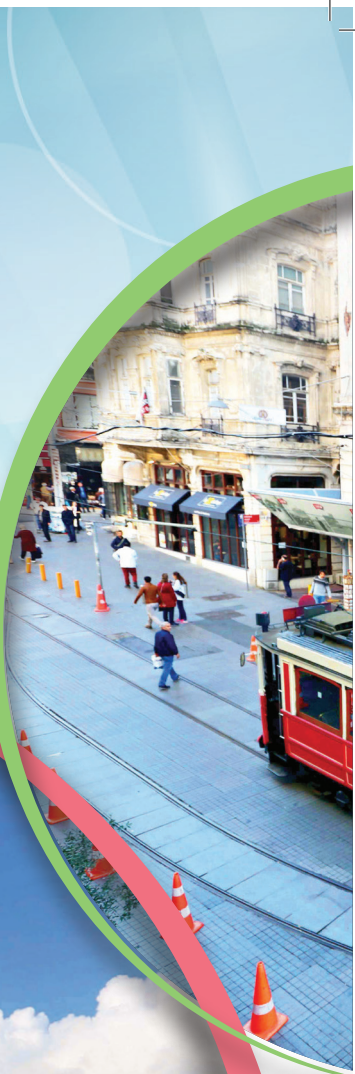




DIRECTORATE GENERAL OF **IETT**

SUSTAINABILITY REPORT **2014 - 2015**





NETWORK OF LIFE IN
İSTANBUL

iETT



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ABOUT THIS REPORT



Our second sustainability report, has been issued in accordance with the “Comprehensive” option of G4 Guidelines of Global Reporting Initiative (GRI), the most trusted and widely used sustainability reporting standards in the world.

We regard our sustainability reports, which we plan to issue biennially, as an important means of communication which enables us to share our activities intended to improve our positive present and future impacts for a livable world and for the happiness of future generations.

Scope of the Report

The information in this report covers all services and activities as well as the performance results and practices of IETT in Istanbul for the two-year period from January 1, 2014 to December 31, 2015 without any restriction, unless otherwise provided.

Stakeholder Engagement and Determination of Material Aspects

While drawing up this report, we relied on the results of stakeholder analysis conducted regularly on annual basis. During this analysis which covers the expectations of our key stakeholders, we took into consideration our passengers’ and employees’ opinions communicated to us through satisfaction surveys. In addition, we had another survey to receive our employees’ opinions on our key sustainability aspects and future sustainability projects, in preparation of this report. With a team of nearly 40 people from sustainability task force, we organized a materiality workshop and assessed the sustainability matrices we developed for the previous period, also by taking into account current developments and strategic targets of our organization for 2013-2017. The results of this analysis are provided under the “Sustainability Management” section of this report.

Reporting Principles and Assurance

In drawing up this report, we took into account the stakeholder inclusiveness, sustainability context, materiality and completeness principles of G4 Sustainability Reporting standards as well as the principles of AA1000 Accountability Stakeholder Engagement Standard and EFQM Excellence Model. The greenhouse gas emissions data in this report have been verified by an independent auditing firm under “ISO 14064 Greenhouse Gas Calculation and Reporting” standard; and the respective assurance statement is provided in the Appendices section of our report.

Contact Info:

Please share your opinions and suggestions on this report with IETT sustainability reporting task force.

E-mail: surdurulebilirlik@iett.gov.tr





MESSAGE FROM THE MAYOR

Dear Istanbulites,

Sustainability means programing the present and future development in a way to enable development and meeting the needs of future generations by maintaining a balanced relationship between human and nature to avoid depletion of natural resources. And as the center of social life, driving force of economy and the guardians of cultural heritage, cities are the principal living environments that can make the greatest contribution to this program. Public transport system plays a very significant role in sustainable urban development of Istanbul. Among the key issues we take into account in designing the future of Istanbul, a global metro- polis, is establishment of an integrated, smart and safe public transport system that utilizes the technology of 2023 and clean energy resources.

IETT has strategic importance in public transport with a 16% share in road transport across urban areas of Istanbul. IETT accommodates an increasing number of passengers every year and served 1.2 billion passengers, including private means of mass transport, in 2014. With a well-established history of 145 years, IETT continues to break new grounds to build future. This second sustainability report, issued by IETT in accordance with international standards includes our future plans for a sustainable future along with the projects we have realized.

IETT has put into service more convenient, comfortable, safe and affordable means of transport through a modern and smart transportation planning. It has helped reduce carbon emissions, improve air quality and enable comfortable and safe transport. With the introduction of Metrobus, a groundbreaking public transport system which has set an example worldwide, an evolution has been made in Istanbul's transportation system. Today, 80 thousand private vehicles per day prefer not to hit the city roads, which is a dramatic example of this fact. Moreover, this results in a daily reduction of 613 tonnes of CO₂ emissions and allows fuel saving of 242 thousands liters per day. IETT has one of the youngest fleets in Europe with an average fleet age of 4.46; and all our buses have barrier-free designs for accessibility by passengers with disabilities. As a recognition of all these successful efforts, IEET received EFQM Turkey Excellence Award, making us feel proud.

We, at Istanbul Metropolitan Municipality, are always committed to innovation and will continue to introduce innovative solutions for Istanbulities as we always do. We will continue to move Istanbul to the future with IETT's practices that support our sustainable transport policy. Along this journey, we attach utmost importance to engagement and contributions of you, our esteemed stakeholders.

Kind Regards,

Kadir TOPBAŞ, PhD
Mayor of Istanbul

MESSAGE FROM THE DIRECTOR GENERAL

Dear Stakeholders,

We are happy to share with you our second sustainability report which is issued in accordance with the G4 Guidelines of Global Reporting Initiative (GRI) and covers the actions we have taken to enhance our positive impacts for a livable world and for the happiness of future generations.

Our sustainability management model is built on four main pillars, namely “Energy, Ecology, Efficiency and Economy”, in line with IETT’s vision of becoming a leading, eco-friendly organization can manage alternative energy resources effectively to make urban life easier. In line with this purpose, we have obtained 10 management certificates including quality, environment, occupational health and safety, information security, information technologies, customer satisfaction, customer communication centers, energy management and GHG verification over the past half-decade, and we have also become the first public institution to obtain a certificate of conformity to the principles of ISO 26000 Social Responsibility Guidance. Key elements of our vision include transportation at international standards, focus on people, sustainability and leadership. In line with this vision, we have determined our sustainability aspects in order to achieve our strategic goals. This report covers our performance in relation to these sustainability aspects as well as our future plans and targets.

OUR VISION FOR FUTURE

Our vision for 2023 includes several aspects including increased customer satisfaction, and promotion of training and career development of our employees. Also, we aim to increase rate of alternative-fuel vehicles by 2023 with the introduction of electric, hybrid vehicles etc. in accordance with our Sustainable Energy and Environmental Action Plan. In addition, we intend to remodel our sustainability team into a more corporate structure in order to enhance our sustainability activities and work in a more coordinated way. We continue to collaborate with our stakeholders on our sustainability journey and keep focusing on new projects to provide a safer and more comfortable travel experience.

In the following period, we will continue contributing to sustainable transportation in Istanbul in line with the requests and suggestions of our valuable stakeholders.

Respectfully,

Arif EMECEN
Director General, IETT



ABOUT IETT



IETT FROM PAST TO PRESENT

IETT started to carry out its activities back in 1869 upon foundation of Dersaadet Tram Corporation and construction of Tunnel Facilities, and has gained its current identity under the name of Directorate General of Istanbul Electricity Tram and Tunnel Establishments (IETT).

Reporting to the Istanbul Metropolitan Municipality, Directorate General of IETT is an organization with a public legal entity which is governed in accordance with the special statutory provisions. Offering only public transport service across urban areas of Istanbul today, our Organization is responsible for running the bus, metrobus, nostalgic tram and tunnel management business, as well as scheduling and supervision of privately owned public transportation vehicles. Our Organization determines the need for public transportation across the urban areas covered by the service network, by assessing the current and future status of the city with respect to settlement and deployment, and prepares transport plans accordingly. Our job description also covers ensuring implementation of such plans as integrated with any other public transport vehicles, and to manage efficiently any and all public transportation vehicles covered by the scope of service. We keep carrying out our activities through three administrative buildings, including Metrohan Head Office, 15 garages and three workshops.

In 2015, we provided public transportation service to 1.2 billion people by carrying out our services by means of bus, metrobus, tunnel and nostalgic tram as well as by means of privately owned public transportation vehicles under our supervision.

Bus Fleet Management

We, as IETT, have one of the youngest fleets in Europe with the average fleet age of 4.46, and with our fleet of bus consisting of 2.766 vehicles. 4 percent of our vehicles are in compliance with the norms of Euro IV while 77 percent thereof is in compliance with the norms of Euro V. 360 of the vehicles available in the fleet are powered by CNG fuel. A "Fuel Automation System" has been installed in order to monitor the fuel effectively. Our fleet, consisting of the vehicles equipped with state-of-the-art technology, has the high-level security measures. Our vehicles:

- are equipped with the automatic fire detection and extinguishing system, available in the engine compartment, in order to improve the passenger safety.
- have 6-8 in-vehicle and extravehicular camera systems, which can keep recording for a period of minimum 5 days, and which are equipped with DVR systems, for the purpose of ensuring the passenger security.
- are also equipped with the break lining reader system in order for identification of the rate of break lining wear.

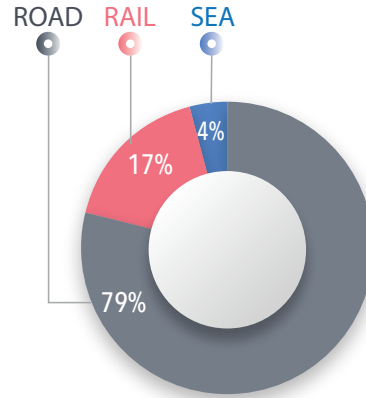
Stations

IETT has been providing service through 12.216 stations in total, including 1.100 smart stations which are dynamic passenger information system, since 2015.

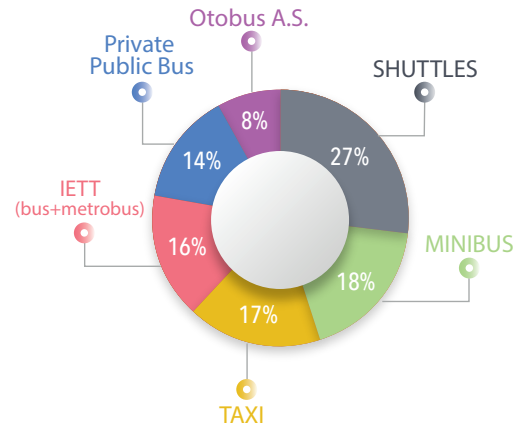


IETT HIGHLIGHTS IN 2015

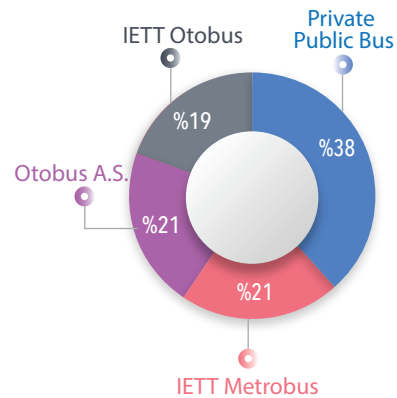
Market Share of Modes of Transit in Istanbul

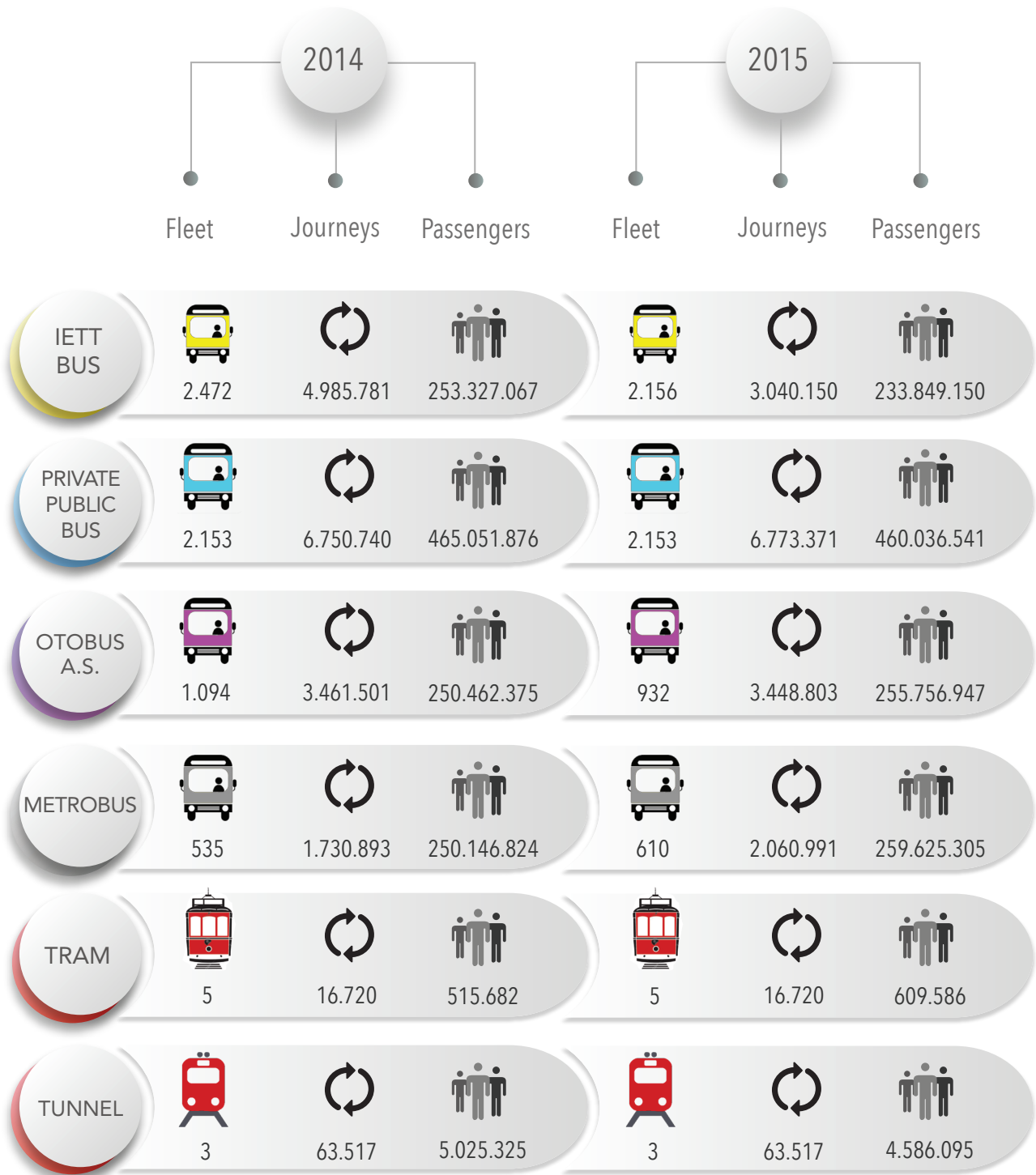


Market Share of Urban Road Transport in Istanbul



Breakdown of Journeys Under IETT Network







Extensive
Experience
with a
145
Year History



100%

Barrier-Free
Fleet



11
Quality
Certificates



Circles
Around
The Globe



14,5 Tur



4,46

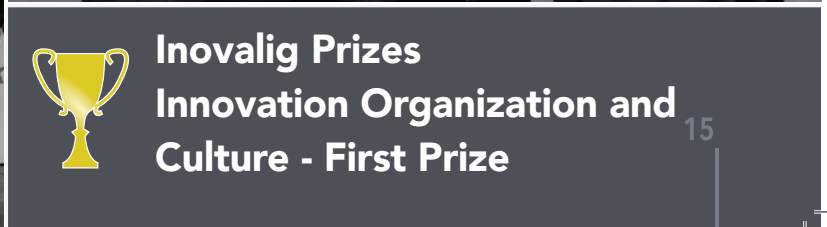
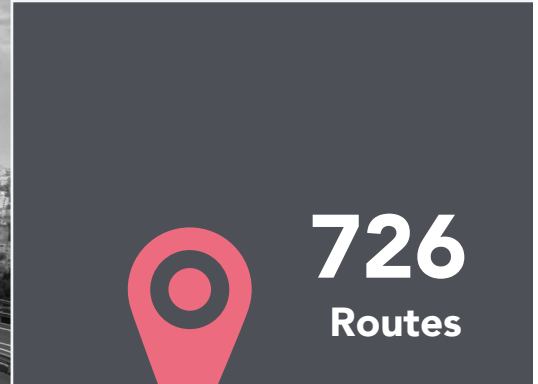
Fleet Age



European Excellence
Awards -Finalist



The Stevie Awards
HR Department of
the Year - Bronze Winner



AWARDS



- **EFQM Turkey Excellence Awards - Finalist** Kalder and Tusiad
- **Efficiency Project Awards (istanbulcard)** Ministry of Science, Industry and Technology
- **IETT Football Team - World Corporate Games Champion** Corporate Games
- **Golder Spider Web Awards** Microsoft and Doruknet
- **Award for Buses With Bicycle-Holder** Cycling Association
- **The First Public Institution to Have A Plus Certification by Global Reporting Initiative**
Global Reporting Initiative (A+)
- **World Corporate Games - World Champion**
- **Corporate Social Responsibility Contribution Award** Corporate Social Responsibility Association of Turkey
- **5th Metropolis Award** General Secretariat of Metropolis (Hyderabad)

2014

2015

National Champion in Environmental and Corporate Responsibility

European Business Awards

Interactive Passenger Information System - 12th eTR Awards TUSIAD and Turkish Informatics Foundation

Ethics Award 2014 Ethical Values Association (EDMER)

14. Golden Compass Awards (Empathy Week) Turkish Public Relations Association

Metrobus Silver Certificate Institute for Transportation and Development Policy (ITDP)

European Excellence Awards -Finalist

European Foundation for Quality Management (EFQM)

The Stevie Awards 2015 HR Department of the Year - Bronze Winner

EFQM Turkey Excellence Awards - Grand Prize Kalder and Tusiad

Bus Excellency Award

International Road Transport Union (IRU)

Innovation Organization and Culture - First Prize Turkey Innovation Week Inovalig Awards

Corporate Social Responsibility Reporting Award

Corporate Social Responsibility Association

Local Administration Project Award Belhaber

Golden Globe Tigers Award Best Leadership Development Program for Workers

World Corporate Games - World Champion

Regional Awards UITP

MISSION, VISION & VALUES

OUR MISSION

To regulate and control the public transportation in the way to supply the uncovered needs, to have a balancing role in the sector and to lead accumulation of knowledge in national and international areas.

OUR VISION

To be a leader institution that makes the urban life easier, acts eco-friendly and manages alternative energy resources.



OUR CORE VALUES

FAIR

IETT is a neutral entity which places emphasis on rights and laws while offering its services. It never deviates from justice and integrity while carrying out its operations and it never discriminates its stakeholders.

PARTICIPATORY

IETT is an organization which puts emphasis to stakeholder participation. It creates partnerships with various institutions, companies and stakeholders. Ideas of its passengers, personnel, suppliers and partners are important for IETT in increasing service quality.

RELIABLE

IETT does not compromise on its reliability. It is always at the service of its stakeholders with its all resources at any time and condition and aware of its responsibility towards its passengers.

INNOVATIVE

IETT operates with an innovative management approach. It keeps up with technological developments and pioneers changes and innovations for maximum satisfaction and minimum cost.

SENSITIVE

IETT is sensitive towards the needs and expectations of its stakeholders, especially its passengers. It abides by legal regulations; develops projects to increase passenger satisfaction level and decrease the effects on environment; gives priority to occupational health and safety of its personnel; supports social responsibility projects.

CORPORATE GOVERNANCE



ORGANIZATION

The organizational structure of our Organization is updated in compliance with the provisions of the “Regulation on the Principles and Standards for Permanent Staff of Municipality and Affiliates Thereof and Local Administrative Unions” dated 2007. Our organization consists of a Director General, 2 Deputy Directors General, a Principal Clerk, a Chairman of Supervisory Board, an Internal Audit Department, a Legal Department, 15 Heads of Division, and their 53 subordinate Branch Offices.

Director General: The executive who performs the planning, execution and audit in line with the Organization’s mission and vision.

Deputy Directors General: The executives carrying out the planning, execution and audit in line with the Organization’s mission and vision on behalf of the Director General, and reporting to the Director General.

Administrative Committee: The Committee offers advisory suggestions to executive units regarding the strategic plans and projects of the Organization. It comprises of Legal Counsel, Head of Purchasing Department, Head of Financial Services Department, and the Head of the concerned Department under the chair of the Director General or any Deputy Director General to be assigned by the Director General.

Advisory Unit: The Legal Department, reviewing compliance of any legal, administrative, financial, technical, security actions of the Directorate General with the laws, directives and regulations, for and on behalf of the Director General.

