and
environmentally responsible
manner.*



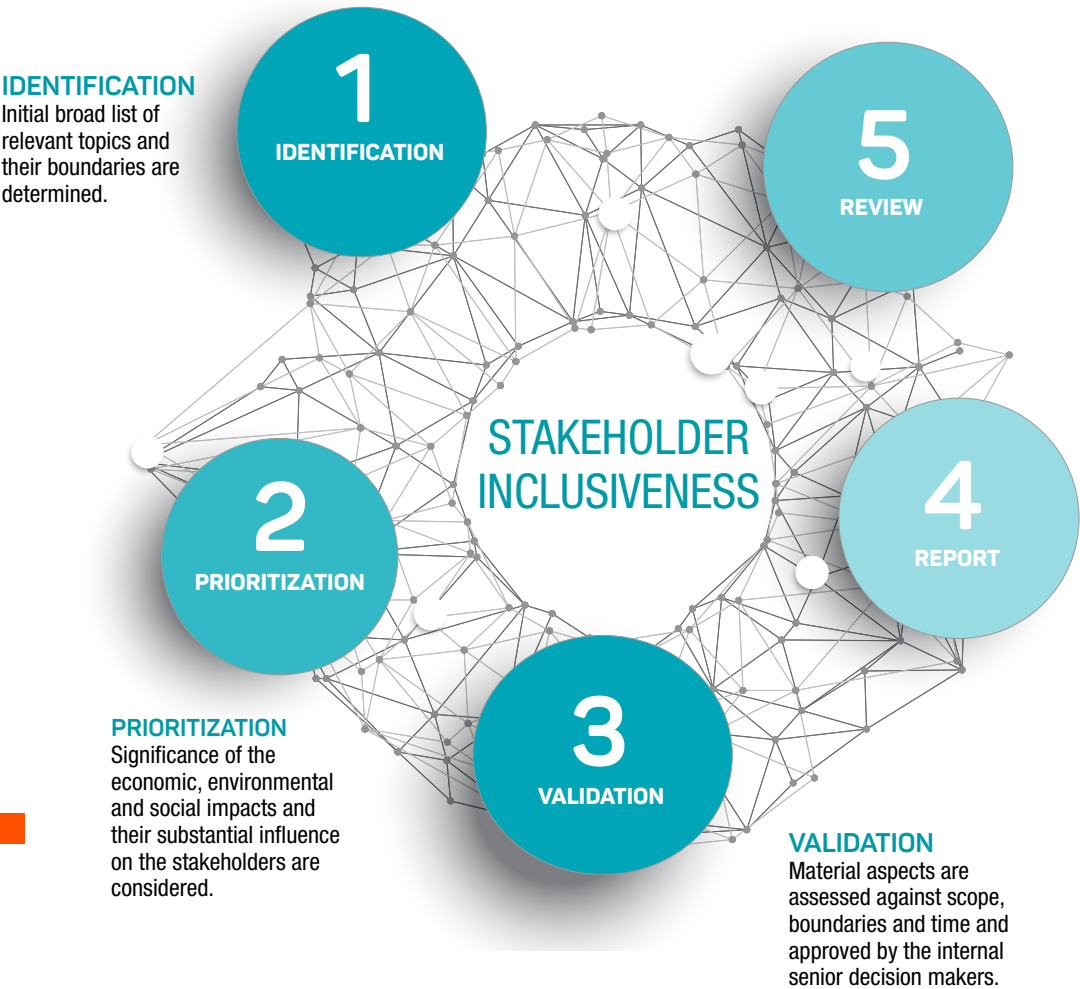
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SUSTAINABILITY MANAGEMENT

DEFINING THE REPORT CONTENT AND MATERIAL ASPECTS AND BOUNDARIES



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 defining the report content and aspect boundaries as well as in the ongoing development process of our sustainability strategy.

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

Members of the Board of Directors and the Executive Committee have ultimate responsibility for oversight of our economic, environmental and social impacts.

report content and the material aspects and boundaries are indicated in the below figure.

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

ENGAGING WITH STAKEHOLDERS

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

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



› *At the core of our sustainability approach are our stakeholders*

› *Our success goes in pair with satisfaction of and value creation for our stakeholders*

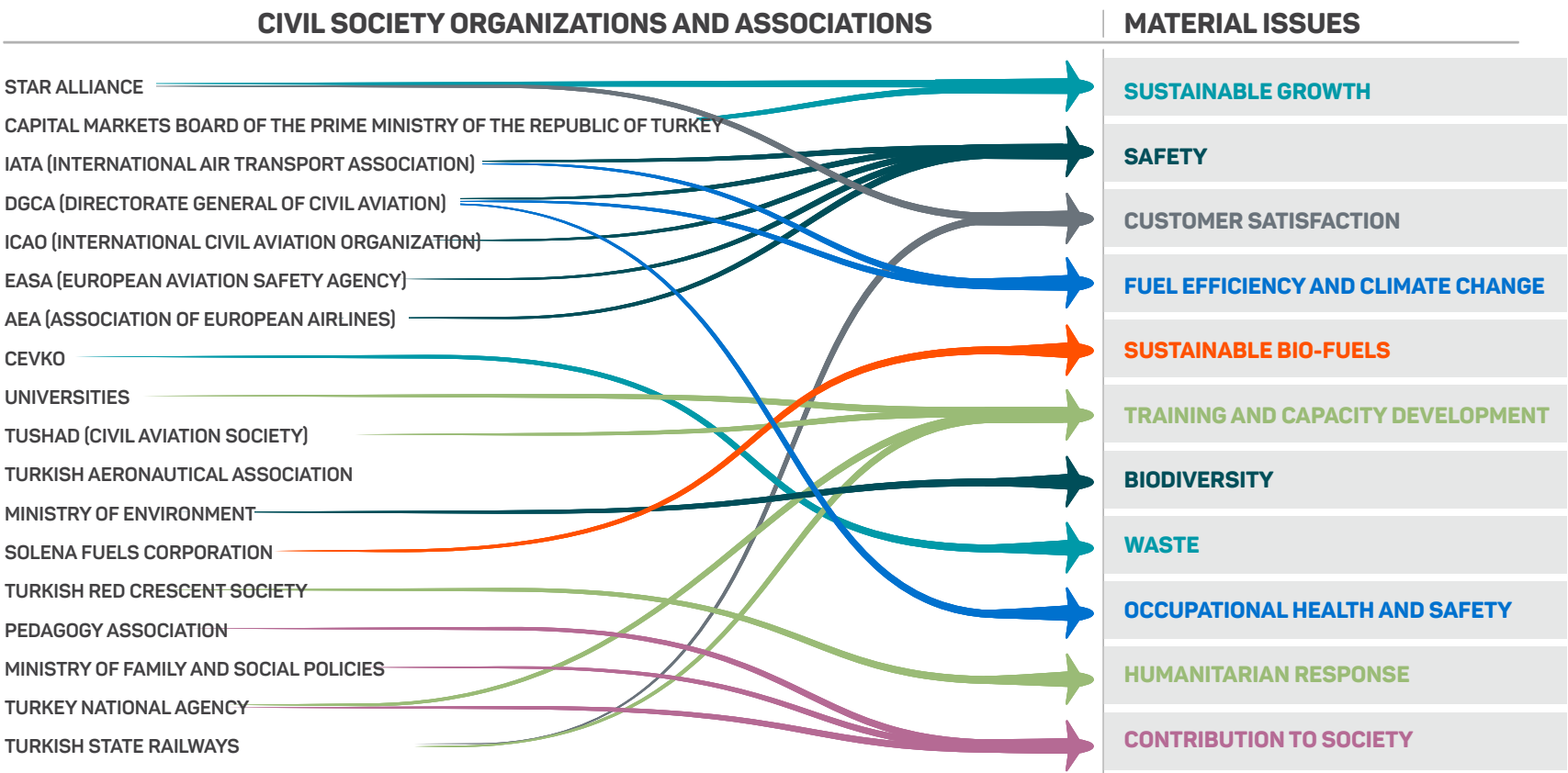
SUSTAINABILITY MANAGEMENT

G4-18, G4-20, G4-21, G4-24, G4-26, G4-27

STAKEHOLDER GROUPS		KEY ENGAGEMENT TOPICS	MAIN ENGAGEMENT PATHWAYS	FREQUENCY	SOME OF THE OUTCOMES OF THE STAKEHOLDER ENGAGEMENT PROCESS
INTERNAL	Shareholders Financial Partners Investors	Minority Rights Operational & Financial Performance Strategy Corporate Governance	E-mail distribution list; "ir@thy.com"	On-going	<ul style="list-style-type: none"> Investor Day events were organized. 122 investors/analysts from 178 incorporations were met. 3,000 information requests were met via e-mail
			Dedicated "ir" website and web application	On-going	
			General Shareholders' Meeting	Annually	
			Investors Meetings	Annually	
			Presentations, Reports, Publications	Quarterly	
	Employees Unions	Business Ethics Cultural Values Employee Satisfaction Freedom of Association and Collective Bargaining Corporate Safety Flight Security Health and Safety & Well-being Non-discrimination and Diversity Performance & Career Development Sustainable Use of Resources	Ethics Line "Ethical Way"	On-going	<ul style="list-style-type: none"> 168 reported cases to the "Ethics Reporting Line" were solved. The survey revealed that the employees' satisfaction rate was realized as 78%, and many projects were realized in line with the requests of the employees. <p>Please see pages: 84-85</p>
			E-mails: flightsafety@thy.com; security@thy.com	On-going	
			"Empathy" Incorporation TV "Empathy Employees Newsletter"	On-going	
			Personal Suggestion System	Monthly	
			Meetings & Events & Forums & Summits	On-going	
EXTERNAL	Government Regulators Local Authorities	Social and Economical Development Customer Rights Compliance Financial Performance Corporate Safety Flight Security Forestration Health and Safety Noise Management Waste Management	Audits	Annually	<ul style="list-style-type: none"> 1 million trees have been planted across Anatolia since 2014. 46,754 tons of fuel were saved which resulted in 147,283 tons of greenhouse gas emissions reduction. We have been entitled to obtain the "Green Company Certificate" and title.
			Meetings	Ad hoc meetings upon needed	
			Reports	Annually	
	Certification Bodies	Environmental Management Corporate Safety Flight Security Health and Safety Noise Management Quality Management	Audits	Regularly	<ul style="list-style-type: none"> Compliance with ISO 14001:2015 was assessed, and it was planned to shift to the new version thereof in 2018. The greenhouse gas report was drawn up and verified in accordance with ISO 14064.
	Customers	Accessibility Customer Satisfaction & Service Quality Customer Rights Corporate Safety Flight Security Innovative Products & Services	Customer Care Call Center	On-going	<ul style="list-style-type: none"> ISO 10002 Customer Satisfaction Certificate was renewed. Satisfaction surveys was conducted on approximately 4,795 passengers on monthly basis, and many projects were realized in line with the requests provided by our passengers in these surveys. Please see pages: 73-75 Many projects on accessibility were realized. Please see pages: 77-79
			Customer Web-based/In-flight Feedback Form	On-going	
			Customer Satisfaction Measuring Devices at the Airports	On-going	
			Customer Satisfaction Online-Surveys	Annually	
			In-flight Safety Handouts and Videos	On-going	
			"Skylife" In-flight Magazine	Monthly	
			Social Media (facebook, twitter, instagram, blog)	On-going	
	Communities	Social and Economic Development Social Responsibility Projects	Website of the Incorporation	On-going	<ul style="list-style-type: none"> Our social responsibility projects are presented in our 2017 annual report on pages 28-29, 91-91.
			Meetings with Associations and Charities School and Hospital Visits	Ad hoc meetings as needed	
	Non-governmental Organizations (NGO's)	Corporate Social Responsibility Projects	CSR Fairs and Events	Ad hoc meetings as needed	
	Academic Institutions Universities	Employment & Career Opportunities	Meetings	Regularly	<ul style="list-style-type: none"> Since 2007, we have helped 692 participants to overcome the fear of flying. <p>Please see page: 77</p>
			Career Days	Annually	
			Social Media (LinkedIn)	On-going	

RELATED ORGANIZATIONS & ASSOCIATIONS

We work collaboratively with national and international civil society organizations and industry associations regarding our material topics. Some of them are listed below.



// DEVELOPMENTS IN COLLABORATIVE WORKS WITH INTERNATIONAL ORGANIZATIONS IN 2017

“Montreal Protocol Amending the Tokyo Convention on Offences and Certain Other Acts Committed on Board Aircraft”, covering the arrangements in relation to the “Unruly Passengers”, drawn up by the International Civil Aviation Organization (ICAO), was ratified by our country, as well. Such arrangements extend the powers granted to airlines and competent authorities in relation to unruly passengers.

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

“United for Wildlife Buckingham Palace Declaration (UFW)”, aiming to prevent illegal wildlife trade and increase the level of awareness in this matter with the support of IATA, was signed by our CEO for and on behalf of our Incorporation The afore-mentioned declaration aims to prevent the illegal trade of wild animal parts such as ivory, rhino horn and tortoise shell, and to increase the level of awareness in this matter.

MATERIAL ISSUES

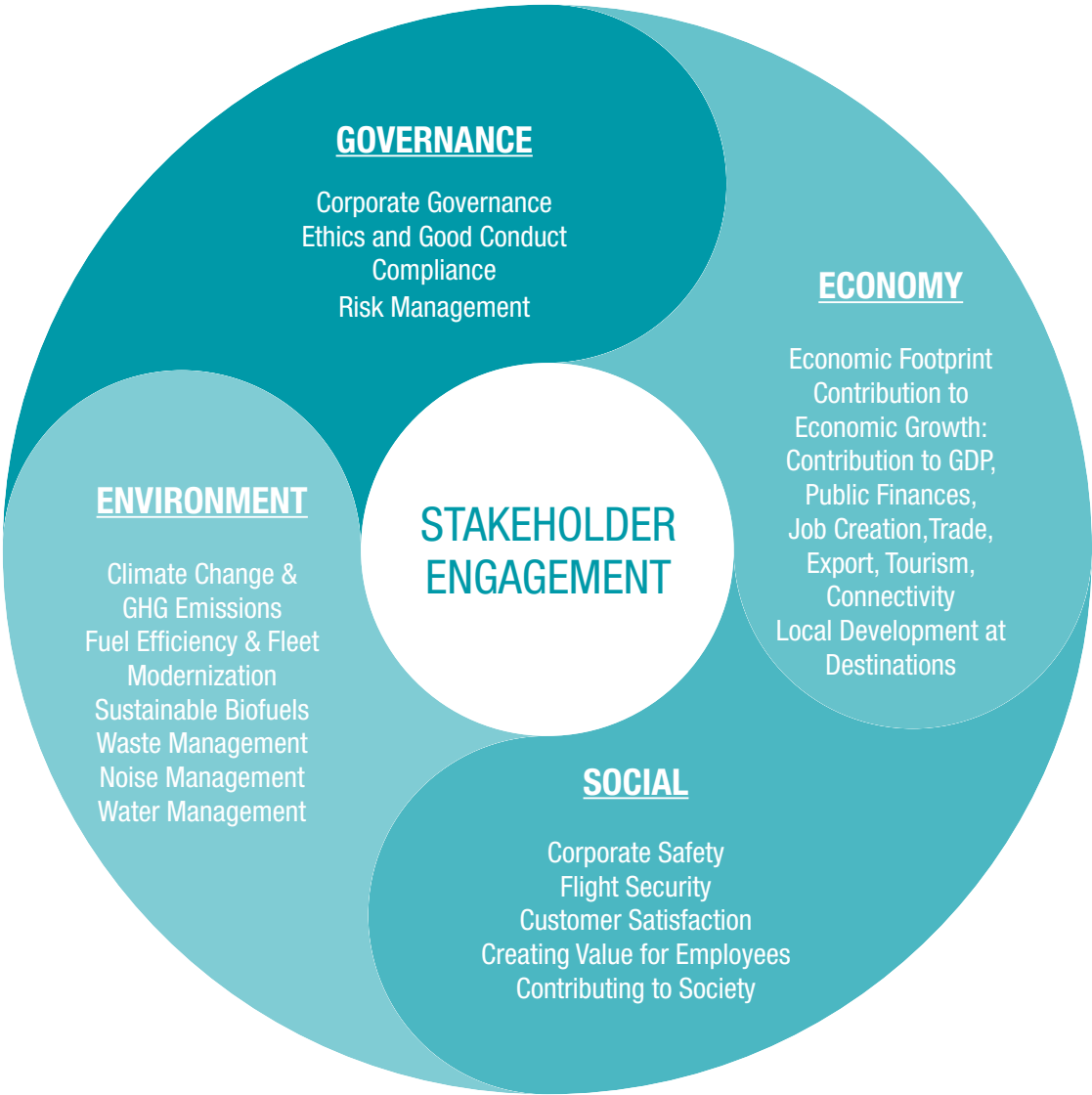
Our sustainability agenda comprises of four pillars, each of which includes a number of material aspects, namely Governance, Economy, Environment and Social.

We continue to refine our sustainability strategy over time focusing on the most material issues which have the potential to impact our business and are considered important by our stakeholders. We take into account the stakeholders’ concerns, broader social expectations and our influence on the value chain along with the Incorporation’s overall mission and strategy while identifying the material issues.

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

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

Our sustainability agenda



CORPORATE GOVERNANCE

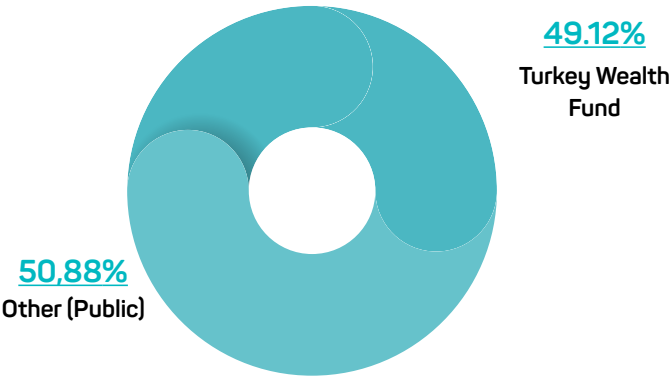
Turkish Airlines, Turkey’s flag carrier airline, was founded in 1933. Originally a 100% state owned airline, Turkish Airlines initiated the process of privatization in 1990. And it is now 50.88% publicly owned Incorporation while the remaining 49.12%, held by the Republic of Turkey, Prime Ministry, Privatization Administration, was transferred to the Turkey Wealth Fund in 2017. One Class C share of it is held by the Republic of Turkey, Prime Ministry, Privatization Administration.

