

TAV Airports works to reduce its carbon footprint.

By reporting on its sustainability performance, TAV Airports aims to monitor, assess and manage the economic, environmental and social impacts of its operations. As part of this effort, the Company sees sustainability reporting as an executive tool and has been publishing its sustainability report regularly since 2010. TAV Airports hopes that this initiative will contribute to creating awareness among all stakeholders starting from the closest ones and raising the sense of responsibility regarding the future of the planet.

TAV determines the scope of its sustainability reporting within the framework of materiality, stakeholder inclusiveness, completeness and sustainability principles. The scope of the environmental impacts of the Company's operations is limited to the Istanbul Atatürk, Ankara Esenboğa and Izmir Adnan Menderes airports in Turkey. According to 2012 statistics, these three airports constituted 89% of TAV Airports' portfolio in terms of passenger traffic.

Sustainable economic benefit for all stakeholders

Airports, which are the entrance gates to countries and cities, have a major impact on the economic and social development of the region they are located in. Among the major transportation infrastructure investments, airports create direct employment and economic value as well as indirect benefits, starting from their construction phase and throughout their operation. Indirect benefits of airports include increasing commerce and tourism opportunities, increasing cultural interaction, and opening up access to global markets in the region they are located in. According to International Air Transport Association (IATA) statistics, the air transport industry creates 56.6 million jobs globally while every dollar invested in the sector creates 1.5 to 3 dollars in added value.

Turkey is the fastest growing aviation market in Europe.

Operating in 12 airports in six countries, TAV Airports is the leading airport operator in Turkey, where it is responsible for operating four airports, with a 49% market share according to the 2012 passenger traffic statistics of the Turkish State Airports Authority (DHMI). Serving approximately 575 thousand flights and 72 million passengers with its subsidiaries in 2012, TAV Airports was also successful in turning its operational development into a large financial interest. Attaining 18% compound annual growth rate in revenues between 2006 and 2012, TAV also recorded 18% compound annual growth rate in employment over the same period. The Company increased its consolidated revenue by 25% to € 1,099 million in 2012. Reporting a net profit of € 124 million for the year, TAV Airports will propose to its General Assembly that half of this amount be distributed to shareholders as dividend. Paying a dividend for the first time in its history in 2012, TAV paid TL 0.25 per share to its investors.

An inhabitable planet for future generations

While subject to economic fluctuations in the short term, the aviation industry is expected to continue to grow rapidly in the long term. According to the estimates of Airports Council International (ACI), the global trade organization of airport operators, the annual passenger traffic worldwide is expected grow from its current level of around 5 billion to 9 billion in 2030.

TAV, the leading airport operator in Turkey and its surrounding region, adopts best practices for the efficient use of natural resources while maximizing customer satisfaction at the terminals which are used by tens of thousands of passengers daily. As part of this effort, the Company embraces waste management, recycling, water management, reduction of greenhouse gas emissions, and the protection of biodiversity as its priorities.

2015 Environmental Targets (%)

Per-Passenger Reduction Targets	Istanbul	Ankara	Izmir
Natural Gas	33.00	3.90	2.70
Electricity	13.00	1.00	2.30
CO2 Emission	0.77	0.80	2.50
Water Consumption	5.90	0.00	4.90
Water Disposal	2.00	0.00	16.00
Waste	14.00	1.50	3.90
Packaging Waste	10.00	2.00	6.00

Climate change and global warming

As part of its efforts to protect the climate and natural resources, TAV Airports carries out comprehensive programs to reduce the carbon footprint of all of its airports and shares its performance transparently. Within this scope, TAV participates in the Carbon Disclosure Project, one of the most far-reaching and effective programs on a global scale, and is one of the 32 companies from Turkey taking part in this program as of 2012.