Executive Units: The Departments and Independent Directors executing any requirements for the mission and vision of the Directorate General.

Audit Units: Such units consist of the Supervisory Board and the Internal Audit Department, which audit the compliance of any operations and transactions, carried out by the Directorate General, with the regulations for and on behalf of the Director General.

Sense of Management through Committees: “Committee” structure has been established within the organization of IETT in order to receive opinions of the relevant departments and parties with respect to effective and efficient functioning of the approaches, and to carry out activities for planning, checking, and taking measures with respect to such approaches, and also to bring into question any stakeholder-based, visionary and strategic innovations in relation to such approaches. IETT committees are one of the key elements providing sustainable benefits to the stakeholders. Such committees convene and assess the agenda periodically. In addition to such committees; Director General, Deputy Directors General and Heads of Departments convene on Thursdays, and hold the ordinary Coordination Committee meeting. Moreover, Expanded Coordination Committee meetings are held four times in a year upon attendance of all directors. During such meetings, senior management are informed about any organization-wide messages, and opinions of the relevant units are received with respect to the matters. Also, each Department holds weekly meetings together with their subordinate directors.

CORPORATE GOVERNANCE

The Director General is assigned by the Minister of Interior upon the official letter issued by the Mayor; Deputy Directors General are assigned by the Governor upon the proposal of the Director General and the official letter issued the Mayor; Directors and Heads of Departments are assigned by the Mayor upon the official letter issued by the Director General; and officers are assigned directly by the Director General.

Internal Control System: Monitoring activities are carried out by means of the internal control system each year, and assessment reports for such activities are submitted to the senior executive. Action plans are drawn up in order to eliminate any deficiencies detected.

External Audit: Financial decisions and transactions in relation to our Organization are performed by the auditors acting for the Court of Accounts in accordance with the Public Finance Management and Supervision Law Nr. 5108.

Internal Audit: Our Internal Audit Department carries out internal and external audits with respect to risk management, and accuracy and completeness of any information generated, and effective, economic and efficient performance of any activities in compliance with the regulations.

Municipal Council Audit: Any decisions and transactions of our Organization are reviewed by two auditors assigned by the Istanbul Metropolitan Municipality as required by the Law Nr. 3645, and the report prepared following such review is submitted to the Council of Metropolitan Municipality.

Risk Management: Our corporate risk management system has been integrated with the strategical plan, performance program, budget and any other practices. Internal Control Monitoring and Steering Committee reviews any risks semiannually and/or when and if it is required, under the chair of the Administrative Risk Coordinator, and reports such risks to the senior management. The risks, which have the highest probability to occur, and which have the highest level of impact, and also which are identified as critical risks and high risks within the organization of IETT, are considered as the risks to affect our strategical purposes and targets at the highest level.



ETHICS POLICY

Our employees are subject to the ethical rules governed by the relevant sections of Laws Nr. 4857 and 657 and "Regulation on the Principles of Ethical Behavior of Public Officials and Application Procedures and Essentials". In addition to these regulations, we have developed our "Ethics Policy and Ethical Principles". Our workers sign a letter of undertaking stating that they will always act in accordance with these rules; and their compliance is assessed by our "Ethics Committee" and "Disciplinary Board". Our Ethical Committee keeps the identity of all public officials who report an violation confidential and takes necessary precautions to prevent any act of retaliation towards them.

EXCELLENCE POLICY

We have made a progress and gained important achievements toward excellence with the introduction of EFQM Excellence Model across our organization which shows organizations where they are on their way to excellence and recommends adoption of a certain approach to be able to identify bottlenecks and achieve proper solutions. Moreover, we received **Turkey Excellence Award** at the 24th Quality Congress, which is a clear indicator of how rapid we climb the steps towards excellence.

EFQM Excellence Awards 2015



Core Principles of Our Excellence Policy

We adopt an “excellence” concept based on fulfillment of stakeholder expectations and we are committed to planning, reviewing and continuously improving our management systems in accordance with the following fundamental concepts.



We are result-oriented.



We add value to our customers.



We continuously learn and innovate.



We increase the added value of our processes.



We use our resources effectively.



We succeed with our employees.



We are role models with our leaders.



We establish partnerships.

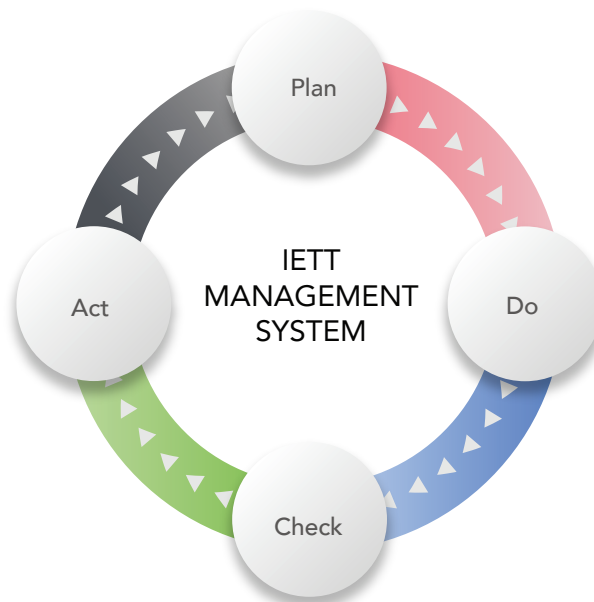


We take responsibility for sustainability.

MANAGEMENT SYSTEMS

In 2009, we made some fundamental changes in the way we do our business, introducing project management applications that support entrepreneurial spirit and teamwork across IETT. With these projects, we built new systems across all levels of the organization. In 2010, we introduced process management system with a view to defining our business on work flow basis in order to make our performance measurable. Also in 2010, we managed to align IETT processes and documentation structure with international management system standards subject to documentation audits.

We at Directorate General of IETT Establishments implement and constantly improve the management systems listed under the “Sustainability Milestones” section of this report as part of our Integrated Management System (IMS). We also have an **“Integrated Management Systems (IMS) Manual”** developed in order to describe the main structure and relations of these management systems with one another as well as the relevant processes and standards. We implement defined procedures, instructions and policies that provide a general framework for our practices across the organization. All policies are released on Quality Document Management System (QDMS). In addition to policies that are designed to directly support our management systems, we also have a corporate risk policy in place.



IETT Management System

We have developed “Performance Management Systems” based on the “result-orientation” principle of our Excellence Policy. Also, we have built a structure to allow corporate leaders to monitor how we perform against our mission, vision, strategy and processes by using several instruments including **“Corporate Scorecard”** and **“Process Management”**.

SUSTAINABILITY MANAGEMENT



SUSTAINABILITY MILESTONES

2010

Process Management Practice

2011

ISO 9001 Quality Management system,
ISO 14001 Environmental Management System,
OHSAS 18001 Occupational Health and Safety
(OHS) Management System

2012

ISO 10002 Customer Satisfaction Management System,
EN ISO 15838 Customer Call Center Management System,
ISO 27001 Information Security Management System;
ISO 20000 Information Technologies Service Management
System, 5S Practices Initiation;
Participation in National Quality Practice,
Carbon Footprint Calculation Module

2013

EN ISO 14064 Greenhouse Emission
Standard Certification,
ISO 50001 Energy Management System,
Innovation Workshops,
EFQM Turkey Excellence Awards - Finalist

2014

ISO 26000 Social Responsibility Guidance,
EN13816 Passenger Transportation
Service Quality Management System,
GRI Level A Sustainability Report,
EFQM Turkey Excellence Awards

2015

EN ISO 14064 Greenhouse Emission
Standard Certification,
EFQM Turkey Excellence Awards - Grand Prize

OUR SUSTAINABILITY APPROACH

Sustainability management model established by us focuses on four elements (4E Model): Energy, Economy, Efficiency, Ecology”.

As IETT, our key policy and priority is to realize our vision we have specified in the 2013-2017 strategic plan. We have adopted the environmental awareness approach defined by us as 4E which stands for **Energy, Economy, Efficiency and Ecology**. Such approach is set out explicitly in the vision, excellence policy, strategical purposes and targets of our Organization.

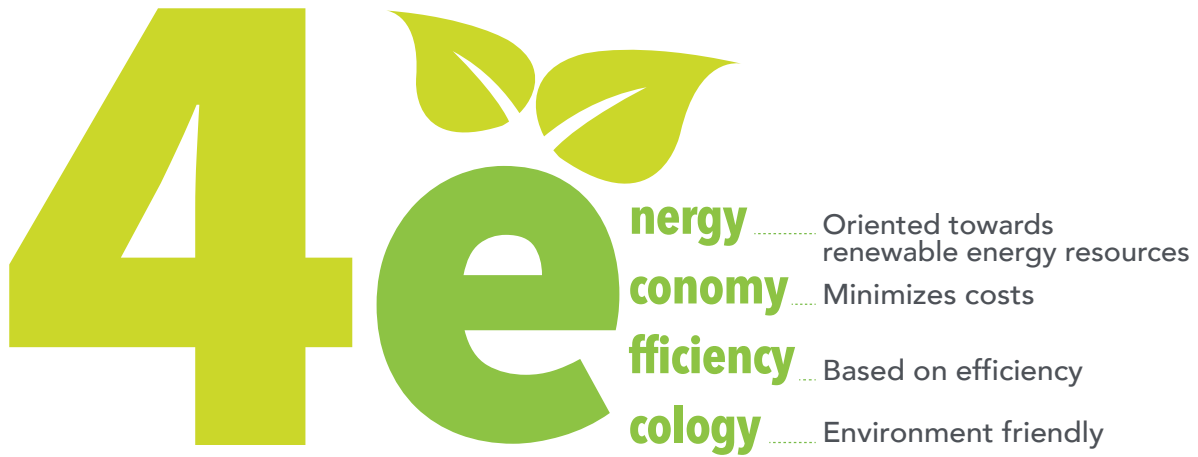
We have formed a working group as part of the sustainability activities within the organization of IETT. Consisting of the participants from various Departments, this working group has performed sustainability workshops and meetings, by working in a coordination with each other and by

prioritizing the expectations of the stakeholders. During such meetings, we have not only determined our key stakeholders but also assessed a detailed list of impacts as a two-stage phase based on our stakeholders and organization. Accordingly, we have determined the sustainability subjects required to be managed primarily under the common interests of our organization and stakeholders. Also, we have carried out **sustainability awareness survey**, which is intended for all of our employees, during the reporting process. Thus, we have ensured participation of our employees in the reporting process. We have intended to raise awareness of our employees and to receive their opinions on sustainability by means of this survey, which is carried out through an online platform, and which contains questions in relation to all sustainability subjects concerning the public transportation industry.

We reflect the results of this survey on the relevant sections here in our report under the heading of “Internal Stakeholder View”. In addition, we have utilized the results of the customer satisfaction and corporate reputation survey performed in 2015 while determining strategical sustainability subjects. Also, we have taken into account opinions and expectations of our stakeholders during the supplier meeting days, dealer meetings, perception meetings and common sense conferences.



IETT 4-E Sustainability Management Model

**INTERNAL STAKEHOLDER VIEW**

90.6% of our employees who participated in our Internal Stakeholder Survey expresses their opinions in favor of maintenance of the sustainability activities and reporting at IETT.



OUR PRACTICES




MANAGEMENT DEVELOPMENT PRACTICES

EFQM Excellence Model, Quality Certification, Kaizen, Innovation, Suggestion System, Benchmarking, Empathy Week, Corporate Performance Management, Management Information System, Performance Management, PDCA (Plan, Do, Check, Act), Time Planning Model, Fleet Management System



COST MANAGEMENT PRACTICES

Route-Station Optimization, New Vehicle Acquisition Method, Garage Operation Model, Emergency Intervention System, Tender Management Model, Documentation Management, Logistics Management, Energy Management, Waste Management, Inventory Management, Outsourcing, ERP (Enterprise Resource Planning), Project Monitoring System



PASSENGER SATISFACTION PRACTICES

Istanbulcard, Mobiett, Charge Station, Perception Management Meeting, Call Centre, Smart Bus Stops, Accessible Transport, Service Quality Measurement Model (SQMM), Empathy Week, Third Party Supervision, Online Applications, In-vehicle Information, Passenger Information System, Field Management System, Customer Satisfaction Survey, Management of Relations with NGOs



EMPLOYEE SATISFACTION PRACTICES

5S (Setting and Sustaining A Quality Working Environment) Practices, Employee Health Screening, IETT Academy, Leadership Academy, Social Services for the Staff, Hobby Clubs, Employee Satisfaction Survey

ABOUT ISO 26000 PRACTICES

We at İETT carry out our activities with a sense of community social responsibility. We have become the first public institution to obtain a certificate of conformity to ISO 26000 Social Responsibility Guidance in Turkey. We qualified 4.71 on a scale of 5 as a result of the inspection. We carry out our activities under the following subjects across the organization in order to define the scope of social responsibility.

-  Corporate Governance
-  Human Rights
-  Labor Practices
-  Environment
-  Fair Business Practices
-  Consumer Issues
-  Community Engagement and Improvement



Corporate Governance

Our decision-making and implementation processes are based on social responsibility principles (accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior and respect for human rights) in order to establish an effective corporate governance approach across the organization.

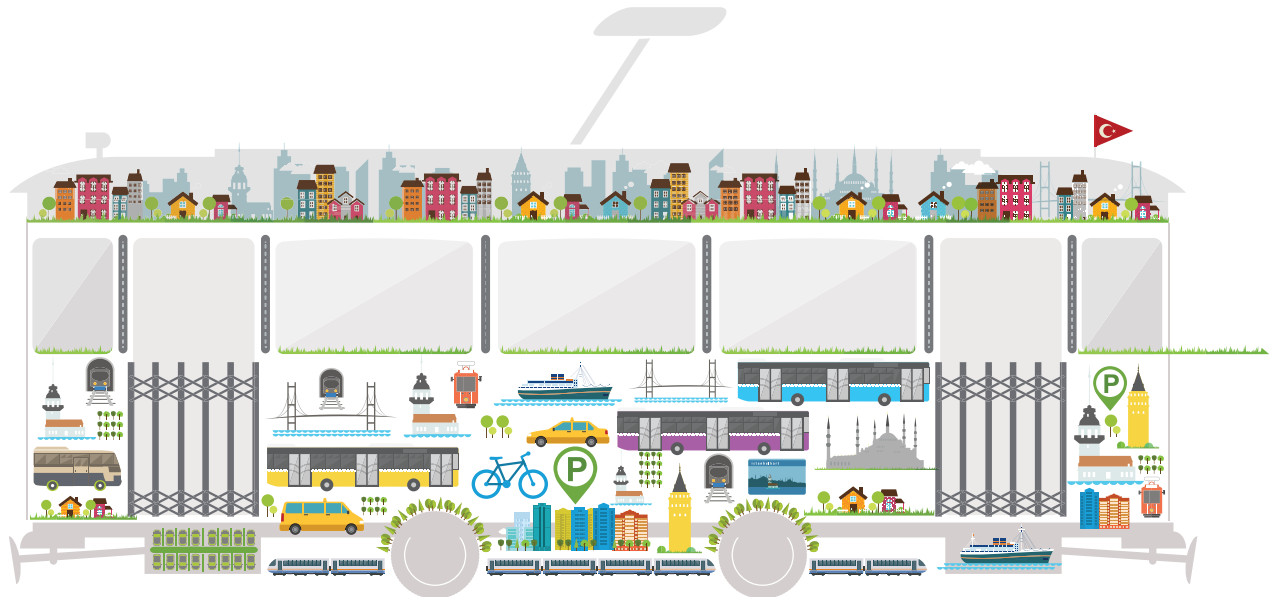
Human Rights

As IETT, we are aware of the fact that human rights are inherent, inalienable, universal, indivisible and interdependent. Universal Declaration of Human Rights was adopted by the UN General Assembly in 1948 and is one of the most widely-recognized instruments on human rights. We, at IETT, are committed to compliance with our "Ethical Principles and

Policy" as well as the "Universal Declaration of Human Rights".

Labor Practices

IETT employees and thirds parties working for IETT (subcontractors, suppliers, contractors, contracted personnel) are registered legally. Terms and condition of service are agreed based on international laws and regulations or by means of legally-binding agreements executed by and between the employee and employer. We always ensure that working conditions at IETT are in compliance with the national laws and regulations including collective labor agreements and are aligned with international working standards. Our employees are registered with the Social Security Institution (SSI) and are covered by governmental social security.



8. INTERNATIONAL SYMPOSIUM AND EXHIBITION ON
TRANSPORTATION TECHNOLOGIES

Environment

As an environmentally-conscious organization, we have in place an environmental management system in accordance with ISO 14001 standards and an energy management system in accordance with ISO 50001 standards, and we constantly work for continuous improvement. We calculate our direct and indirect GHG emissions and have these calculations verified by independent and qualified bodies in accordance with ISO 14064 Greenhouse Gas Management Standard.

Fair Business Practices

As provided in our "Ethical Principles and Policy", at IETT, we never tolerate abuse of duties and powers in order to acquire personal benefits. We request our suppliers on the supply chain to sign a "Letter of Commitment to Social Responsibility" in order to raise their social awareness and make them take actions in this field. All passengers carried by IETT vehicles are covered by insurance policies. Any medical or security issues that might arise during service provision may be compensated under the insurance.

Consumer Issues

As IETT, we inform consumers of the effects of our services on consumers and other environmental aspects. We have established ISO 27001 Information Security Management System for collection, use and protection of consumer data. This system also covers protection of the consumer data collected. We have also ensured continuity of public transport service by ISO 22301 Business Continuity Management System at IETT. We have several complaint channels in place for handling consumer disputes. (IBB White Desk, ALO 153, social media, etc.)

Community Engagement and Improvement

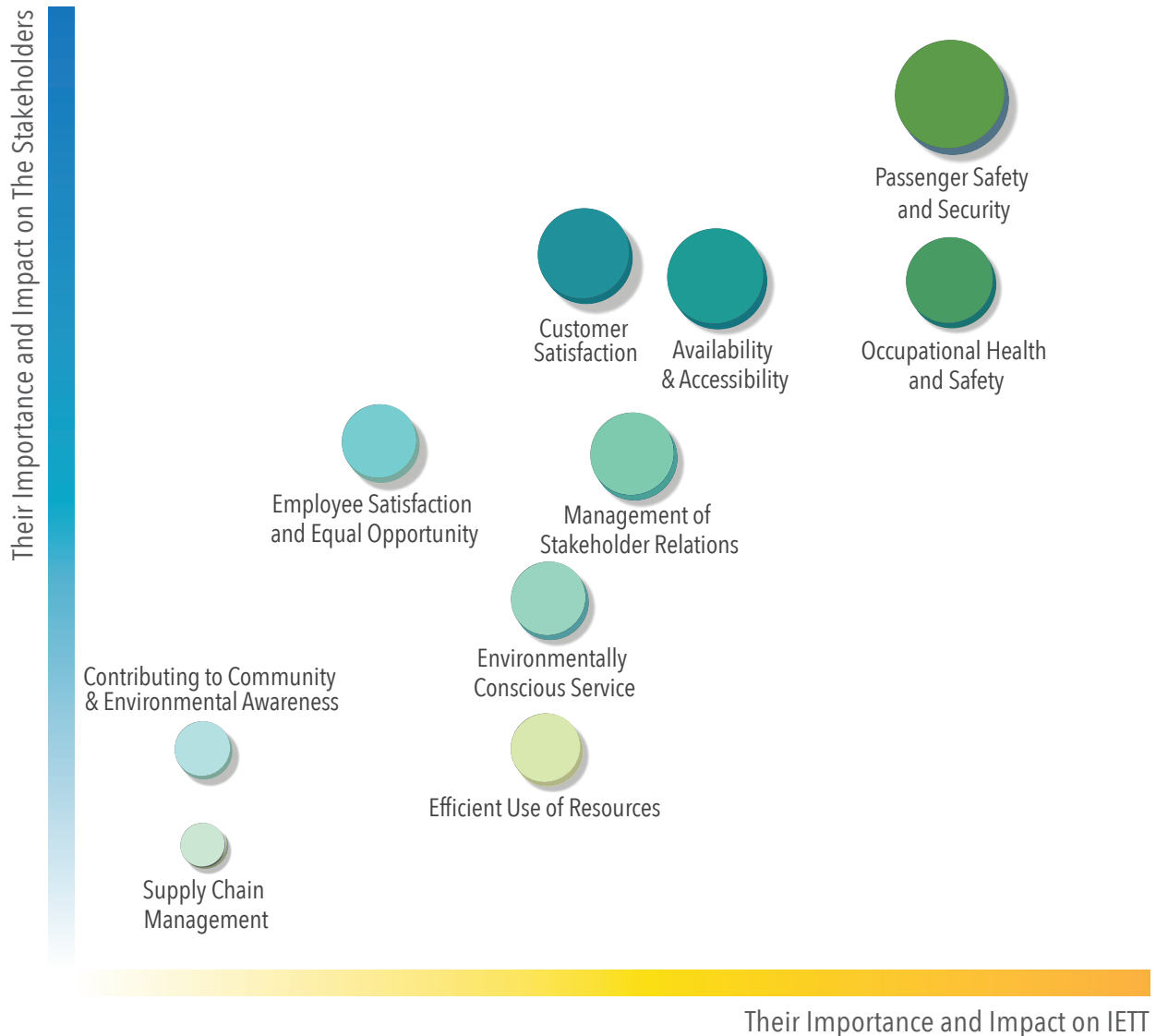
Our organization has a mutual interaction with the community; and our public relations are built on the principle of community development. We appreciate that community engagement reflects and reinforces democratic and citizenship values. Believing that community engagement and improvement is an indispensable part of sustainable development, we develop and implement an annual social responsibility projects plan. We consult non-governmental organizations to determine potential improvements in social issues. (Perception meetings, workshops, transit organization etc.) We create direct or indirect employment opportunities by growing our fleet. Also, we organize social charity campaigns to provide food, clothing, supplies etc. to national and international communities in need.