Turkish Airlines is listed in Istanbul Stock Exchange ‘Borsa İstanbul’ (BIST) under the Ticker Symbol “**THYAO**”, and is bound by the provisions, prescribed under the Turkish Commercial Code (TCC), and the regulations promulgated by the Capital Markets Board (CMB). Adopting transparency, fairness, liability and accountability as its principle in all its operations, Turkish Airlines complies with all mandatory principles among the Corporate Governance Principles determined by the Capital Markets Board, and shows utmost care

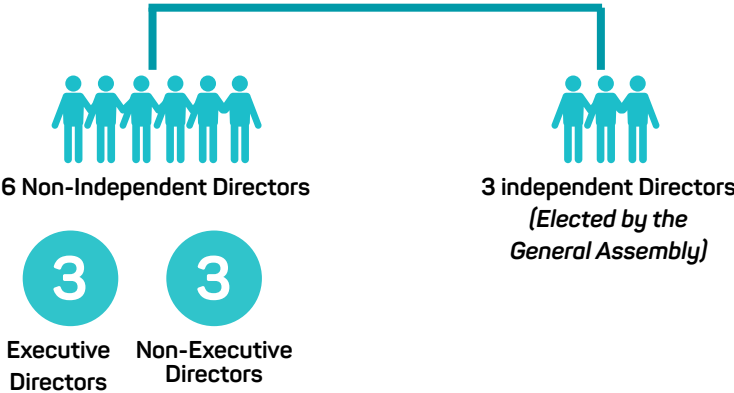
to comply with the optional principles. Turkish Airlines’ Board of Directors is comprised of nine members, three of whom are independent Board Members also elected by the General Assembly. Three members of the Board of Directors are appointed to the Executive Committee and the majority of the Members of the Board of Directors are non-executive members as per the CMB’s Corporate Governance Principles. The term of office for Board members is 2 years. Due to the dynamic nature of the

aviation industry, the Chairman of the Board of Directors also assumes the title of the chairman of the Executive Committee in order to create uniformity. But our Chief Executive Officer (CEO), also being the Vice Chairman of the Board and the Executive Committee, assumes separate roles and responsibilities from the Chairman. Ms. Arzu Akalin has been a member of the Board since 2014 and we will strive to increase women’s representation at our Board in the future.

Ownership Structure



Board Of Directors



For more information on corporate governance, please have the qr code read, and see the pages #100-#119 under the annual report for 2017.
<http://investor.turkishairlines.com/tr/mali-veriler/yillik-raporlar/1/2017>

SUSTAINABILITY MANAGEMENT

During 2017, the Board of Directors convened 49 times and adopted 232 resolutions. Among the discussed matters, there are no related party transactions or transactions of important nature, which are not approved by the independent board members and require submission to the General Assembly.

There are three committees formed within the structure of the Board, namely Audit Committee, Corporate Governance Committee and Early Identification of Risks Committee, all of which are chaired by the independent Board members. The Committees have been formed under the framework of the provisions, prescribed under the TCC, and the regulations promulgated by the CMB. Committees' tasks and duties and working principles are determined by the Board of Directors. The Board of Directors provides all means and supports to the committees to carry out their tasks.

The tasks and duties of the Nomination Committee and Remuneration Committee were assumed by the Corporate Governance Committee in 2017.

Turkish Airlines Inc. Chairperson of the Corporate Governance Committee: Arzu Akalın
Members: Orhan Birdal, İsmail Gerçek, Kadir Coşkun (*Investor Relations Manager*)

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

The Corporate Governance Committee reviews the system and processes, formed and to be formed by the Incorporation, for performance increasing management practices, evaluates them, gives recommendations and oversees the activities of the Investor Relations Department. In 2017, the Corporate Governance Committee convened once and submitted an informative report, in writing, to the Board of Directors.

Turkish Airlines Inc. Chairperson of the Audit Committee: Mehmet Muzaffer Akpınar
Member: Ogün Şanlıer

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

The Audit Committee members are selected among the Independent Directors, both of whom have a 5-year experience in the fields of audits/accounting and finance. Audit committee convenes every 3 months prior to disclosure of the quarterly financial results. In 2017, the Audit Committee submitted four reports, in writing, to the Board of Directors.

Turkish Airlines Inc. Chairperson of the Early Identification of Risks Committee: Ogün Şanlıer
Member: Mehmet Muzaffer Akpınar

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

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

b) reviews the risk management systems at least once a year.

The Committee prepares all its works in writing, and keeps record of all its activities, and moreover prepares and presents a report – that includes a situation analysis and committee's opinions & suggestions – to the Board of Directors every two months. In 2017, Early Identification of Risks Committee conveyed 6 times and presented their risk evaluation report to the Board of Directors.

COMMUNICATION WITH SHAREHOLDERS

Investor Relations Department, reporting directly to the Chief Financial Officer (CFO), serves in the fields of ensuring and overseeing of the communication and information exchange by and between the Board of Directors and the capital market regulators and participants by providing accurate, consistent and timely information to analysts investors and our shareholders.

Public Disclosure Policy has been established by the Board of Directors to furnish all our stakeholders including shareholders, investors, analysts, employees and customers with timely, accurate, complete, comprehensive and easily accessible information for enhanced transparency.

During 2017, Investor Relations Department participated in 7 investor conferences and road shows with the aim of sharing the financial, operational and strategic developments about the Incorporation with investors and analysts, and made 25 teleconferences and organized more than 60 Corporate/individual investor meetings. In all of these conferences and teleconferences, 178 investors/analysts from 122 incorporations and funds were met at the Incorporation headquarters or at the investors' offices.

3 teleconferences were organized during the year in relation to the results obtained from the financial statements. During the fiscal year of 2017, around 3 thousand requests, sent to

our Incorporation for information purposes, were replied via e-mail. Investor Relations Department presented its report about the activities, it carried out in 2017, and provided detailed information to the Board of Directors.

Aiming to develop the transparent communication, established with the stakeholders, even further, Investor Relations Department has an Investor Relations Application running on iPad, iPhone and devices operating on Android.

The applications enables all stakeholders, as well as the domestic and international investors, to access many information and documents in relation to Turkish Airlines

such as the latest developments, material disclosures, operational and financial disclosures, investor presentations, annual reports, etc. at anywhere in 2 different language options on 3 digital platforms.

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

Shareholders' General Assembly Meetings of Turkish Airlines

	Fiscal Year of 2015	Fiscal Year of 2016	Fiscal Year of 2017
	04.04.2016	09.06.2017	04.05.2018
One share equals one note	Yes	Yes	Yes
Number of shareholders present, represented, granting power of attorney to chairman or voting by email	571 shareholders representing 966,222,634 shares	365 shareholders representing 835,649,649 shares	699 shareholders representing 1,026,500,492 shares
Attendance Rate	70.01 %	60.55 %	74.38 %

RISK MANAGEMENT AND INTERNAL CONTROL

// OUR RISK MANAGEMENT STRATEGY

An effective risk management strategy at our Incorporation is critical in taking under control potential risks inherent in the airline industry, which is prone to fierce competition and to ensuring sustainable growth. Furthermore; the Financial Risk Management strategy was established in order to minimize particularly the fuel prices, interest rates, cash flow, foreign currency fluctuations and counterparty risks and to provide a reasonable level of guarantee within our Incorporation against potential shocks. Accordingly; fuel price risk is tried to be minimized using the Swap- and option-based structures although they differ by the price levels with respect to the hedging transactions for fuel prices.

An effective foreign exchange rate policy, based primarily on natural risk management, is implemented for foreign exchange rates. It is intended to minimize the foreign exchange rate, which might arise even after implementation of natural hedging practices, by means of forward- or option-based costless banded structures. As part of the

Senior Vice Presidency (SVP), Inspection Board inspects effectiveness of our operations/activities, corporate governance, risk and control processes, as well as compliance thereof to the internal regulations of our Incorporation, the agreements, pre-determined strategies, policies and targets, and provides its opinions and recommendations therefor.

risk management initiatives for interest rate, the Incorporation performs hedging transactions, ensuring that the loan interest rates remain fixed at a certain rate for a portion of the debt portfolio throughout the loan term, or that they remain fixed between some certain interest levels (bands). More information on management of risks is available on pages 95-97 and 109-110 of the annual report of Turkish Airlines for 2017.

// INTERNAL CONTROL MECHANISM

Our Incorporation has a Senior Vice Presidency (SVP), Inspection Board which inspects, with a systematic and disciplined approach, whether the Incorporation's

activities including corporate governance, effectiveness of risk and control processes, improvement of Incorporation services are at the quality level that will provide the highest level of customer satisfaction, compliance with legislation, the Incorporation's internal regulations, agreements, pre-determined strategies, policies and targets, and provides consultancy and assurance on the efficiency and effectiveness of these processes, and also submits opinions and suggestions. In this respect, the SVP, Inspection Board identifies risk mitigating measures, reports and provides counseling service to the Senior Management about these issues including detection of faults, fraud and misconducts.



*We have adopted
ethics and social
responsibility,
as well as a transparent
and fair management
culture as a principle
in our operations.*



BUSINESS ETHICS

// OUR BUSINESS ETHICS APPROACH

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

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

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

in their words and deeds with regards to legislation, ethical values, social norms and environment.

// DEVELOPMENTS IN 2017

The Ethics Committee Procedure, which sets out the structure, duties, authorities, responsibilities and operating principles of the Ethics Committee that was established in order for assessment of any and all reporting made to the "Ethics Line" by means of telephone, e-mail and web in several issues such as corporate business principles, codes

of conduct, discrimination, conflicts of interest, superior-subordinate relationships, problems experienced with colleagues and line managers, etc., as well as of the Sub-Committee reporting to the Ethics Committee, entered into effect in 2017

Turkish Airlines has not encountered any findings of breaches of competition rules nor it has been subject to any sanctions with respect to competition law so far as a result of the inspections/investigations carried out by the domestic and foreign competition authorities.

// COMPLIANCE

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

// ETHICS TRAININGS

As a growing Incorporation, it is of high importance for us to conduct this growth process in accordance with the "Competition Law". We organize trainings for all our employees including the executives and managers to create this awareness. The trainings enable to raise the participants' awareness on anti-competition issues and provide them with tips and tools on how to identify and deal with these issues. In 2017, awareness raising activities on ethics were carried out via mailing, posting, monthly corporate reports.

An online training module on ethics for all employees has been designed. The training program contains information on what ethical rules are, why they are important and how they benefit both the employee and the employer

and what to do if employees are exposed to any ethics violations or witness such an incident. Related sound and animation works are being carried out.

// MISCONDUCT REPORTING

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

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

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

In 2017, 168 applications were made to Ethics Reporting Line on various issues. Most of the cases reported were related with "disagreement with colleagues" and "misapplication of the procedures". All of these issues were considered in detail by Turkish Airlines Ethics Board and it was decided to inform the concerned employees and departments to ensure that necessary actions are taken and administrative sanctions were imposed on behaviors contrary to work discipline.

// ANTI-BRIBERY AND ANTI-CORRUPTION

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

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

In respect of anti-corruption guidelines; the roles of the senior management, SVP, Inspection Board, SVP, Security, Audit Committee, Ethics Board, Discipline Council, Human Resources and every employee of our Incorporation have been established with an integrated approach towards detecting and preventing corruption and misconducts in addition to monitoring and improving anti-corruption systems. SVP, Inspection Board assesses the whole Incorporation including risks related to bribery and corruption. Turkish Airlines has not encountered any findings of breaches of anti-bribery and anti-corruption policy nor it has been subject to any administrative and monetary sanctions with respect to bribery and corruption.



*We operate flights to
300 destinations in
120 countries, increasing
the global connectivity
and providing a contribution
to economic and social
development.*



ECONOMY

32 | CONTRIBUTIONS OF
AVIATION

37 | OUR CONTRIBUTIONS TO
ECONOMIC AND SOCIAL
DEVELOPMENT



EVERY DAY
9.8 Million
passengers
104,000 flights
\$18.6 Billion
worth of goods
carried

IN THE WORLD
21st
If aviation were a
country, it would
rank 21st in the world in
terms of GDP

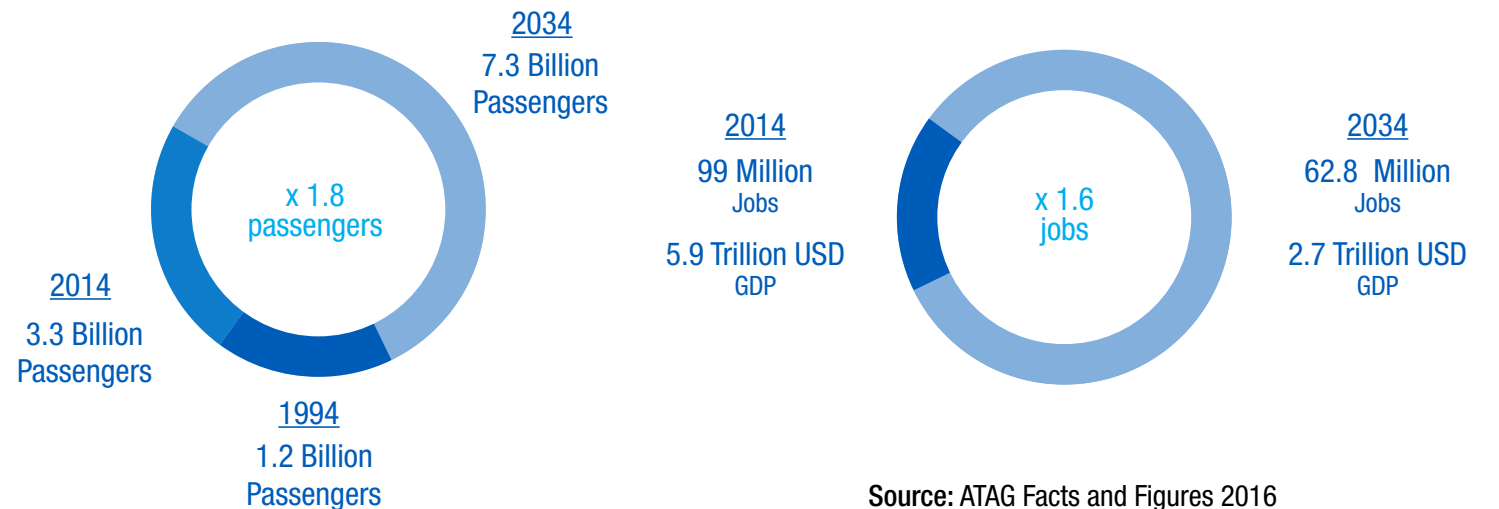
OF GLOBAL GDP
3.5%
is supported by
aviation

CONTRIBUTION OF AVIATION

The aviation industry plays a vital supporting role in economic growth by facilitating the growth of international trade, tourism and international investment, and connecting people across the globe. The total value of goods transported by air represents 35% of all international trade. The overall world aviation market size in 2017 was USD 754 billion (IATA). Over 60 million tons of goods were freighted and over 4 billion people boarded on an aircraft in 2017; and this figure is

expected to grow 4% annually for the next 20 years. Air transport also increases a country's connectivity which can help raise productivity, by encouraging investment and innovation; improving business operations and efficiency; and allowing companies to attract qualified employees. The global economic impact of aviation industry is estimated at USD 2.7 trillion, equivalent to 3.5% of the global gross domestic product (GDP).

Aviation today & tomorrow



Source: ATAG Facts and Figures 2016

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 62.7 million jobs globally. The airlines' services generate 9.9 million direct jobs within the air transport industry and contribute USD 664 billion to global GDP.

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

// INDIRECT IMPACTS

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

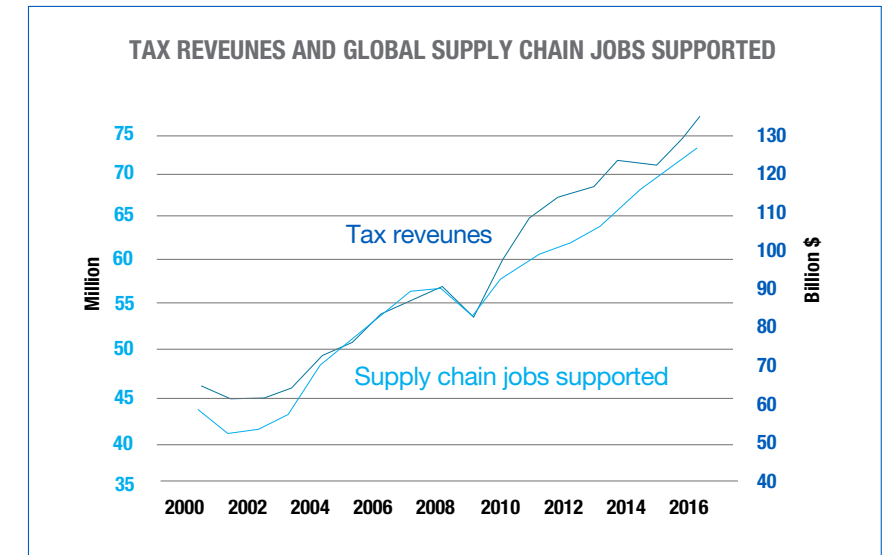
// INDUCED IMPACTS

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

// 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.

Source: IATA Economic Performance of the Airline Industry, 2017 Mid-year Report

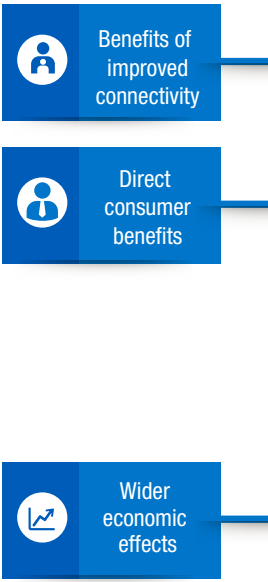


Source: IATA Economic Performance of the Airline Industry, 2017 Mid-year Report

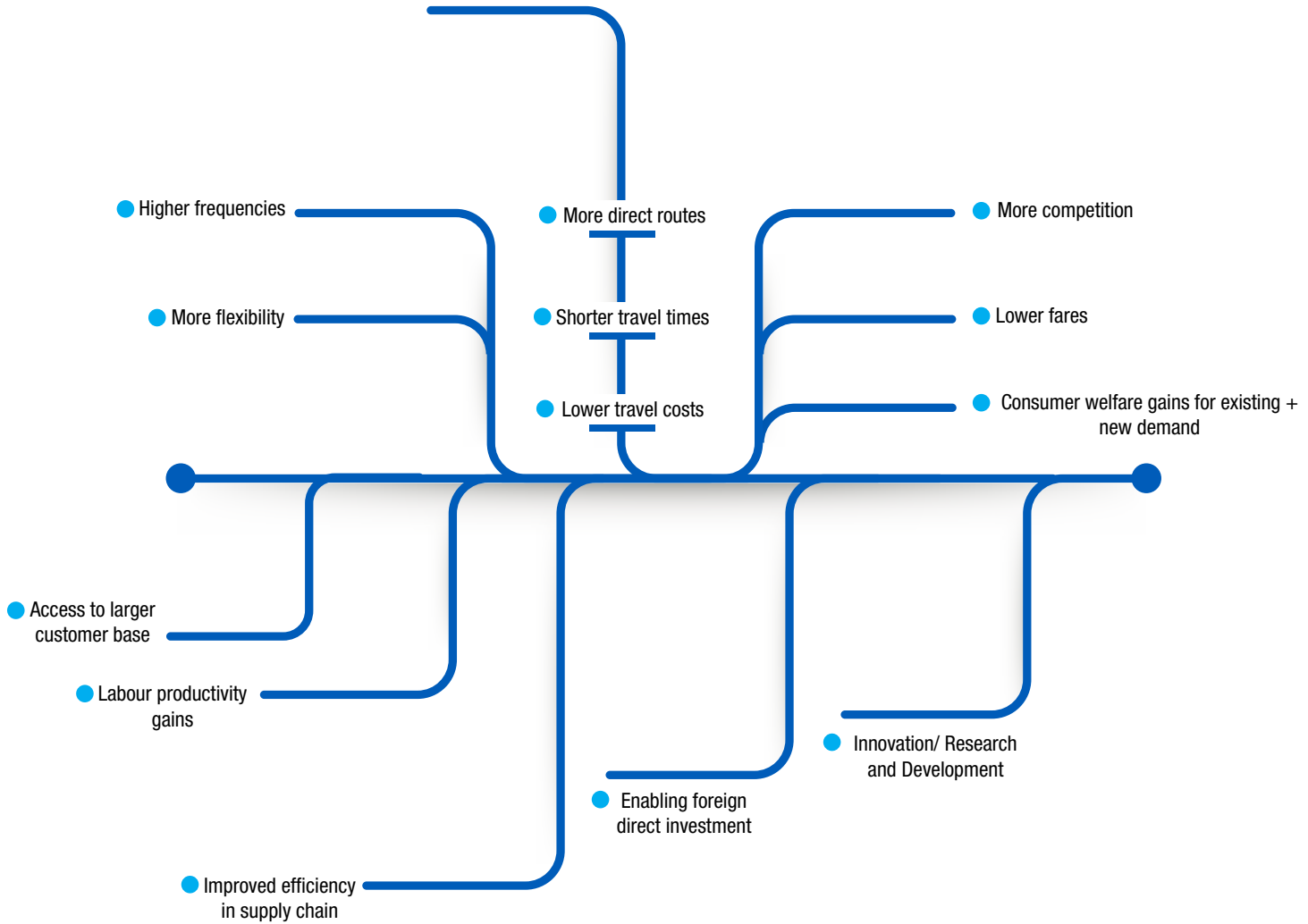
Airlines have a powerful role in alleviating sustainable development challenges by facilitating tourism and trade, particularly in remote areas, generating economic growth and new jobs, improving living standards, alleviating poverty and increasing revenues from taxes. Airlines can also contribute significantly to communities when road or rail networks are lacking or in remote areas such as small islands where access to essential services depends on the air transport. Therefore, airlines can significantly contribute to deliver urgently needed assistance during emergencies caused by acts of natural disaster, famine and war.

