



2011 SUSTAINABILITY REPORT



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Today and in the future,
this report will be one
of the most important
communication tools where
we share the analyses of our
key stakeholders' priority
sustainability concerns and
the actions we take towards
resolving these concerns.

About Our Report

With this second sustainability report of Zorlu Energy Group, we present our stakeholders the economic, environmental and social performance of our Group in 2011.

Thus, we would like to give our key stakeholders the opportunity to evaluate our efforts on measuring, monitoring and mitigating the consequences of our impacts created by our operations. Today and in the future, this report will be one of the most important communication tools where we share the analyses of our key stakeholders' priority sustainability concerns and the actions we take towards resolving these concerns.

Boundary and Limitations

The information given in this report covers the activities of Zorlu Energy Group within the borders of Turkey, between Jan 1-Dec 31, 2011, unless otherwise stated.

While determining our material issues, we took all business segments and power plants of our Group into consideration. The financial and environmental data mainly belongs to Zorlu Enerji ve Elektrik Üretim A.Ş., which is the only publicly traded company of the Group, comprising 81% of our Group's total installed capacity in Turkey as of year-end 2011.

Principles of Our Report

We based our report on GRI Global Reporting Initiative G3 Sustainability Reporting Guidelines and GRI EUSS - Electric Utilities Sector Supplement and in compliance with GRI A level requirements.

www.globalreporting.org

While determining our strategic issues, in addition to GRI's materiality, stakeholder inclusiveness, sustainability context and completeness principles, we also considered International Finance Corporation IFC's Performance Standards on Environmental and Social Sustainability, which is required by Equator Principles, a voluntary initiative to identify, evaluate and manage social and environmental risks and impacts in financing projects.

www.equator-principles.com

Our Next Report

We plan to publish the next issue of our report in the second half of 2013, covering our 2012 sustainability performance.



MESSAGE TO OUR STAKEHOLDERS



Power generation based on domestic and renewable resources and security and reliability of electricity supply are among the top of our material issues, having great impact on the growth targets of both our Group and our country.

Dear Valued Stakeholders,

Zorlu Energy Group is an active member of the energy sector, which has key importance on Turkish economy. Throughout our 19 years of history and with the strength provided by Zorlu Group's 60 years of experience and knowledge, we continuously grew by strengthening our corporate structure and making economically feasible investments. While realizing this growth and the economic commitments to our stakeholders, we managed all our investments with socially and environmentally responsible approach.

With this second sustainability report of Zorlu Energy Group, together with the important developments, challenges and successes we've been through in 2011, we share with you the mitigation activities regarding our impacts, our future plans and targets.

In identifying our sustainability impact areas, we primarily considered the vital issues such as climate change, diminishing natural resources and energy security. Through meetings with our managers and employees we designated our focus sustainability issues.

Power generation based on domestic and renewable resources and security and reliability of electricity supply are among the top of our material issues, having great impact on the growth targets of both our Group and our country.

Although Turkey still could not constitute a certain level of liberalism and a satisfactory structure in the energy market in order to encourage private sector investments, we continue our investments. The energy import cost to Turkey in 2011 was 48 billion USD and the incremental rate of energy demand has been above world average. As a Group, in order to support the provision of energy security and reliability in Turkey, our main principle is the maximum use of domestic and renewable resources in power generation. Our local installed capacity rose from 745 MW (2011 end) to 771 MW in January 2012. 35 % of our total capacity comprises renewable energy investments.

In the Energy Report of International WWF-World Wildlife Fund, it is stated that by 2050, the world could provide all the energy we need from renewable resources if necessary measures are taken.

As Zorlu Energy Group, we made promising progress and took visionary steps in 2011 with our geothermal power plant projects, which are in line with Turkey's target to create resource diversity in energy generation. In addition to our 15 MW capacity Kızıldere Geothermal Power Plant, we accelerated construction of a new 80 MW power plant, which we target to be operational as of 2013. We also commenced feasibility studies to invest in Alaşehir and Simav geothermal areas.