MATERIAL SUSTAINABILITY ASPECTS

We reviewed individual economic, environmental and social aspects that are strategically important to our organization and prioritize these aspects by materiality to form IETT Materiality Matrix for Sustainability Issues. On the upper right section of the table are indicated the aspects that are of higher importance for IETT and that effect IETT's reputational, legal, financial and operational performance directly and significantly. These aspects constitute main topics of the respective sections in this report. Our organizational performance on these aspects are provided in detail with quantitative and qualitative data in the following section of the report.

IETT Materiality Matrix for Sustainability Issues



G4-18

G4-19

G4-26

As part of the activities conducted by our sustainability task force under the reporting process, we performed an internal assessment as to which strategic aspects could be of higher importance before our key stakeholders and with which stakeholders we could collaborate for improvements. Feedback received through existing communication platforms were also taken into account in this assessment. We are planning to make use of the outputs of this study to follow up the material aspects on which we will exchange opinions with our stakeholders in the upcoming periods.









VISION FOR THE FUTURE

OUR SUSTAINABILITY TARGETS

We have set seven strategic objectives and our targets in relation to these objectives in line with our vision and mission developed with a view to regulating, supervising, stabilizing and advising the industry. As provided on the following table, our strategic objectives and targets overlap with the sustainability aspects included in our report.

Our Targets for 2023 set in relation to our sustainability aspects are as follows:

Our Targets for 2023

| | | |
|---|--|--------|
|  Customer | Customer Satisfaction Rate (%) | 80 |
| | SQMM Score | 95 |
|  Financial | Ratio of Travel Revenues to Operating Costs (%) | 80 |
|  Internal Processes | Punctuality (%) | 98 |
| | Corporate Reputation Ratio (%) | 90 |
| | Number of Travels (relative to population) | 88,51 |
|  Environment | Carbon Footprint Per Passenger Km (kg) | 0,0628 |
| | Use of Alternative Energy (%) | 0,3142 |
|  Health and Safety | Number of Passenger Accidents Per Million Journeys | 0 |
|  Learning and Development | Employee Satisfaction Rate (%) | 80 |

| OUR STRATEGIC OBJECTIVES | | OUR STRATEGIC TARGETS | OUR SUSTAINABILITY ASPECTS |
|--------------------------|---|---|---|
| OBJECTIVE 1 | EXCEL AT MANAGEMENT SYSTEMS | Implement EFQM Excellence Model | Corporate Governance |
| | | Expand Management System Development Activities | |
| | | Enable Information Management | |
| | | Reinforce Information System | |
| OBJECTIVE 2 | INCREASE MOTIVATION, SATISFACTION AND KNOW-HOW OF EMPLOYEES | Increase Rate of Job Satisfaction, Engagement and Belonging | Employee Satisfaction and Equal Opportunity Occupational Health and Safety Support Training and Career Development |
| | | Improve Working Conditions | |
| | | Support Training and Career Development | |
| | | Maintain Effective Internal Communication | |
| OBJECTIVE 3 | MAINTAIN STABLE AND SOLID FINANCIAL STRUCTURE | Increase and Use Resources Efficiently | Economy |
| | | Maintain Budget Balance | |
| OBJECTIVE 4 | BE ENVIRONMENTALLY CONSCIOUS AND APPLY NEW TECHNOLOGIES | Increase and Use Resources Efficiently | Environmentally Conscious Service Efficient Use of Resources |
| | | Maintain Budget Balance | |
| | | Save Energy and Natural Resources | |
| | | Manage Corporate Energy Consumption Effectively | |
| | | Raise Awareness about the Environment and Significance of Natural Resources | |
| OBJECTIVE 5 | IMPROVE SERVICE QUALITY | Maintaining Passenger Relations Effectively | Availability & Accessibility Passenger Safety and Security Passenger Satisfaction |
| | | Enhance Service Comfort | |
| | | Perform Public Transport Services On Time | |
| | | Plan Transportation Network Across Istanbul | |
| OBJECTIVE 6 | MANAGE CORPORATE KNOW-HOW | Organize Public Transportation Events | Management of Stakeholder Relations Procurement Management |
| | | Exchange Corporate Information with Public Transport Authorities | |
| OBJECTIVE 7 | RAISE CORPORATE REPUTATION | Strengthen Corporate Perception | Management of Stakeholder Relations Contribution to Society and Environmental Consciousness |
| | | Measure And Monitor Perceptions of Internal and External Stakeholders | |



OTHER PROJECTS AND PLANS

Safety Lab

We, at IETT, have launched a new project in collaboration with WRI Turkey Sustainable Cities in order to ensure safer bus journeys in İstanbul. The first stage of the project covers road safety review carried out by the road safety specialist in the routes of buses, which are detected to be problematic in line with the data. At the second stage, more than 200 bus drivers are planned to be provided with training for safe driving techniques.

Electrical Vehicle

We intend to increase the rate of alternative fueled vehicles of our fleet to 20 percent in 2020, by means of the vehicles, having drive system such as electricity, hybrid, etc., which will be included in our fleet in addition to the current alternative fueled vehicles available in our fleet, based on the IETT Sustainability Energy and Environmental Action Plan issued in 2014.

Institutionalization of Sustainability Activities

We intend to remodel our sustainability team into a more corporate structure in order to enhance our sustainability activities and work in a more coordinated way in 2016.

Data Recorder Project

We, at IETT, plan to implement the data recorder system, used on board the aircraft, in our buses. Our project "Ensuring Driving Safety and Fuel Saving By Developing Data Recorder for Sustainable Public Transportation" is also supported by Istanbul Development Agency (ISTKA). Primary targets of the projects are to improve road and driving safety, to decrease the number of accidents and maintenance costs, to improve passenger comfort, and to ensure fuel saving.

Integrated Public Transportation Management

Some managerial problems occur due to insufficient integration in the current public transportation management system in İstanbul. For the purpose of preventing occurrence of such problems, a project has been launched in order to build a structure which will ensure that actors, adapting interactive decisions, gather under the roof of a single organization.

STAKEHOLDER RELATIONS

Our Stakeholders include all persons and organizations which IEET has relations with, are affected by our services and activities and/or may have an influence on achievement of IETT's strategic objectives and targets by their actions and decisions. Stakeholder management has been standardized across IETT with "Stakeholder Management Procedure". Accordingly, our stakeholders are separated into two main groups, namely internal and external stakeholders:

Internal Stakeholders: Any persons, groups and/or affiliates/subsidiaries within the organization of IETT that have an influence on or are influenced by IETT.

External Stakeholders: Any persons, groups and/or organizations external to the organization of IETT that have an influence on or are influenced by IETT.

Requirements and expectations of our stakeholders as well as the method and period of communication with them are monitored by means of a stakeholder relations table developed specifically for each department. For the reporting period 2014-2015, we reviewed our existing stakeholders and grouped and prioritized them as per AA1000 Accountability Stakeholder Engagement Standard during the workshops we held together with the sustainability task force. As a result, we have identified our key stakeholder groups, which are affected by us from sustainability perspective and with which we can collaborate to manage these effects, as employees, customers/passengers, public sector (Istanbul Metropolitan Municipality (IBB), Transportation Coordination Center [(UKOME), Ministry of Transport (MoT)], suppliers, community (media, NGOs, universities etc.) and other public transportation service providers.

Key Stakeholders



Communication Platforms

We contact with all key stakeholders, believing that different stakeholder groups might have differing opinions on our organization depending on their interests and expectations from IETT. Accordingly, we inform them of our activities on various platforms and try to get their opinions on several issues including our sustainability-related impacts.

Our communication platforms by stakeholder group and frequency of communication with each stakeholder are indicated on the table on the next page.

Management of Stakeholders' Views and Expectations

As we have provided in our Excellence Policy, we adopt an excellence approach based on satisfaction of customer expectations. Accordingly, we continued to collect stakeholder views and ask about opinions and expectations of different groups on transportation in Istanbul and IETT's activities during the sustainability reporting process as we did for our strategic plan. An overview of the opinions we have received from our stakeholders during the reporting period and the related actions we have taken is available on the table provided on the next page.



G4-18

G4-24

G4-26

G4-27

| Stakeholder Group | Stakeholder | Communication Method and Channels | Frequency | Stakeholder Expectations | Actions Taken |
|--|--|--|------------------------|--|---|
| Employees | Officers, Workers | Central portal web site | Continuous | * Increased motivation through target-based assessment of performance *Non-availability of a national structure for public transport drivers or any structure to provide them with scientific assistance. | *Performance development system (PDS) was established. *National professional standards have been set for drivers of rubber tired public transport. |
| | | Internal LCD screens, billboards | Continuous | | |
| | | Electronic compliant forms/reports | Continuous | | |
| | | Suggestion system: I Have An Idea | Continuous | | |
| | | Internal Newsletter: "Bizim Durak" | Monthly | | |
| | | Manual | Annually | | |
| Private carries led by IETT | OHO, Otobus A.S. | Meetings | Monthly | *A more open and transparent organization *Increased communication with/focus on stakeholders *Overall improvements regarding drivers and directorate personnel *Proactive action and measures against potential irregularities/problems *Initiatives intended for raising social awareness. | *Stakeholder meetings were held. * Public service ads were posted. |
| | | | Continuous | | |
| Public | IBB | IBB coordination meeting | Weekly | *Maintenance of the balance of income and expenditures *Enhanced service quality *Overall improvements regarding drivers and directorate personnel *More emphasis on communication *Initiatives intended for raising social awareness. *Proactive action and measures against potential irregularities/problems | *Annual performance program was developed. *Improvement were made based on 3rd party observations and the results of empathy week. * Public service ads were posted. |
| | IBB | Reports | Periodic | | |
| | UKOME | Meeting | Weekly | | |
| | MoT | Statutory regulations | Continuous | | |
| Customers | Passengers | IBB web* | Continuous | *Increased safety measures *Provision of a platform for easy and rapid communication of complaints and suggestions *Availability of instant information systems at stations | *20 Videos Surveillance Systems were installed on tunnel vehicles and nostalgic trams. *Number of smart stations rose to 1,100 in 2015 from 699 in 2013. |
| | | E-mail (iett@iett.gov.tr) | Continuous | | |
| | | Petition | Continuous | | |
| | | IETT website | Continuous | | |
| | | Twitter: @iettdstek | Continuous | | |
| | | MOBIETT | Continuous | | |
| | | IETT Behak (online form) | Continuous | | |
| | | Help IETT | Continuous | | |
| | | In-vehicle LCD screen | Continuous | | |
| | | Perception meetings | Bimonthly | | |
| | Dealers | Meeting, phone, e-mail | Annually | | |
| Suppliers | Suppliers | Supplier meetings | Annually | *Promotion of domestic production *Promotion of development | *All vehicles purchased within the last 5 years are made by domestic manufacturers. *Manufacturers are given the opportunity to test their R&D products on IETT's test benches. |
| | | Supplier satisfaction survey | Annually | | |
| | | Phone/e-mail | Continuous | | |
| | Subcontractors | Corporate reputation survey | Annually | | |
| | | Meetings | Minimum once a month | | |
| Community | NGOs, Foundations, Universities, Local Communities | Common sense conferences, workshops | Minimum 4 times a year | *Encouraging cyclists to take a bus with their bicycles. *Enabling use of information systems by visually-impaired persons. | *Passenger traveling with their bicycles are able to take buses with bicycle holders all day long without an additional fee. *Mobile applications were made accessible by visually-impaired persons. |
| | | Corporate reputation survey | Annually | | |
| | Universities | Collaborations (academic programs) | Ad-hoc | | |
| | | Events (people with disabilities, senior citizens, etc.) | Special Days | | |
| | | Social Media (facebook, twitter, etc.) | Continuous | | |
| | Local Communities | Whatsapp complaint line. | Continuous | | |
| | | Corporate reputation survey | Annually | | |
| | | E-mail, meeting, social media | Continuous | | |
| Other Public Transport Service Providers | Peers | Common sense conferences and Transit | Minimum 4 times a year | *Increased integration in transportation system | *Common sense conference was held to increase intermodal integration. |

*: *Submissions are transmitted to IETT CRM software from 13 different channels through IBB web service.

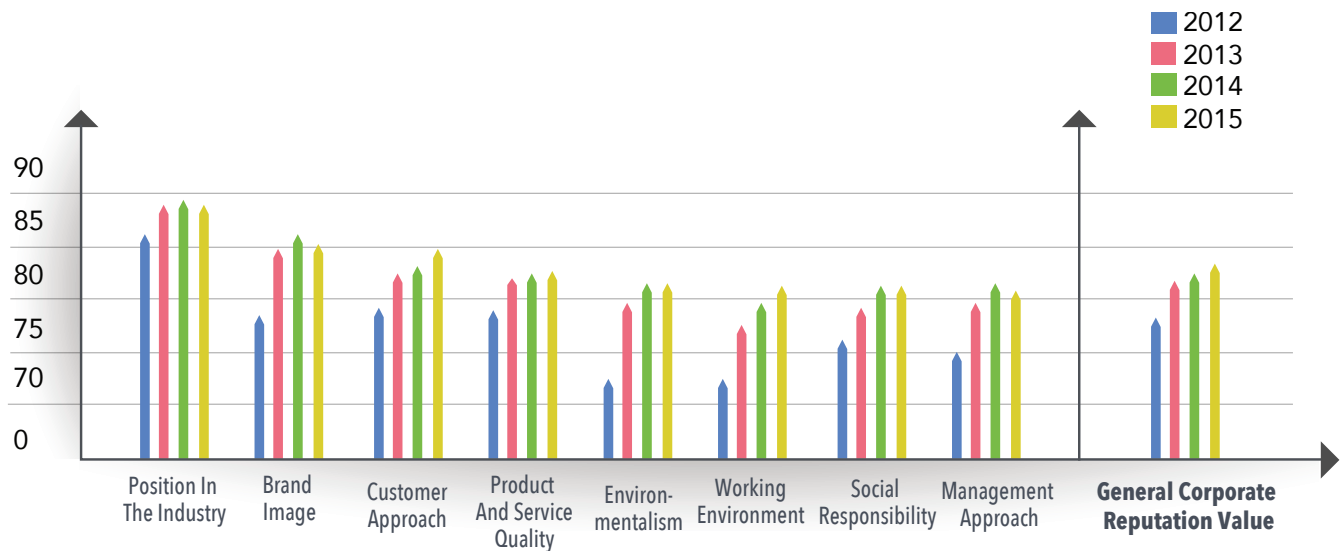
MoT Ministry of Transport, Maritime Affairs and Communications
UKOME IBB Transportation Coordination Center
OHO Private Public Buses

Measuring And Monitoring Stakeholder Perceptions

Corporate Reputation Research

As we highly appreciate our stakeholders' views and suggestions, every year we conduct a corporate reputation research through independent research companies in order to inquire into the public perception of IETT and trust in organization and identify areas for improvement. For an assessment of 2015, we conducted an appointment-based face to face survey, which was completed by 1,909 participants in total. Question to reveal the reputational value was organized under eight different topics in the survey. Accordingly, our Total Corporate Reputation Index Score was 82.9 in 2015 with an increase compared to 2014

Corporate Reputation Research (%)



Stakeholder Meetings

We share our more than 140 years of experience and know-how in public transportation with stakeholders both at home and abroad. Moreover, we take actions to follow up innovations and recent developments in public transportation around the world and make initiatives for establishment of collaborations on these topics. To that end, we arrange different organizations on public transport, enabling sharing of corporate information.

Transist

We organize Transist International Symposium and Exhibition on Transportation Technologies in Istanbul annually in collaboration with IBB in order to improve transportation services and encourage successful organizations as well as enabling exchange of information across transportation industry, contributing to strategic initiatives, support people's interest in public transport and enabling identification of deficiencies in transport technologies and generation of innovative solutions.

Innovation Workshop

Innovative and sustainable ideas and projects are shared at our innovation workshops which are held nine times throughout the year with the attendance of our workers and officers as well as university students and passengers; and we take necessary actions based on the results of these workshops.

Comparison of Alternative Solutions in Public Transport Systems

IETT organized a focus group meeting as part on Transist 2014, during which an environmental analysis on public transport was performed and participants from public transport authorities of different provinces discussed alternative solution proposals.

Traffic Congestion and Feasibility of Low Emission Zone Management for Istanbul

28 participants from Istanbul Metropolitan Municipality (IBB), IBB subsidiaries, IETT, NGOs, private sector and universities shared their opinions on the topic and discussed the "best practices" from different cities around the world and whether these practices could be adapted to Istanbul. 80% satisfaction rate was achieved at the end of the workshop.

Common Sense Conferences

Planning and Increased Efficiency in Transport

Our stakeholders from universities, operators and public sector were brought together to identify the areas for improvement in the existing transportation system, and solutions proposed by our stakeholders on this matter were discussed.

Intermodal Integration in Public Transport

The conference was organized by IETT with the attendance of 70 participants in total from five different stakeholder groups. Different ideas on integration of the transport system in Istanbul were assessed collectively from an integrative perspective.

Tourism-Oriented Public Transport

Public transport systems of Istanbul were assessed together with the representatives of tourism industry from the perspective of local and foreign tourists visiting Istanbul for various purposes. This signifies an important step towards collaboration for establishment of a public transport system that local and foreign tourists can use conveniently.

Perception Meetings

We organize various meetings with our passengers aged over 65, bicyclist, student clubs, passengers with disabilities and MOBIETT users so that we can learn about their expectations and respond to their requests.

CUSTOMER RELATIONS MANAGEMENT (CRM)

Submissions sent by our passengers through various channels are addressed by the relevant units through our CRM software. As part of our Passenger Friendly Department application, the department that responds to CRM submissions most rapidly and effectively receives the Passenger Friendly Department Flag and this flag is handed over monthly.

Customer Complaints Management (ISO 10002)

Our CRM Software was improved in consequence of the feedback received from external inspections under "ISO 10002", and criteria for prioritization of submissions were revised and updated.



Help IETT (Virtual and Live Support)

Our passengers may benefit from real time and fully automated services via the "Help IETT" button on the bottom right corner of our website. In addition, we have introduced new features in "Live Support Help IETT" section, enabling users to contact live support hotline any time they wish.



@iettdestek Twitter

Our passenger may communicate their requests, views and suggestions on twitter all the year round, and we instantly respond to their requests

OUR SUPPLY CHAIN

Our organization is subject to the regulations of Public Procurement Authority (KİK) and Electronic Public Procurement Platform (EKAP), and regards our suppliers as our solution partners, and accordingly adopts the approach of "Development Together with Our Suppliers".

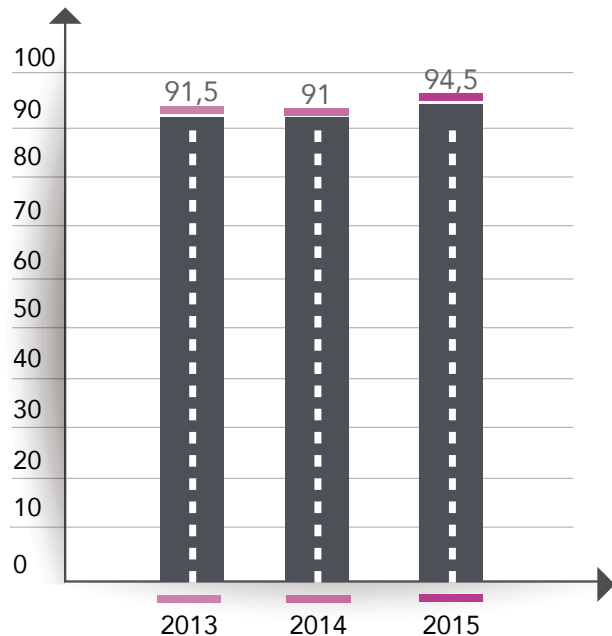
We have engaged our suppliers in our sustainability activities in order to make sure that procurement services are supplied by responsible sources. Two core aspects of our sustainability approach on the supply chain comprise "Supplier Days" organized annually and the **"Supplier Satisfaction Surveys"** conducted as part of this event. We aim to create a common sense by exchanging information with our suppliers on quality and responsibility procurement as part of these events. We complete a "Supplier Due Diligence" form upon completion of every business deal we make with our suppliers, based on the results of these forms, we send a letter of thanks to our high-performing suppliers, while we provide feedback on areas for improvement to our suppliers who fail to achieve a high score.