CONNECTIVITY GAINS

Connectivity can be defined as the scope of access between an individual airport or country and the global air transport network.¹ It is also an indicator of a network's concentration and its ability to transport passengers from their points of origin to their points of arrival seamlessly.²



THE WIDER ECONOMIC IMPACTS OF CONNECTIVITY



1 - IATA Report, Aviation Economic Benefits, 2007
2 - Worldwide Air Transport Conference, ICAO 2013
3 - Economic Benefits of European Airspace Modernization, SEO 2016

Air connectivity brings many advantages to Turkey's economy including⁴:

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

4 - IATA Report, Aviation Economic Benefits, 2007

5 - Belenkiy & Riker, 2012, PWC, 2014

6 - According to Bannò Redondi, 2014

7 - InterVISTAS, 2015

8 - Baruffaldi, 2015



Istanbul's High Connectivity Rate

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

THE AVIATION SECTOR'S SUPPLY CHAIN

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

// LOCALLY-BASED AIRLINES

- › Domestic
- › International passenger
- › Freight Services



// GROUND-BASED INFRASTRUCTURE

- › All on site activities at Airports
- › Air Navigation Service Provider (ANSP)
- › Regulators



// NON-AIRSIDE SUPPLY CHAIN



Source: Economic Benefits from Air Transport in Turkey, Oxford Economics, 2011

OUR CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT

Turkish Airlines is the market leader in Turkey carrying 50% of total passengers. With the addition of 5 new flight destinations and 1 new country in 2017, we, as the airline that flies to the most countries worldwide with 300 destinations in 120 countries, generate new economic opportunities through our expanding network. We provide substantial contributions to the Turkish economy, trade and tourism. Not only do our main hub Istanbul Ataturk Airport and other hubs Sabiha Gokcen and Ankara provide highly attractive business environments, but also we contribute to local economic and social development at our destinations both nationwide and worldwide.

// CONTRIBUTION TO GDP OF TURKEY

Experiencing a rapid growth period following the statutory regulations made since 2003 across our country, the aviation industry keeps developing with the increased number of infrastructure and fleet investments, number of connections and ticket fare arrangements.

We provide substantial contributions to Turkey's job creation, public finance, exports, trade and tourism, besides the local economic and social development across our global destinations.

The aviation industry directly contributed 24.3 billion USD to Turkish GDP in 2017 through the outputs of airlines, airports and ground handling agents. This corresponds to 3% of the total GDP of Turkey.

Turkish Airlines has generated a revenue of approximately 11 billion USD in 2017, reflecting an annual growth rate of 11% since 2006. We have made investments over 15 billion USD between 2005-2017, and spent 654 million USD for procurement of 46 new aircraft in 2017.

// CONTRIBUTION TO PUBLIC FINANCE

Aviation industry provides a substantial contribution to public finance directly through tax payments or indirectly through fringe benefits, airport fees, etc. The total amount of the other taxes and charges, generated in 2017 by Turkish Airlines with a substantial contribution to Public Finance, corresponds to 1 billion 57 million USD.

// CONTRIBUTION TO JOB CREATION

Aviation industry is considered as a major employer in Turkey, and provided job

opportunity directly to more than 196 thousand people in 2017 across the country. An average employee, serving in air transportation services, generates a higher gross added value, and is 175% more productive compared to an average employee in Turkey².

Providing job opportunities directly to 30 thousand 559 people in 2016, Turkish Airlines increased this figure to 31 thousand 543 people in 2017, and represented a major portion of the direct jobs, provided by the aviation industry across Turkey in 2017, with its direct job opportunities of approximately 52 thousand.

1- Directorate General of Civil Aviation, 2017

2- Oxford Economics, Economic Benefits from Air Transportation in Turkey, 2011.

* Figures of Turkish Technic Inc. and Aydin Cildir Havalimani Isletme A.S. are included.

// CONTRIBUTION TO TURKEY'S EXPORT

Turkish Airlines contributes to Turkey's export directly as the Turkey's biggest exporter and also indirectly by opening new channels of transport, and therefore increases connectivity. In 2017, 74% of our tickets are sold outside the borders of Turkey, implying a significant service export for our country.

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

In 2016, Turkey ranked in the 3rd place following the USA and the United Arab Emirates with 100,002 million USD in aviation industry service export around the world.

// CONTRIBUTION TO TOURISM

Over 4 billion passengers worldwide boarded on an aircraft in 2017 for various reasons including touristic purposes. Being a major contributor to Turkey's economy and having an increasing number of destinations, Turkish Airlines has a significant footprint

the tourism industry. In the aftermath of the unfavorable developments occurring in Turkey and its neighboring geographical region in 2016, the tourism industry enlivened in 2017, with a favorable impact on the service industry.

The number of tourists, visiting Turkey in 2017, was reported as 32,4 million with an increase by 28% compared to 2016.

72% of these 32.4 million tourists preferred air transportation instead of the other transportation means.

// CONTRIBUTION TO LOCAL DEVELOPMENT AT OUR DESTINATIONS

As of 2017, 47 countries were categorized as the least developed countries in the world by the United Nations, and Turkish Airlines flies to 22 of these countries. Approximately 1,4 million of these passengers, carried in these 22 countries covered under the list of the least developed countries, preferred Turkish Airlines for their travels as of 2017. Offering global connectivity, our Incorporation enables people in the least developed countries to foster their economic and social relationships with the rest of the world.

Operating flights to 22 of the 47 countries, covered under the least developed countries categorized by the UN, Turkish Airlines provides contribution for these countries to develop their economic and social interactions with the entire world.

OUR ECONOMIC FOOTPRINT

ECONOMY

LOANS



2,174 million \$
Loans

REVENUE

TOTAL
10,958 Million \$



85.8%
Passenger



12%
Cargo



2.2%
Maintenance
and Others

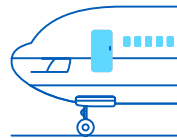
TAXES ON TICKETS



→ AIRPORTS
→ GOVERNMENTS

1,018 million \$
(Not included in turnover)

INVESTMENTS



1,228 mln \$
Fleet



271 mln \$
Others



1,806 mln \$
Financial Lease
Payments

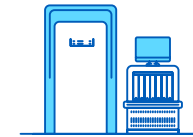
EXPENSES



2,866 mln \$
Suppliers (Fuel)



55 mln \$
Sponsorships



469 mln \$
Airport fees



509 mln \$
Air Traffic Control



4,465 mln \$
Other Suppliers



39 mln \$
Government



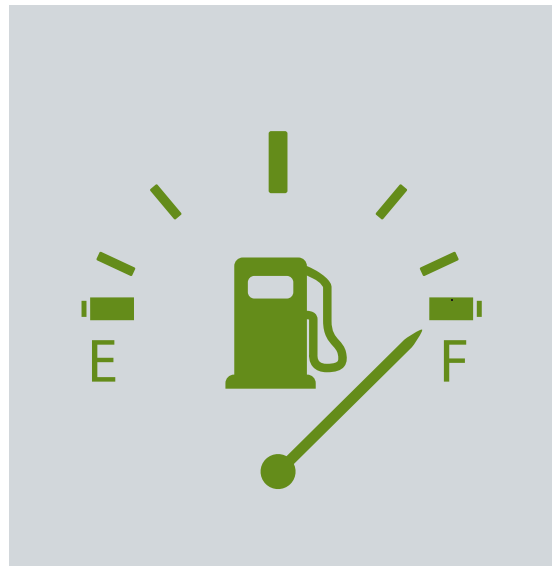
1,761 mln \$
Employees

TOTAL
10,164 Million \$

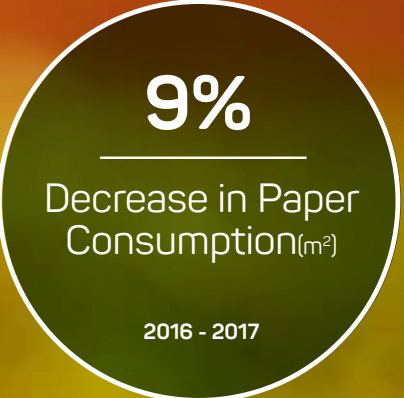
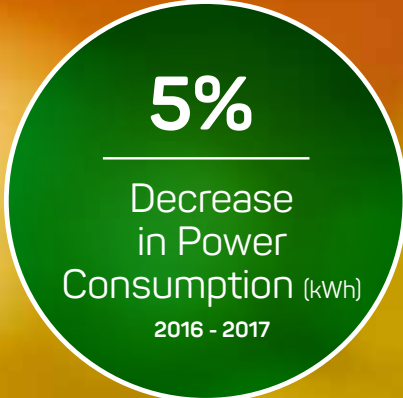
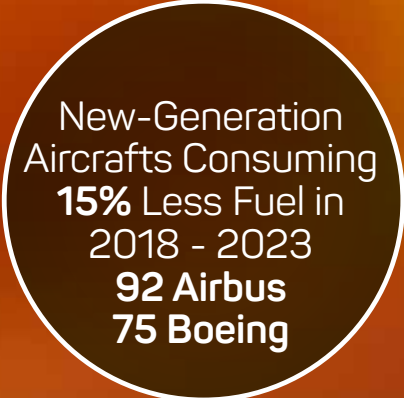


ENVIRONMENT

- 44 ENVIRONMENTAL MANAGEMENT
- 48 RESOURCE EFFICIENCY
- 49 NOISE MANAGEMENT
- 50 WASTE MANAGEMENT
- 51 COMBATING CLIMATE CHANGE
- 54 FUEL EFFICIENCY



MINIMIZING OUR ENVIRONMENTAL FOOTPRINT



ENVIRONMENT

ENVIRONMENTAL PRACTICES AND TARGETS FOR 2017	Achievement	Target for 2018
Environmental Management		
Continuity in compliance with the environmental regulations was achieved, and any non-conformity on environmental matters could not be identified.	100%	Continuity in compliance with the environmental regulations
No environmental emergency, accident or incident occurred.	100%	Non-occurrence of any environmental accident, emergency or incident
Continuity of TS EN ISO 14001 Environmental Management System (EMS) Certificate was maintained.	100%	Fulfillment of the requirements sought under ISO 14001 EMS Standard revised in 2015, and implementation of the revised version thereof
46 internal audits were conducted under TS EN ISO 14001 and 14064-1 to ensure continuous improvement of the Environmental Management System (EMS), and the actions, required to be taken for the identified findings, were assigned to the concerned departments.	100%	Monitoring of the findings identified in the previous audit, and planning of the new internal audits to improve the EMS performance.
All environmental issues, which are required to be addressed on minimum basis, were addressed completely in Compliance Review Board meetings.	100%	Escalation of environmental issues to the Management Review Meetings, and assessment thereof by the senior management
Our Incorporation is included in the BIST Sustainability Index.	100%	Maintenance of our listing in the BIST Sustainability Index.
Efficient Use of Resources		
Electrical energy consumption in the Headquarters, and Yenibosna and Technology premises was decreased by 2% compared to 2016, and the total amount of power consumption was reported as 7,474,705 kWh.	100%	Decrease of the electrical energy consumption by 5% compared to 2017 in the respective premises
The natural gas consumption in the Headquarters, and Yenibosna and Technology premises was decreased by 2% compared to 2016, and the total amount of natural gas consumption was reported as 4,546,112 kWh.	100%	Decrease of the natural gas consumption by 5% compared to 2017 in the respective premises
Water consumption per person, which was reported as 23.45 in 2016 in the Headquarters, and Yenibosna and Technology premises, decreased to 20.36 in 2017, corresponding to a rate of decrease of 13%.	100%	Decrease of the water consumption per person by 5% compared to 2017 in the respective premises
Electronic documentation system enabled 4,235,000 paper saved, preventing cutting of nearly 53 trees. Cabin digitalization practices decreased paper consumption by 9% compared to the previous year, and it was reported as 1,925,367 m ² .	Decrease by 9% compared to 2016, and performance achievement above the targeted-level	
Revisions to boost the productivity of our air-conditioning plants have been performed with an aim to minimize the power consumption. Coins have been replaced with the more productive alternatives, and LED lamps have been started to be used in lightning.	New target	-
A condenser (economizer) has been installed on the boiler flue in order to minimize the natural gas consumption.	New target	-
Aerators have been installed on water taps with the aim of minimizing the water consumption. Moreover; the condensate, forming in the air-conditioning plants, has been started to be used in garden irrigation processes.	New target	-
Waste Management		
Processes for engaging licensed companies in accordance with the applicable statutory regulations for segregation, temporary storage, recovery and disposal of waste, and keeping and monitoring the records thereof were performed	100%	Maintenance of waste management in accordance with the applicable statutory regulations.

ENVIRONMENTAL PRACTICES AND TARGETS FOR 2017	Achievement	Target for 2018
26 tons of packaging waste were sent to recycling	Performance achievement above the targeted-level with an increase by 44% compared to 2016	Increase by 20% in packaging waste, sent to recycling, compared to 2017
91 tons of non-hazardous waste were sent to recycling 99 tons of hazardous waste were sent to the respective companies holding the license to collect waste	Performance achievement above the targeted-level with a decrease by 25% compared to 2016	A decrease by 20% in hazardous waste compared to 2017
In-flight waste segregation practice was initiated in 22 domestic and 44 international flights	New target	
Bio-plastic bags, which are fully conforming to TS EN 13432 standard "Packaging- Requirements for packaging recoverable through composting and biodegradation" and which are of biodegradable nature, started to be used instead of the plastic bags we used to utilize while packaging the earphones and blankets.	New target	
Wood toys, made from forestry products and certified by the Forest Stewardship Council (FSC), started to be offered to our child passengers on-board the aircraft instead of the plastic toys.	New target	
Combating Climate Change		
Greenhouse Gas Committee was formed	100%	Holding of greenhouse gas committee meetings on annual basis.
Greenhouse Gas Information Management Procedure was drawn up	100%	Continuity in compliance with the procedure
Direct and indirect greenhouse gas emissions were calculated in accordance with the standard TS EN ISO 14064-1, and the greenhouse gas report was drawn up.	100%	Inclusion of Izmir Adnan Menderes Airport into the project besides continuity in greenhouse gas emission calculations for the existing facilities under the project
Greenhouse gas statement was assured by the independent auditing organization in accordance with TS EN ISO 14064-3	100%	Verification of the emissions for 2018
As part of the Green Company Project conducted on voluntary basis, Istanbul Ataturk Airport and Ankara Esenboga Airport were granted with the "Green Company Certificate" and the title of "Green Company".	100%	Maintenance of the certificates held by the existing facilities, and entitlement of Izmir Adnan Menderes Airport to obtain the certificate
Fuel Management Information System (FMIS) was employed	100%	Fully implementation of the system
In consequence of the fuel saving projects conducted successfully, the fuel efficiency was reported as 18.20 kg/100 ATK in 2017, representing an improvement by 1.5 percent compared to the previous year	100%	Decrease of ATK by 5% by 2025
46,757 tons of fuel were saved	100%	To save 41,000 tons of fuel
147,283 tons of CO ₂ emissions were avoided	100%	To avoid 130,000 tons of CO ₂ emissions
Online training contents to raise the level of awareness on environment and greenhouse gas were generated. Environmental awareness training was assigned to 13,754 flight crew members, 698 cargo personnel and 7,860 ground personnel, and greenhouse gas awareness training was assigned to 20,792 personnel.	100%	Assignment of the respective trainings to the new joiners
Besides FSC-certificated wood toys, information brochures started to be delivered to children on board the aircraft in order to raise the level of awareness on climate change and on endangered animal species along with the information provided by WWF-Turkey.	New target	



ENVIRONMENTAL MANAGEMENT

We, as Turkish Airlines, are determined to minimize the negative impacts of our operations on environment as much as possible, and to take any and all actions necessary to combat with the climate change. We adopted an environmental management perspective far beyond just complying with the applicable regulations and the other aviation industry requirements. We maintain **TS EN ISO 14001 Environmental Management System Standard¹**, we have been holding since 2013, and provide all of our operations, products and services in accordance with the requirements sought under this standard. Driven by our principle of **“continuous improvement”**, we keep abreast of all developments in the field of environment, develop new projects and hold trainings to increase the level of environmental awareness all of our employees.

We identify all environmental aspects of our operations, and the related environmental impacts thereof, and take measures to eliminate these impacts. (See: <http://investor.turkishairlines.com/documents/ThyInvestorRelations/download/icerikler/environmental-dimensions.pdf>)

All environmental issues are managed by the Senior Vice Presidency, Quality Assurance, reporting directly to the CEO, within the

Turkish Airlines holds the Environmental Management System Certificate¹ (TS EN ISO 14001).

organization of our Incorporation, and such issues are escalated to, and addresses at the Management Review Meetings which are held regularly by the Senior Vice President, Quality Assurance upon attendance of the senior management. Our Environmental Policy is shared with all related parties on our website. (See: <http://investor.turkishairlines.com/en/governance/environmental-policy>)

// OUR ACTIONS

We took many actions to mitigate the environmental impacts, which might arise from our operations, and developed an action plan in line with our environmental policy. We currently implement these actions, and also keep developing new projects. The primary measures and actions we took are summarized below.

- We carry out voluntary certification processes to enhance and improve

continuously the Environmental Management System performance.

- We implement effective waste management projects in our offices and in-flight activities.
- We carry out projects to encourage effective and efficient utilization of the resources such as water, power and natural gas, etc., and to decrease the paper consumption.
- We hold trainings to increase the level of awareness of our employees.

// TARGET FOR 2018

It is aimed to fulfill the requirements sought under TS EN ISO 14001 Environmental Management Standard (EMS) revised in 2015, and complete all processes for transition to the new version in 2018.

1 - ISO 14001 Environmental Management System Certificate covers design and provision of scheduled and unscheduled domestic passenger and cargo air commercial transportation services, and services offered during international flights, as well as the training services.

OUR ENVIRONMENTAL POLICY

The Senior Management of Turkish Airlines hereby declares its Environmental Policy covering the design and presentation of the scheduled and unscheduled passenger and cargo commercial air transportation services in domestic lines, the in-flight services in international lines, and the training services in order to bring its employees, customers, suppliers, affiliates, and all its business partners and shareholders together around a common goal for its future, in line with duties and common values of the Incorporation by considering the national and international laws and regulations as well as the commercial ethics, by focusing on total quality.