We are concerned about the environmental impacts we create which threatens our planet. While reduction of emissions and climate protection is the top strategic environmental issue we focus on, we see energy efficiency as important, as it also serves to the solution to climate change problem.

We aim for these power plants not only to contribute to Turkey's target to create resource diversity, but also to add value to their geographic regions by supporting natural agriculture and employment with achieving sustainability on many levels.

In 2011, our Group received the prestigious **Competitive Strategy Innovation Award**, presented by Frost & Sullivan, one of the largest research and consultancy groups in the world, for the sustainable environmental practices developed for Gökçedağ Wind Power Plant, which has an installed capacity of 135 MW.

Our overall target is to increase the total domestic and international installed capacity of our Group up to 1,500 MW by the end of 2015, mainly with domestic and renewable resources.

Our primary social sustainability issues are our **employees' happiness, health and safety, and our responsibilities to local communities**, where our power plants are located.

Although our Group is a member of a sector with high occupational risks, as a result of the measures we took and the maximum care of our employees, we are very happy that zero fatal accidents and only three injuries occurred during the reporting period. **Our continuous target is to reach zero accident rates in all our Group companies and to maintain it.**

As a Group, through our social responsibility projects, we aimed to reach primarily to the local people, who live in the regions where our offices and power plants are located. In 2011, we reached 72 thousand children with **Our Energy is for Children project**, which we initiated with the objective to raise environmentally sensitive generations.

Before we make the investment decision to increase the capacity of our İikizdere Hydroelectricity Power Plant from 18.6 MW to 78 MW, we exchanged views with local people and local management, and consulted with scientists and academicians. As a result we have prepared the **İikizdere Hydroelectricity Power Plant Rehabilitation Project Stakeholder Engagement Strategy and Application Plan**, which is an exemplary study in the energy sector.

In the coming periods, we plan to initiate similar studies and engagement activities for our current and planned investments and continue our activities through evaluating our sustainability impacts.

We are concerned about the environmental impacts we create which threatens our planet. While **reduction of emissions and climate protection** is the top strategic environmental issue we focus on, we see **energy efficiency** as important, as it also serves to the solution to climate change problem.

Zorlu Enerji ve Elektrik Üretim A.Ş. is the first energy company to hold **ISO 14064-1 Greenhouse Emission Standard** certification. The monitoring activities show that in 2011, the direct CO2 emissions created by the operations of Zorlu Enerji Elektrik Üretim A.Ş. are reduced by 11% and indirect CO2 emissions are reduced by 3% compared to 2010.

As the first and only Energy Company from Turkey, Zorlu Enerji Elektrik Üretim A.Ş. participated Carbon Disclosure Project in 2010, which is conducted in 60 countries as the most comprehensive environmental project in the world. In 2011, participating in CDP for the second time and sharing greenhouse gas emissions and climate change risk management strategies with the public in the most transparent way, we received the **Carbon Disclosure Leadership Award**.

During the 17th ICCI - International Energy & Environment Fair and Conference '2010 Energy Awards', we won two awards with our Gökçedağ Wind Power Plant and Kızıldere Geothermal Power Plant, in the category of **Most Efficient Renewable Energy Facility of the Year**.

All these successes give us the power to continue our operations in a better and more responsible manner and we are delighted to share these with you. Our petition is to have mutual communication on these issues.

In the next reporting period, we would like to improve our current communication platforms and listen to your ideas and concerns, which are directly related to our business operations, on a regular basis. Our aim is to shape our future sustainability focus areas, related improvement actions and targets with the help of your feedbacks. Please send us your questions regarding the information in this report, and your other ideas and suggestions through the e-mail address stated below and you'll certainly help us to create more value for you.

Sincerely,

İbrahim Sinan Ak
Zorlu Energy General Manager

Selen Zorlu Melik
Zorlu Energy Board Member



OUR CORPORATE PROFILE



Customers of Zorlu Enerji ve Elektrik Üretim A.Ş. include houses, hospitals, shopping malls, supermarkets, hotels, schools and industrial organizations.

Zorlu Energy Group is comprised of 14 companies operating domestically in production (electricity and steam), operation and maintenance, power plant construction, trade (electricity and natural gas) and distribution (natural gas).