We request a **"Letter of Commitment to Social Responsibility"** from our suppliers on the value chain in order to promote social responsibility. Furthermore, we never work with any supplies who fail to fulfill their obligations required by SSI as part of our policy to advocate human rights. Our vehicle suppliers are liable to fulfill their Integrated Management System (IMS) obligations which include the requirements of OHSAS 18001 Occupational Health and Safety Management System as provided in the technical specifications which provide guidance for our cooperation. Moreover, relevant documents of all service providers at our garages are subject to external audits. Feedback from our suppliers and the related actions taken are provided on the Table

"Stakeholder Communication Channels and Actions Taken" in this report.

Our organization also contributes to national economy with an approach that supports product and supplier development. All the vehicles included in the system during the last five years were introduced to Istanbul by domestic manufacturers in order to promote domestic production. Also, our organization enables manufacturers to test their products developed as a result of R&D studies on IETT's test benches or buses. By doing so, IETT also promotes development of automotive supply industry.

Supplier Satisfaction Rate (%)




PEOPLE-ORIENTED APPROACH



COMMITMENT TO PASSENGERS

- ✓ As indicated in our Excellence Policy, we have adopted the approach of “adding value to our passengers”
- ✓ We encourage feedback with an approach of increased service quality and continuous improvement. We review all the opinions and suggestions we receive and take remedial actions to meet passenger requests and expectation at the highest level.
- ✓ We aim to respond to passenger requests, suggestions and complaints within 15 days, and perform necessary reviews and arrangements for this purpose.

PASSENGER SAFETY AND SECURITY

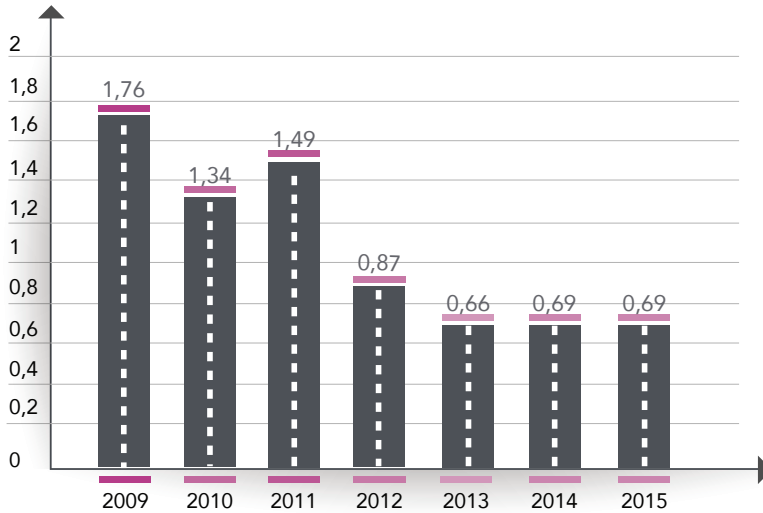
 Providing a safe, comfortable and reliable journey to our passengers is our highest priority, and we take all necessary measures to make it happen.

Actions Taken:

- | | |
|------------------------------------|--|
| ✓ Safe Driving Training, | ✓ Simulation Center, |
| ✓ Vehicle Maintenance Activities, | ✓ IETT Academy, |
| ✓ Video Surveillance Systems, | ✓ Public Transport Certification, |
| ✓ Metrobus Road Safety Activities, | ✓ Metrobus and Bus Fleet Management Centers. |

We carry out risk identification and mitigation activities to prevent our vehicles from getting involved in accidents. Technical specifications of the new vehicles introduced to the fleets since 2012, introductory training sessions delivered to drivers by bus manufacturers, psychotechnical training courses, driving techniques training at simulation center and recognition of drivers who are not involved in any accidents are among the factors affecting the declining trend in the accident rate. We monitor traffic accidents on the basis of a breakdown by garages.

Number of Accidents per 100.000 Km



Video Surveillance System on Nostalgic Tram and Tunnel vehicles

A total of 20 video surveillance systems were installed on our Tunnel vehicles serving between Beyoglu and Karakoy and our nostalgic trams serving between Beyoglu Tunnel and Taksim in order to monitor and record indoor and outdoor spaces and ensure security of passengers.

Installation of In-Vehicle Video Surveillance System

This project covers IP Cameras to be installed on vehicles as well as a NVR unit to keep video records for minimum 15 days and an emergency panic button in order to keep the security of passengers and vehicles at the highest level.

Emergency Panic Button

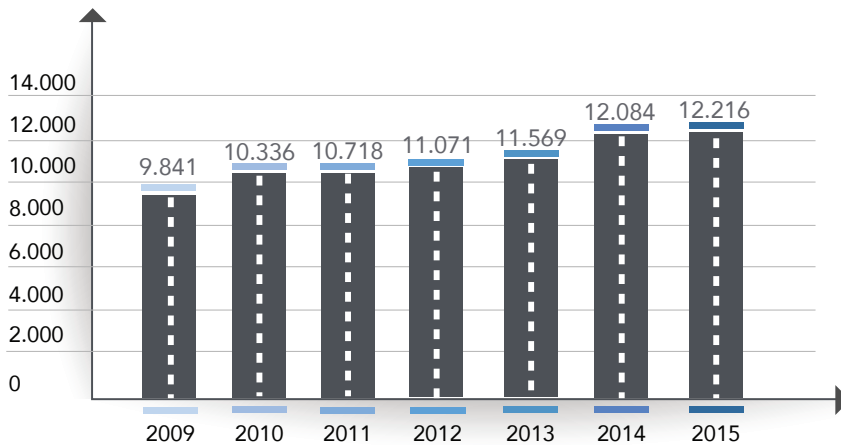
We have started to install panic buttons at easily accessible points for passengers and drivers to have a safe drive and get protection from possible dangers they might be exposed to. Once this button is pressed, an emergency alert is created and real-time video images from the vehicle are transmitted to the control center so that security forces can respond to the emergency right away.



AVAILABILITY & ACCESSIBILITY

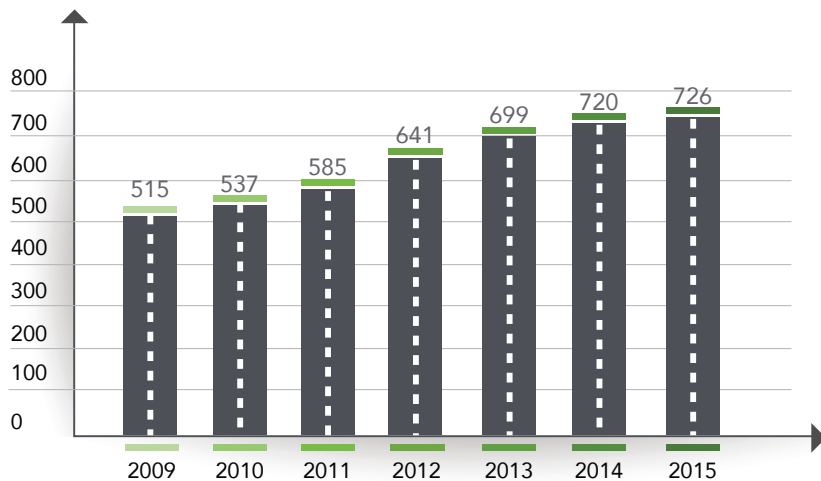
Availability

Total Number of Stations



Number of stations rose to 12,216 in 2015.

Number of Routes



Number of Routes increased to 726 in 2015

Number of Smart Stations

The Smart Passenger Information System (Akyolbil) enables recording the current positions/geographical coordinates of public transport vehicles and informs passenger of the estimated time of arrival of the vehicles they wait. In 2015, the number of smart stations rose to 1,100, meeting the target set for the year.

Accessibility

One of IETT's primary targets is to make sure that our people with disabilities are provided with equal opportunities to access social activities. For this purpose, we offer passenger with disabilities a freedom pass for free travel on public transport. So far, we have delivered 182,000 free passes to passengers with disabilities and 73,000 passes for accompanying persons. In addition, our drivers and relevant personnel were trained on sign language to remove the barriers between us and our passengers with disabilities.

Rate of Barrier-Free Vehicles

We have introduced new low-floor vehicles to our fleet and installed disabled access ramp to our existing high-floor vehicles; and thereby, we have increased the number of our wheelchair accessible vehicles to promote barrier-free public transport.

We have a barrier-free fleet since 2013 and our accessibility target will remain to be 100% for the upcoming periods.



Living Darkness in the Daylight

The "Dialogue in Dark" exhibition was displayed at Gayrettepe Metro Station with the sponsorship of Istanbul Metropolitan Municipality, IETT and many other corporations. The exhibition allowed more than 8 million visitors in over 130 cities to explore their senses by touching, smelling and hearing, with the accompany of visually-impaired guides in order to empathize with and understand people with disabilities better. Our employees from different levels including drives, executives and workers visited the exhibition to gain awareness and have an experience that will help them empathize with our visually-impaired passengers.



Information System for Passengers with Disabilities

The audible announcement system introduced for visually-impaired passenger also turned out to be a convenient application for our illiterate citizens. Moreover, we have installed LED-screen TVs on our vehicles for hearing-impaired passengers to help them use public transport more easily.









Free and Safe Transport for Cyclists

As part of our sustainable transportation policies, we put in place new practices to promote cycling in collaboration with Istanbul Metropolitan Municipality and Bicycle Transportation Platform. According to this new practice, passengers traveling with their bicycles are entitled to take buses with bicycle-holders all day long and other buses between 9:00 a.m.-4:00 p.m and 10:00 p.m.-7:00 a.m without paying an additional fee.

PASSENGER SATISFACTION

- ✓ Effective Communication
- ✓ Comfort
- ✓ Punctuality
- ✓ Integration
- ✓ Physical Conditions
- ✓ State-of-the-art Technology

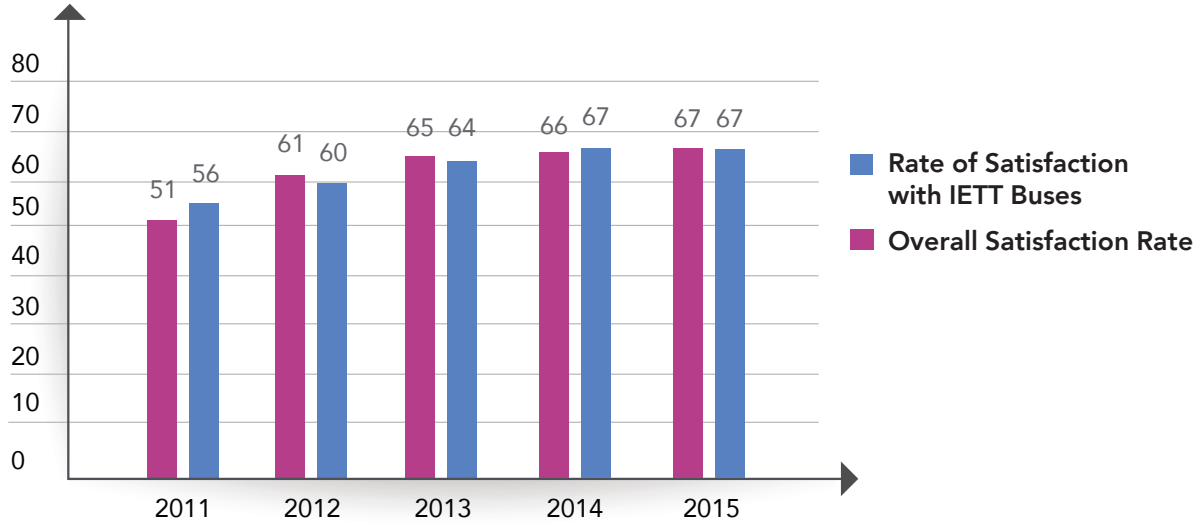
Providing our services in a safe, economic and accessible way and thus making the city life easier stands as one of the core elements of our vision at IETT. As part of the five-year strategical planning of IETT, we set 6 important strategic objectives to serve for our aim of enhancing the service quality.

-
-  Maintaining the passenger relations effectively
 -  Enhancing the service comfort
 -  Performing public transport services in a timely manner
 -  Planning Istanbul-wide transportation network
 -  Improving the physical conditions
 -  Introducing state-of-the-art technologies to our services
-

All these goals play a critical role in enhancing the passenger satisfaction. On the other hand, we believe that learning what our customers expect from our services and taking action to that end are also important in increasing the satisfaction. The focus group meetings are the basic platform on which our passengers develop ideas together with IETT. At these meetings, we obtain the opinions and suggestions of our customers on the product development actions which are implemented as part of pilot schemes, and initiate the required revision and improvement actions in design in line with the experience of our passengers.



Passenger Satisfaction Rate (%)



Genel: İETT Otobüs, ÖHO, Otobüs A.Ş., Metrobüs, Nostaljik Tramvay, Tünel.

We have been conducting Passenger Satisfaction Surveys (PSS) since 2011 through the agency of the independent research companies in order to assess the perceptions of our customers for İETT and the services they benefit from as well as to find out what they expect. We concluded the research by conducting a total of 3.850 surveys with 1.750 bus, 1.500 metrobus, 300 tunnel and 300 nostalgic tunnel passengers. Accordingly, it was found out that the overall satisfaction rate in 2015 including İETT Bus and other İETT services is 67 percent. The important factors playing role in increasing the satisfaction are improvements such as our investments in new air-conditioned buses appropriate for use by the disabled passengers and increase in the number of smart vehicles and stations as well as the communication and safe driving trainings provided to our drivers, our investments such as call center and immediate response system and also empathy week, which were all performed by taking the outcomes of PSS and meetings with passengers into account.



Effective Communication

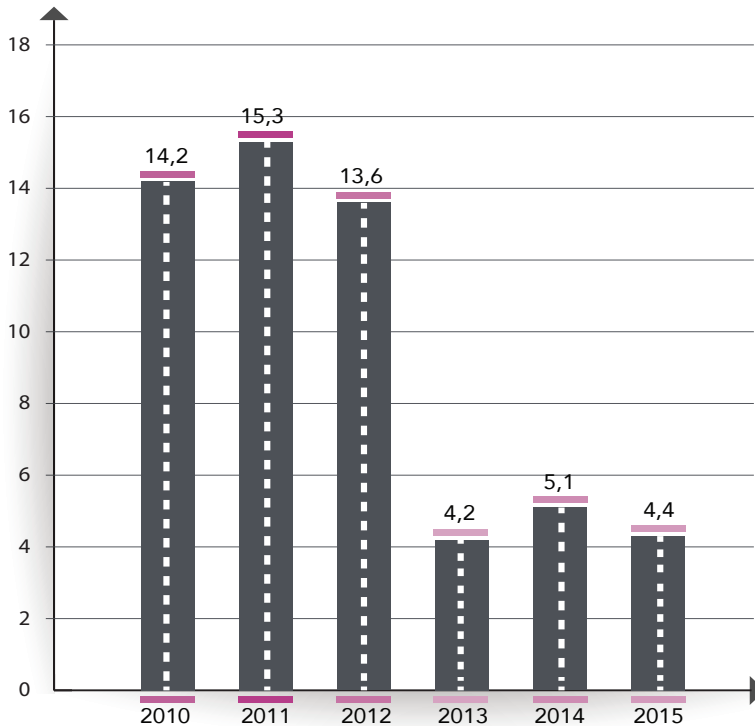
"Customer Notification Management Process" and ISO 10002 system standards are implemented at our organization to manage the customer relations effectively. We aim at improving this process continuously by reviewing the same on annual basis.

Rate of Timely Response to Passengers (%)

Targeted time for response to passengers in 2015 is 15 days; and 82 percent of the calls received by IETT during 2015 were responded within this period by the concerned departments.

Comfort

Vehicle Fleet Age



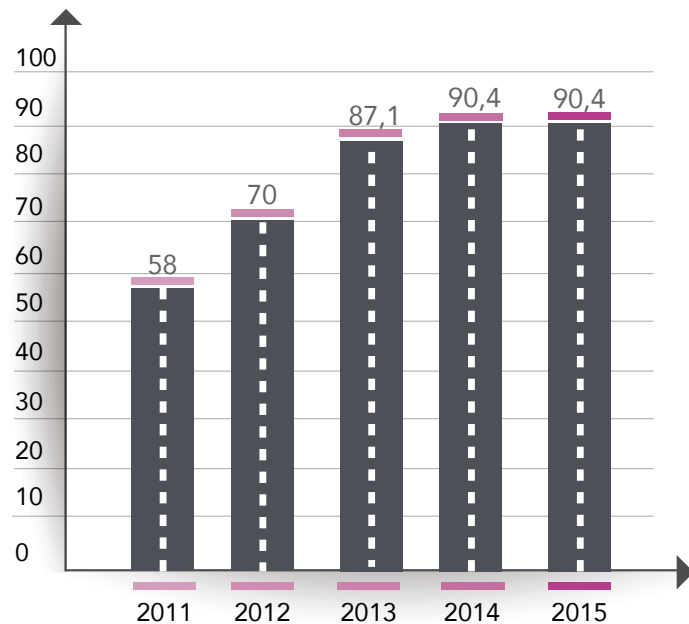
Upon discarding the old vehicles and introduction of the new ones, a downward tendency occurred in the fleet age.

Number of Ticketmatics

The number of ticketmatics was increased to 603 to provide services for sales and loading of Istanbulcard more easily and accessibly especially at points where a high number of passengers are available.

Punctuality






Punctuality is monitored as a key indicator of our public transportation operations and is directly associated with our strategic objective of enhancing the service quality. This indicator indicates the rate of buses which depart from their original station of departure on time.



AKYOLBIL PROJECT

Best known as Akyolbil, the project refers to the Smart Card Passenger Information and Transportation Management System. Consisting of Istanbul Card, fleet monitoring, fleet management and passenger information, Akyolbil refers to a smart system developed to ensure that bus services between end points are performed in accordance with the schedule for the purpose of allowing supervision and punctuality in urban public transportation, or that any abnormalities are realized and that the passengers keep informed about the bus services and the times thereof. In addition to its headquarters in Kagithane actively used since 2008, IETT will get its new headquarters in Ikitelli Garage into use as of 2016 and focus on its activities to enhance the service quality.

Compounds of Akyolbil System:

-  Fleet Monitoring System
-  Fleet Operating System
-  Fleet Communication System
-  Passenger Information System
-  Smart Card System

Integration

We aim at improving the capacity utilization rate at busy hours upon rescheduling the bus route network in line with the passengers' demands. As part of the route optimization project, all routes will be rescheduled around the hub stations and the long routes will be shortened. Accordingly, lines integrated to Marmaray were created in 2004 in accordance with our Instruction on Feeding Line Planning. As part of this, thirty two vehicles were integrated to Marmaray on 8 feeding lines.

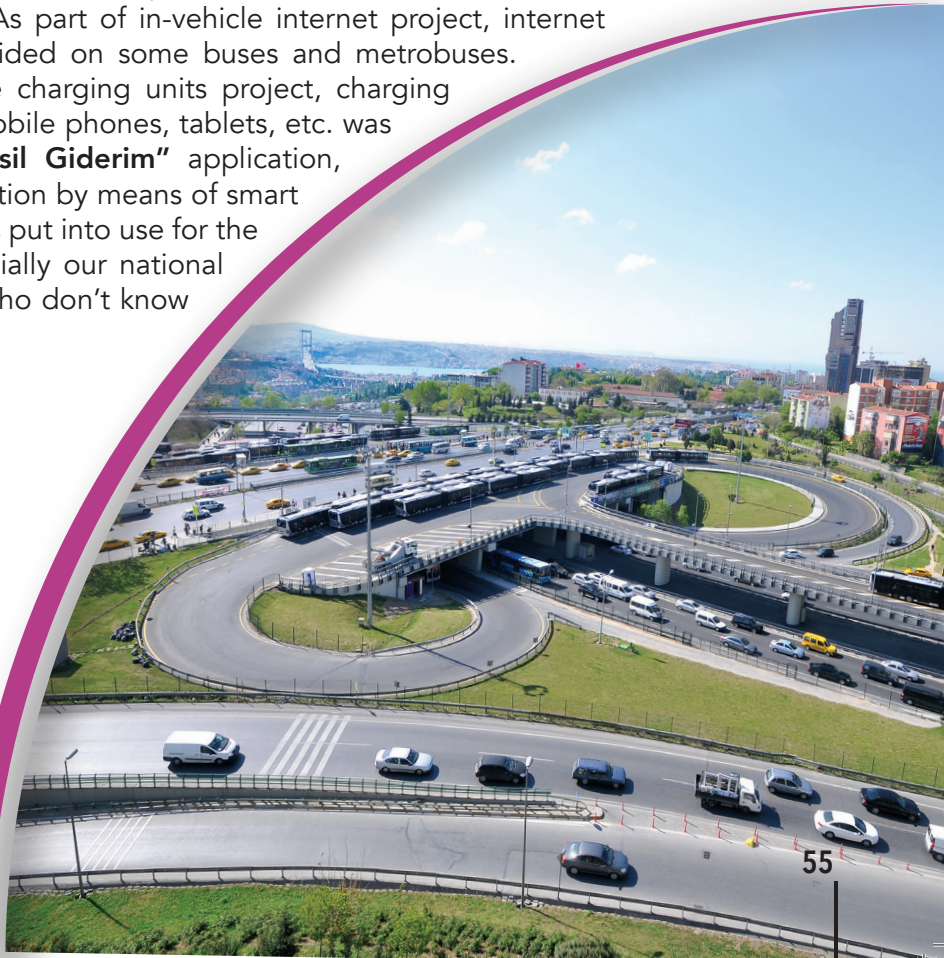
Physical Conditions

We renovate our platforms, vehicles and application centers to allow that all sections of the society utilize the transportation services in a fair and equal way and to provide more high-quality and comfortable services. Some of the projects realized accordingly are overpass renovation activities, maintenance-repair activities for elevators and escalators available on metrobus route, construction of garage fleet management center, isolation of the Tunnel and purchase of generators.