Abiding by the Rules

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

Minimizing Adverse Environmental Impacts

It gives top priority to protection of environment while carrying out all its activities, products and services. It supports the fuel efficiency initiatives and takes measures to decrease the greenhouse gas emissions to decrease and eliminate the factors that may worsen the climate change.

It takes measures against noise pollution and wastes. It minimizes wastes by giving priority and support to the use and recovery of recyclable materials within the waste management process.

Considering People and the Environment while Growing

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

Developing along with Stakeholders

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

Managing the Environmental Aspects

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



Bequeathing an Habitable World for Future Generations

It uses the natural resources effectively and efficiently as per the sustainability principle by considering the future generations that are its common assurance with its stakeholders; and places importance on biological diversity.

Improving Consistently

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

DEVELOPMENTS IN 2017

// IDENTIFICATION OF ENVIRONMENTAL ASPECTS AND IMPACTS CAUSED BY OUR OPERATIONS

We identify all environmental aspects and impacts caused by our operations, and carry out projects to eliminate these impacts. All environmental aspects, identified in the fields of operations of our Incorporation within the borders of our country, are included under the "Substantial Environmental Dimensions Report". (<http://investor.turkishairlines.com/documents/ThyInvestorRelations/download/icerikler/environmental-dimensions.pdf>)

Not any environmental accident or incident occurred during realization of our services, products and operations, and not any non-compliance with the applicable environmental laws was identified. A total budget of TRY 103,314 was spent for maintenance of the environmental management system and the Green Company Project.

In consequence of the projects conducted successfully, we were entitled to obtain the Green Company Certificate for Istanbul Ataturk Airport and Ankara Esenboga Airport by the Directorate General of Civil Aviation (DGCA) in 2017.

// EMERGENCY EXERCISES

Environmental emergency exercises are conducted at Cargo Building and Refueling Supervisor's Office in order to be ready for any and all environmental accidents and emergencies which might affect the environment and human health, and to minimize the environmental impacts which might arise subsequently.

// GREENHOUSE GAS EMISSION MEASUREMENT AND CERTIFICATION

Extensive projects, involving many departments, are carried out across our Incorporation in order to combat with the climate change. Greenhouse gas emissions, caused by our operations, were calculated in 2017 in accordance with ISO EN 14064-1,

and the greenhouse gas statement was drawn up accordingly. The statement was verified by the independent auditing organization. In consequence of the projects conducted successfully, we were entitled to obtain the Green Company Certificate for Istanbul Ataturk Airport and Ankara Esenboga Airport by the Directorate General of Civil Aviation (DGCA) in 2017.

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

// TARGET FOR 2018

It is aimed to create a systematics to monitor the greenhouse gas emission sources in all fields of operations of our Incorporation within the borders of our country in 2018.

// AUDITS

We conduct internal audits across our Incorporation to ensure that greenhouse gas emissions are calculated and controlled, and to improve the environmental management system continuously. We conducted one internal audit under ISO 14064-1 Quantification and Reporting of Greenhouse Gas Emissions, and 45 internal audits under ISO 14001 Environmental Management System. Initiatives were taken by the concerned directorates and departments of our Incorporation in order to eliminate the non-conformities identified during the audits.

// TRAININGS

Trainings for “**Awareness on Greenhouse Gases**”, prepared for Incorporation employees, and “**Environmental Awareness Trainings**”, prepared in different modules for cargo personnel, flight crew members and executives, continued to be assigned online in 2017. Moreover; contents of these trainings were also created in English, and



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Our Incorporation is now referred to as the “Green Company”, which brings along a substantial responsibility on our shoulders. We will keep measuring and reporting the emissions, caused by our operations, regularly, and developing new projects to mitigate our environmental impacts. Our title of “Green Company”, we will endeavor to extend in the following years, is an indicator showing how we are determined to protect the nature and leave a livable life to the next generations.

BİLAL TEK
Senior Vice President,
Quality Assurance

“

We were entitled to be listed under the BIST Sustainability Index for the third time.

made available for our employees. We will continue to assign these trainings to all employees, who have not received them or who have been employed recently, in 2018.

It is also planned to create a training content under the scope of TS EN ISO 14001:2015 Environmental Management Standard, which was revised in 2015, and assign the same to all Incorporation employees.

// SUSTAINABILITY EVALUATIONS

We were entitled to be listed under the BIST Sustainability Index¹, created by an independent evaluation Incorporation based on the performance of the top-ranking 50 companies, listed in Borsa Istanbul, in the fields of environmental, social and corporate management, for the third time. We aim to maintain our position under the Index with our sustainability performance, we keep developing, in the next period.

// GREEN BUILDING CERTIFICATION IN OUR NEW AIRPORT BUILDINGS

LEED² (Leadership in Energy and Environment Design) green building certificate is a green building rating system developed by the U.S. Green Building Council (USGBC). Buildings, constructed in accordance with this voluntary-based system, are much healthier, more environment-friendly and more economic compared to the traditional buildings. In line with our environment-friendly approach and sustainable future vision, it is planned to construct some of the buildings, to be erected in Istanbul New Airport, in accordance with the LEED criteria.

¹ Ref: <http://www.borsaistanbul.com/duyurular/2017/10/27/bist-surdurulebilirlik-endeksi-kasim-2017-ekim-2018-donemi-sirketleri-belli-oldu>

² Ref: <https://new.usgbc.org/leed>

RESOURCE EFFICIENCY

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

// ENERGY PRODUCTION

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

// DEVELOPMENTS IN 2017

1. Revisions to increase the efficiency of our

13% reduction in water consumption and
5% reduction in electrical energy consumption
compared to 2016!

air-conditioning plants were performed with an aim to decrease the electrical energy consumption. Coins have been replaced with the more productive alternatives, and LED lamps have been started to be used in lightning.

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

3. Automation controlled air dampers have been installed on water taps with the aim of minimizing the water consumption.

Moreover; the condensate, forming in the air-conditioning plants, has been started to be used in garden irrigation processes.

4. In order to minimize the paper consumption, most correspondences have been started to be exchanged on the electronic medium thanks to the electronic document management system. The applications such as Mobile Check-in, Documents and Notice have been commissioned as part of the cabin digitalization applications, resulting in a substantial amount saving in paper consumption.

NOISE MANAGEMENT

We, as Turkish Airlines, are committed to minimizing our noise emissions, as specified under our Environmental Policy. We created one of the youngest fleets of the world with an average fleet age of 7.7, taking a big step towards our targets for noise minimization. Moreover, we will reduce our noise emissions to even much lower levels with our new-generation aircrafts ordered and expected to be delivered in 2023. Airworthiness Monitoring Supervisor's Office carries out the application procedures to obtain the Noise Certificate for each aircraft in accordance with the national and international aviation requirements. This certificate, showing the noise levels of the aircraft, enables to check that whether or not the noise level limits are observed during landing and take-off at airports.



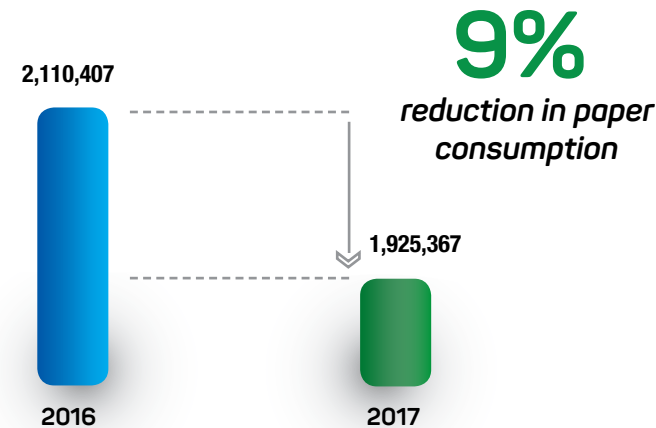
// PERFORMANCE FOR 2017

12,277,390 kWh electrical energy was generated from natural gas by means of our trigeneration plant in 2017, and 34,881,404 kWh natural gas was used for such generation.

A decrease by 13% and 5.1% was achieved in water consumption per person and power consumption, respectively, at the Headquarters, and our Yenibosna and Technology premises in 2017. Moreover; the scope of the report on power, water and natural gas consumption was extended as of 2017, the consumption values of our other operational buildings in Istanbul are included into the total value.

Accordingly; the total electrical energy consumption was reported as 30,083,877 kWh, and the total natural gas consumption was reported as 49,980,811 kWh, and the total water consumption was reported as 169,856 m³.

Paper consumption amount (m²)

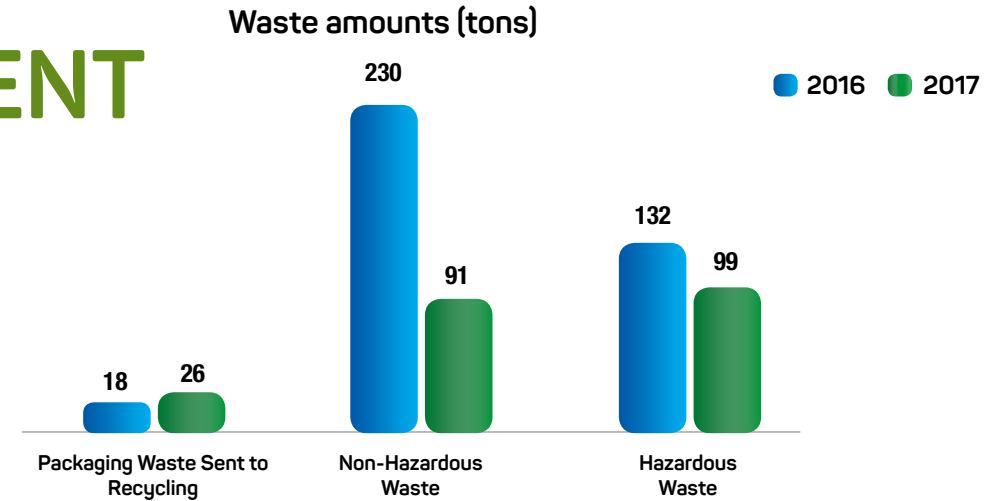


Electronic documentation system enabled 4,235,000 paper saved, preventing cutting of nearly 53 trees. Mobile Check-in, Documents and Notice applications as part of the cabin digitalization practices decreased paper consumption by 9% compared to the previous year, and it was reported as 1,925,367 m².

WASTE MANAGEMENT

As stated under our Environmental Policy, we aim first to prevent generation of waste through the waste management initiatives we carry out as Turkish Airlines, and also to minimize and support the recycling and recovery activities as much as possible, if we cannot prevent its generation. Waste management practice involves ensuring identification of types and sources of the waste generated within the organization, collection and separation of the waste at their own sources, temporary storage, recycling and disposal of the waste in accordance with the related applicable regulations.

All hazardous waste and packaging waste are reported online while all waste oils classified as hazardous waste are reported in person in accordance with the regulations promulgated by the Ministry of Environment and Urbanization. Waste Management Supervisor's Office serves in coordination with the "officials in charge of waste", designated in all our premises in Istanbul and Turkey, and ensures that all types of waste, including packaging waste, domestic waste, medical waste, hazardous and non-hazardous waste which arise from our operations, are managed in accordance with the applicable regulations.



// DEVELOPMENTS IN 2017

1. In-flight segregation practice was initiated in 22 domestic and 44 international flights.
2. In order to minimize generation of plastic waste which cause greater damages to the nature, bio-plastic bags, which are fully conforming to TS EN 13432 standard **"Packaging- Requirements for packaging recoverable through composting and biodegradation"** and which are of biodegradable nature, started to be used instead of the plastic bags we used to utilize while packaging the earphones and blankets offered to our passengers.
3. In order to minimize generation of plastic waste, wood toys, made from forestry products and certified by the **"Forest Stewardship Council (FSC)"**, started to be offered to our child passengers on-board the aircraft instead of the plastic toys.

// PERFORMANCE FOR 2017

The amount of packaging waste, sent to recycling in 2017 at Istanbul locations, was reported as 26 tons while the amount of hazardous waste, sent to recycling, was reported as 91 tons. The total amount of hazardous waste, sent to the companies holding the license to collect hazardous waste, was reported as 99 tons.

// TARGET FOR 2018

We aim to increase the amount of packaging waste, sent to recycling, by 20% compared to 2017, and decrease the amount of hazardous waste by 20% compared to 2017, in order to prevent disposal of packaging waste into nature, and to provide contribution to achievement of a maximum level in recycling.

COMBATING CLIMATE CHANGE

Greenhouse gas emission is the primary reason of the climate change which is one of the most challenging global problems. According to the Intergovernmental Panel on Climate Change (IPCC), the aviation industry generates approximately 2% of the world's man-made emissions of carbon dioxide (CO₂). However; if no action is taken, this rate might increase further due to the increase of the global air traffic.

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

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

Our Actions to Combat with Climate Change

- › We identify our greenhouse gas sources, calculate the emissions in accordance with the internationally accepted ISO 14064-1 Standard, and ensure that they are verified by an independent verification organization.
- › We offset our greenhouse gas emissions, associated with our flights under EU-ETS, with carbon credits provided by the carbon credit agencies.
- › We keep abreast of the international developments in climate change, and attend in the related workshops. We closely follow all developments in relation to the proposal titled CORSIA, raised to the current agenda by IATA, the international aviation authority, with respect to calculation and verification of greenhouse gas emissions, and offsetting thereof with carbon credits, and we, as the Company, plan all our activities in line with this proposal.
- › We attend the related national projects voluntarily. (For example: Green Airport Project initiated by DGCA and TSE) › We perform operational improvements in order to minimize and control our greenhouse gas emissions, increasing our fuel efficiency.
- › We keep abreast of the technological developments, modernize our fleet, and aim to minimize both the emissions and the noise level by means of the new-generation and environment-friendly aircraft.
- › We conduct surveys in relation to sustainable bio-fuels.
- › We organize trainings for our employees to increase the level of awareness on climate change.
- › We plant trees in accordance with the protocol we executed with the Directorate of Forestry. We planted a total of 1 million trees.



We now
assume the
title of “Green
Company”!

// DEVELOPMENTS IN 2017

1. “Greenhouse Gas Committee” was formed and “Greenhouse Gas Information Management Procedure” was identified upon attendance of the concerned departments of our Incorporation in order to manage and monitor our operations, causing to generation of emissions, in line with our target of reducing the greenhouse gas emissions.

2. 20,792 employees were provided with online greenhouse gas awareness training in order to increase the level of awareness of our employees on climate change, and to decrease the greenhouse gas emissions of our Incorporation. We will continue to assign these trainings to all employees, who have not received them or who have been employed recently, in 2018.

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

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

4. Our greenhouse gas statement for 2016 was verified by the independent auditing organization in accordance with the standard TS EN ISO 14064-1 Quantification and Reporting of Greenhouse Gas Emissions and Removals. However; this work takes a long time due to the detailed reviews during the verification process, and the greenhouse gas emission verification for the previous year can be completed. Therefore, the verification statement on the emissions for 2016 is available at the end of the report. The verification process on our greenhouse gas emissions for 2017 is still ongoing.

5. Our Incorporation applied to participate voluntarily in the Green Airports Project introduced by the Directorate General of

Civil Aviation (DGCA) in order to minimize the damages, which were or might be given to the environment and humans by the agencies serving at the airport, systematically and to eliminate them, if possible. Our works under the “**Green Company Project**”, initiated in 2016 along with our initiatives for analysis of the present situation, were completed successfully in 2017, and Istanbul Ataturk Airport and Ankara Esenboga Airport were entitled to obtain the Green Company Certificate.

In 2018, it is aimed to ensure that Izmir Adnan Menderes Airport will obtain this title, and to maintain the certificates of the airports which have already been granted with the title of the Green Company.

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

// COMMITMENTS AND TARGETS

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

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

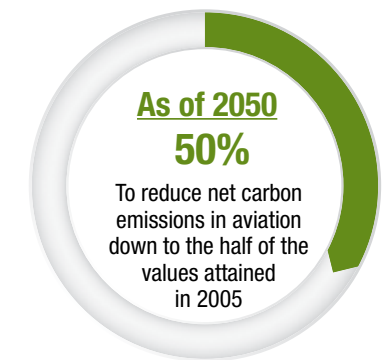
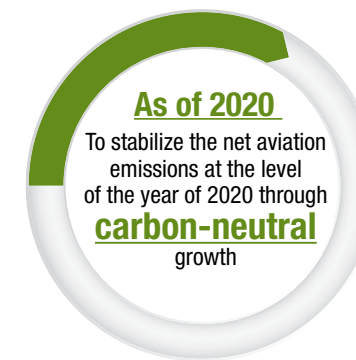
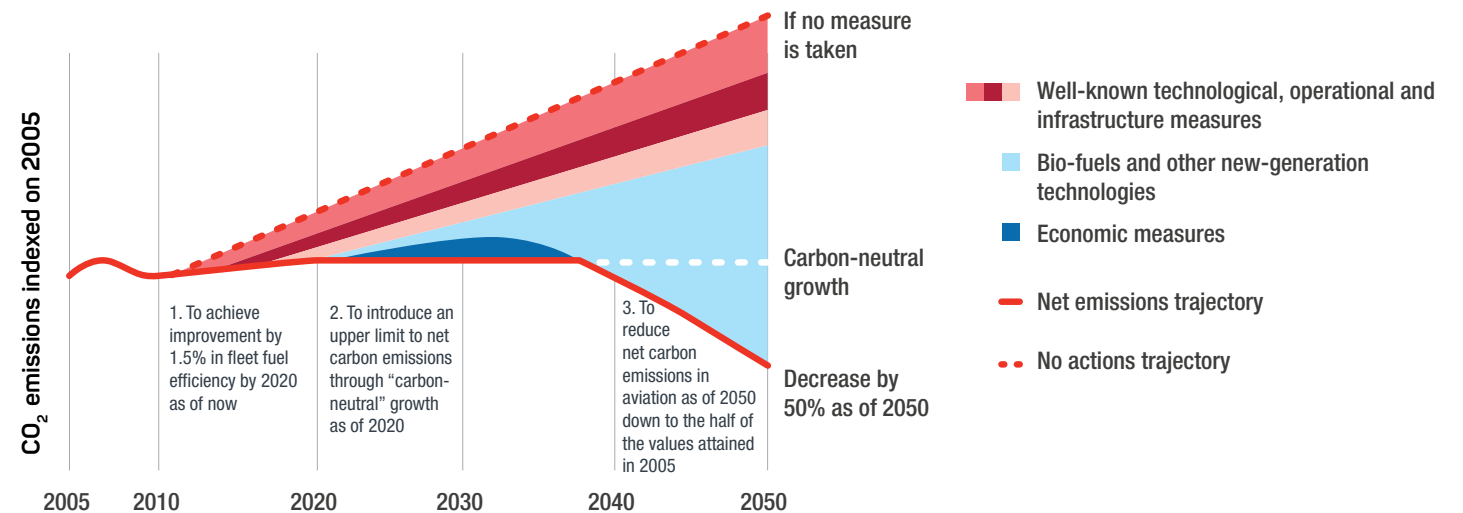
Accordingly; we calculate the direct emission values, falling under the scope of EU-ETS, in accordance with the related requirements, submit the reports and obtain the approval as necessary, and follow the respective developments closely.

Furthermore; **“Carbon Offsetting and**

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

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

Short-term and long-term targets of the aviation industry



FUEL EFFICIENCY AND REDUCTION OF OUR **GREENHOUSE GAS EMISSIONS**

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



- As part of the Fuel Efficiency Program, Fuel Executive Committee, consisting of the key departments, was formed in order to review the respective action plans through regular meetings.
- We have developed an extensive fuel saving policy.
- We continuously measure and monitor our fuel efficiency.