The international operations of the Group in Russia, Pakistan, Israel, Greece and Kuwait are not included in the boundary of this report.

Zorlu Enerji ve Elektrik Üretim A.Ş. provides power to a range of sectors like FMCG, retail, health, energy, industry and tourism and its customers include houses, hospitals, shopping malls, supermarkets, hotels, schools and industrial organizations.

Zorlu Enerji ve Elektrik Üretim A.Ş. is the investor company of the Group and 32% of its shares are being traded on the Istanbul Stock Exchange with ZOREN ticker.

Zorlu Enerji Elektrik Üretim A.Ş. Shareholding Structure (30.06.2012)



Zorlu Holding A.Ş.
Publicly Held
Korteks Mensucat San. ve Tic. A.Ş.
Other and Zorlu Grubu

Zorlu Enerji Elektrik Üretim A. Ş. Electricity Sales (Million kWh)



Electricity (generation)
Electricity (commercial)

Zorlu Enerji Elektrik Üretim A. Ş. Customers



TEDAS Balancing and Settlement System
Zorlu Group Companies
Other

2011 Electricity Production

*2.7 Billion kWh

*Total production amount of Zorlu Enerji Elektrik Üretim A.Ş., Zorlu Doğal Elektrik Üretimi A.Ş. and Rotor Elektrik Üretim A.Ş.
(4.4% of the Total Production of Eligible Producers in Turkey)

2011 Steam Sales 583.046 Tons Natural Gas Trade* 409 Million sm³

*Zorlu Doğal Gaz İthalat, İhracat ve Toptan Ticaret A.Ş. and Zorlu Doğal Gaz Tedarik Ticaret A.Ş.

Natural Gas Distribution** 306 Million sm³ 5 Cities, 17 Settlements 85.415 Subscribers

**Trakya Bölgesi Doğal Gaz Dağıtım A.Ş. and Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş.

Zorlu Energy Group By Numbers

Total Installed Capacity (771 MW - Turkey)
(1.5% of Turkey's Total Installed Capacity)



Faaliyetteki Santraller

5 Natural Gas 1 Wind 7 Hydroelectric 1 Diesel 1 Geothermal

Renewable Power Installed Capacity and Current Licenses (727 MW - Turkey)
(3.8% of Turkey's Total Installed Renewable Capacity)



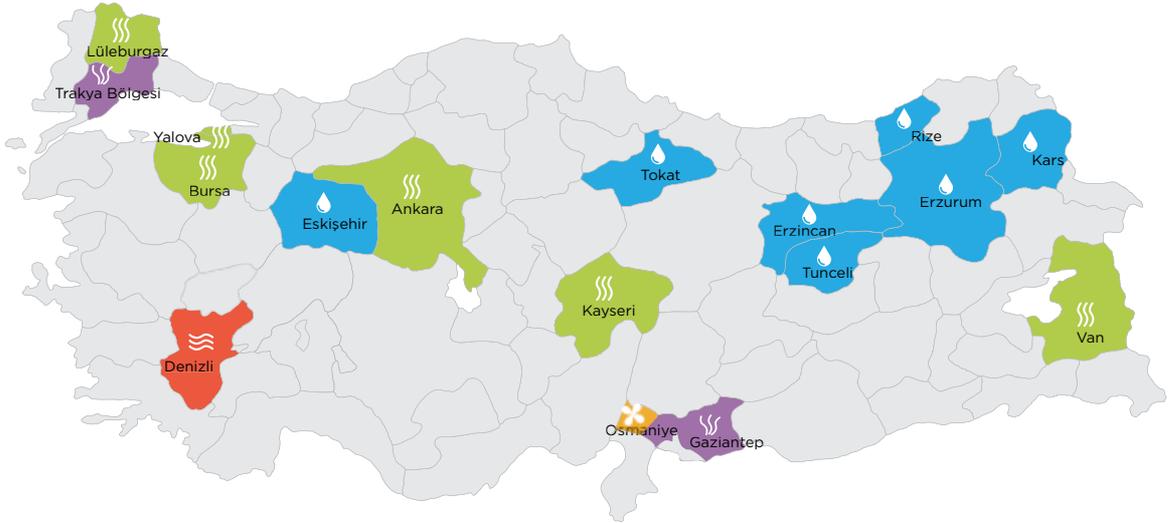
Renewable Power Plants and Current Licenses