State-Of-The-Art Technologies

Upon introduction of smart stations and passenger information devices project and outdoor passenger information devices, passengers started to access information on journey times more easily. As part of in-vehicle internet project, internet service was started to be provided on some buses and metrobuses.

Upon introduction of in-vehicle charging units project, charging of all mobile devices such as mobile phones, tablets, etc. was enabled in buses. **"Oraya Nasil Giderim"** application, accessible on **MOBIETT** application by means of smart devices and on our website, was put into use for the purpose of allowing that especially our national and international passengers, who don't know Istanbul well, travel more easily.



SUCCESS WITH EMPLOYEES

"We believe that we could attain success with employees who are sensitive, participating, open to development and team work and produce innovative ideas. We provide equal opportunities with performance-based practices, respect diversities, enhance professional competencies and attach great importance to effective communication and information exchange."

We have set "Our HR Policy" defined under the heading "Success with Employees" within the scope of the Excellence Policy.

Human Resources and Training Department operates in the fields of personnel rights, health-care services, trainings, occupational safety, career- personal development, documentation management and archive services within our organization. We have defined 4 main targets to accomplish our strategic target we describe as enhancing motivation, satisfaction and knowledge of our employees. We have set our targets and performance indicators for the targets.

OUR CORE TARGETS

1. INCREASING RATE OF JOB SATISFACTION, PARTICIPARION AND BELONGING
2. IMPROVING WORKING CONDITIONS
3. SUPPORTING EDUCATIONAL AND CAREER DEVELOPMENT
4. ENSURING EFFECTIVE INTERNAL COMMUNICATION

| Performance Indicator | Actual Performance in 2014 | Actual Performance in 2015 | Figures Targeted for 2015 |
|---|----------------------------|----------------------------|---------------------------|
| Number of personnel obtaining certificate from the leadership academy | - | 58 | 50 |
| Percentage of personnel receiving training (%) | 89.9 | 74 | 90 |
| Number of training per officer | 29.41 | 38 | 18 |
| Percentage of adherence to the training plan (%) | 86.2 | 100 | 85 |
| Number of training per worker | 8.53 | 11.22 | 8.5 |
| Number of workers receiving training | 5,440 | 3,412 | 4,600 |

Remuneration of Employees and Provision of Benefits

Remuneration of all our employees (officers, workers, contracted personnel) and our senior executives are performed in accordance with the applicable public policy and the relevant laws. Moreover, the Collective Bargaining Agreement, executed once every two years, and Social Equilibrium Compensation Agreement, executed with the authorized public union, are other legal processes applied across our organization. Since remuneration of our employees is regulated as per these regulations, the base pays of our male and female employees are identical. Our employees may not only benefit from the social facilities available under the roof of Istanbul Metropolitan Municipality with 20% discount but also our employees under different categories are provided with fringe benefits.

Benefits Provided to Our Employees

| Benefits | Officer | Worker |
|--|------------------------------|--------|
| Transportation by Shuttle | ✓ | ✓ |
| Welfare benefits | ✓ | ✓ |
| Ramadan aid | ✓ | ✓ |
| Collection allowance | ✓ | ✓ |
| Food allowance | - | ✓ |
| Bonus by the Employer | - | ✓ |
| Bonus by the Government | - | ✓ |
| Clothing allowance (for summer and winter) | - | ✓ |
| Control card | ✓ | - |
| Nursery allowance | ✓ | - |
| Foreign language allowance | ✓ | - |
| Vehicle allocation | ✓ (depending on the duty) | - |
| Mobile phone allocation | ✓ (depending on the duty) | - |
| Allocation of lodging | ✓ (Lodging regulations) | - |



E-Driver Application

We have developed the E-Driver system allowing the IETT and OHO drivers to communicate their requests and suggestions electronically while displaying their IYS (Breach Management System)/Investigation processes and responding to them. A computer or mobile device with internet connection is sufficient to use E-Driver application. Thus, the personnel do not waste any time in visiting the concerned offices to communicate their requests and suggestions or perform investigation processes. This facility made a positive impact on the job performance of the personnel.

Performance Development System (PDS)

All IETT employees are available on the "Performance Development System (PDS)" on which their individual job targets, jobs and projects are defined and their performances are evaluated in line with the strategic objectives and targets of the organization.

Activities in Performance Management

2012: Performance evaluations have been performed across our organization since 2012. Duties were evaluated on the basis of the competencies and targets by the executives of the personnel on the performance evaluation system developed in 2012. Professional and technical competencies were defined on the system, the minimum required levels were entered onto the system, the fields of improvement were determined by the supervisors upon assessment of the current status.

2014: 360 degree performance appraisal system was introduced as a process reviewing action of the performance development system (PDS). The strategic target of the department, for which the project serves, is determined while entering the projects onto the system. A test consisting of 10 questions was uploaded onto the system to measure the professional competencies of the officers.

2015: It was decided, in the Human Resources Meeting, that awards be delivered in line with the 2014 PDS evaluation results, and the awards were delivered in the award ceremony held in 2015. Moreover, a new system was installed for the workers, evaluated on paper basis, and the evaluation process for all the workers was initiated to be performed on this system. On this system, the drivers were evaluated in line with the job results directly obtained on the system while the other workers were evaluated not only in line with the job results but also on the basis of the competencies by their subordinates, superiors and peers.



2013

Peryon People Management Awards - Performance Management Finalist

2015

Golden Globe Tigers Award - Best Leadership Development Program for Workers

2015

Stevie Bronze Award - Human Resources Department of the Year



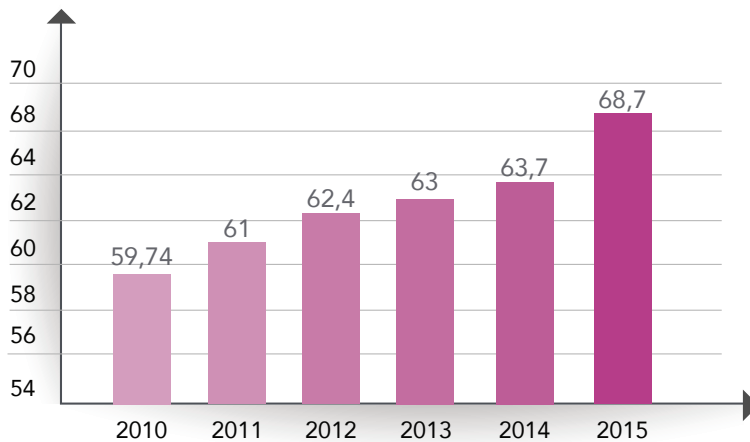
INTERNAL STAKEHOLDER VIEW

75% of our employees, participating in the internal stakeholder survey, stated that the communication channels, through which they could share the opinions and suggestions of the IETT employees with their own executives and the senior management, was adequate while this figure was 65% in 2013.

SATISFACTION OF OUR EMPLOYEES

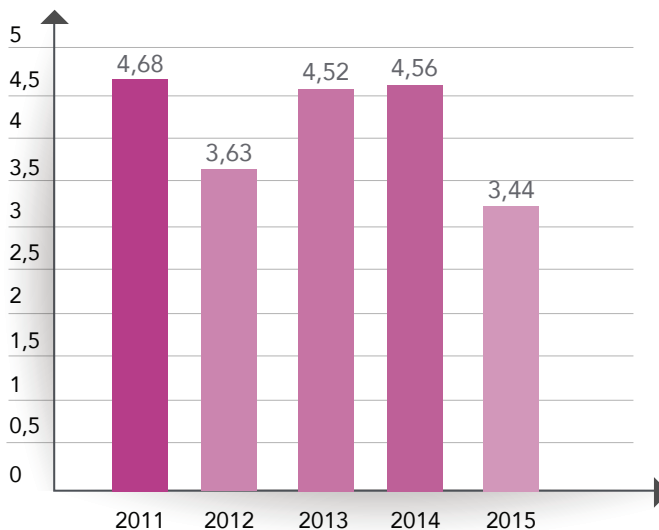
We have been conducting employee satisfaction survey (ESS) on annual basis through the agency of the independent research companies and monitoring our performance since 2011. ESS covers all employee segments and we aim at ensuring that 85% of our employees participate every year.

Employee Satisfaction Rate (%)



As a result of our actions for increasing employee satisfaction, the satisfaction rate showed an upward tendency on yearly basis and was realized as 68.7 percent in 2015.

Personnel Turnover Rate (%)



Non-retirement personnel turnover rate, which shows the satisfaction and belonging level of IETT personnel, was realized as 3.44 percent in 2015.

SUPPORTING EDUCATIONAL AND CAREER DEVELOPMENT

We schedule the training programs in line with the requests, expectations and needs of our organization's personnel, and aim at increasing the competencies and skills of our employees.

Leadership Culture

Leader is defined as "the person who clearly sets out targets of her/his team in line with the vision and strategies of IETT, and who shares the grounds of such targets, leads her/his team towards the target and makes her/his team attain the desired result," across IETT.

Leaders of IETT

➡ Lead ⚙️ Are System- and Result-Oriented 🔄 Are Stakeholder-Oriented
🚀 Inspire, Motivate and Develop Employees 🔄 Get Changed and Change

One of the eight key concepts of our Excellence Policy is associated with the leadership approach. We perform the leadership assessment through the ESS and PDS approaches, and take action by drawing up a "IETT Leadership Activity Report". We developed the "**Leadership Academy**" program together with Yildiz Technical University to reinforce and expand the leadership culture.

IETT Academy

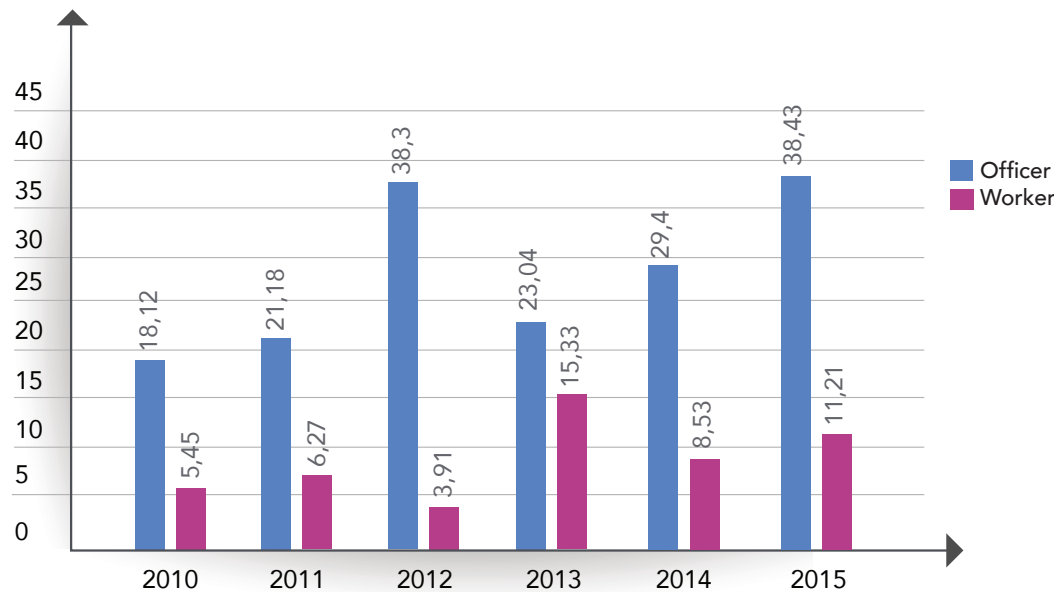
Simulation Center, where inclusive driving trainings are provided to IETT And private public bus drivers, was established, and a driving track, where not only theoretical but also practical trainings can be delivered to the drivers, was built. 3.989 people have participated in **Advanced Simulator, Safe and Economic Driving Training** till now, and the success rate was realized as 96 percent. This project was granted with the "**Regional Award**" by UITP in 2015. Besides, Psychotechnics Evaluation Center was established to ensure that the candidate drivers are subject to psychotechnics tests.



Captain - Driver Meeting

We bring our drivers together with our experienced drivers, who retired, to increase their professional knowledge and motivation, and ensure that they share their experiences with each other.

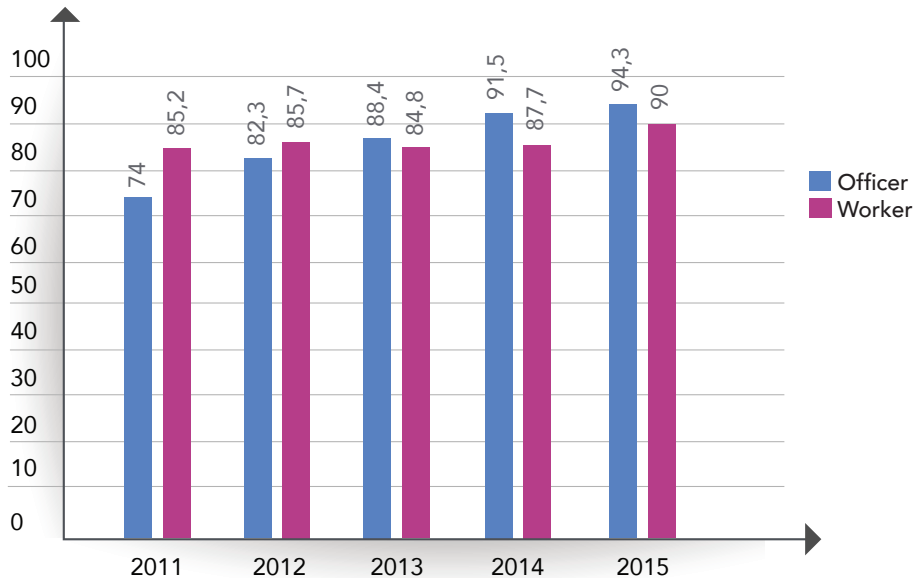
Training Hours Per Employee



Training hours per employee increased in 2015 compared to the previous years, and it was realized as 38.43 and 11.21 for the officers and workers, respectively.



Training Satisfaction Rate (%)



Training satisfaction rates increased upon provision of trainings mostly considering the needs through the PDS and CPA systems. Training satisfaction rate was realized as 90 percent and 94.3 percent for the officers and workers, respectively in 2015.



INTERNAL STAKEHOLDER VIEW

65% of the employees considered the trainings/programs supporting individual and professional development, which were provided by IETT to its employees, satisfactory in 2015 while this figure was 60% in 2013.



EQUAL OPPORTUNITY AND DIVERSITY

We define our sense of ethics as “Opportunity ensures quality, and we respect the diversities. IETT may not discriminate due to language, religion, philosophical belief, political opinion, race, sex and similar reasons while carrying out its duties and benefiting from services.”, as we provided under our Ethics Policy, Ethics Principles and Excellence Policy.

One of the competency behaviors determined in the Performance Development System (PDS) is associated with management of the differences. Such approaches deliver clearly our opinion on diversity. Our approaches about equal opportunity and diversity are reviewed during ISO 26000 assessments, and are also examined by our Human Resources Committee. We create equal opportunity environment within the organization of IETT by means of performance-based employment.

Number of Employees By Employment Category

| | Female | Male | 18-25 | 26-35 | 36-45 | 46+ | Total |
|--------------------|--------|-------|-------|-------|-------|-------|-------|
| Permanent Employee | 12 | 2.825 | - | 61 | 1.773 | 1.003 | 2.837 |
| Employee (Kiptas) | - | 2.322 | - | 810 | 628 | 884 | 2.322 |
| Officer | 212 | 615 | 3 | 211 | 242 | 371 | 827 |
| Contracted Officer | 22 | 23 | 7 | 32 | 5 | 1 | 45 |
| Total | 246 | 5.785 | 10 | 1.114 | 2.648 | 2.259 | 6.031 |

In 2015, we employed 6,301 persons in total, including 5,149 employees (including employees of Kiptas) and 872 officers. 4 percent of total personnel constitutes female employees, while 27 percent of officer staff constitutes female employees. The reason for lower employment of females is that blue-collar employees constitute 85 percent of the total number of our employees. We adopt the state policies with respect to employment of disabled persons. The rate of disabled employees is higher than the rate of officer staff as set out under the statutory regulations. About 75 percent of our employees constitute the drivers, detailed breakdown by management category is available in the following table.

Breakdown of Employees By Management Category

| Position | Number | Rate (%): |
|--------------------|--------|-----------|
| Senior Management | 3 | 0,04 |
| Head of Department | 15 | 0,24 |
| Director | 53 | 0,87 |
| Supervisor | 92 | 1,52 |
| Officer | 709 | 11,75 |
| Worker | 674 | 11,17 |
| Driver | 4.485 | 74,36 |
| Total | 6.031 | 100 |

EMPLOYEE HEALTH, SAFETY and WELFARE

We keep working in order to ensure that our employees carry out their duties in a safer and healthier environment. We obtained OHSAS 18001 OHS Management Certificate in 2011. In 2014 and 2015, total 1,287 employees completed the training of 8,096 hours for "Occupational Health and Safety Specialist - Grade C" within the organization of IETT.

At IETT, we pay utmost attention to minimize the injury and illness risks, which may occur to our employees during public transport services provided throughout Istanbul and during maintenance and repair activities of our fleet of vehicles. We raise awareness of our employees on occupational health and safety, basic first aid, fire safety, natural disaster and emergencies, traffic risks, safe and economic driving, etc. on periodical basis through the training practices provided by us within the organization of Human Resources and Training Department. We are aware of importance of training in order for creation of a safe and healthy working environment. Accordingly, we provide to OHS training to all employees (within the periods prescribed by the laws - within different periods based on slightly hazardous, hazardous, highly hazardous workplace classes) in order to prevent occupational accidents. Also, we provide sustainability of the system by means of the corrective and preventive actions (CPA), and near-miss reporting received from the employees. In garages, we carry out routinely measurement of sound, light, noise and exhaust emission as well as monthly routine occupational safety audits.

Total 21 medical personnel and five physicians provide occupational medical service at the medical department available in all service buildings. We created "OHS Information Portal" in order to raise the level of awareness on occupational health and safety.

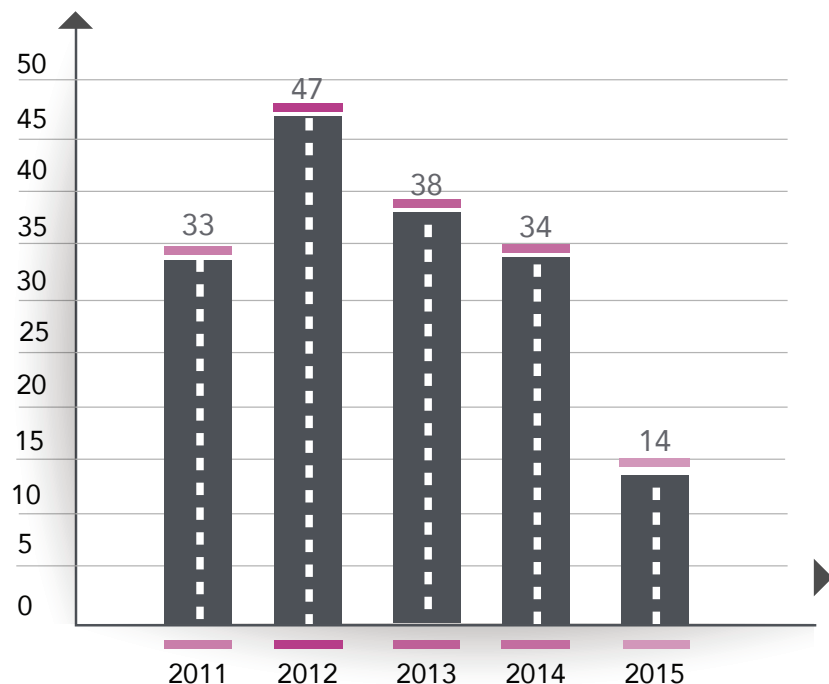
Garage managers and IETT OHS officials as well as labor union representatives attend the meetings of Occupational Health and Safety Committee held in our garage on monthly basis. Such representatives are announced in each unit under the name/title of employee representative, and also they keep carrying out their duties by receiving training. Thus, it is ensured that 100 percent of the employees of IETT is represented in the meetings of the Occupational Health and Safety Committee.