LESS FUEL, LESS CARBON DIOXIDE (CO₂) EMISSIONS!

Every one kg fuel saved prevents 3.15 kg carbon dioxide (CO₂) emission.

TURKISH AIRLINES FUEL POLICY IS BASED ON THREE PILLARS



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

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

WE OPTIMIZE OUR OPERATIONS

FUEL SAVING PRACTICES

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

WE INVEST IN NEW TECHNOLOGY

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

WE IMPROVE OUR INFRASTRUCTURE

- ATC OPERATIONS (SEPARATION, USE OF AIRSPACE MORE EFFECTIVELY))
- › SESAR Project
- › Military Airspace
- › Route Optimization
- AERODROME INFRASTRUCTURE
- › New Parking Areas / Taxiways
- › Assessment of Service Providers' Equipment

DEVELOPMENTS IN 2017

Amounts saved due to the optimization of our operations

	Fuel saved (tons)	Greenhouse gas emissions avoided (equivalent to CO ₂ tons)
Flight operations practices	43,911	138,320
Ground operations practices	1,355	4,267
Aircraft technical maintenance	1,491	4,695
Total	46,757	147,283

// OPTIMIZATION OF OUR OPERATIONS

We have initiated and implemented successfully more than 100 operational optimization projects since 2008 in order to reduce our carbon footprint. Some of these projects include: Optimization of auxiliary power units, commissioning of the newly-optimized flight planning system, optimization of the routes and aircraft speed, practices to reduce the aircraft weight (*fly away kits, magazines, containers, drinking water, catering equipment*), and the aircraft modifications such as winglet and sharklet. Thanks to these fuel saving practices, we saved 46,757 tons of fuel corresponding to 147,283 tons of CO₂ emissions avoided in 2017.

// INFRASTRUCTURE IMPROVEMENT

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

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

”

As part of the “**Fuel Saving Project**” we have been carrying out with great efforts as the entire Incorporation since 2008, we attained a highly substantial progress in our fuel efficiency in the previous year, with an increase by 1.5% on year-on-year basis. We have achieved a total increase of approximately 20% in our efficiency rate until now. As I have mentioned, the contributions of all our departments in the substantial fields such as flight planning, technics, cabin ground operations, catering and information technologies, etc. especially pilot techniques are of great value. Measurability is so critical in our activities that it’s not possible for us to manage any process that we cannot measure. I would like to underline here that all investments, our Incorporation has made in technology so far, have carried our capability to monitor and measure each phase of our flights to a higher degree along with the fuel management information system software (FMIS) we started to employ in 2017. Just at this point, thanks to the FMIS, we have increased payload capacity upon route optimization and this is exactly where our operational efficiency starts.



REŞAT GÜNDÜZ
Operational Fuel Manager

“

// INVESTMENT IN NEW TECHNOLOGIES

FLEET MODERNIZATION

// 2017

- › Consisting of **329** aircraft with an average fleet age of **7.7**, our fleet is one of the youngest fleets across Europe.
- › Our fleet encompasses **223** narrow-body and **90** wide-body aircraft, besides **16** freighters.
- › The composition of our fleet is given on the table below.
- › We have removed **13** narrow-body aircraft, which yield low fuel efficiency values due to its old age, out of our fleet in line with our fleet modernization strategy.
- › Our Incorporation aims to keep the environmental impacts, to arise in both passenger and cargo transportation, at the lowest level. In line with this commitment; upon inclusion of the Boeing 777F type aircraft into the fleet of Turkish Cargo in 2017, we have achieved
 - › 20% lower emissions
 - › 20% lower environmental noise and
 - › Fuel saving of 15% - 20%

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



NARROW-BODY (223 AIRCRAFT)

A319-100	7
A320-200	24
A321-200	68
B737-700	1
B737-800	108
B737-900ER	15



WIDE-BODY (90 AIRCRAFT)

A330-200	16
A330-300	37
A340-300	4
B777-300ER	33



FREIGHTER (16 AIRCRAFT)

A300-600F	1
A310-300F	3
A330-200F	9
B747-400F	1
B777 200LRF	2



TOTAL NUMBER OF AIRCRAFT **329**

AVERAGE FLEET AGE **7.7**

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

// TARGET FOR 2023

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

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

SOME FUEL SAVING PRACTICES OF TURKISH AIRLINES

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

PILOTAGE

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

ADVANCED FUEL MANAGEMENT SYSTEM (FMIS)

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

EFFECTIVE FLIGHT PLANNING

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

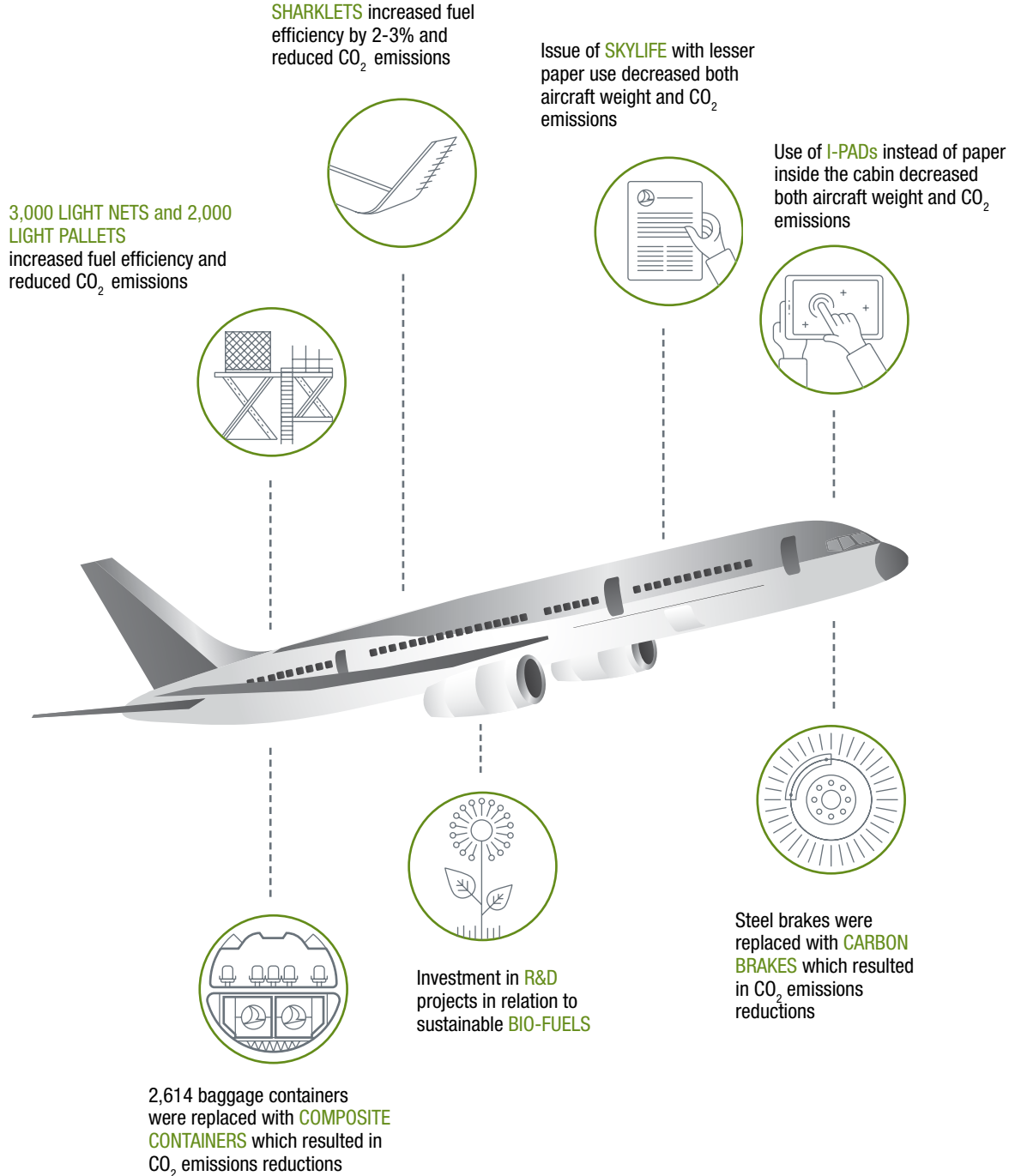
	Fuel saved (tons)	Carbon emissions avoided (tons of CO ₂)
Flight Operations	44,820	141,186
Installment of sharklets	20,000	63,000
Carbon brakes	868	2,734
Route optimization	433	1,364

PBN PROCEDURES

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

ROUTE OPTIMIZATION

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



PERFORMANCE AND TARGETS

We calculated our greenhouse gas emissions in accordance with ISO 14064 Greenhouse Gas Calculation and Reporting Standard, and prepared our greenhouse gas report accordingly. Our greenhouse gas statement was verified by an independent organization. The greenhouse gas verification statement for 2016, including our direct and indirect energy emissions, is available at the end of the report. The verification process on our emissions for

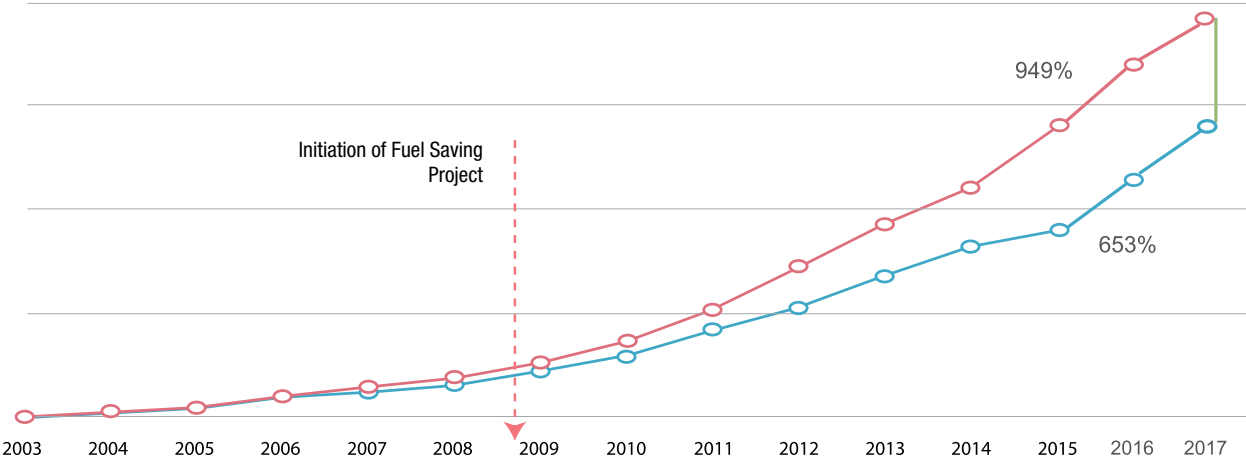
2017 is still ongoing. Although the verification process is still ongoing, we forecast that our greenhouse gas emission for 2017 corresponds to nearly 15 million tons. Fuel consumption and the respective greenhouse gas emission values are provided in the **"Fuel and Greenhouse Gas Emissions Table"** by years. The transportation performance of Turkish Airlines between 2003-2017, and the corresponding fuel consumption values are

shown in the below-given chart. If we consider 2008 as the "baseline", it can be seen that the transportation performance increased by 949 percent, and that the corresponding fuel consumption value increased by 653 percent as of 2017. In other words; the fuel amount consumed for unit transportation operations is gradually decreasing thanks to the fuel efficiency projects we have been carrying out successfully since 2008. Gradual increase

in the difference between the transportation performance and the fuel consumption, as shown on the chart, year by year clearly shows our enhanced efficiency performance.

Our extensive fuel saving policy increased our fuel efficiency by 1.5 percent compared to 2016, and by 20 percent compared to 2008. Our fuel efficiency for 2017 was reported as 18.20 kg/ATK (Available ton-kilometers).

Fuel efficiency performance of Turkish Airlines

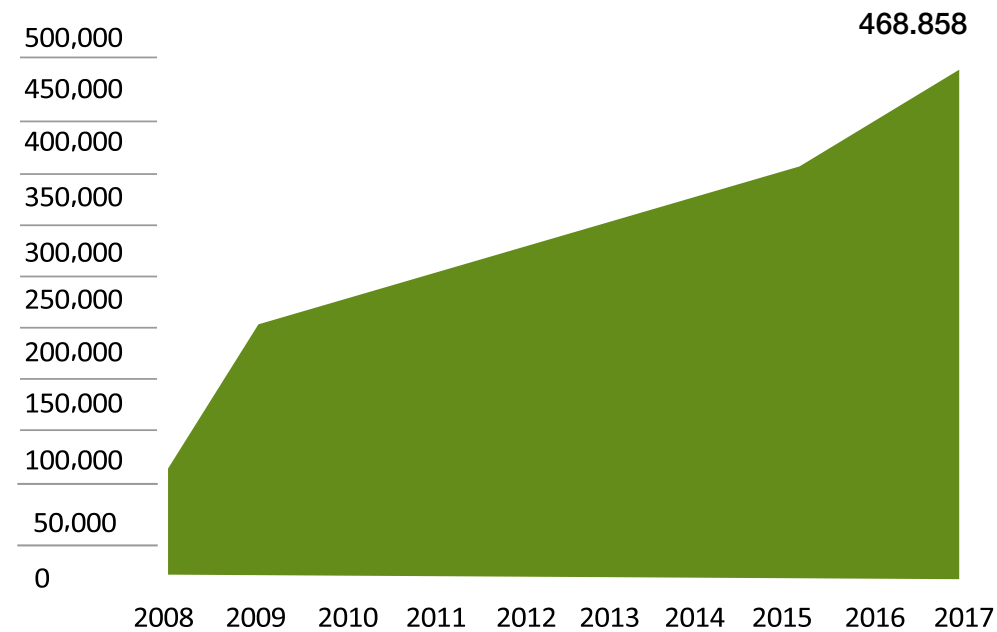


Fuel consumption and greenhouse gas emission values

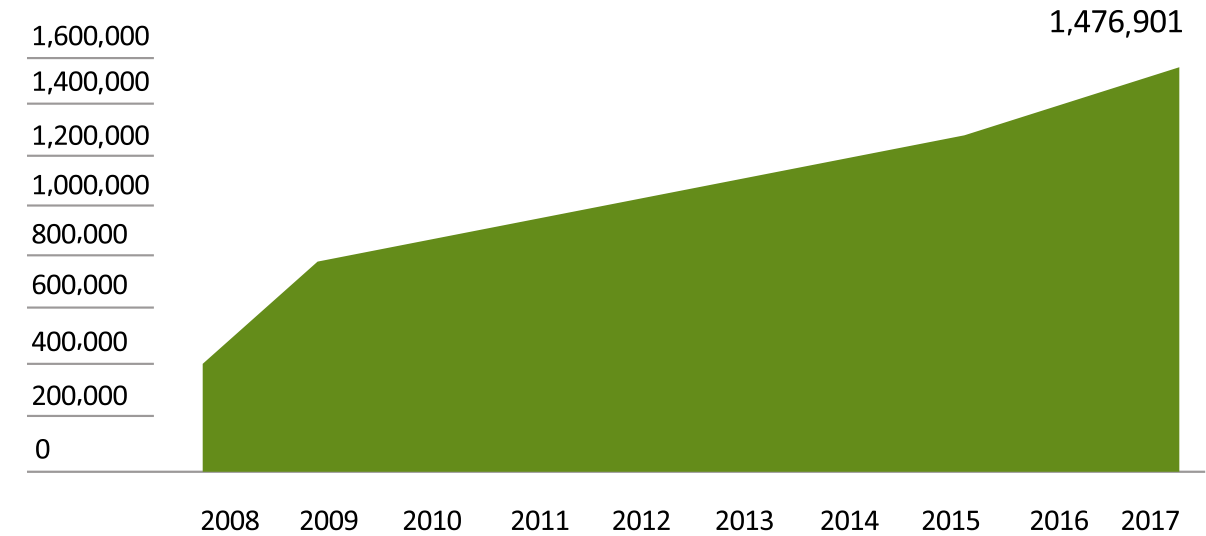
	2015	2016	2017
Fuel consumption (million tons)	4.3	4.6	4.9
Greenhouse gas emissions (million tons of CO ₂ e)	13	15	15

Transportation Performance
Fuel Consumption
Enhanced Efficiency

Total fuel saving quantity by years (tons)



Total greenhouse gas emissions avoided (tons of CO₂)



We keep minimizing our carbon footprint thanks to various fuel saving projects we realized successfully on annual basis. We saved 46,757 tons of fuel in 2017, corresponding to 147,283 tons of CO₂ emissions avoided. Since 2008 we have saved 468,858 tons of fuel, 1,476,901 tons of CO₂ emissions have been avoided. The fuel saving amounts and greenhouse gas emissions avoided are shown by years on the charts available on the following pages.

Fuel and greenhouse gas saving amounts

	2015	2016	2017
Fuel Saved (tons)	27,187	44,248	46,757
Greenhouse Gas Emissions Avoided (tons)	85,639	139,382	147,283
Fuel Efficiency (kg/ATK)*	17.61	18.57	18.20

*: Available ton-kilometers

// OUR TARGETS FOR FUTURE

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

// AWARDS AND INTERNATIONAL RECOGNITIONS

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

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

Fuel Efficiency Ranking of Transatlantic Airlines for 2014 is accessible on the below-given link: <https://www.theicct.org/publications/transatlantic-irlinefuel-efficiency-ranking-2014>

2017 Sustainable Business Awards

In 2017 Sustainable Business Awards; our Incorporation left the other finalists behind, and was granted with the award with its Fuel Saving Project in the category of **"Carbon and Energy Management"** under which the organizations that "can consider the climate change related risks while adopting investment and operational decisions, and accordingly works with integrated measurement and management approaches to develop strategies to minimize the carbon emission and power consumption".





Our business management approach is based on the principle of ensuring a long-term value and satisfaction for all our stakeholders including our customers, employees and society.



SOCIAL

- 64 | CORPORATE SAFETY
- 68 | FLIGHT SECURITY
- 70 | OUR CUSTOMERS
- 80 | OUR EMPLOYEES





CORPORATE SAFETY

APPROACH AND MANAGEMENT

Aiming to attain the highest level of standards at all times in its operations, Turkish Airlines considers safety as an essential priority constituting the basis of all its operations. Accordingly, we endeavor to improve the Safety Management System, we have been employing since 2006, continuously. Our Safety Management System is managed at the highest level, and the infrastructure and policies, required for us to fulfill the safety commitments, are determined by the CEO.

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. As part of the integrated management system we have adopted, we employ the Safety Management System which has been developed exclusively for addressing all operational threats and managing all risks.

Safety is the absolute priority and core value in our operations

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, but the final responsibility rests with the CEO.

Additionally; we also developed the Fatigue Risk Management System integrated into

the Safety Management System in order to create a more healthy working environment for our employees, to offer the highest level of safety standards to our customers, and to make all these conditions sustainable in line with our continuous improvement approach. We aim through the Fatigue Risk Management System to minimize the possibility of exposing by Turkish Airlines to unfavorable impacts of potential risk, and to fulfill the safety responsibilities at the highest standards, addressing any potential risk proactively. Under this system, all flight crew schedules are performed by means of a bio-mathematical model, and the alertness values of crew are monitored during the flight operations.