As a widely-adopted sector-specific initiative, ACI Europe launched the Airport Carbon Accreditation program in 2008 in order to assess and recognize its members' efforts to reduce, and in the end to completely neutralize, their carbon dioxide emissions, which is among the leading causes triggering global warming and climate change. The program consists of four levels: mapping, reduction, optimization and neutrality. The process requires airport operators to map their carbon footprints as audited by independent entities, reduce their carbon emissions, minimize them to the lowest level, and finally totally neutralize them. As of May 2012,

the program has 59 airports representing 52.8% of Europe's airline passenger traffic. The participating airports reduced their carbon emissions by a combined 414,128 tons in one year. This amount corresponds to carbon emissions of approximately 290 thousand vehicles for one year.

Carbon Emission (1,000 ton)	2011	2012	Change (%)
Istanbul	44.02	45.48	3.33
Ankara	15.25	14.30	-6.22
Izmir	6.74	6.60	-2.15

TAV Airports has been actively enlisted in the program since its launch with the airports it operates in Istanbul, Izmir and Ankara. Istanbul Atatürk Airport was upgraded to level two in the program on October 17, 2012 while the Izmir Adnan Menderes Airport International Terminal and Ankara Esenboğa Airport were also part of the program, undertaking reporting in level one.

The major sector-specific program consisting of entities operating in the airports in Turkey is the "Green Airport Project" administered by the Directorate General of Civil Aviation of Turkey. In addition to TAV Istanbul, which is the first airport operator to be awarded this certification, TAV Izmir renewed its certification in 2012 by making the necessary revisions.

TAV's water management approach encompasses minimizing the amount of wastewater.

Electricity consumption per passenger (GJ/1,000 passenger)	2011	2012	Change (%)
Istanbul	9.58	8.61	-10.12
Ankara	11.89	10.39	-12.60
Izmir	19.00	7.35	-61.34

As a result of the energy efficiency initiatives and increasing passenger traffic in all three airports, a reduction was achieved in total electricity consumption per passenger. Energy losses on the transmission and distribution systems were minimized at the Istanbul Atatürk Airport with the trigeneration system that generates the electric, heating and air conditioning energy from a single unit within the terminal. Ankara Esenboğa Airport generates its electricity from natural gas using the cogeneration plant that it installed within the premises while achieving further efficiency by using the waste heat captured for terminal air conditioning. A trigeneration system will also be deployed in Izmir as part of the new domestic terminal project.

Electricity (Total consumption) GJ (Total)	2011	2012	Change (%)
Istanbul	358,095.21	387,288.82	8.15
Ankara	103,069.94	97,518.47	-5.39
Izmir	46,463.42	68,731.58	47.93

TAV Airports was awarded the tender for the operation of the Izmir Adnan Menderes Airport's domestic terminal and broke ground for the construction of the new terminal in early 2012. The international terminal is handling all flights during the construction. As a result, the International Terminal's passenger traffic surged by 290%, from 2,398,457 in 2011 to 9,356,284 in 2012. The jump in the terminal's passenger traffic led to a major drop in per-passenger consumption figures.

Istanbul Atatürk Airport recorded a total electricity consumption increase less than the corresponding growth in passenger traffic of 20% thanks to the improvements made in the insulation, air conditioning and lighting systems. Another factor that raised the energy consumption is the higher-than-expected temperatures and humidity levels throughout the year, which increased the terminal's cooling needs.

Water Consumption

Water consumption per passenger (1,000 m ³ /1,000 pax)	2011	2012	Change (%)
Istanbul	0.017	0.016	-6.55
Ankara	0.020	0.021	1.32
Izmir	0.051	0.019	-63.12

The world's clean water supplies are diminishing rapidly due to industrial pollution, climate change and inefficient use. TAV's water management approach encompasses reducing water consumption per passenger without sacrificing comfort and minimizing the amount of wastewater. As part of this effort, the Company implemented a number practices such as collecting rainwater to be used in irrigation, installation of photocells and low-flow aerators in the terminal's water consuming units, and drip irrigation.