9 Hydroelectric 3 Wind 4 Geothermal

Number of Employees (910)



Male
Female



Zorlu Enerji Group's Fields of Activity



Our Group Companies & Business Segments

Electricity Generation - Power Plants in Operation					
Name of Company	ZOREN Share	Locations	Plants	Capacity	Customers
Zorlu Enerji Elektrik Üretim A.Ş. (ZOREN)	100 %	Lüleburgaz	Cogeneration Energy Power Plant with Natural Gas Conversion	148,2 MW Electricity + 239 tons/hour Steam	Zorlu Group's and other textile factories and national grid
	100 %	Bursa	Combined Cycle Energy Generation Power Plant with Natural Gas Conversion	90 MW Electricity	Factories and grid
	100 %	Kayseri	Combined Cycle Energy Generation Power Plant with Natural Gas Conversion	188,5 MW Electricity	Factories and grid
	100 %	Yalova	Cogeneration Energy Power Plant with Natural Gas Conversion	15,9 MW Electricity + 30 tons/hour Steam	Factories and grid
	100 %	Ankara	Combined Cycle Energy Generation Power Plant with Natural Gas Conversion	50,3 MW Electricity	Factories and grid
Zorlu Doğal Elektrik Üretimi A.Ş.	-	Tokat Ataköy	Power Plant with Renewable Hydraulic Reservoir	5,5 MW Electricity	Grid
		Eskişehir-Beyköy	Renewable Hydraulic Channel Power Plant	16,8 MW Electricity	Grid
		Kars-Çıldır	Power Plant with Renewable Hydraulic Reservoir	15,4 MW Electricity	Grid
		Rize-İkizdere	Power Plant with Renewable Hydraulic Reservoir	18,6 MW Electricity	Grid
		Erzurum-Kuzgun	Power Plant with Renewable Hydraulic Reservoir	20,9 MW Electricity	Grid
		Tunceli-Mercan	Renewable Hydraulic Channel Power Plant	20,4 MW Electricity	Grid
		Erzincan-Tercan	Power Plant with Renewable Hydraulic Reservoir	15 MW Electricity	Grid
		Denizli-Kızılder	Renewable Geothermal Power Plant	15 MW Electricity	Grid
Van-Engil	Thermal Simple Cycle Energy (Diesel) Power Plant	15 MW Electricity	Not available		
Rotor Elektrik Üretim A.Ş.	85 %	Osmaniye-Gökçedağ	Wind Power Plant	135 MW Electricity	Grid
Electricity Generation - Ongoing Investments					
Name of Company	ZOREN Share	Locations	Licenses	Capacity	Planned Timing
Zorlu Doğal Elektrik Üretimi A.Ş.	-	Denizli-Kızılder	Renewable Geothermal Power Plant	80 MW Electricity	2013
Electricity Generation - Investments in Feasibility and Planning Process					
Name of Company	ZOREN Share	Locations	Licenses	Capacity	Planned Timing
Zorlu Enerji Elektrik Üretim A.Ş.	100 % 100 %	Kütahya-Simav	Renewable Geothermal Power Plant	Not available	Not available
		Dalaman Çayı	(Sami Soydam) Hydroelectric Power Plant	124 MW Electricity	Not available
Zorlu Doğal Elektrik Üretimi A.Ş.	-	Giresun-Tirebolu	Hydroelectric Power Plant	60 MW Electricity	Not available
		Rize-İkizdere	Hydroelectric Power Plant	60 MW Electricity	Not available
Zorlu Jeotermal Enerji Elektrik Üretim A.Ş.	73 %	Manisa-Alaşehir	Renewable Geothermal Power Plant	30 MW Electricity	Not available
Rotor Elektrik Üretim A.Ş.	85 %	Osmaniye-Demirciler	Wind Power Plant	60 MW Electricity	Not available
	85 %	Osmaniye-Saritepe	Wind Power Plant	50 MW Electricity	Not available
Zorlu Rüzgâr Enerji Elektrik Üretim A.Ş.	85 %	Headquarters: Istanbul	Not available	Not available	Not available
Zorlu Hidroelektrik Enerji Üretim A.Ş.	80 %	Headquarters: Istanbul	Not available	Not available	Not available