// SAFETY MANAGEMENT SYSTEM STANDARDS AND REGULATIONS

Compliance with the highest levels of standards and guidelines applicable across the industry is considered as a primary principle in the Safety Management System of Turkish Airlines which is positioned beyond just compliance with the requirements. Setting the most extensive operational safety standards of the aviation industry, the IATA Operational Safety Audit (IOSA) program is an extensively-accepted global program which inspects whether the airlines perform their operations in a safe and robust manner. Turkish Airlines obtained the Operator's certificate in 2006 when the IOSA program was first introduced, and has kept this certificate active with many revisions thereon.

Our Incorporation is in active interaction with a high number of Civil Aviation Authorities due to its extensive operational network, so it is subjected to the similar audits conducted either by such authorities or the Directorate General of Civil Aviation, besides the IOSA audit. We consider all these audits as an opportunity and feedback mechanism to make our operations

much safer. Moreover; we also assume active roles continuously in the working groups of such organizations as the International Civil Aviation Organization (ICAO), European Aviation Safety Agency (EASA), Directorate General of Civil Aviation and Star Alliance.

// TRAININGS

Trainings in compliance with the international regulations are held, and international researches are supported as a responsible stakeholder across our Incorporation in order to raise the level of awareness on safety continuously. Further information on trainings is available under the section "Aviation Academy".

// SAFETY CULTURE

Turkish Airlines fosters a Flat, Just, Adaptive, Committed, Informed, Learning and Reporting" safety culture. Corporate Safety Directorate encourages especially the "flat organized" feature in administrative processes and flight operations in order to improve the safety culture which is one of the main components of our corporate values.



PERFORMANCE FOR 2017

// SAFETY REPORTING

Turkish Airlines always follows its safety targets, efficiency of its safety policy and compliance with this policy considering its knowledge, operational competency and philosophy. The Incorporation employs a centrally-managed, non-punitive and well-functioning safety reporting system. Development of our reporting system can be seen on the chart showing the monthly reporting order.

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

// SAFETY PERFORMANCE

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

In consequence of the SAFA inspections conducted in 73 different aerodromes by 38 different Authorities, our SAFA rate was reported as 0.16 with a much better performance than the average score of the other EASA countries (0.51).

presented. A very large set of Safety Performance Indicators (SPIs) are improved continuously, and Generalized Safety Index (GSI), derived from the SPIs, is monitored at each level as one of the core business indicators. **The target value of GSI, set for 2017 as 88.0, was achieved, and by the directive of the CEO, the target value for 2018 is revised to be 89.0 instead of the previously projected value of 88.4.**

// SAFETY MANAGEMENT SYSTEM AUDIT

Turkish Airlines was subjected to the latest IATA IOSA audit in 2017, which was concluded

with a satisfactory result. Besides the audits and internal controls, operational observations are performed within the organization of our Incorporation. Accordingly; Line Operations Safety Audits (LOSA) has been implemented since 2010 in order to obtain information about any and all errors and potential threats which would be difficult to identify otherwise. Based on the foregoing; each aircraft fleets available at Turkish Airlines are subjected to audits biannually, and the identifications are used to improve the Standard Operating Procedures, trainings and safety communication.

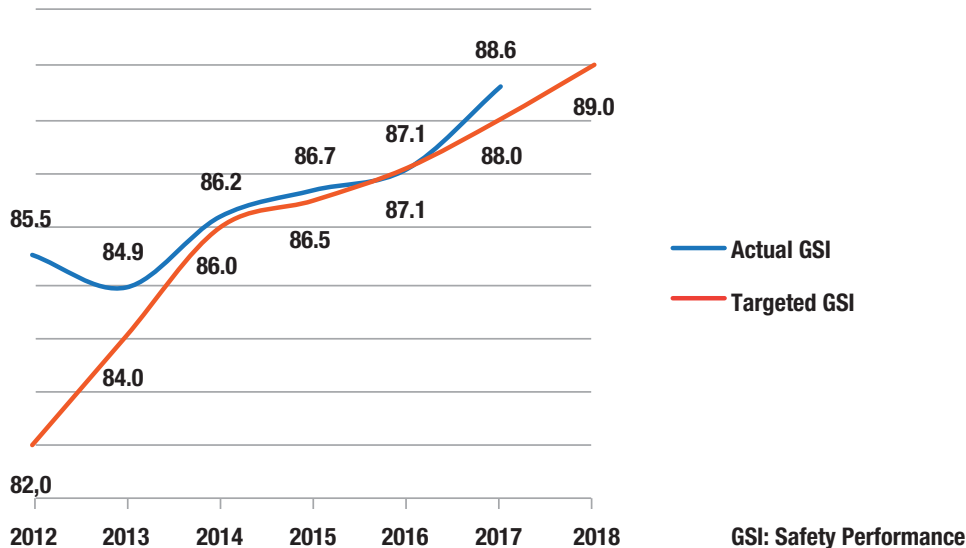
LOSA is planned to be conducted in Boeing 777 fleet in 2018, and it is intended to cover the other operational fields under the scope of observations in line with the experiences we have gained in LOSA.

// SAFETY ASSESSMENT OF FOREIGN AIRCRAFT PROGRAM (SAFA)

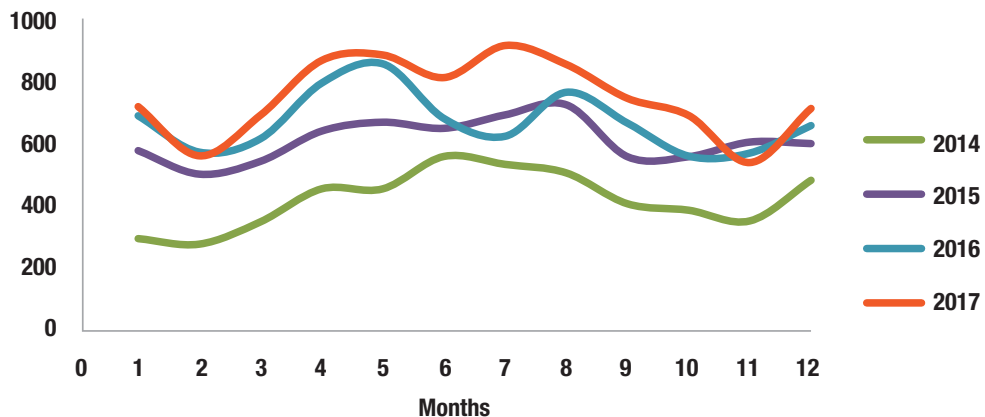
Safety Assessment of Foreign Aircraft (SAFA) is a safety audit program run by European Aviation Safety Agency (EASA). The purpose of SAFA audit is to check the cockpit, cabin and documents inside the aircraft, and all exterior surfaces and cargo compartments outside the aircraft before and after the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

Our Incorporation closed the year 2017 with an achievement of 0.16 SAFA rating as a result of SAFA audits conducted by 38 different Authorities at 73 locations. This rating is quite a successful result, as compared to the other EASA countries with a SAFA average of 0.51, and indicates the importance of safety for our Incorporation.

Safety Performance



Safety Reports in Place



FUTURE PLANS AND INVESTMENTS

Every flight record is analyzed through the Flight Data Analyzing System (FDAS) to assure that all flights are operated in compliance with the Standard Operating Procedures, and that aircraft's airworthiness is not affected. Different projects are also carried out, as exemplified below, in order to analyze the flight data better:

- › Generation and issue of the Individual Performance Indicators with respect to their flights in order to support the personal development of pilots,
- › Provision of data for fuel efficiency and carbon footprint assessments,
- › Partnering with GE for scheduled maintenance of GE90 engines.
- › The testing process of the mobile application, being developed in order to

The targeted GSI of 88.0, set for 2017, was achieved successfully, and our target for 2018 was increased to 89.0.

enable the flight crews to monitor their own alertness levels, and to receive support in fatigue management, is still ongoing as part of the Fatigue Risk Management initiatives, and it is intended to extend it in a manner to cover all flight crews based on the results to be yielded therefrom.

FLIGHT SECURITY

We, as Turkish Airlines, adopt the security practices, the primary aim of which is to protect our customers and employees, and to secure our assets including our premises and aircraft, thus, ensuring sustainability of our operations. Turkish Airlines Security Directorate ensures security during the course of all its activities. These activities include sustainability of passenger transportation, cargo transportation according to national and international security regulations and standards while preventing acts of unlawful interference.

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

The primary aim of our security practices is to protect our customers and employees, and secure our assets including our premises and aircraft, thus, ensuring sustainability of our operations.

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

Turkish Airlines Security Management System (SeMS) is managed by the SVP, Security who reports directly to the CEO. Aviation Security Management is responsible

for the management of the security of the passengers, the aircraft and the cargo in accordance with the national and international security requirements. Risk Assessment and Investigation Management identifies the risks, which might be encountered during the course of the security operations, and investigates the security incidents. Additionally, Facilities Security Management protects the buildings, vehicles, employees from any threats that might arise against Turkish Airlines.

Aviation security operations are subject to many regulations promulgated by the

International Civil Aviation Organization, European Civil Aviation Conference, European Union, Directorate General of Civil Aviation of the Republic of Turkey, etc. Our Security Directorate always follows the national and international regulations closely in order to comply with all applicable regulations.

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.

Therefore; a communication system was established by the Security Directorate to ensure the exchange and flow of relevant operational information step by step according to the job title levels throughout all functions of our Company, including senior managers, operational managers, front line personnel, cockpit and cabin crew members. Moreover, all requests and suggestions can be sent to the email address: "security@thy.com".

OUR SECURITY POLICY

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 the Highest Level of Communication

Turkish Airlines promotes a just culture where the flow of information and communication is carried out objectively between senior management and the employees in order to support all activities. Communication should be executed in a secure manner, including non-punitive reporting procedures to encourage the reporting of any inadvertent human error.



To Establish and Promote a Corporate Security Culture

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

To Provide Necessary Resources for Security

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

OUR CUSTOMERS

Our call center provided services in English, German, Russian, French, Italian, Spanish, Arabic and Romanian languages, and our social media channels provided services in Turkish, English, German, Arabic, French and Japanese languages in 2017.

For further information on our related policies, please visit our website.



OUR INNOVATIVE **APPROACH**

We, as Turkish Airlines, make the whole world more accessible for our passengers by flying to many international destinations. We aim to enhance the customer satisfaction with increased and intensified bonds we establish with our customers, the essential factor for our existence. We adopt a customer-oriented approach in all our operations in order to gain the trust and loyalty of our customers, and to develop long-term relations with them.

We realize many innovative projects across all our departments with an aim to enhance the customer satisfaction. We make substantial investments in our products and services through many innovations such as award-winning catering concept, CIP passenger lounges, Premium cabin services, inflight entertainment systems, enhanced cabin comfort, cabin and customer services trainings offered for employees realized to become a five-star airline.

Satisfaction of our customers and their trust in our brand are the backbone of the growth and success of our Incorporation.

Satisfaction of our customers and their trust in our brand is the backbone of our growth and success and the core value of our Incorporation. Customer satisfaction is an important factor in our Corporate Policy and Quality Policy, as well as our Customer Satisfaction Policy, and the other corporate policies of us.

Our ISO 9001 Quality Management System, as well as TSE ISO 10002 International Customer Satisfaction Management System Standard Certificate we obtained in 2015, provide a contribution to achievement of customer satisfaction.

// OFFERING PROACTIVE SOLUTIONS

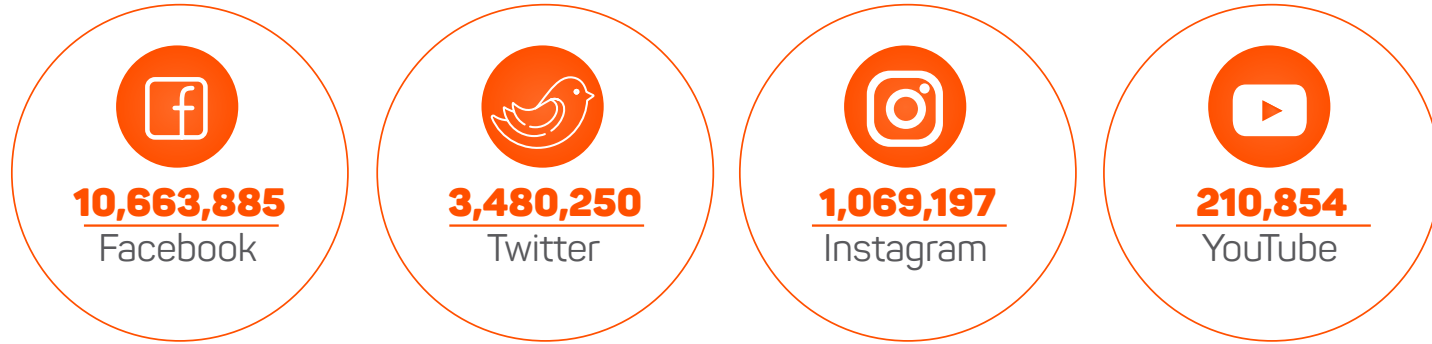
Thanks to the collective efforts of our Marketing Directorate and Cabin Crew Management Directorate, all irregularities in the cabin have been recorded by cabin chiefs, and reported to the Customer Relations Management since 2016. This enables us to provide proactive solutions to eliminate these irregularities before they turn into passenger complaints. Since the introduction of this practice in June 2016, we have replied to our passengers in relation to 15,883 irregularities mostly experienced in the cabin in 2017.

OUR CUSTOMERS



DIALOGUE WITH OUR PASSENGERS

We always seek to respond immediately to our passengers' wishes in line with our approach to high-quality and sustainable products and services. We have reached 10 million followers on Facebook just through the contents prepared exclusively for social media posts.



// TRAVEL BLOG

As the airline that flies to more countries than any other worldwide, 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 access.

The blog page is accessible on the following link:
<http://blog.turkishairlines.com/tr>

The blog page is accessible through the qr code on the right.



FEEDBACK MANAGEMENT PROCESS

All kinds of feedback that we receive from our passengers remain as a source of great strength for us to achieve this target. We are committed to enabling our customers to reach us at all stages of their experience. All kinds of feedback, requests, suggestions and complaints, received by our Incorporation, are reviewed comprehensively, and assessed upon obtaining information from the other concerned departments, if and when so required, by the Customer Relations Management. Turnaround time to customers' complaints, set as seven days to enhance the customer satisfaction, was reported as 69% in 2017.

Feedback channels

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

CUSTOMER SATISFACTION MEASUREMENT AND SURVEYS

We conduct customer satisfaction surveys in order to measure their satisfaction in terms of the services provided by Turkish Airlines, and to learn their evaluations in relation to all stages of their travel experiences. We share the survey reports with all departments which are in direct interaction with our passengers, and conduct various improvement activities. Our customer satisfaction score for 2017 is 79 percent.

As a member of Star Alliance, we send online customer satisfaction surveys (OCSS) to our passengers, who are a member of Miles&Smiles, following their travels.

We send online customer satisfaction surveys for call center services to our passengers, who are a member of Miles&Smiles, in order to measure their satisfaction in relation to the service provided by our call center. This survey also enables us to get information in such matters as whether the needs of our members in relation to the reasons for their contacts with our call center, and their requests have been satisfied, or not. Feedback management system satisfaction surveys were sent electronically to an average number of 4,795 passengers, who

*79% Overall
Customer
Satisfaction*

sent their complaints to us in 2017, on monthly basis.

Moreover; some of our aircraft are equipped with the in-flight entertainment system including the passenger satisfaction survey. This survey allows us to measure the satisfaction levels of our passengers regarding their experiences both before flights (check-in, boarding) and during flights (seats, lavatory cleanliness, cabin crew, catering, in-flight entertainment system).

Additionally, we have also the customer satisfaction measurement devices, which enable us to follow the customer perception online, and to make station-based reporting, in our operational counters at Ataturk Airport.

OUR CUSTOMERS

For the **9th** time
Best Airline in
South Europe

**ISO
10002**
Customer Satisfaction
Standard is employed
at our Incorporation.

79%
Overall
Customer
Satisfaction

**ISO
9001**
Quality Management
Standard is employed
at our Incorporation.

SUSTAINABLE CATERING SERVICE

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

We procure 85% of our food from domestic suppliers.

ISO 22000
Food Safety certificate-holder suppliers are preferred.

Turkish Airlines, the flag carrier airline of Turkey, improves the quality of its catering service in parallel with its continuous growth trend. Our innovative solutions not only improve the quality of our catering service, but also help us take a step forward in sustainable catering service practices. We procure 85 percent of our foods (with an increase by 2% compared to 2016) from the domestic suppliers, supporting promotion of our local products, and shorten the period of arrival of raw materials at our Incorporation, resulting in fuel saving and reduced CO₂ emissions.

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

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

thereby, we ensure that accurate suppliers are preferred.

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

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

In line with our daily food capacity of 210 thousand just for flights originating from Turkey, and to offer a sustainable catering service; all our organic, paper and packaging wastes, arising in our production and distribution areas, are sent to recycling companies, contracted by the Directorate General of State Airports Authority, in order for waste recycling process.

Moreover; we send all waste oils to the waste oil treatment facility, contracted and licensed by the Ministry of Environment and Urbanization, in order to convert waste oils into bio-diesel.

All other organic wastes are converted into organic fertilizers by the waste food recycling companies. Upon introduction of our new flight concept in 2013, all our tools and equipment have been replaced with light-weight ones of superior design, and thereby, we have decreased the total weight of the catering supplies, providing a contribution for reducing our carbon emissions, and increasing our fuel efficiency.

OUR IN-FLIGHT SUSTAINABILITY PRACTICES



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

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

Moreover, we have started to offer baby sets prepared considering the all needs of our passengers travelling with their babies in our long-range flights.



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



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



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





CUSTOMER INFORMATION AND RIGHTS

For further information please scan the QR Code:



We, as Turkish Airlines comply with regulations related to passenger rights including EU and US regulations and inform our customers about their rights via various channels such as our website and brochures. In order to increase our customers' satisfaction, we inform our passengers during all phases of their flights. Also, our employees can access instant information on air passenger rights via the e-learning platform prepared by the Turkish Airlines Aviation Academy.

Our Customer Relations department fulfills the role of coordination and communication with DGCA, the authority responsible for protection of passengers' rights in Turkey. The department follows the instructions promulgated in relation to passengers' rights, and ensures that they are announced across the Incorporation. Furthermore, it investigates and replies to the feedback, sent from customers to DGCA and then informs DGCA.

// CUSTOMERS PRIVACY

Due to the nature of our operations, we daily handle personal data of our customers. We recognize that the confidentiality of personal information is of utmost

Our baggage irregularity rate was realised as 5.1 per thousand, better than the World and Europe average performance figures.

importance, and therefore we guarantee that we will comply with Turkish Airlines' Privacy Policy and guidelines in the matter. For more details about our Privacy Policy Statement please check our website.

// BAGGAGE SERVICE

In 2017, the baggage irregularity rate was 6.94 per thousand in Europe and 5.57 in the World. Our baggage irregularity rate was realised as 5.1 per thousand, better than the World and Europe average performance figures. We make a continuous effort to improve and to minimize this rate and increase our customers' satisfaction. We have taken several measures to prevent baggage irregularities: Missing baggage tag number records, which occur in check-in records of our transfer passengers in case of local instant internet/system failures, are now completed automatically.

The back-up system becomes active in case of any failures to occur in passenger check-in system. Besides, delivery times and sequences of inbound flight baggage are monitored electronically in IST (AHL).

Thanks to the new tracking technology using RFID tag put on the baggage, enables us to track the location of the baggage. Also, we started to obtain our passengers' information and documents on web form to provide instant replies to their complaints and ensure that they follow up their application files. Files are sent to our stations and then followed-up by means of our new program called as "Bag Star".

A system which enables to track the wheel-chairs of the passengers separately was designed. Its aimed to be implemented across all the operations.