We commit to ensure that our employees go through medical examination on periodical basis within our organization.

IETT Psychotechnics Evaluation Center, which was licensed by the Governor's Office of Istanbul in 2014, carries out statutory psychotechnic assessments for the purpose of measuring the cognitive and psychomotor skills of the drivers involved in the public transportation.

Individual psychological guidance, group therapies, training and project activities are carried out for driver and officer staff within the organization of **IETT Psychological Health Center**. Psychological checkup was initiated for the drivers, who suffered from an accident, under the "Rehabilitation of Drivers Suffering From Accident" as of May 2015.

Accident Frequency Rate (number of occupational accidents/total working hours)



| Accidents | Unit | 2012 | 2013 | 2014 | 2015 |
|---|-------------|------|------|------|------|
| All injuries other than first aid level | Number/year | 23 | 31 | 12 | 3 |
| *Accident involving death | Number/year | 1 | 0 | 0 | 0 |
| **Accident involving medical report | Number/year | 11 | 13 | 5 | 2 |
| ***Accident frequency | Rate | 47 | 37,8 | 34,1 | 14,1 |

*Accident involving death: Calculates as 7.500 lost day.

**Accident involving medical report: Occupational accident leading to loss of labor for a period of more than 3 days

***Accident frequency: Number of accidents occurring within a period of one million hours

KS = Total number of accidents/ (Total Number of Employees x 300 days x 7,5 hours) - (Total loss of days x 7,5 hours) x 1.000.000



INTERNAL STAKEHOLDER VIEW

While the rate of our employees, who consider that the importance attached by IETT to the subject of ensuring occupational health and observing employee health as well as that the protective measures taken by IETT are sufficient, was 65% in 2003, such rate increased to 71% in 2015.

OUR CONTRIBUTION TO SOCIETY

SENSE OF SOCIAL RESPONSIBILITY

We have created our sense of social responsibility with reference to the international norms. Also, we ensure that such standards are implemented by our contractors serving for and on behalf of IETT.

We hereby commit to comply with the statutory regulations on social responsibility as well as the following international norms:

- Universal Declaration of Human Rights
- Johannesburg Declaration on Sustainable Development
- ILO Framework Agreements



Familiarizing With Istanbul By Means Of IETT

We, as IETT, organize tours for our citizens, who have no opportunity to travel Istanbul for various reasons, in order to enable them to be familiarized with Istanbul.

Culture and Civilization Tours for High-School Students

28 thousand high-school students, studying in 39 districts in Istanbul, attended the tour, organized to familiarize them with the important historical and cultural beauties of Istanbul such as Miniaturk, Panorama 1453, etc., much more closely by means of the project realized with the support of Istanbul Metropolitan Municipality, Provincial Directorate of National Education of Istanbul and IETT.

A Barrier-Free Tour for our Disabled Citizens:

“NO BARRIER TO TOUR ISTANBUL”

We ensured that our disabled citizens and their attendants tour the historical locations of Istanbul with the motto “No Barrier to Tour Istanbul” in order to ensure adaptation of disabled persons to social life in coordination with the Directorate of People with Disabilities of Istanbul Metropolitan Municipality.

Sea Pleasure of the Children From Van

We ensured that about 850 children, who suffered from the earthquake occurred in Van, and who continued their education in Istanbul, enjoy the sea under the event schedule organized by us in coordination with Provincial Directorate of National Education and Sehir Hatlari A.S. on April 23, National Sovereignty and Children’s Day.

Enjoy Istanbul With IETT

We intend to ensure that our passengers have a unique experience of Istanbul by means of the special routes planned. Accordingly, we have established our Ramadan Route and Beach Route.

Ramadan Route: We create routes specific to Ramadan for the purpose of providing easy and comfortable transportation opportunity for Istanbulites in the Ramadan month, the Sultan of 11 Months. Thus, our citizens can visit the sacred places and event areas on 7/24 basis and by means of circuits working at intervals of 15 minutes through R1 Uzuncayir - Maltepe Sahil Parki, R2 Yenikapi – Cevizlibag, R3 Eyup- Beyazit routes.

Beach Route: Our passengers enjoy a summer season by becoming cooler on muggy summer days by means of our public transportation vehicles arriving at the beaches available in 12 regions of Istanbul, ranging from Silivri to Sile, from Bakirkoy to Sariyer and from Catalca to Beykoz.

Remembering Socially Prominent Persons

We launched Fidelity Stations project by hanging the photographs and autobiographies of our celebrities such as Kemal Sunal, Baris Manco, etc., and our politicians such as Suleyman Demirel, Turgut Ozal, etc. Thus, we intend to hand down the socially prominent persons in Turkey to the next generations.

Book Series As A Present To Celebrate The 140Th Anniversary Of IETT

We carried out thorough studies in relation to Tunnel and Tram, which had an important position in our history, and which had brand value, and we published works on such matters.

Photographic Public Transportation History in Istanbul "Bir Zamanlar Istanbul (Istanbul Once Upon A Time)"

In the memory of our 140th anniversary, there are 140 white and black photographs, describing our transportation history dating back from the horsecars to 1970s, in the photo album book.



Istanbul Tunnel (Tunnel De Constantinople)

Titled as Istanbul Tunnel (Tunnel De Constantinople), the book, describing the story of construction of Tunnel projected by the French engineer, Henri Gavand, was published in Paris in 1876. We, as IETT, introduced the book, a copy of which was available in Istanbul Archeology Museum, to the cultural world upon having it translated into Turkish, in the memory of our 140th anniversary.

IETT Celebrities "They Also Happened to Pass IETT"

The book "Onların da Yolu IETT'den Gecti" (They Also Happened to Pass IETT) consisting of the photographs, autobiographies and documentation of the celebrities, who served within our organization in the past, and who subsequently succeeded in the various fields of the life, were published.

Story of Occurrence of IETT Station Names in the Historical Peninsula - QR-Code Station Project

The stories of the names of our stations having historical background in the region of Surici were revealed by means of the QR-code station practice.

Exchange of Information

We exchanged our information and experiences with a total of 35 committees from all corners of the world in 2014-2015. We proposed innovative solutions to the difficulties, from which they suffered in relation to the transportation in their own cities, and we mutually executed many agreements for such purpose.

Charitable IETT

Donated Buses

We, at IETT, kept sending our in-service buses to the needy countries upon complete modernization of our fleet. After we donated 30 buses to Sarajevo, the capital city of Bosnia-Herzegovina, we sent 20 buses to Liberia. Two of these buses was started to be used as mobile hospitals for the purpose of supporting to eliminate the problems and difficulties experienced due to the Ebola virus in Liberia.

The Campaign "I'm Cold; Help Me"

Aid materials such as garment, diaper, blanket, food supplies, toys, etc. were collected by our employees in order to help our Syrian brothers and sisters.

IETT PRACTICES TO RAISE ENVIRONMENTAL AWARENESS

BOTOBUS

At IETT we designed a bus, called as BOTOBUS featuring a garden with full of plants on it basing on the idea of a more green field. Thanks to the photosynthesis of the plants available on the bus, both the carbon emission reduces, and the energy is saved since the roof of the bus is not directly exposed to sunlight.



Carbon Footprint Calculation Module

Our passengers can compare the carbon emission, to which they will lead when they use their own vehicles, with the greenhouse gas emission, to which they will lead when they use our buses, through the carbon calculator available on our website. By means of this calculator, we intend to encourage our passengers to use public transportation, and to minimize the carbon emissions resulting from transportation in Istanbul, accordingly, and we emphasize the importance of utilization of public transportation in fighting against climate change.

Trekking Routes

We formed Besiktas-Belgrad Forest and Kadikoy-Polenezkoy routes for passengers, who like communing with the natural life, to make the weekends unforgettable during the summer months..

Organic Routes

As the supporter of a healthy life, we activate the village routes to provide the Istanbulites with the opportunity to eat fresh and organic fruits and vegetables from the village.



IETT Memorial Forest

One of the most effective measures in fighting against climate change is maximizing forests. With this idea in our minds, we planted 2,000 saplings in the area of 10 thousand squaremeters available in the previous mine site situated in Akpınar Village in Kemerburgaz, and we built a memorial forest in the memory of the 140th anniversary of IETT.

The First Solar-Panel Bus





We are aware of our environmental responsibilities; and accordingly we keep carrying out projects for alternative energy sources. We manufactured the first solar-panel urban public transportation vehicle. The bus, roof of which is covered by 15 solar panels, does not lead to exhaust emission and fuel-based carbon emission. Solar-panel bus satisfies the energy need of all battery-powered systems inside the vehicle. We, at IETT, will keep carrying out our eco-friendly projects for enhancing the environmental awareness.



OUR WORLD AND ENVIRONMENT



OUR ENVIRONMENTAL COMMITMENTS




-  We pay attention to monitor our environmental effects, and we intend for a performance level beyond the statutory requirements.
 -  While conducting our operations, we are aware of the value of the resources to be needed by the next generations and act accordingly.
 -  We believe that minimization of our environmental effects is required for fulfillment of our duty in a good and accurate manner.
 -  We intend to dispose of any wastes arising from our activities and operations without leading to any hazards.
 -  We make our best in order to raise environmental awareness in our workplace, and we intend to ensure that all of our stakeholders are aware of this issue together with the cooperations and joint ventures we established.
-

ENERGY AND ENVIRONMENTAL MANAGEMENT

While creating value for our world and country, we prioritize our environmental responsibilities, and support eco-friendly urban transportation policies, which make the urban life easy, and which are sustainable with the innovative projects.

We determined 4E of IETT, which symbolizes “energy, economy, efficiency, ecology”, based on our sustainability management model. In 2011, we obtained ISO 14001 Environmental Management System certification. We determined all risks in line with this standard, and we planned all required actions. We keep developing projects in order to minimize the basic source and energy need of the organization such as electricity, water, natural gas and in particular fuel, and to support the recycling practices.

OUR OBJECTIVES FOR ENVIRONMENTAL SUSTAINABILITY

-  Minimization of Rate of Emission
 -  Use of Alternative Energy Sources
 -  Saving the Energy and Natural Resources
 -  Effective Management of Corporate Energy Consumption
 -  Raising Awareness About Importance of the Environment and Natural Resources
-

Environmental Objectives



Minimization of Rate of Emission

One of our strategic targets is to minimize the greenhouse gas emissions to the atmosphere due to the public transportation activities. Our primary priority with respect to selection of the buses to be included in our fleet is the amount of energy consumption and emission of the vehicles.



Use of Alternative Energy Sources

Faaliyet konumuz gereği neden olduğumuz yoğun akaryakıt tüketimini ve sera gazı e- We intend to minimize the amount of fuel consumption and gas emissions, and to increase the number of the buses powered by the alternative energy for the purpose of providing positive contribution to the public health. Accordingly, we keep including the buses, powered by electricity, CNG fuel and hybrid technology, in our fleet. Also, we intend to increase use of renewable energy sources such as wind, sun, etc. at our garages, service buildings and bus stations.



Saving the Energy and Natural Resources

In respect of minimization of the energy and natural resources consumption, we, at IETT, keep carrying out our activities in order to ensure fuel saving by means of the smart driving techniques, and to recycle our wastes in a eco-friendly manner, and to launch projects that will ensure monitoring of our service vehicles through GPS.



Effective Management of Corporate Energy Consumption

With reference to our principle "Non-measurable one is the non-manageable one", we keep carrying out our project initiatives with respect to recording the consumption data regularly, and changing the tariff for the energy subscriptions from time to time within a year, and ensuring remote monitoring of the meters.



Raising Awareness About Importance of the Environment and Natural Resources

One of the main factors of our corporate environmental policy is to raise public awareness in relation to use of natural resources, and to organize events to increase the use of public transportation while providing urban public transportation. Further information about such matter is available under the heading "Events To Raise Environmental Awareness" in the section "Corporate Social Responsibility" hereunder.

Energy Management

The primary fields of our sustainability strategy is energy management and fight against climate change. We keep carrying out our initiatives, which increase the energy efficiency while decreasing the emission rates to minimize our environmental effects. Since we are aware of our duty with respect to minimization of carbon dioxide emission arising from the consumption of the non-renewable energy resources, we describe energy efficiency and fight against climate change as the two performance fields, which are not different from one another, and we act with continuous improvement target in this field in our minds.

In 2013, we were entitled to obtain ISO 50001 Energy Management System certificate. We monitor our energy consumptions by providing regular reporting. We carry out energy audits, and we audit thoroughly our units such as automation systems, heating and cooling systems, etc. Also, we detect any heat leakage by means of thermal camera.



Emission Management

Emission management, which constitutes the most important leg of fight against climate change threatening development together with most countries throughout the world, is a highly important part of our environmental management system. In 2014, we were entitled to obtain ISO 14064-1 Greenhouse Gas Management Standard certificate. We took our corporate greenhouse gas inventory based on such work. While calculating, we take into account any activities and operations carried out at the three management buildings and service building of our organization as well as in the 15 parks and maintenance and repair garage. We also include emissions, arising from daily journeys of our vehicles, in the calculation. We intend to ensure that our ISO 14064-1 Greenhouse Gas Management Standard certificate is updated biennially.

In addition, we carry out emission measurements of our vehicles based on our TS 12047 Exhaust Emission Measurement License. Moreover, we carry out on-site emission audits of OHOs and their exhaust emission measurements in their annual technical inspection in each garage by means of mobile emission measurement equipment as of 2013.

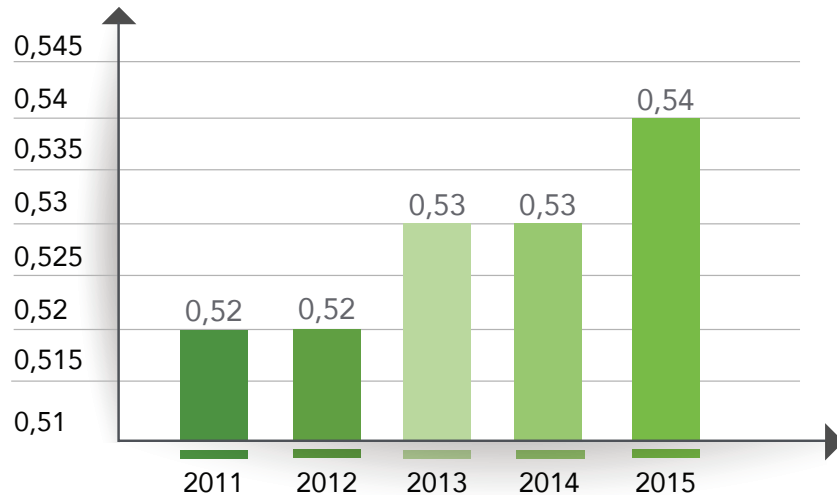
94 percent of the greenhouse gas emission caused by IETT is resulted from fuel consumption of the vehicles. Remaining emission resources are electricity consumption, air conditioning system available in the buses and offices and water consumption as well as business travels, office equipment and wastes, which constitutes much less amounts of emission resources. We keep developing the projects for minimization of emission.

Our actions for minimization of fuel consumption and any relevant emissions:

-  Trainings for smart driving techniques for the drivers
 -  Selection of appropriate tires
 -  Regular measurement of tire pressure
 -  Regular change of engine grease
-

FUEL CONSUMPTION

Fuel Consumption/km (Lt)



In 2015, we consumed 0,54 liter of fuel per km.



Sustainable Practice By IETT

Energy Efficiency By Means of Smart Driving Techniques

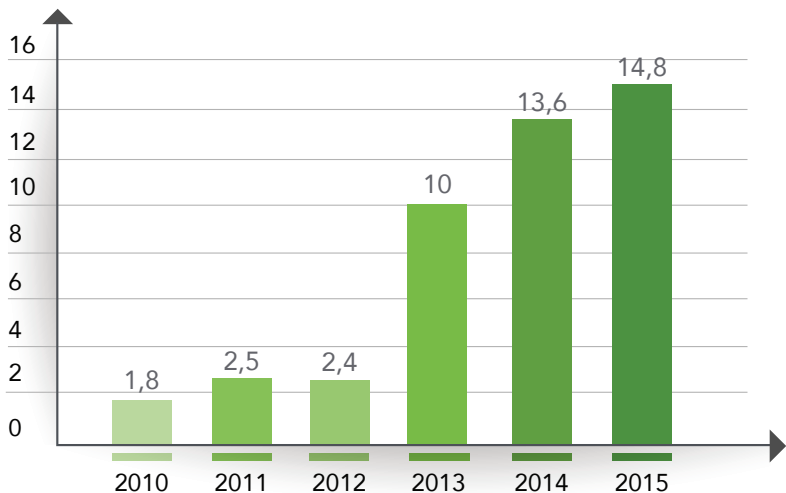
Fuel expenses constitute the most expenses of IETT; therefore, even the smallest improvements provide opportunity for largest saving. Economic driving techniques make possible to improve the fuel consumption per vehicle in the rate of 3% - 5%.



OUR ENVIRONMENTAL PERFORMANCE

ECO-FRIENDLY SERVICES

Rate of Vehicles Powered by Alternative Energy (%)



We converted our 120 vehicles into the natural gas system in a manner to serve our strategic objective of “being eco-friendly”, and we purchased 240 new vehicles powered by CNG. Thus, the rate of our vehicles powered by alternative energy has increased since 2013.

RENEWABLE ENERGY SOURCES INSTALLATION

Achieved the 23 KW Renewable Energy installed power!



Beylikduzu Metrobus Parking Area Wind Rose Installation 6 kWp
Kartal Platform Area Wind Rose Installation 2.4 kWp
Ikitelli Central Warehouse Roof 14,5 kWp PV Panel Installation
Kagithane Station Solar-Powered Lighting Work 0,1 kWp

Our electricity consumption of 410 kWh is met from wind energy upon installation of wind rose system activated in Beylikduzu in 2015. We keep searching for appropriate locations for installation of photovoltaic systems.

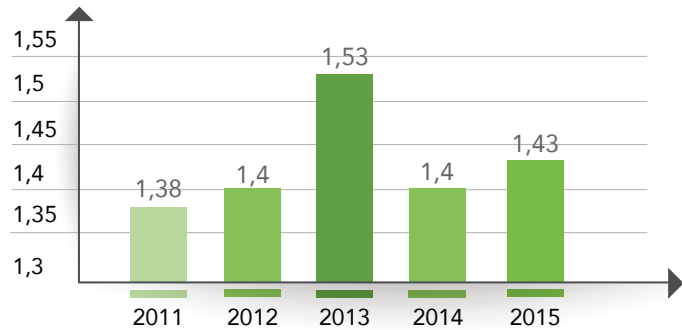
Solar-Powered Stations

We accomplished the Concept Smart Station powered by solar panels. LCD/LED-based digital passenger information areas, ticketmatic equipment, push to talk unit, interfaces where disabled chairs may be charged, and free Wi-Fi are powered by solar panels placed in our stations.

GREENHOUSE GAS EMISSION MANAGEMENT

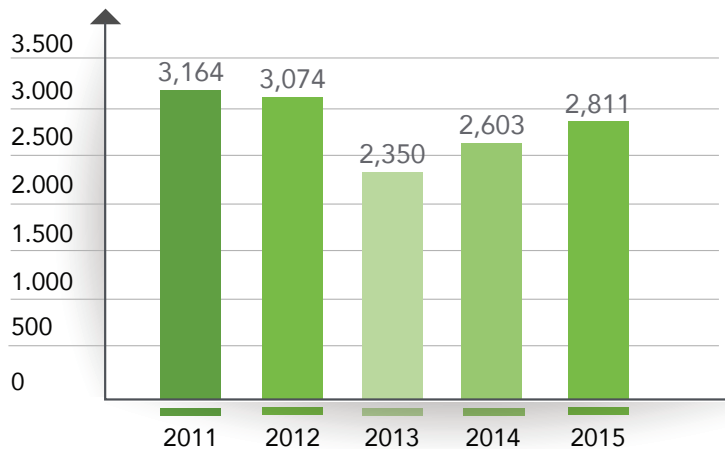
We monitor the greenhouse gas emissions arising from metrobuses and buses since 94 percent of our greenhouse gas emissions arises from mobile burning. Thanks to decrease in our average fleet age and increase in the rate of vehicles with lower emissions per km, improvement was achieved with respect to greenhouse gas emissions. We launched the project "Data Record", supported by ISTKA, which will monitor the parameters of vehicle uses by our drivers, and which will warn our drives who have consumed higher amount of fuel, for the purpose of ensuring that this indicator, which has a stable value at the targeted level, decreases below the target level.