Natural Gas Distribution					
Name of Company	ZOREN Share	Distribution Region	Cities	Number of Subscribers	Customers
Trakya Bölgesi Doğal Gaz Dağıtım A.Ş.	-	Thracia	Tekirdağ, Edirne, Kırklareli	61.752	Houses and industrial organizations
Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş.	-	Southeastern Anatolia	Gaziantep, Nizip	23.663	Houses and industrial organizations
Our Other Companies					
Name of Company	Markets	Business Segment		Customers	
Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Ticaret A.Ş.	Turkey, Russia, Pakistan	Turn-key construction and mounting (EPC – Engineering, Procurement and Construction) services and feasibility studies, for energy sector		Energy companies	
Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	Turkey and Greece	Operation and maintenance services for power plants		All Group plants and 8 other power plants	
Zorlu Elektrik Enerjisi İthalat, İhracat ve Toptan Ticaret A.Ş.	Turkey	Purchase of electricity from within Turkey and duty free zones, carry out wholesale or direct sale within Turkey and through export to foreign countries		Eligible consumers and commercial customers	
Zorlu Doğal Gaz İthalat, İhracat ve Toptan Ticaret A.Ş.	Turkey	Purchase of compressed natural gas (CNG) and liquefied natural gas (LNG) from within Turkey, from duty free zones and internationally, carry out both wholesale or direct sale within Turkey and through export to foreign countries		Distribution companies, power plants, other distributors	
Zorlu Enerji ve İnşaat Sanayi ve Ticaret A.Ş.	Turkey	Construction, repair, maintenance and consultancy services		Domestic and foreign energy and industrial facilities	
Zorlu Doğal Gaz Tedarik Ticaret A.Ş.	Turkey	Purchase and wholesale of liquefied natural gas (LNG) from spot markets within Turkey and from abroad, carry out import and export activities		Distribution companies, power plants, other distributors	

Significant Changes During the Reporting Period

Investments

Feasibility studies and the EIA (Environmental Impact Assessment) process continued for the construction of the Tirebolu Hydroelectric Power Plant

The electricity generation and steam capacity of Lüleburgaz Natural Gas Power Plant was increased from 122,5 MW to 148,2 MW and from 180 tons/h to 239 tons/h, respectively.

We obtained electricity generation license to produce electricity at Alaşehir Geothermal Power Plant with 30 MW capacity, until 2040 and received a grant of 394 thousand USD from the US Trade and Development Agency in order to carry out the geological surveys that are required to determine the resource capacity of the plant and to be operational by 2014.

Gazdaş

The number of subscribers reached to 61,720 in Thracian Region and 23,663 in Gaziantep as of 2011-year end.

In Gaziantep, Nizip, Kırklareli, Lüleburgaz, Babaeski, Çerçezköy, and in their towns, total of 2,407 kilometers of polyethylene, 328 kilometers of steel pipe and 188 kilometers of service lines are constructed.

Other

İbrahim Sinan Ak, who has fulfilled various managerial positions in Zorlu Holding and Zorlu Enerji ve Elektrik Üretim A.Ş. for 11 years, became the new General Manager of Zorlu Enerji ve Elektrik Üretim A.Ş. as of 02.01.2012.



OUR AWARDS AND ACHIEVEMENTS

2011

We took the 2nd place in 'The Most Admirable Companies' in the energy sector survey of Capital Business Magazine, with our achievements in technology, innovation, responsibility, and customer-employee-shareholder satisfaction.

Zorlu Enerji Elektrik Üretim A.Ş. is selected as the energy company with the highest reputation in the 'Reputation Management and Corporate Perception Survey' carried out by an independent research company, GfK.