ACCESSIBILITY

OUR CUSTOMERS

HELPING OUR PASSENGERS OVERCOME FEAR OF FLYING / AVIOPHOBIA

For the first time in Turkey, Turkish Airlines Aviation Academy initiated a customized program intended for overcoming fear of flying. The program is dedicated for helping those who fear flying to overcome this problem. As part of the program, pilots and technical trainers instruct attendees about flights, aircraft structures and atmospheric situations. Afterwards, 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. Since its launch in 2007, we helped 692 people to overcome their fear of flying.



SERVICES FOR 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. In order to better serve our customers, our special sign language trainings continued in 2017 and 138 cabin crew members attended.

OUR CUSTOMERS



Turkish Airlines conducts all its internal and external process improvement, sustainable development management and corporate social responsibility projects under the scope of the program “Differences Add Value”, with an aim to make all its products and services are accessible by the passengers with restricted mobility, as well as disabled-veteran, old, pregnant and disadvantaged passengers. Accordingly; you can find our projects, completed in 2017, below.

DIFFERENCES ADD VALUE

Projects Completed in 2017



BOARDING PASS WITH BRAILLE ALPHABET

Boarding passes, including gate number, seat number and flight number details, started to be printed with Braille alphabet specially for our visually-impaired passengers.



SPECIAL SAFETY BRIEFING FOR PASSENGERS WITH REDUCED MOBILITY

The safety briefing was included into the in-flight entertainment system as an audio file specially for our visually-impaired passengers.



COMMUNICATION METHOD FOR VISUALLY-IMPAIRED PASSENGERS

Business cards, which are printed with Braille alphabet and include the communication channels, are used at our airports to enable our visually-impaired passengers to send their feedback.



SPECIAL SERVICE PROCESS MAP

Brochures, including the travel experiences of our passengers with reduced mobility, have been prepared, and started to be delivered to our passengers at special service counters.



SIGN LANGUAGE TRAINING

A total of 5,637 deaf athletes from 91 countries were hosted in the 23rd Summer Deaflympics 2017 held in Samsun. 55 personnel from our station personnel in Samsun, and 138 cabin crew members of us received special sign language training to support this organization, and they were granted with sign language badges.



IMPROVEMENT OF SPECIAL SERVICE COUNTERS

In order to improve the travel experiences of our passengers with reduced mobility, our special service counters were opened first at Istanbul Ataturk Airport and Ankara Esenboga Airport, and then at Sabiha Gokcen Airport.



IMPROVEMENT OF IN-FLIGHT STRETCHERS

The available stretchers, used by our passengers with reduced mobility or who cannot sit, were renewed, and a curtain system, offering privacy feature, was developed. 50 stretchers were made available for use.

OUR EMPLOYEES



We offer all our employees a unique career opportunity in the aviation industry, and support the development of all our employees.

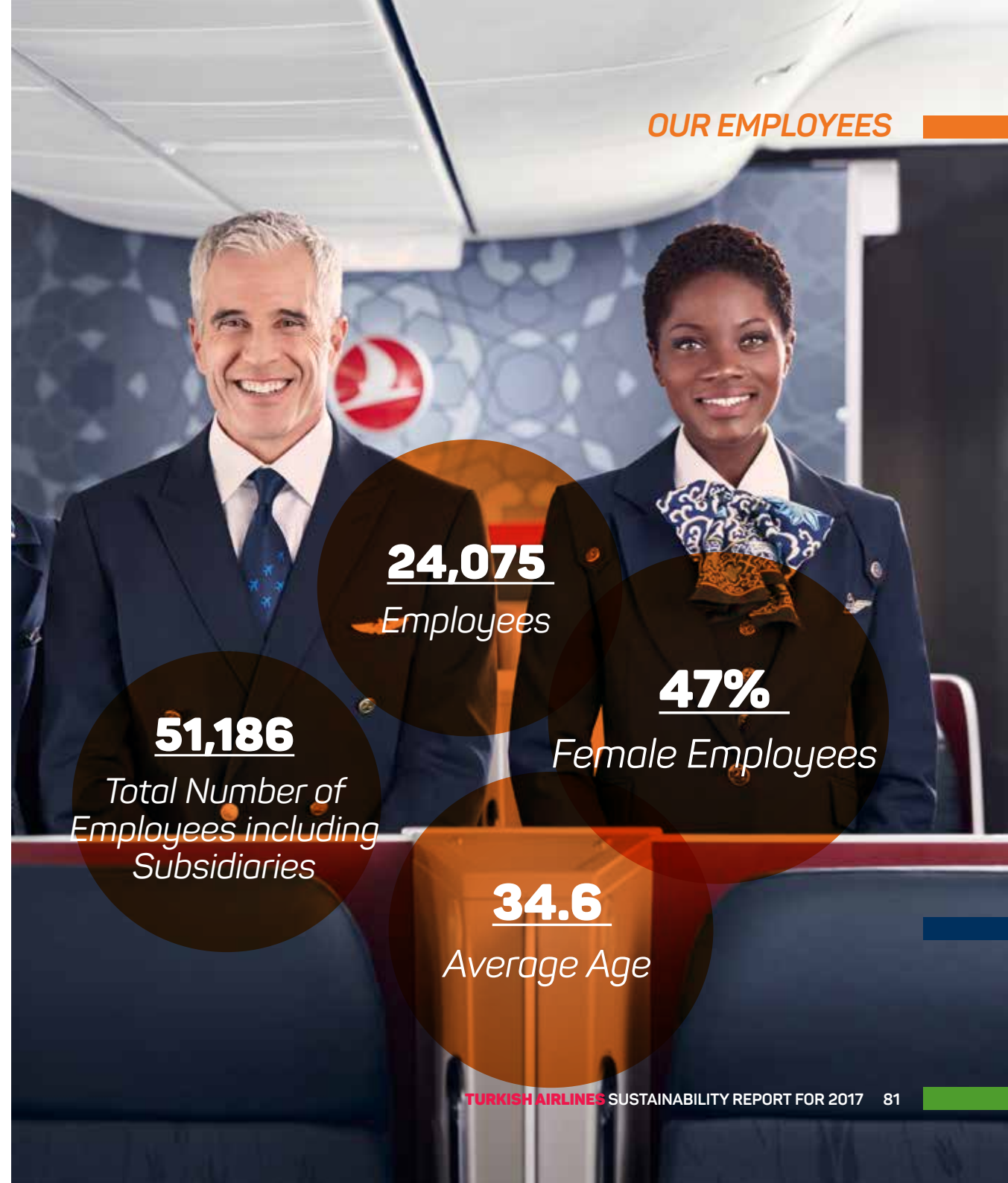
OUR GREATEST ASSET: OUR EMPLOYEES

As Turkish Airlines, our employees are our greatest asset, and the driving force behind all our achievements. We have transformed the dynamism of our young cadre, consisting of 51,186 personnel including the subsidiaries, into an international success story. As of 2017, we, as Turkish Airlines, are a big family with 24,075 employees consisting of 4,509 cockpit personnel, 9,721 cabin personnel, and 9,845 ground personnel. The average age of our employees is 34.6, and 53 percent of our employees consists of men, and the remaining 47 percent of them consists of female employees. Further information on the profile of Turkish Airlines' employees is accessible under the title "Performance Tables" available in the section "Annexes" of this report.

We aim to provide all of our employees, residing in different parts of the world, with a transparent working environment that supports creativity and team spirit, is conducive to personal development, an environment where the corporate targets are internalized at every level and ideas can be exchanged freely.

Our employees are our greatest asset, and the driving force behind all our achievements.

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



24,075
Employees

51,186
Total Number of
Employees including
Subsidiaries

47%
Female Employees

34.6
Average Age

PERFORMANCE MANAGEMENT AND CAREER DEVELOPMENT

We aim at carrying our Incorporation forward with Performance Management System which is now in place at managerial level in line with our strategic targets.

We evaluate our employees on both target and competency based, and support their development with trainings assigned to them upon completion of evaluation. Our initiatives to develop and extend Performance Management System are now ongoing. **“Manual on the Implementing Principles of Assessment and Evaluation Instruments”**, was drawn up in order to standardize the examinations and practical processes which consist of a substantial portion of the candidate evaluation processes of our Incorporation.

With our comprehensive scope of activity and multicultural structure, we provide

our employees with a unique career opportunity in the aviation industry, and support the development of all our employees. Further information on the training and development opportunities, we offer, is provided under the annual report for 2017.

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

During 2017, we participated in 19 career events in total, organized by prominent Turkish universities and many other organizations in order to promote the career opportunities and employment processes at Turkish Airlines, and have direct access to qualified applicants.

LEADERSHIP AND MANAGEMENT TRAININGS

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

DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT

"Personal suggestion system" was commissioned in order to make the creative potential of our employees, the greatest asset of our Incorporation, more active, and to increase their involvement in innovation activities. Providing transparency in sharing and rewarding, this system offers the opportunity for our employees to submit their opinions, to participate in the competition and to develop a project. "From Opinion to Innovation" trainings were also held in order to extend the innovation culture and to reveal the innovation ambassadors.

PERSONAL SUGGESTION SYSTEM 2017



EMPLOYEE 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.

// 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,

We care about our employees' satisfaction as much as our passengers' satisfaction.

visa facilities, contract accommodation opportunities all around the world.

//AWARDING THE BEST COLLEAGUE

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.

// 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.

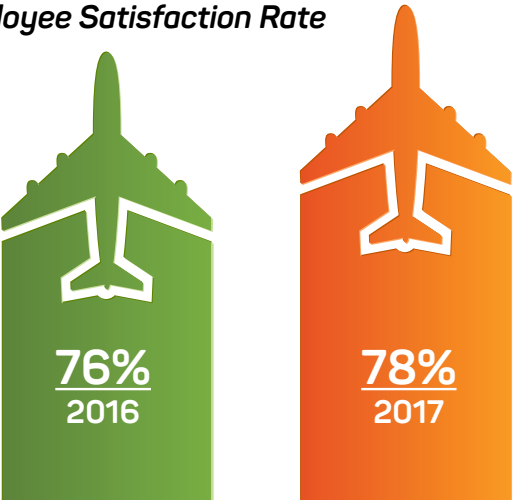


EMPLOYEE SATISFACTION SURVEY

In order to assess employee satisfaction, we conduct surveys at regular intervals. In 2017, with the participation of 15,540 employees (65% participation rate), the employee satisfaction rate was 78% and we continuously work to increase the participation and satisfaction level of our employees.

You Ask and We Do It for You!
As the Best Airline Incorporation in Europe, we continue our efforts to make our teammates the happiest employees in the world. From personnel development to nutrition, we have initiated many projects upon our 2016 and 2017 employee satisfaction surveys.

Employee Satisfaction Rate



ACTIONS TAKEN UPON EMPLOYEE SATISFACTION SURVEY





DIVERSITY AND EQUAL OPPORTUNITY

At the foundation of our success lie our human resources from diverse cultures and various countries. We appreciate our diverse employee profile as a great source of creativity and innovation. Our Incorporation always advocates equal opportunity among our people and we never discriminate any employees on the basis of race, color, gender, nationality, religion, disability, age, family status etc.

Number of our cockpit crew members, who have made a significant contribution in Turkish Airlines' success story, is more than 4,000 upon recruitment of 449 foreign pilots from 51 countries, which makes cockpit environment a truly cosmopolitan place to work. At Turkish Airlines, the number of female employees corresponds to 47% of the total number of employees, which hit 11,368 as of 2017. Indeed, the workforce is dominated by women as cabin personnel role. We are happy to see that our female pilot numbers are increasing year by year.

Aiming to improve career opportunities for female employees, we developed measures such as offering kindergarten or kindergarten allowance for the female employees with dependent children and providing allowances for birth. We are

The number of female employees corresponds to 47% of the total number of employees, which hit 11,368, as of 2017.

committed to integrating people with disabilities and their talents in employment.

In 2017, the number of disabled employees has been 202 of which 19 are supervisors and managers. We are a growing family where newcomers join at any level every year. In line with the growth pace of the Incorporation; pilots, cabin personnel and the employees holding other positions are recruited following an active process. Applicants are evaluated by objective criteria at all phases of assessment. In 2017, 1,331 people were employed at Turkish Airlines. Growth- and quality-based human resources policies are an important part of our Incorporation's 2023 vision and our personnel planning until 2023 has already been made. Turkish Airlines' diverse employee profile is illustrated in the "employee profile by age and gender table" under the performance tables section of the report.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

We, as Turkish Airlines, comply with national regulations about freedom of association and rights of collective bargaining. Furthermore, the agreement with the Union and Turkish Airlines internal procedures describes the general rules and principles of employment and type and duration of the employment contracts.

Collective bargaining agreement has been in place at our Incorporation for 49 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.

HR BUSINESS DEVELOPMENT FUTURE PLANS

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

- › Updating of the career website with a richer content and user-friendly design
- › More utilization of gamification means in HR activities
- › Enrichment of the orientation program contents implemented for the newly-recruited employees
- › More active utilization of social media in candidate for First Officer nomination processes
- › Realization of regular webinar programs in order to foster the communication between the managers and employees
- › Development of an application to be used for workforce planning activities

OUR EMPLOYEES

OUR NATIONAL AND INTERNATIONAL ACCREDITATIONS AND PARTNERSHIPS



IATA Regional Training
Partner and Accredited Training
Center and Academy

DGCA Certificate of
Authorization for Dangerous
Goods

DGCA Accreditation

TS-EN-ISO 9001: 2008 Quality
Management System Certificate

ICAO Trainair
Plus Full Membership

PEARSON
Accreditation

Aviation Course
Accreditation Approved by
the Ministry of National
Education

TRAINING

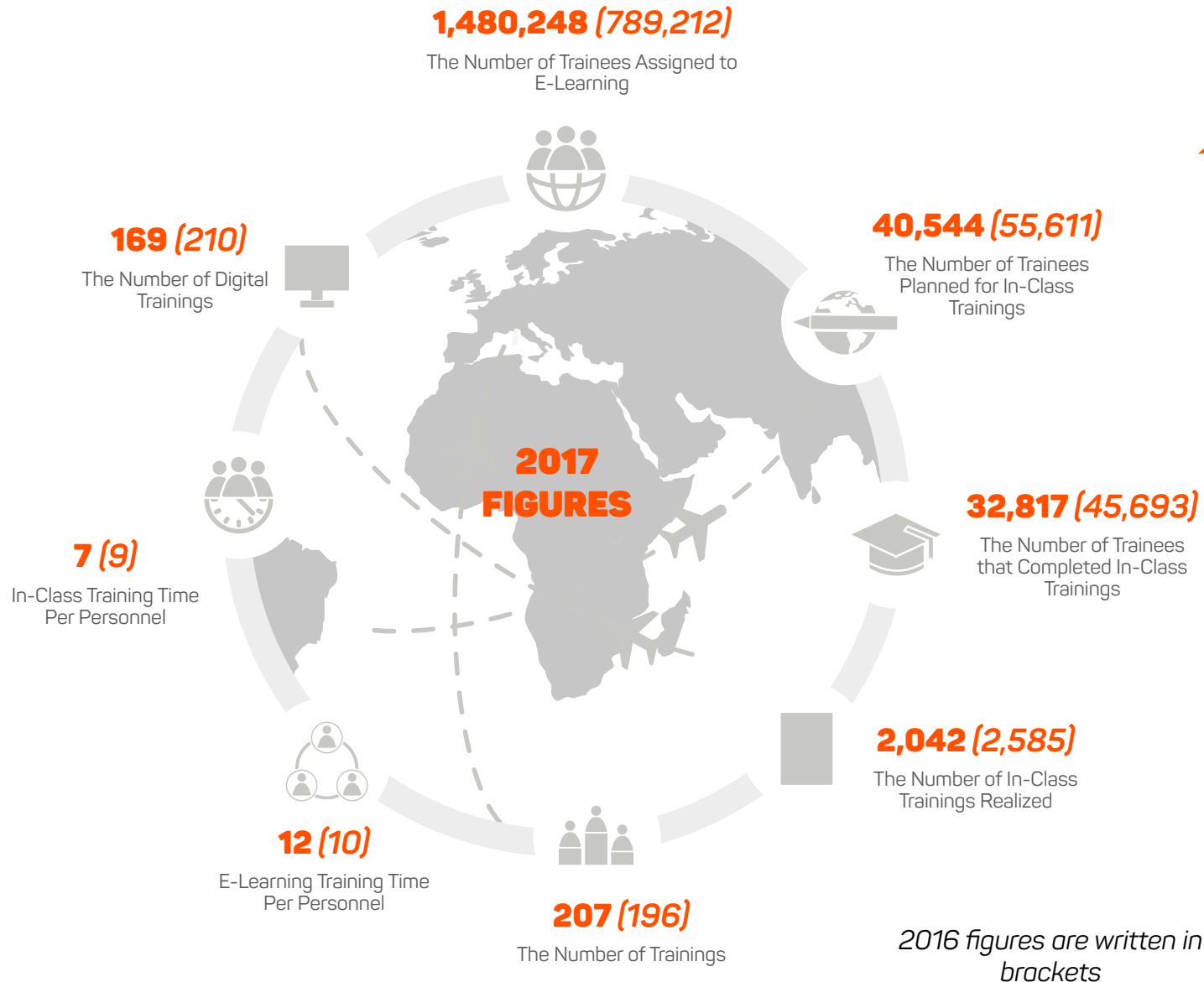
While training of employees is essential for ensuring safe, efficient and sustainable operations, it is also essential for employee engagement and delivery of high quality customer service. As Turkish Airlines, we not only aim to enhance the fulfillment and performance of our employees but also work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

// TURKISH AIRLINES AVIATION ACADEMY

The Aviation Academy was founded to meet the training needs of Turkish Airlines. It has transformed over the years into an institution that offers training courses to people from many different companies both in Turkey and abroad. The Academy is situated on a 5,800 square meters' area, and it provided service in 2017 with 19 classrooms, an amphitheater with a seat capacity of 144, and 1 digitalization studio.

We offer trainings under three main categories: Corporate Solutions, Organizational Development and Language Skills. The frequency of trainings depends on the needs and requirements of the Company, the type of training, and the type of trainees.

TURKISH AVIATION ACADEMY

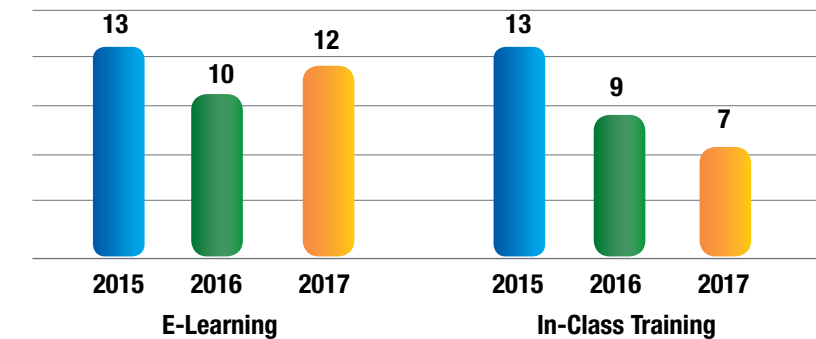


In 2017, the Academy conducted 2,042 in-class trainings for a total number of 40,544 trainees, and 1,480,248 participants took e-learning courses. Other relevant data regarding the Academy for the year 2017 can be seen in the bar chart titled **"2017 Figures"**.

DIGITAL TRAININGS

Trainings, which have been standardized with the latest information, can be requested through the digital media, provided by our Academy, and they are planned in line with the requirements of the training and needs of the trainee. As can be seen from the charts **"2017 Figures"** and Training Hours Per Personnel, the in-class training hours per personnel decreased while the digital training time increased in 2017. The e-learning hours per personnel was 12 while the in-class training hours was 7 in 2017.