Wastewater Disposal 1,000 m ³ /year	2011	2012	Change (%)
Istanbul	511.7	533.5	4.27
Ankara	283	283	0.00
Izmir	48.43	99.55	105.57

The water consumption and wastewater discharge of the Izmir Adnan Menderes Airport International Terminal increased due to the huge jump in the terminal's passenger traffic. Wastewater created at the terminals is collected via a closed-loop sewage system and transferred to wastewater treatment facilities inside the airport premises. All terminals feature state-of-the-art wastewater treatment facilities that use biological methods of treatment. In accordance with related environmental laws, wastewater is discharged to the closest collecting system or receiving environment.

Waste Management

Recycled waste (1,000 ton)	2011	2012	Change (%)
Istanbul	0.868	0.783	-9.79
Ankara	0.069	0.078	12.73
Izmir	0.129	0.395	205.29

As a result of the efforts to increase the share of waste that is recycled, total annual recycling volume of the three terminals was up by 18% to 1,126,000 tons.

References

For comprehensive information on the Airport Carbon Accreditation program administered by ACI Europe, please visit www.airportcarbonaccreditation.org.

The Environmental Policy of TAV Airports is available at www.tavhavalimanlari.com.tr/tr-TR/Pages/EnvironmentalPolicy.aspx.

For more information on the activities of TAV Academy, please visit www.tavakademi.com.

Information on the Carbon Disclosure Project can be found at cdpturkey.sabanciuniv.edu.

TAV is among the companies with the highest number of expat employees in Turkey.

Value-added returned to the society

Reckoning that economic benefit is meaningful only when it is paired with social benefit, TAV Airports strives to establish a relationship based on transparency, accountability and cooperation with all of its stakeholders, particularly with its employees and passengers. The Company's policies are centered on occupational safety, equal opportunity and comprehensive personal development opportunities for its employees as well as safety, a diversified portfolio of high-quality services and accessibility for its passengers.

Employment and employee satisfaction

Seeing human capital as the pillar of success and sustainability, TAV Airports aims to create synergy and strength from diversity, to become a "preferred company", and to become the pioneer of its industry in Turkey and in the world with its integrated human resources practices. As part of this effort, the Company improved its Performance Management Process in such a way that employee contribution to the Company's performance is felt more clearly and the fact that employees have a share in the Company's success is comprehended better. In addition, TAV's Management of the Future program was unveiled in order to identify the Company's in-house talents, create personalized development plans, tracking employee development, and formulate the organizational plans that will be needed in the future.

TAV conducts efforts to measure employee satisfaction every other year through surveys carried out by independent entities and to improve employee satisfaction. The employee satisfaction score was 67.7 in 2011, the latest year this survey was conducted, 26% above the industry average for the same survey. The same survey revealed an employee loyalty score of 74.4, 31% higher than the industry average.

Employees by Group		2011	2012
Foreign Employees	Number	2,450	2,950
	Share	12.09	12.99
Employees with Disabilities	Number	348	400
	Share	1.72	1.76

TAV, an international conglomerate, is among the companies with the highest number of expat employees in Turkey. Studies were undertaken to identify the needs for employees of all levels to quickly adapt to the countries they are transferred to, establish effective communication with different cultures, and develop a common team spirit. The TAV Abroad website was launched for common sharing and HR applications developed to meet the needs.

The Intern Career Development Program that was rolled out in 2012 consists of training programs and activities that will contribute to the career planning and personal development of the interns. 341 interns were employed at TAV Airports last year.

Total Workforce by Employment Type	2011	2012
White Collar Employees	7,639	8,324
Blue Collar Employees	12,630	14,385

TAV Airports employed 22,709 people in 2012, up 12% compared to the previous year. Major developments leading to the increase in the headcount include higher personnel count at TGS as a result of the increase in the number of aircraft it serves; BTA's takeover of the food and beverage operations at the İDO ferryboats and terminals; assumption of the operation of the Medinah Airport and the Izmir Domestic Terminal; increase in the passenger traffic in Istanbul; and the need brought about by the Open Gate policy.

Breakdown of Women in Management (%)	2011	2012
Senior Management	17.31	20.51
Middle Management	19.78	21.15
Supervisory Level Employees	22.55	21.71
Specialist/Engineer	36.99	37.63
Administrative Staff	25.00	24.72

Embracing equal opportunity in recruiting and on the job, TAV Airports supports national and international initiatives promoting this cause and strives to implement equal opportunity in practice. Similar to previous years, the Company's workforce in 2012 consisted 75% of male and 25% of female employees. The share of female employees employed at the managerial levels was up compared to the previous year.