2010

Assistant General Manager of Finance Mr. İbrahim Sinan Ak is selected as the 'CFO of the Year' by International Naseba Group.

The basis of our business understanding is ‘to create value for our shareholders, employees and customers’ through our efficient, and market/customer oriented approach. We take the ideas and suggestions of our key stakeholders into consideration and evaluate them in shaping our sustainability strategy.



The needs of the world are increasing parallel with the population. Today energy sector’s mission is critically important as the natural resources; primarily the energy resources are limited.

With the awareness of this mission, during our operations we act responsibly on our impact areas like environment, service quality, health of employees and social problems. The core principles of our integrated sustainability approach are; performing responsible business practices in line with corporate governance principles, ensuring happiness, health and safety of our employees, protecting environment and natural resources, establishing open and regular communication with our stakeholders and contributing to social and cultural life.

We described our vision as being the leading company in Turkey and a regional global power in each field of energy, and our mission as producing and distributing environmentally friendly, safe, high-quality and sustainable energy, and creating value with our effective

and market and customer-oriented activities for our shareholders, customers, and employees.

Signing UN Global Compact we gave a global dimension to our socially responsible principles and values, which we adopt since our foundation. We promised to be a ‘good corporate citizen’ with this compact where principles are based on human rights, protection of environment, assurance of healthy work conditions, anti-corruption and socially responsible and high quality production practices.

One of our six corporate values is respect to human, environment and energy resources. With our investments, our aim is to start projects, which contribute to production, create employment opportunities, assure energy security, and which respect nature, culture and human life. We act responsibly to be able to transfer natural resources and cultural values to future generations. We focus on domestic, renewable and clean energy resources and new technologies.



68 % of our employees who participated the sustainability survey agrees that...

'Zorlu Enerji Group manages all its business processes in line with corporate governance principles, being transparent, equitable, accountable and responsible.'



Corporate Governance

Parallel to the economic, social and environmental performance of the company, Board of Zorlu Enerji ve Elektrik Üretim A.Ş. is responsible with corporate governance practices.

As of 2012, Zorlu Energy Board consists of two independent members, four non-executives and one executive member. Independent members act in line with CMB-Capital Markets Board Corporate Governance Principles. Independent members are selected among the professional business people to assure objectivity in the decisions of the Board. Different people fulfill Chairman of the Board and General Manager positions. Chairman of the Board of Directors is selected among the non-executive members.

The members of the Board are remunerated according to their responsibility, knowledge, skills, proficiency, experience and the amount of time they invest, and in line with corporate compensation policy. Our Group's long-term objectives are highly effective in determining the fundamentals and metrics of remuneration.

The Board evaluates our Group's sustainability performance annually at Management With Targets meeting, within the framework of previously set targets.

Throughout the Group, SAP system is used for the purpose of risk management and internal control. Through this system, all integrated business processes of our operations are recorded and monitored to assure speed and efficiency. Any type of problem is communicated to the responsible unit and resolved. The Board identifies the current and potential risks and determines the necessary policies.

Shareholders can directly communicate with Investor Relations Department, through the e-mail on the web site.

The weekly Coordination Meeting is the main mechanism where all representatives of the Group companies and business units meet to communicate and transfer information.

Integrated Management Systems

Our Group companies Zorlu Enerji, Zorlu Endüstriyel, Zorlu O&M ve Zorlu Doğal is managed by integrated management systems, which support the sustainability performance of our Group; ISO 9001 Quality, OHSAS 18001 Occupational Health and Safety and ISO 14001 Environmental Management Systems. Zorlu Enerji ve Elektrik Üretim A.Ş. also holds ISO 14064-1 Greenhouse Emission Standard Certification.

Public Policy Participation Activities

Zorlu Energy Group employees and managers invest intensive amount of time to develop corporate policies and strategies in line with public policies and to contribute to the relevant activities on the public side. They participate in meetings with government representatives to strengthen relationships and to share their views on energy related regulations.