Training hours per personnel



OUR EMPLOYEES



// FLIGHT TRAINING CENTER

We, as Flight Training Center, conduct training activities for more than 4,000 cockpit crew members, cabin crew members, dispatchers and load masters as well as more than 39,000 flight crew members of our Incorporation in accordance with the international standards, and serve to develop competencies of the flight crew members. The center provides training services for national and international customers through domestic and international authorizations, and aims to be one of the biggest training centers across Europe, the Middle East and Africa. Besides, the activities carried out with institutions and organizations provide valuable contributions to extend civil aviation knowledge on both national and international basis. Maintaining its activities as driven by its vision of attaining the highest performance standards in aviation safety and security across our Incorporation, our Flight Training Center serves as a

We carry out the training activities for more than 39,000 flight crew members in accordance with the international standards.

training center which has been audited and authorized by the Turkish Civil Aviation authority and many international civil aviation authorities to have the competencies on the international platform.

At Flight Training Center, we have been providing ground courses and flight trainings for cockpit crew members, ground courses and practical trainings for cabin crew members, ab-initio trainings for candidate pilot trainees, ground trainings for dispatchers and ground trainings for loadmasters. All trainings for flight crew members aim at increasing knowledge, skills and competencies in communication, assuming responsibility, leadership, team building, problem solving and making sound judgments. We update our training program on regular basis to increase the quality of our trainings, and ensure that the employees are equipped with all technical skills required to provide service for safe operation all around the world.

We also seek to raise environmental awareness by training our employees in the related fields such as fuel efficiency. We conduct seminars about fuel efficiency through their operational applications in order to protect environment.

// PROJECTS REALIZED

All attempts have been completed to introduce the MINT Training Management System (TRMS) platform, utilized by many international airlines, into the Flight Training Directorate.

We will be equipped with an infrastructure where all resources can be planned in the most efficient manner, all records can be stored and processed on the digital medium, and communication can be achieved at the highest level thanks to the online reports with the concerned departments and authorities once the system will be commissioned in the mid-2019.

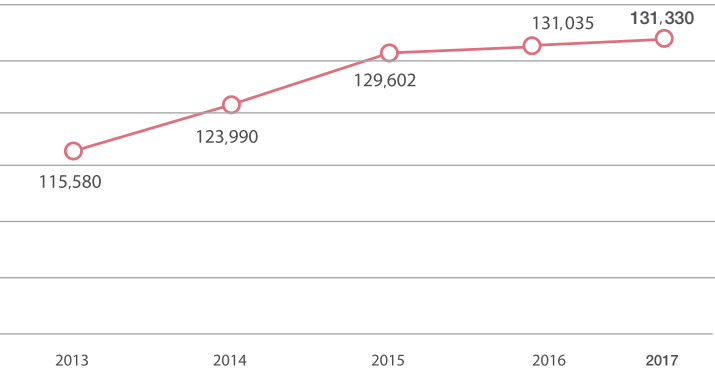
Moreover; this system will be in full harmony with the other decision-making systems of our Incorporation, and the capability of working with the concerned departments in a concurrent and coordinated manner will be maximized.

Construction process was completed in 2017 to build a new Flight Training Center with 18 simulators and 45 classrooms as well as a mock-up area in Florya in order to meet our increasing need for training as our fleet keeps growing as the flag carrier airline of Turkey.

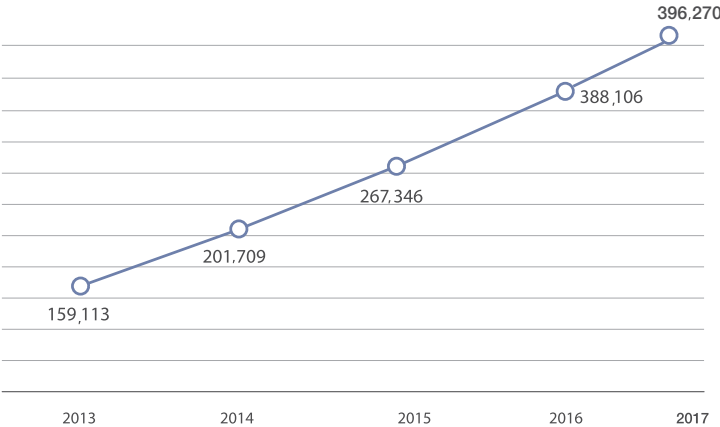
A total of four flight simulators (FFS), including one piece of simulator “which was produced by Havelsan A.S. through domestic means” have been installed completely as part of the new “Flight Training Center Project”. Upon introduction of these simulators; we have now 14 EASA-approved Full Flight Simulators (FFS), and 2 Flight Training Devices (FTD), as well as 3 Flight Navigation Procedures Training Devices (FNPT).

2013-2017 PERFORMANCE

Training Hours for Cockpit Crew Members



Training Hours for Cockpit Crew Members



HEALTH, SAFETY AND WELL-BEING

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

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

Turkish Airlines has been certified under the internationally recognized Occupational Health and Safety Management System Certificate (OHSAS 18001) in 2013

from employees, encourage the employees in actively involving in health and safety activities.

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

We systematically collect, monitor and review health and safety data through online reporting systems and have established various mechanisms to achieve continuous improvement in our performance. Thus, all incidents including the near misses are reported; the root causes of the incidents are examined and investigated, and corrective and preventive actions are implemented. Moreover, the statutory agreements

executed by and between Turkish Airlines and unions cover compliance with the rules and regulations applicable to the health and safety issues.

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



Please scan the QR Code to access our OH&S Policy.

// TRAINING

We, as Turkish Airlines support the improvement of occupational health and safety culture by raising the awareness of our personnel about occupational health and safety issues and provide all our employees with relevant information and regular trainings on occupational health and safety issues including; the regulations and statutory rights and the responsibilities of employees, overview of the principles of OH&S culture, chemical, physical and ergonomic risk factors, safe use of work equipment, the use of personal protective equipment, causes and prevention of occupational accidents, emergency response plans (explosions, fires, etc.) evacuation and rescue.

// HEALTH AND SAFETY PRACTICES

We promote psychological health as well as physical health and well-being of our staff members, and are committed to ensuring that the staff members taking part in critical functions are physically and medically ready to undertake their respective tasks.



2017 injury weight rate: 7.71

2018 Target: Decrease the injury weight rate to below 6.9

16 emergency evacuation drills were conducted in 2017 in order to enhance the emergency preparedness. In 2017, 132,603 medical examinations including routine periodic medical examinations of the existing employees and pre-examinations of the newly recruited staff members have been performed.

// PROMOTING HEALTHY LIFESTYLES

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

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

OUR EMPLOYEES

// PERFORMANCE

We are dedicated to achieving the goal of reducing injury rate on a continuous basis. As a first step, the reporting system has been improved to identify even the smallest type of injuries. In 2016, the injury weight rate has been 28.62 which is calculated as number of lost days *1,000,000/working time. Main types of injuries experienced at work within our organization are minor cuts, musculoskeletal system injuries and falls.

// TARGETS

All of our employees have been provided with training about the recent OH&S regulations. In 2017, we aim to decrease the injury weight rate to below 22.89 which is 28.62 as of 2016.

ANNEXES

- 95 | PERFORMANCE TABLES
- 96 | GREENHOUSE GAS
VERIFICATION STATEMENT

PERFORMANCE TABLES

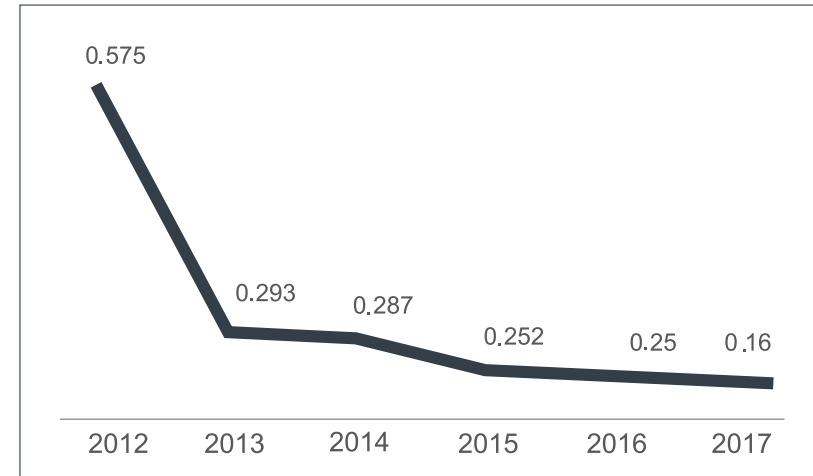
G4-10: Employee profile by age groups and gender

Year	Employee Category	Age Group			Gender		Total
		0-29	30-49	50+	Female	Male	
2015	Cockpit personnel	696	2,806	872	92	4,282	4,374
	Cabin personnel	4,670	4,056	3	6,099	2,630	8,729
	Other personnel	2,124	6,398	405	4,011	4,916	8,927
	Total	7,490	13,260	1,280	10,202	11,828	22,030
2016	Cockpit personnel	678	2,866	924	121	4,347	4,468
	Cabin personnel	4,990	4,930	2	7,072	2,850	9,922
	Other personnel	2,468	6,844	422	4,280	5,454	9,734
	Total	8,136	14,640	1,348	11,473	12,651	24,124
2017	Cockpit personnel	684	2,905	920	153	4,356	4,509
	Cabin personnel	4,285	5,433	3	6,819	2,902	9,721
	Other personnel	2,324	7,112	409	4,396	5,449	9,845
	Total	7,293	15,450	1,332	11,368	12,707	24,075

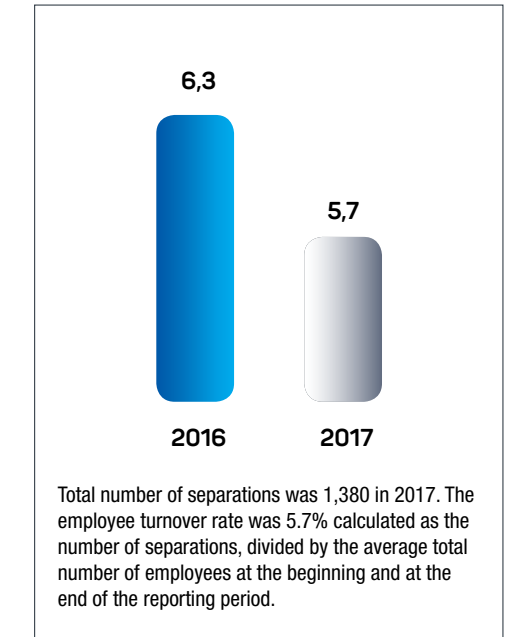
G4-LA 1: Breakdown of new employee hires by age group, gender and geographic region

		2015	2016	2017
Total		3.056	3.486	1331
Age Group	Below 30	2,314	2,583	940
	30-49	657	871	377
	50+	85	32	14
Gender	Male	1,641	1,655	895
	Female	1,415	1,831	436
Geographic Region	Africa	59	54	20
	America	42	87	18
	Asia	27	44	28
	Europe	156	210	65
	Middle East	115	85	20
	Far East	30	39	19
	Turkey	2,627	2,967	1,161

Safety Audit Performance



G4-LA1: The employee turnover rate (%)



G4-LA 12: Breakdown of management profile by age group and gender

Year	Age Group			Gender		Total
	0-29	30-49	50+	Female	Male	
2015	16	480	47	50	493	543
2016	13	513	47	52	521	573
2017	14	518	46	50	528	578



TÜRK STANDARDLARI ENSTİTÜSÜ

MUAYENE GÖZETİM MERKEZİ BAŞKANLIĞI

SERA GAZI BEYANI DOĞRULAMA AÇIKLAMASI



Belge No	SER.006.2017/B00012												
Rapor No	SER.006.2017/R00016												
Düzenleme Tarihi	28.12.2017												
Kuruluş Adı	TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI												
Kuruluş Adresi	Türk Hava Yolları Genel Yönetim Binası Yeşilköy Mah. Atatürk Havaalanı Cad. No:3/1 Bakırköy 34149 İSTANBUL												
Doğrulama Amacı	Kuruluşa ait 01.01.2016 - 31.12.2016 dönemi temel alınarak hazırlanmış olan Sera Gazı Beyanı'nın TS EN ISO 14064-1:2007 standardı şartlarına uygun hazırlandığını ve toplam emisyon miktarlarının beyan edilen miktarlarda olduğunu TS EN ISO 14064-3:2007 standardı şartlarına uygun olarak "Makul Güven Seviyesinde" doğrulamaktır.												
Doğrulama Metodolojisi	Sera Gazı Beyanı doğrulaması TS EN ISO 14064-3:2007 standardı şartlarına uygun olarak gerçekleştirilmiştir.												
Doğrulama Tekniği	Sera gazı bilgi sistem kontrolleri ve sera gazı veri/bilgileri, doküman incelemeleri ve saha ziyaretleri, yeniden hesaplama yöntemleri ile değerlendirilmiş olup, elde edilen bulgular esas alınarak Sera Gazı Beyanı doğrulanmıştır.												
Sera Gazı Beyanı Hazırlama Kriteri/Programı	TS EN ISO 14064-1:2007												
Doğrulama Dönemi	01.01.2016 - 31.12.2016												
Temel Yıl	2016												
Kuruluş Sınırları	Türk Hava Yolları Anonim Ortaklığı (İstanbul ve Ankara lokasyonları dahil olmak üzere)												
Sera Gazı Tipleri	CO ₂ , CH ₄ , N ₂ O, HFC, HC, HCFC, SF ₆												
Doğrulan Sera Gazı Emisyon ve/veya Uzaklaştırmaları	<table border="0"> <tr> <td>Toplam Emisyon</td><td>15.204.873,70 eşdeğer ton CO₂</td></tr> <tr> <td>Doğrudan Emisyon</td><td>15.170.359,16 eşdeğer ton CO₂</td></tr> <tr> <td>Enerji Dolaylı Emisyon</td><td>34.514,54 eşdeğer ton CO₂</td></tr> <tr> <td>Diğer Dolaylı Emisyon</td><td>0,00 eşdeğer ton CO₂</td></tr> <tr> <td>Biyokütlelen Yanmasından Kaynaklanan Emisyon</td><td>0,00 eşdeğer ton CO₂</td></tr> <tr> <td>Sera Gazı Uzaklaştırmaları</td><td>Kuruluş sera gazı uzaklaştırmalarını hesaplamamıştır.</td></tr> </table>	Toplam Emisyon	15.204.873,70 eşdeğer ton CO₂	Doğrudan Emisyon	15.170.359,16 eşdeğer ton CO ₂	Enerji Dolaylı Emisyon	34.514,54 eşdeğer ton CO ₂	Diğer Dolaylı Emisyon	0,00 eşdeğer ton CO ₂	Biyokütlelen Yanmasından Kaynaklanan Emisyon	0,00 eşdeğer ton CO ₂	Sera Gazı Uzaklaştırmaları	Kuruluş sera gazı uzaklaştırmalarını hesaplamamıştır.
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Sera Gazı Uzaklaştırmaları	Kuruluş sera gazı uzaklaştırmalarını hesaplamamıştır.												
Güven Seviyesi	Makul Güven Seviyesi												


Mehmet ERGÜN
 Çevresel Gözetim ve Doğrulama
 Müdürü



<https://basvuru.tse.org.tr/uye/QRKodDogrulama?code=578D86> adresinden belgenin doğruluğunu ve geçerliliğini sorgulayabilirsiniz.

* Yüzüncü Yıl Bulvarı Cevat Dündar Caddesi 1236. Sokak No:1 Yenimahalle/ANKARA
 * Tel: (0312)- 592 51 35 Fax: (0312)- 592 51 85 e-posta: cevreselgozetim@tse.org.tr

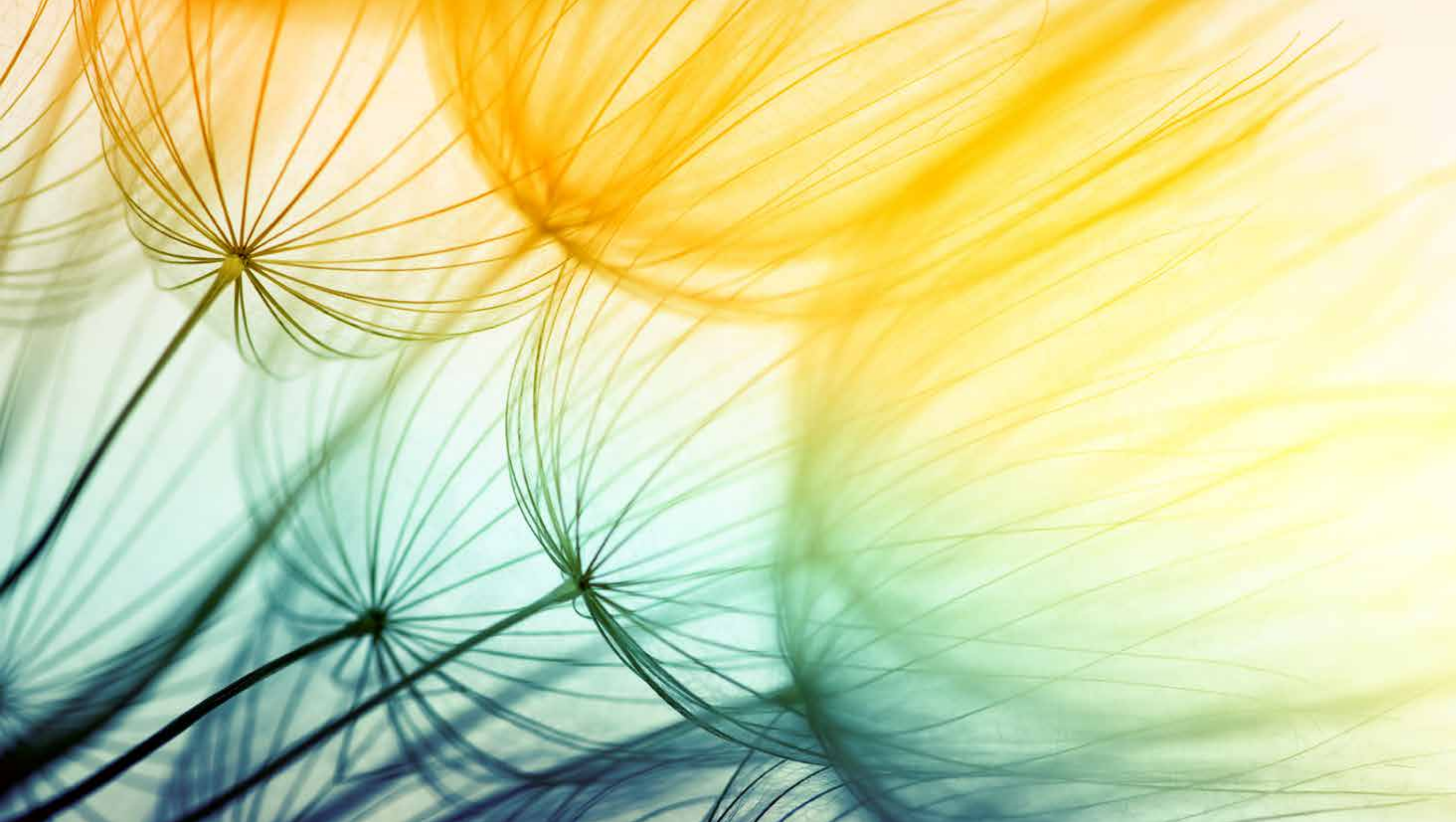
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