Greenhouse Gas Emissions Arising From Mobile Burning (CO₂ eq.-kg)/Km



ELECTRICITY CONSUMPTION

Electricity Consumption/Vehicle (kWh)

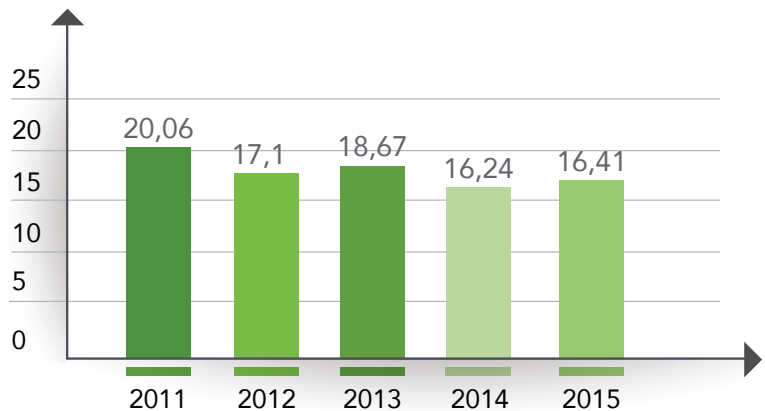


Our electricity consumption tended to decrease upon raising awareness about energy efficiency and mounting energy saving equipment. Thanks to installation of central air conditioning system, use of LED-lighted system, revision of the roofs, and installation of natural lighting system, our electricity consumption reduced.

In 2014 and 2015, electricity consumption per vehicle increased due to decrease in the number of vehicles available in our fleet and construction of additional facilities causing increase in the electricity consumption.

NATURAL GAS CONSUMPTION

Natural Gas Consumption (m³)/Unit Closed Area (m²)



In consequence of the results obtained from the energy audits, boiler improvements, heat insulation practices, solar-powered hot water system, which we carried out in Ikitelli garage, contributed to the decrease in natural gas consumption per closed area.

Direct Consumption of Energy

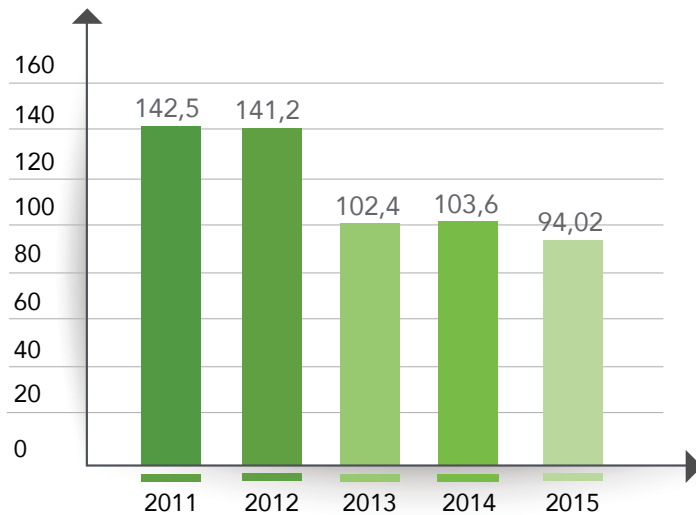
| | | 2012 | 2013 | 2014 | 2015 |
|-------------|----------------|------------|------------|------------|------------|
| Natural Gas | m ³ | 1.372.278 | 9.872.517 | 12.718.731 | 12.118.006 |
| Diesel Oil | liter | 89.644.499 | 86.075.412 | 98.086.640 | 93.096.860 |
| | GJ | 3.175.364 | 3.048.941 | 3.474.400 | 3.297.653 |
| Petrol | liter | 10.879 | 4.022 | 1.060 | — |
| | GJ | 346 | 128 | 34 | — |

In 2015, natural gas consumption increased and reached 12.118.006 m³ due to involvement of vehicles, powered by CNG, in our fleet. In 2015, diesel fuel consumption was recorded as 93.096.860 liter upon involvement of vehicles, powered by alternative fuel, in the fleet, and upon withdrawal of some vehicles, powered by diesel fuel, from the service. The amount of petrol use decreased due to non-use of service vehicles powered by petrol, and non-use of petrol with respect to cleaning the parts in the engine overhauling factory.

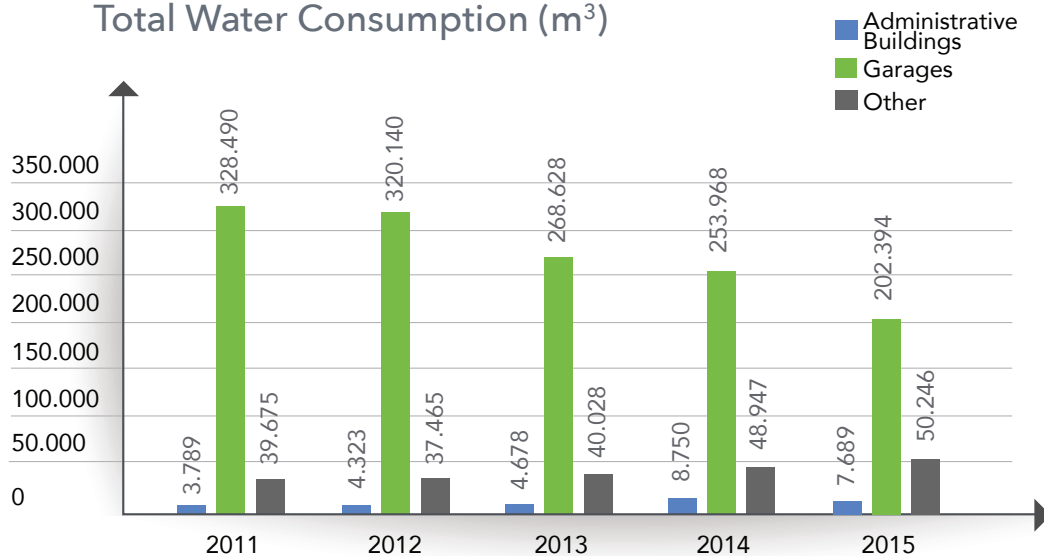
WATER MANAGEMENT

We ensured saving in our water consumption thanks to re-use of washing water, used to wash buses in our garages, and also thanks to mounting of special saving cartridge on the taps.

Water Consumption/Vehicle (m³)



Total Water Consumption (m³)

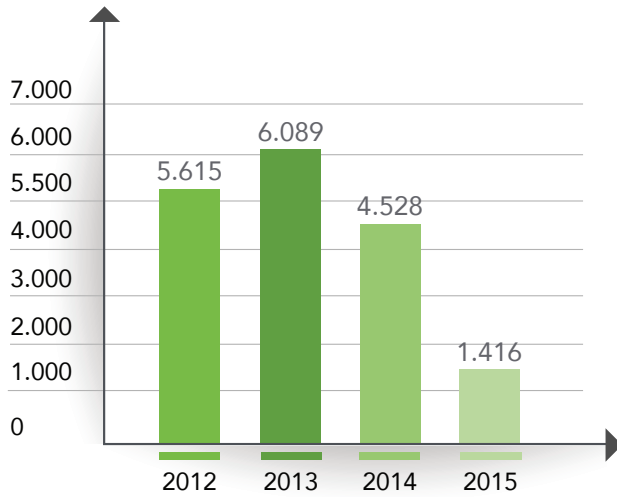


WASTE MANAGEMENT

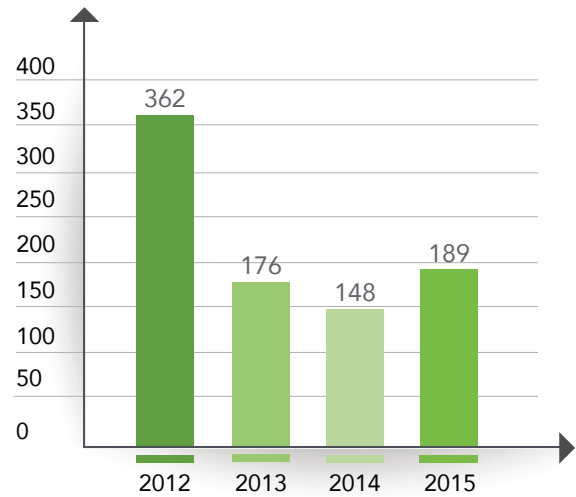
We planned waste management process based on the ISO 14001 Environmental Management System. We created waste storage areas in our garages. We executed agreements and protocols in order for disposal of and recycling of our hazardous and non-hazardous wastes. We placed recycling bins at our offices, and we organized campaigns in order to raise awareness of our personnel on such matter.

In 2015, the amount of hazardous wastes was 1.416 tons while the amount of non-hazardous wastes was 189 tons. It was observed that less amount of wastes started to arise upon increase in the rate of new vehicles in our fleet.

Hazardous Wastes (Ton)



Non-Hazardous Wastes (Ton)



CARBON FOOTPRINT CALCULATOR



We intend to encourage our passengers to use public transportation in order to minimize the carbon emissions resulting from transportation in Istanbul. The carbon emissions arising from different transportation alternatives can be calculated through the "Carbon Footprint Calculator" available on our web site.

<http://software.iETT.gov.tr/uygulamalar/karbon-hesabi/>

OUR ECONOMIC PERFORMANCE



Balanced and strong financial structure is required in order for efficient and sustainable provision of public transportation service. We, at IETT, carry out public business management in line with our social mission, and determine the public transportation tariffs by taking into account the public ability to pay. Therefore, one of the main strategies of our organization is to ensure the profit and loss balance.

Accordingly, we carry out various activities for the purpose of increasing the resources and use them efficiently. "Practice for procurement of logistic service in the garages", one of these activities, also continued in 2015.

FINANCIAL DATA

The budget of IETT is approved by the Municipal Council of Istanbul Metropolitan Municipality in accordance with the Law Nr. 3645. Budget profit and loss account statement for 2014 and 2015 is available in the following table.

| BUDGET RECEIPTS (TL 1.000) | 2014 | 2015 |
|--|------------------|------------------|
| Enterprise and Ownership Revenues | 2.936.325 | 3.235.677 |
| Salary and service sales, institutional revenue, rental income, etc. | 2.921.532 | 3.220.457 |
| Public Economic Enterprise (KIT) and public banks income | 14.794 | 15.220 |
| Special Revenues from Donations and Aids Received | 220.548 | 465.258 |
| Donations and aids received from other authorities | 220.318 | 463.160 |
| Donations and aids received from institutions and persons | | 357 |
| Project aids | 230 | 1.741 |
| Other Revenues | 31.337 | 36.624 |
| Capital Revenues | 3.187.889 | 17 |
| Rejection and Returns | 1.825.086 | 2.024.087 |
| Total | 4.551.013 | 1.713.489 |

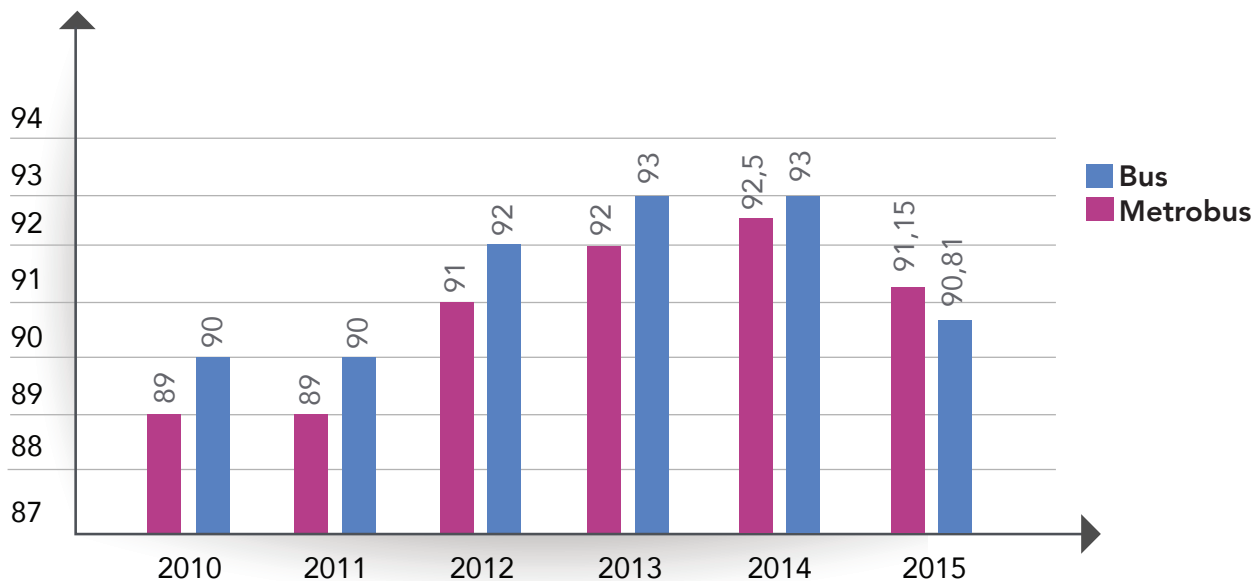
| ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS (TL 1000) | 2014 | 2015 |
|--|------------------|------------------|
| Operational and capital expenses (supplier payments, etc.) | 915.090 | 971.247 |
| Benefits provided to financial organizations (interests, etc.) | 11.352 | 4.245 |
| Benefits provided to employees (salaries, Social Security Institution, etc.) | 403.913 | 374.546 |
| Benefits provided to society (donations, sponsorship, etc.) | 2.603 | 3.155 |
| Other (lending) | 0 | 1.348 |
| Total | 1.332.958 | 1.354.540 |

OPERATIONAL PERFORMANCE

Vehicles Ready to Serve

The rate of vehicles, available in our fleet, to be ready to serve is one of the key performance indicators affecting the punctuality performance. Withdrawal of old vehicles, available in our fleet, from the service, and inclusion of new vehicles in our fleet play a role in improvement of our performance. As of 2015, the rate of buses ready to serve was 91,15 percent, and the rate of metrobuses ready to serve was 90,81 percent.

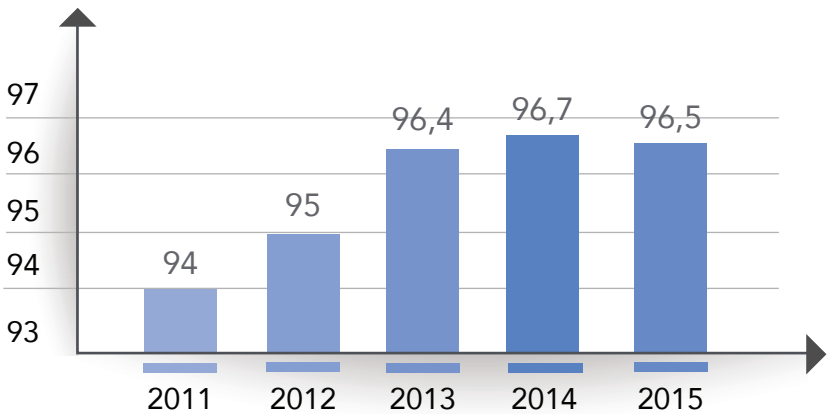
Rate of Vehicles Ready to Serve (%)



Realization of Journeys

The rate of realization of scheduled journey distance shows the accuracy and quality of journey scheduling. As you see in the graphic, our performance for realized journey /km increased on the basis of years, and realized journey /km was 96,5 percent. Akyolbil system, enabling to obtain more thorough data in relation to the journeys to carry out efficient planning, contributed to such increase.

Realized Journey/Km (%)



Maintenance and Repair Cost/Km

Also, **maintenance and repair cost/km** is another important indicator that we monitor. It was ensured that vehicle maintenance and repair service, which was provided by our organization before, was carried out by the vehicle manufacturers based on the “new vehicle purchase model” which we started to implement in 2012. Thanks to such vehicle purchase model, we were ranked first in the field of **Best Business Innovation Model** by the UITP (International Association of Public Transport).

INDIRECT EFFECTS

As provided in the final declaration of the United Nations Sustainable Development Conference 2012 (Rio+20), transportation and mobility are the most important factors of a sustainable development. Transportation is an integral part of global economy, and it both affects the economic development and is affected from such development. Transportation industry supports economy directly by providing employment, and indirectly by ensuring regional development. Transportation plays an important role with respect to enabling the people to access any needs for education/training, business, entertainment, health and any other needs. Public transportation occupies less place when compared to individual automobile use, and also achieves less greenhouse gas emission and less energy consumption, thus, provides many economic and environmental advantages.

| GRI G4 CONTENT INDEX FOR "IN ACCORDANCE"- COMPREHENSIVE | | | | |
|---|--|--|-----------|--------------------|
| | GENERAL STANDARD DISCLOSURES | Page | Omissions | External Assurance |
| | STRATEGY AND ANALYSIS | | | |
| G4-1 | Statement from CEO about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability. | Our Messages to Stakeholders, p. 8, 9 | — | No |
| G4-2 | Description of key impacts, risks and opportunities | Our Sustainability Targets, p. 37 | — | No |
| | ORGANIZATIONAL PROFILE | | | |
| G4-3 | Name of the organization. | Directorate General of İETT Establishments | — | No |
| G4-4 | Primary brands, products, and services. | About İETT, p. 10-19 | — | No |
| G4-5 | Location of the organization's headquarters. | Sahkulu Mahallesi, Erkan-ı Harp Sk. No:2 Tünel - Turkey | — | No |
| G4-6 | "Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report." | Turkey | — | No |
| G4-7 | Nature of ownership and legal form. | From Past to Present, p. 11 | — | No |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | About İETT, p. 10-15 | — | No |
| G4-9 | Scale of the organization, including: * Total number of employees * Total number of operations * Net sales (for private sector organizations) or net revenues (for public sector organizations) * Total capitalization broken down in terms of debt and equity (for private sector organizations) * Quantity of products or services provided | Equal Opportunity and Diversity, p. 63; About İETT, p. 10-15; Our Economic Performance, p. 82,83 | — | No |

| GRI G4 CONTENT INDEX FOR "IN ACCORDANCE"- COMPREHENSIVE | | | | |
|---|---|---|-----------|--------------------|
| | GENERAL STANDARD DISCLOSURES | Page | Omissions | External Assurance |
| G4-10 | <p>a. Report the total number of employees by employment contract and gender.</p> <p>b. Report the total number of permanent employees by employment type and gender.</p> <p>c. Report the total workforce by employees and supervised workers and by gender.</p> <p>d. Report the total workforce by region and gender.</p> <p>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p> | Equal Opportunity and Diversity, sf:63; Labor Practices, p. 32 | — | No |
| G4-11 | Percentage of total employees covered by collective bargaining agreements. | Remuneration of Employees p. 57 | — | No |
| G4-12 | Organization's supply chain | Our Supply Chain p. 45 | — | No |
| G4-13 | <p>Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:</p> <p>*Changes in the location of, or changes in, operations, including facility openings, closings, and expansions</p> <p>*Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)</p> <p>*Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</p> | 2015 Yılında Rakamlarla İETT sf:12,13 | | No |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization. | Corporate Governance, p. 21-25; Sustainability Management, p. 26-33 | — | No |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses | Sustainability Milestones, p. 27 | — | No |
| G4-16 | <p>List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <p>*Holds a position on the governance body</p> <p>* Participates in projects or committees</p> <p>* Provides substantive funding beyond routine membership dues</p> <p>* Views membership as strategic</p> <p>This refers primarily to memberships maintained at the organizational level.</p> | <p>From Past to Present p. 11;</p> <p>Sustainability Report 2012-2013, Our Affiliations, p. 11, http://www.iETT.gov.tr/webimage/files/IETT_Sustainability%20Report_2012-2013_ENG.pdf</p> | — | No |