Sharing of experience and personal development

TAV Airports, in conjunction with its subsidiaries, renders services in every area of airport operation. The know-how generated by this unique management model is formalized by TAV Academy and shared within as well as outside the group. Focusing on "Leadership and Talent Development", "Personal and Professional Development", "University-Industry Collaborations" and "Airport Operation Know-How Development" as part of this effort, TAV Academy supported the development of more than 10 thousand employees during 2012.

TAV Academy, which is one of Airports Council International's global training centers, reached more than 200 participants from a number of countries in 2012. TAV Aviation Minds, a training and consulting company established in partnership with the TAV Academy, aims to improve the performance of the airports in North Africa and the Middle East and to develop the skills of their employees. The "TAV Airport Operation" course, put together by TAV Academy and administered as part of a co-op program partnership with the Bahçeşehir University, was included in the curriculum of the faculty of business administration.

TAV Akademi has reached more than 200 participants from different countries in 2012.

Occupational Health and Safety

TAV Airports administered health and safety training programs at the four airports in Turkey for 721 employees in 2011 and for 2,067 employees in 2012.

	ISTANBUL		ANKARA		IZMIR	
	2011	2012	2011	2012	2011	2012
Health and Safety Trainings (Hours per Employee)						
H&S Training Hours/Year	1.4	3.6	1.3	1.3	0.6	3.9
Accidents						
	2011	2012	2011	2012	2011	2012
All except first aid level minor injuries-Number	0	9	0	2	5	5
With Fatality-Number	0	0	0	0	0	0
Reportable-Number	0	9	0	1	3	2
Accident Frequency %	2.99	2.13	3.00	1.6	14.80	8.16
Days of Absence						
	2011	2012	2011	2012	2011	2012
Lost Days Caused by Work-Related Accidents-% in absence	0.00%	0%	0.1%	0%	0.0%	0%
Reportable*-% in absence	0.0%	0%	0.2%	0%	0.0%	0%

* Occupational accidents necessitating a medical report for more than three days.

Passenger satisfaction

The airports operated by the Company, Istanbul in particular, are gaining prominence as regional and global connection hubs. In an effort to increase TAV Airports' reputation as an "English-Speaking Airport", nearly 900 employees who make an impact on passenger and customer experience participated in a development program.

TAV Airports launched a single phone number serving passenger complaints and requests for the Istanbul Atatürk, Ankara Esenboğa and Izmir Adnan Menderes airports. Passengers can have all their questions addressed by simply dialing 444 9 TAV (828) as part of this application, which was developed to enhance customer satisfaction. The training of the customer representatives for the hotline, unveiled as a joint initiative of TAV IT and TAV Istanbul, is being undertaken by TAV Academy.

Passengers are now able to locate the people waiting to meet them easily through the "Meeting Point" monitors fitted on the Arrivals Floor within Istanbul Atatürk Airport International Terminal. Developed by TAV IT, the system aims to reduce the number of announcements and offer a practical solution to passengers.

Accessibility

In an attempt to make all of its terminals accessible to all passengers, TAV Airports is undertaking all necessary tasks at international standards. Accordingly, Istanbul Atatürk Airport and Ankara Esenboğa Airport completed the preparatory work and were awarded their certifications in 2012 by the Directorate General of Civil Aviation of Turkey (SHGM) as part of its "Obstacle-Free Airport Project". 2,000 meters of tactile paving was installed at the Domestic and International Terminals and in parking garages in Istanbul as part of this project. An announcement system providing the

floor information in English and in Turkish was installed in 38 elevators. 19 payphones were lowered to the appropriate height for wheelchair users. Five assistance service points were created. Izmir Adnan Menderes and Ankara Esenboğa airports also finalized their efforts within this scope and reached the certification stage. In addition, as part of the "Obstacle-Free Airport Project", Sign Language Training was given to nearly 250 employees performing customer service functions in cooperation with the Federation of Hearing Impaired in order for hearing-impaired passengers to access all services easily without experiencing any problems.

Social Responsibility

TAV Airports defines social responsibility as its voluntary contribution to create a better and more developed society. As part of this effort, the Company aims to develop sustainable, participatory, transparent and auditable projects that return the value it creates back to the society.

TAV Gallery, which was established as a culture & art platform in order to enrich the travel experience of the passengers and to increase cultural sharing at the terminals, the social life areas visited by tens of thousands of people from different cultures every day, hosted 18 exhibitions and events during 2012. The exhibitions hosted by TAV Gallery, which has locations in Istanbul, Izmir and Ankara, last year include "Miniature/ Sacide Çehrelî" exhibit, "Ebru" (Marbling) exhibit put together by TAV employees, "My Workplace, My School" photography exhibition prepared jointly by TAV Workshop and Darüşşafaka students, "Modern Calligraphy / Bilal Akkaya" exhibit, "Turkey – European Union Dialogue through Photographs" exhibition put together by the Ministry of European Union Affairs of Turkey, "Call of the Road" photography exhibition that was put together by the Travelers Club of Turkey, and "History of Commercial Aviation in Turkey 1950-2012 / Cumhuriyet Koral Türk" exhibit.

TAV Workshop and TAV Cup activities hosted 1,222 employees in total.

TAV Cup tournaments, organized for the last three years to bring TAV Group employees together, continued in 2012 in Istanbul, Ankara and Izmir with the participation of 1,048 employees. The tournaments are organized with the participation of employees from all TAV Group companies in various branches, from soccer and volleyball to chess and table tennis. Every contest in the TAV Cup is overseen by scouts. 130 athletes in seven branches chosen by these scouts competed on behalf of TAV in Corporate Games, Turkey's largest inter-company sports event.

TAV Workshop continued its activities that contribute to the personal development of TAV Group employees in five branches in 2012. 174 employees attended photography, marbling, music, painting and dance workshops that were led by professional instructors.

In addition to the aforementioned initiatives, TAV Airports also supported industry events as well as education and culture & art throughout the year.

- The Guinness Record that was previously held by Italy was broken when 198 couples performed the bachata dance simultaneously at Atatürk Airport. This is the first time in the world an airport hosted a Guinness Record.
- The Harem-i Hümayun" or "The Imperial Harem" exhibition, organized by the Topkapı Palace Museum in order to correct the false impression and perception of "Harem" in Turkey and in the world, was presented to the visitors at the Has Ahırlar (Imperial Stables) Exhibit Hall of the Topkapı Palace under the main sponsorship of TAV Airlines.
- TAV Airports hosted the 74th Airports Council International (ACI) Europe Policy Commission Meeting in Istanbul.
- "A Friendly Greeting for Macedonia" Photography Exhibition, organized by the Eurasia Economic Relations Association and sponsored and hosted by TAV Airports, was held at the Skopje Alexander the Great Airport.

- The AIREX 2012 International Civil Aviation and Airports Exhibition was held with the participation of more than 150 companies from 48 countries at the Istanbul Atatürk Airport's General Aviation Apron under the main sponsorship of TAV Airports.
- The Hezarfen Ahmet Çelebi Mosque, located within the Istanbul Atatürk Airport complex, was renovated by TAV in 16 months. With a worship capacity for 2,000 people, the mosque's design was inspired by the Ottoman-Seljuk architecture.
- The Corporate Communication Certification Program, a joint initiative of TAV Airports and Istanbul Bilgi University Career Center, greeted its fourth term graduates.
- PERYÖN (Personnel Management Association of Turkey)'s 20th Personnel Management Congress, the largest human resource management conference in Turkey and in Europe, was organized in Istanbul under the sponsorship of TAV Airports.
- TAV Izmir organized an "Energy Education and Terminal Visit" for the children of its employees out of its responsibility to leave an inhabitable environment behind for the future generations.
- TAV Macedonia and FON University inked a cooperation agreement for the university's academic campaign "Knowledge Factory".
- Burcu Çetinkaya, a national rally driver, came third in the Qatar rally where she raced with TAV as her man sponsor.
- TAV Tunisie hosted the ACI-Africa meeting.
- Organized under the coordination of Directorate General of Civil Aviation of Turkey (SHGM) in cooperation with TAV Airports, the Aviation and Industrial Cooperation Workshop brought together the aviation industry executives from the D-8 countries in Istanbul.
- TAV Macedonia sponsored the 2012 Skopje Marathon.
- 20 students from the Van province and their teachers who were invited by the Abu Dhabi-Turkish Business Council to their countries as part of April 23rd activities were hosted by BTA at the Istanbul Atatürk Airport during both legs of their trips.