GRI G4 CONTENT INDEX FOR "IN ACCORDANCE"- COMPREHENSIVE

| | GENERAL STANDARD DISCLOSURES | Page | Omissions | External Assurance |
|-------|--|--|-----------|--------------------|
| | IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-17 | a. Entities included in the organization's consolidated financial statements. b. Any entity included in the organization's consolidated financial statements is not covered by the report | From Past to Present p. 11; Our Economic Performance, p. 83 | — | No |
| G4-18 | Process for defining the report content and the aspect boundaries | Our Sustainability Approach p. 28,29; Material Sustainability Aspects p. 34,35; Stakeholder Relations p.39-45 | — | No |
| G4-19 | Material aspects identified | Material Sustainability Aspects p. 34,35; Sustainability Aspects p. 37 | — | No |
| G4-20 | For each material aspect, report the Aspect Boundary within the organization | Explanation: All aspects on the materiality matrix other than "Management of Stakeholder Relations , Availability & Accessibility, Supply Chain Management, Contributing to Community" are internal aspects. p. 88 | — | No |
| G4-21 | For each material Aspect, report the Aspect Boundary outside the organization | Explanation: Management of Stakeholder Relations, Availability & Accessibility, Supply Chain Management, Contributing to Community are external aspects. p. 88 | — | No |
| G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements | Explanation: No restatements of information is provided. p. 88 | — | No |
| G4-23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | Explanation: No significant changes are available. p. 88 | — | No |
| | STAKEHOLDER ENGAGEMENT | | | |
| G4-24 | List of stakeholder groups engaged by the organization. | Stakeholder Relations, p. 39-45 | — | No |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage. | Stakeholders Relations, p. 39,40 | — | No |
| G4-26 | Organization's approach to stakeholder engagement | Stakeholder Relations, p.39-45; Community Engagement and Improvement, p:33; Material Sustainability Aspects, p:34,35 | — | No |
| G4-27 | Response to key topics and concerns that have been raised through stakeholder engagement. | Stakeholder Relations, p. 41,43,44,45; People Oriented Approach, p. 47-55 | — | No |
| | RAPOR PROFİLİ | | | |
| G4-28 | Provide the contact point for questions regarding the report or its contents | Scope of the Report, p. 7 | — | No |
| G4-29 | Date of most recent previous report (if any). | Sustainability Report 2012-2013 http://www.iETT.gov.tr/webimage/files/iETT_Sustainability%20Report_2012-2013_ENG.pdf | — | No |

| GRI G4 CONTENT INDEX FOR "IN ACCORDANCE"- COMPREHENSIVE | | | | |
|---|--|---|-----------|--------------------|
| | GENERAL STANDARD DISCLOSURES | Page | Omissions | External Assurance |
| G4-30 | Reporting cycle (such as annual, biennial). | Explanation: Biennially p. 88 | — | No |
| G4-31 | Rapor ve içeriği ile ilgili sorular için iletişim bilgileri | Contact Information, p. 7 | — | No |
| G4-32 | 'In accordance' option, the GRI content index and external assurance | About This Report, p. 7; GRI G4 Content Index for the "In accordance" Comprehensive option. | — | No |
| G4-33 | Organization's policy and current practice with regard to seeking external assurance for the report. | Explanation: GHG emissions stated in the report was subjected to independent external verification for the period between 01.01.2014 and 31.12.2014 in accordance with ISO 14064-1. The verification statement is provided on page 98 of the report. In addition, IETT is subject to audits by the Inspectors of the Court of Accounts pursuant to Law Nr. 6085 on the Court of Accounts, and Law Nr. 5018, by Civil Inspectors pursuant to the Law on Organization of the Ministry of Interior, and albeit limited to budgetary control, by the Municipal Council of Istanbul Metropolitan Municipality. Besides these, no independent external assurance was sought for the other indicators included in the report. p:89 | — | No |
| GOVERNANCE | | | | |
| G4-34 | Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts. | Corporate Governance, p. 21-23; | — | No |
| G4-35 | The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees | Explanation: Directorate General of IETT Establishments is a public institution affiliated to Istanbul Metropolitan Municipality. Execution of activities indicated in the performance program and budget drawn up as per Law Nr. 5018 and approved by Istanbul Metropolitan Municipality is carried out by the relevant departments in accordance with the "Directive on Duties, Authority and Responsibilities", p. 89 | | No |
| G4-36 | Executive-level positions with responsibility for economic, environmental and social topics, whether post holders report directly to the highest governance body | Explanation: The highest governance body is the Coordination Committee consisting of the Director General, Deputy Directors General and Head of Departments, p.89 | | No |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics | Our Organization, p.21-23; Stakeholder Relations, p.39-45 | | No |
| G4-38 | Composition of the highest governance body and its committees | Our Organization, p.21-23; Explanation: Organization chart of IETT is available through the following link. http://www.iETT.gov.tr/en/main/yonetimsemasi | | No |
| G4-39 | Report whether the Chair of the highest governance body is also an executive officer | Explanation: IETT is a public institution and does not have a Board of Directors. Corporate Governance, p. 21.22 | | No |

| GRI G4 CONTENT INDEX FOR "IN ACCORDANCE"- COMPREHENSIVE | | | | |
|---|--|--|-----------|--------------------|
| | GENERAL STANDARD DISCLOSURES | Page | Omissions | External Assurance |
| G4-40 | Nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members | Corporate Governance, p. 21,22 | | No |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed. | Explanation: Directorate General of IETT Establishments is a public institution affiliated to Istanbul Metropolitan Municipality. The institution does not have a Board of Directors. Employment of public officials in private sector is not allowed by law. p. 90 | | No |
| G4-42 | The role of the highest governance body and senior executives in setting purpose, values and strategy | Explanation: In accordance with the Law Nr. 5018 on Public Finance Management and Supervision Law senior executives are accountable to the Minister for development and execution of the strategic plans and budgets of their administration in accordance with the development plan, annual programs, strategic plan and performance targets and service requirements of the organization, ensuring procurement and utilization of the resources under their responsibility in an effective, efficient and economical manner and preventing any loss and misuse of such resources; supervision and monitoring of the operation of the finance management and control system, and performance of the duties and responsibilities specified under the said law; and in the case of local administrations, they are accountable to their councils. Senior executives fulfill the requirements of this responsibility through authorizing officers, financial services unit and internal inspector.p.90 | | No |
| G4-43 | Measures taken to enhance the Board of Directors' collective knowledge of sustainability topics | Explanation: Enhancing employee motivation, satisfaction and knowledge is one of the strategic objectives of IETT. To that end, Leadership Academy and IETT Academy have been formed and offer various training courses. Besides, stakeholder meetings and conferences are organized with a high attendance rate. Stakeholder surveys are also conducted. Promotion of Training and Career Development, p. 60; Our Stakeholder Meetings, p:43-45 | | No |
| G4-44 | Evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. | Explanation: A three level performance system is in place at IETT. This approach is also described in corporate scorecard procedure. Performance aspects on IBBG are taken into consideration while drawing up the corporate scorecard. Deputy Directors General and Head of Departments are accountable for vision and mission indicators. Corporate Governance p.22; Our Management Systems, p.25; Corporate Reputation Research p.42; Customer Satisfaction Survey, p. 52 | | No |
| G4-45 | The role of Board of Directors in the identification and management of economic, environmental and social impacts, risks and opportunities | Explanation: IETT is a public institution and does not have a Board of Directors. A Risk Management system is in place at IETT as per the Communiqué on Internal Control Standards in Public Sector issued in accordance with the Law Nr. 5018. Accordingly, executives ensure compliance of the activities with the applicable regulations, strategic plan and performance program as well as defined objectives and targets, and set specific targets within the framework of their field of duty and announce such targets to the personnel. p. 90 | | No |

| GRI G4 CONTENT INDEX FOR "IN ACCORDANCE"- COMPREHENSIVE | | | | |
|---|---|---|-----------|--------------------|
| | GENERAL STANDARD DISCLOSURES | Page | Omissions | External Assurance |
| G4-46 | The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics | Explanation: Risk management process is reviewed by senior executives and/or IRK. p. 91 | | No |
| G4-47 | The frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities | Risk Management, p.22 | | No |
| G4-48 | The highest committee or position to formally approves this report and ensures that all material Aspects are covered. | Explanation: Excellence Committee | | No |
| G4-49 | Process for communicating critical concerns to the highest governance body | Corporate Governance, p.21-23 | | No |
| G4-50 | Nature and total number of critical concerns communicated to the highest governance body and mechanisms used to address and resolve them | Corporate Governance, p.21-23 | | No |
| G4-51 | Remuneration policies for the for the highest governance body and senior executives. | Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| G4-52 | Process for determining remuneration | Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| G4-53 | Inclusiveness of stakeholders' views regarding remuneration | Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| G4-54 | Ratio of the annual total compensation for the organization's highest paid individual to the median annual total compensation | Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| G4-55 | Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the mean percentage increase in annual total compensation for all employees | Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| | ETHICS AND INTEGRITY | | | |
| G4-56 | The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | Our Ethics Policy p. 23, Fair Business Practices p.33, http://www.iett.gov.tr/en/main/pages/corporate-ethical-principles-and-policies/803 | — | No |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behaviour. | Our Ethics Policy p. 23, Fair Business Practices p.33, http://www.iett.gov.tr/en/main/pages/corporate-ethical-principles-and-policies/803 | — | No |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | Etik Politikamız sf: 23, Adil İşletme Uygulamaları sf:33, http://www.iett.gov.tr/en/main/pages/corporate-ethical-principles-and-policies/803 | — | No |

| SPECIFIC STANDARD DISCLOSURES | | Pages | Omissions | External Assurance |
|-------------------------------|--|---|-----------|--------------------|
| CATEGORY: ECONOMIC | | | | |
| Material Aspect | ECONOMIC PERFORMANCE | | | |
| G4-DMA | Management Approach | Annual Report 2015 p.61,62, http://www.iett.gov.tr/en/main/pages/reports/791 Annual Report 2014-2015 p. 83-85 | | No |
| G4-EC1 | Direct economic value generated and distributed | Financial Figures sf:83, Annual Report 2015, p.74-83 http://www.iett.gov.tr/en/main/pages/reports/791 | | No |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Risk Management, sf:22; Vision for the Future, p. 36,37,38 | | No |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | Remuneration of Employees, p. 57 | | No |
| G4-EC4 | Financial assistance received from government | Financial Figures sf:83, Annual Report 2015, p.74-83 http://www.iett.gov.tr/webimage/files/2015%20Faaliyet%20Raporu.pdf | | No |
| Material Aspect | INDIRECT ECONOMIC IMPACTS | | | |
| G4-DMA | Management Approach | Our Supply Chain p.45; Community Engagement and Improvement p.33, Our Economic Performance, p.82-85 | | No |
| G4-EC7 | Development and impact of infrastructure investments and services supported | Annual Report 2015, p.28,29 http://www.iett.gov.tr/en/main/pages/reports/791 Sustainability Report 2014-2015, Our Contributions to Society, p.66-71, Our Economic Performance, p.82-85 | | No |
| G4-EC8 | Significant indirect economic impacts, Including the extent of impacts | Annual Report 2015, p.28,29 http://www.iett.gov.tr/en/main/pages/reports/791 Sustainability Report 2014-2015, Our Contributions to Society, p.66-71, Our Economic Performance, p.82-85 | | No |
| CATEGORY: ENVIRONMENTAL | | | | |
| Material Aspect | ENERGY | | | |
| G4-DMA | Management Approach | Vision for the Future, p.36-38; Our World and Environment, p.73-75, | | No |
| G4-EN3 | Energy consumption within the organization | Fuel Consumption, p.76; Environmental Performance p.77-79 | | No |
| G4-EN4 | Energy consumption outside of the organization | Energy, Emission Management, p.75 | | No |
| G4-EN5 | Energy intensity | Fuel Consumption per Km, p. 76; Natural Gas Consumption, p. 79 | | No |

| SPECIFIC STANDARD DISCLOSURES | | Pages | Omissions | External Assurance |
|-------------------------------|--|---|-----------|--------------------|
| CATEGORY: ENVIRONMENTAL | | | | |
| Material Aspect | ENERGY | | | |
| G4-EN6 | Reduction of energy consumption | Fuel Consumption, p.76; Environmental Performance p.77-79 | | No |
| G4-EN7 | Reductions in energy requirements of products and services | Environmental Performance, p.77 | | No |
| Material Aspect | WATER | | | |
| G4-DMA | Management Approach | Our World and Environment, p.73-75, Water Management, p.80 | | No |
| G4-EN8 | Total water withdrawal by source | Water Management, p.80 | | No |
| G4-EN9 | Water source significantly affected by withdrawal of water | Explanation: There are not any water sources significantly affected by withdrawal of water. p. 93 | | No |
| G4-EN10 | Percentage and total volume of water recycled and reused | Water Management, p.80 | | No |
| Material Aspect | EMISSIONS | | | |
| G4-DMA | Management Approach | Vision for the Future, p.36-38; Our World and Environment, p.73-79, | | No |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | GHG Emission Management, p. 78; GHG Verification Statement, p.98 | | Yes |
| G4-EN16 | Enregy indirect greenhouse gas (GHG) emissions (Scope 2) | GHG Emission Management, p. 78; GHG Verification Statement, p.98 | | Yes |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | GHG Emission Management, p. 78; GHG Verification Statement, p. 98 | | Yes |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | GHG Emission Management, p. 78; GHG Verification Statement, p.98 | | No |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | Environmental Performance, p.77 | | No |
| G4-EN20 | Emissions of ozone-depleting substances (ODS) | Our World and Environment, p.73-74 | | No |
| G4-EN21 | NOx, SOx and other significant air emissions | Our World and Environment, p.73-74 | | No |
| Material Aspect | EFFLUENTS AND WASTE | | | |
| G4-DMA | Management Approach | Vision for the Future, p.36-38; Our World and Environment p.73-74; Water and Waste Management p.80,81 | | No |
| G4-EN22 | Total water discharge by quality and destination | Water Management, p.80 | | No |
| G4-EN23 | Total weight of waste by type and disposal method | Waste Management p.81 | | No |

| SPECIFIC STANDARD DISCLOSURES | | Pages | Omissions | External Assurance |
|-------------------------------|---|--|-----------|--------------------|
| CATEGORY: ENVIRONMENTAL | | | | |
| Material Aspect | EFFLUENTS AND WASTE | | | |
| G4-EN24 | Total number and volume of significant spills | Explanation: No significant spills was recorded. p. 94 | | No |
| G4-EN25 | Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I,II,III and VIII and percentage of transported waste shipped internationally | Explanation: None. p. 94. | | No |
| G4-EN26 | Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharge of water and runoff | Explanation: None. p. 94. | | No |
| Material Aspect | PRODUCTS AND SERVICES | | | |
| G4-DMA | Management Approach | Vision for the Future, p.36-38; Our World and Environment, p.73-81, | | No |
| G4-EN27 | Extent of impact mitigation of environmental impacts of product and services | Our World and Environment, p.76-81 | | No |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | Explanation: None. p. 94. | | No |
| Material Aspect | COMPLIANCE | | | |
| G4-DMA | Management Approach | Corporate Governance, p. 21-23,32 | | No |
| G4-EN29 | Monetary value of significant fines and total numbers of non-monetary sanctions for non-compliance with environmental laws and regulations | Explanation: No non-compliance with environmental laws was detected. p. 94 | | No |
| CATEGORY: SOCIAL | | | | |
| | SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK | | | |
| Material Aspect | EMPLOYMENT | | | |
| G4-DMA | Management Approach | Labor Practices, p.32; We Succeed with Our Employees, p.56-63 | | No |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | Equal Opportunity and Diversity, p. 63 | | No |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | Remuneration of Employees and Provision of Benefits, p. 57 | | No |

| SPECIFIC STANDARD DISCLOSURES | | Pages | Omissions | External Assurance |
|-------------------------------|--|---|-----------|--------------------|
| CATEGORY: SOCIAL | | | | |
| Material Aspect | EMPLOYMENT | | | |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | Explanation: Number of employees who became entitled to and took paternity leave: Female:31, Male:53, Total:84; Employees resumed working after paternity leave and worked for at least 12 months thereafter: Female:27, Male:53, Total:80; p.95 | | No |
| Material Aspect | OCCUPATIONAL HEALTH AND SAFETY | | | |
| G4-DMA | Management Approach | Occupational Health and Safety, p.64,65 | | No |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | Occupational Health and Safety, p.64,65 | | No |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | Occupational Health and Safety, p.64,65 | | No |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | Occupational Health and Safety, p.64,65 | | No |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | Explanation: Occupational health and safety issues are covered by official contracts executed with labor unions. p. 95 | | No |
| Material Aspect | TRAINING AND EDUCATION | | | |
| G4-DMA | Management Approach | Vision for the Future: 36,37; We Succeed with Our Employees, p.56,60-62 | | No |
| G4-LA9 | Average hours of training per year employee by gender, and by employee category | Promotion of Training and Career Development, p.60,61 | | No |
| G4-LA10 | Programs for skills management and life-long learning that support and continued employability of employees and assist them in managing career endings | Promotion of Training and Career Development, p.60,61 | | No |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | Performance Development System (PDS), p.58 | | No |
| Material Aspect | DIVERSITY AND EQUAL OPPORTUNITY | | | |
| G4-DMA | Management Approach | Equal Opportunity and Diversity, p. 63 | | No |

| SPECIFIC STANDARD DISCLOSURES | | Pages | Omissions | External Assurance |
|-------------------------------|--|--|-----------|--------------------|
| CATEGORY: SOCIAL | | | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | Equal Opportunity and Diversity, p. 63 | | No |
| Material Aspect | EQUAL REMUNERATION FOR WOMEN AND MEN | | | |
| G4-DMA | Management Approach | Remuneration of Employees and Provision of Benefits, p. 57; Equal Opportunity and Diversity, p. 63 | | No |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| Material Aspect | SUPPLIER ASSESSMENT FOR LABOR PRACTICES | | | |
| G4-DMA | Management Approach | Fair Business Practices, p.33; Our Supply Chain, p.45 | | No |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | Our Supply Chain, p. 45 | | No |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | Our Supply Chain, p. 45 | | No |
| SUB-CATEGORY: HUMAN RIGHTS | | | | |
| Material Aspect | FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | | | |
| G4-DMA | Management Approach | Labor Practices, p. 32; Our Supply Chain, p. 45; Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | Labor Practices, p. 32; Our Supply Chain, p. 45; Remuneration of Employees and Provision of Benefits, p. 57 | | No |
| SUB-CATEGORY: SOCIETY | | | | |
| Material Aspect | LOCAL COMMUNITIES | | | |
| G4-DMA | Management Approach | About Our ISO 26000 Practices, p.31; Community Engagement and Improvement, p.33; Stakeholder Relations, 39-45; Our Contributions to Society, p.66-71 | | No |
| G4-SO1 | "Percentage of operations with implemented local community engagement, impact assessments, and development programs | Stakeholder Relations, p. 39,45; Our Contributions to Society, p. 66-71 | | No |

| SPECIFIC STANDARD DISCLOSURES | | Pages | Omissions | External Assurance |
|--------------------------------------|--|--|-----------|--------------------|
| SUB-CATEGORY: SOCIETY | | | | |
| Material Aspect | LOCAL COMMUNITIES | | | |
| G4-SO2 | Operations with significant actual or potential negative impacts on local communities | Our World and Environment, p.73-81 | | No |
| Material Aspect | ACCESSIBILITY | | | |
| New | Management Approach | Accessibility, p.50 | | No |
| New | Number of vehicles accessible by disabled people | Accessibility, p.50 | | No |
| New | Initiatives to improve access to our services for disadvantaged people | Accessibility, p.50 | | No |
| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | | | |
| Material Aspect | CUSTOMER HEALTH AND SAFETY | | | |
| G4-DMA | Management Approach | About Our ISO 26000 Practices, p.31-33; People-Oriented Approach, p. 47-55; Our World and Environment, p.73-75 | | No |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | Explanation: We assess our services for health and safety impacts. Consumer Issues, p.33; People-Oriented Approach, p.47-55; Our World and Environment, p. 73-75 | | No |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | Explanation: None. p.97 | | No |
| Material Aspect | PRODUCT AND SERVICE LABELING | | | |
| G4-DMA | Management Approach | People-Oriented Approach, p.47-55; Our World and Environment, p. 73-75 | | No |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling and percentage of significant product and service categories subject to such information requirements | Explanation: We do not have any products subject to labeling requirements. p.97 | | No |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling by type of outcomes | Explanation: None. p.97 | | No |
| G4-PR5 | Results of surveys measuring customer satisfaction | Passenger Satisfaction, p.51-55 | | No |



**Greenhouse Gas Verification Statement Number
CCP220574/1/2014/02/2016**

The inventory of Greenhouse Gas emissions in the period
01/01/2014 – 31/12/2014 for

**IETT
(ISTANBUL ELEKTRİK TRAMWAY VE TUNEL İŞLETMELERİ
GENEL MÜDÜRLÜĞÜ)**

Şahkulu Mah. Erkan-ı Harp Sokak, No:2 Tünel 34420 Beyoğlu
İstanbul /TÜRKİYE

has been verified in accordance with ISO 14064-3:2006 as
meeting the requirements of

ISO 14064-1

To represent a total amount of:

312681 tCO₂e

For the following activities

Operation and maintenance of Public Transportation vehicles (Body and paint shop, engine overhaul and maintenance activities of vehicles, administrative buildings), park garages, operation of tram and subway, tram maintenance workshop, subway maintenance workshop.

Lead Assessor: Shane Hughes

Technical Reviewer: Peter Simmonds

Authorized by:

Jonathan Hall
Business Manager
SGS United Kingdom Ltd

Verification Statement Date 19th February 2016

This Statement is not valid without the full verification scope, objectives, criteria and conclusion available on pages 2 to 3 of this Statement.



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