Awards

- TAV Airports has been selected as the best of Turkey in the “customer focus” category at the European Business Awards (EBA).
- Havaş and TAV Operation Services were deemed worthy of awards at the ‘Skalite 2012’ Awards organized for the 15th time, while TAV Izmir also received the ‘2012 Special Regional Award’.
- At the Capital 500 Awards for 2011, TAV was recognized as the second largest employment provider in Turkey as well as the third in profit growth.
- The Skopje Alexander the Great Airport was deemed an exemplary project as part of the “Think and Save” campaign launched by the Ministry of Economy and the electric power company EVN.
- The Federation of Hearing Impaired acknowledged TAV Istanbul with an award for its “Obstacle-Free Airport” project.
- TAV Airports won the “Silver Dolphin” Award at Cannes with its new image trailer.
- The Tbilisi Airport project, designed and built by TAV Construction, received an award at the Turkish World Engineering Architecture and Urbanization Convention.
- TAV IT received the second place award at the ICT Summit 12 for its Resource Management System Project that it has developed for King Khalid and King Fahd Airports in Riyadh and Dammam of Saudi Arabia.
- TAV Airports was recognized with the “Highest Corporate Governance Rating Score” award at the 3rd Corporate Governance Awards organized by the Corporate Governance Association of Turkey (TKYD).
- In the Pan-European Investor Relations Survey conducted by Thomson Reuters Extel Surveys annually among funds and brokerages worldwide, TAV Airports won the “Best Company in Investor Relations – 1st in Turkey” and “Best Investor Relations Officer – 1st in Turkey” awards.
- TAV Passport Card was recognized with the “Highest Quality Service” award at the event organized for the third time by Quality of Magazine.
- TAV Airports was awarded by the Institute of Internal Auditing of Turkey (TİDE) for its support and in-house initiatives regarding the promotion and widespread adoption of internal auditing activities in Turkey, as well as its practice of the internal auditing profession in accordance with international standards.
- At the eighth annual awards organized by the UK-based Euromoney magazine, TAV Airports was recognized with awards in the categories of “Best Managed Companies in CEE: Most Convincing and Coherent Strategy: Turkey – 1” and “Best Managed Companies in CEE: Most Convincing and Coherent Strategy: Airlines and Aviation – 1”.
- TAV Airports’ 2011 Annual Report, illustrated by the brush strokes of its employees, won the “Gold” award at the Vision Awards and Spotlights Annual Report Competition organized by the League of American Communications Professionals (LACP).
- TAV Airports returned from the 11th Golden Compass Awards held by the Public Relations Association of Turkey (TÜHİD) with an award in the “Sponsorship Communication-Environment” category.

Certifications

- TAV Operation Services was awarded the ISO 10002:2004 Customer Satisfaction-Complaint Handling Standard Certification.
- TAV Istanbul also received the ISO 14001 and OHSAS 18001 certifications as a result of the assessments conducted by the British Standards Institute (BSI).
- TAV Istanbul became the first airport operator in Turkey to be awarded the ISO 50001 Energy Management Certification.
- TAV Istanbul qualified to receive ISO 10002 Certificate, one of the standards classified under Customer Satisfaction Management.
- TAV IT acquired the Information Security Management System ISO 27001:2005 certification.