In 2011, our CEO represented Zorlu Energy Group in the 17th United Nations Climate Change Conference, which took place in Durban. Mentioning the critical importance of considering the notice on avoiding global warming beyond 2°C, he showed how our Group is willing to use its potential for climate protection.

THE MOST REPUTABLE COMPANY IN THE ENERGY SECTOR

To measure the impacts of reflections of Zorlu Energy Group's activities and to understand the stakeholders' perceptions about our Group, an independent reputation survey is carried out between August and November 2011. The results showed that the most reputable company of the energy sector in Turkey is Zorlu Energy Group with 71.2 index score where the average score in Turkey is 60,1. Within the scope of the survey, total of 2,188 people among employees, customers, NGO's, potential customers, government representatives, media members, academicians and local public, shared views through both face to face and online meetings.

Current customers and NGOs describe Zorlu Energy Group as a benchmark company in the energy sector. Our Group's index score on behalf of local people is 67.8. Istanbul, Denizli and Kırklareli are the cities where our Group holds strong position in terms of reputation.





60 % of our employees who participated the sustainability survey agrees that...

‘Zorlu Energy Group has sufficient communication platforms, where its key stakeholders (excluding employees) can share their ideas and expectations.’

Dialogue With Our Stakeholders

Our stakeholders are people and/or organizations who influence or are affected by our business operations. Different groups evaluate us in different ways according to their own interests. At Zorlu Energy Group, we aim to provide sustainable benefits to all our key stakeholders to ensure sustainable growth.

In this respect and as a result of the sustainability survey, which we carried out with the participation of 33%

of all our employees who has direct interaction with our key stakeholders and the sustainability strategy workshop realized with the participation of managers from different group companies and departments, we prioritized our key stakeholders in intensive economic, social and environmental interaction with our Group and evaluated our current communication platforms. The frequency of engagement by type and by stakeholder group is given in the following schema.

Current Communication Platforms With Key Stakeholders

<p>Employees Satisfaction survey (Annually) Intranet 'I have an Idea' page (Continuous) Sustainability survey (Annually)</p>	<p>ZORLU ENERGY GROUP</p>	<p>Local Communities Information meetings (Several times a year) Stakeholder engagement studies (Several times a year)</p>
<p>Customers Satisfaction survey (Biennially) Web site (Continuous)</p>		<p>Local Management Visits (Several times a year) CSR Projects (Continuous)</p>
<p>Government and Regulatory Bodies Consultation meetings (Several times a year) Conferences/Panels/Projects (Several times a year) Cooperation regarding new regulations (Continuous)</p>		<p>Media Press meetings and releases (Several times a year) Private meetings (Several times a year) Field trip (Several times a year)</p>
<p>Investors KAP Disclosures (Several times a year) General Assembly (Annually) Investor relations e-mail (Continuous)</p>		<p>Other Members of the Sector TOBB Energy Assembly (Several times a year)</p>
<p>Financial Institutions Management meetings (Continuous) Information meetings (Several times a year)</p>		<p>NGO's CSR Projects (Continuous) Meetings, surveys (Several times a year)</p>
<p>Shareholders Information meetings (Annually) General Assembly (Annually)</p>		<p>Universities and Research Institutions Scientific meetings (Several times a year) R&D Projects and technical trips (Several times a year)</p>

Our electricity trade unit regularly visits clients to ensure customer satisfaction.

While some of the platforms, such as General Assembly and employee satisfaction survey are on annual basis, others like 'I have an Idea' page on Intranet and web site are permanent platforms. Although we have platforms to reach all our key stakeholders to exchange ideas and information at least once a year, we realized that with all our stakeholders, our current dialogue around sustainability framework is open to improvement.

In the next reporting period, we plan to work on current platforms for improvement and to open new channels for external stakeholders with the aim to listen to our their ideas and requests, which are directly related to our business, more regularly. The feedback we will receive will play an important role on our future actions we will take regarding our impacts.

Our Customers

In our Group we provide services both to industrial organizations in various sectors and to individuals. Our business segment where we intensively serve individual clients is natural gas distribution.

We save the information regarding our clients in our servers under ERP (Enterprise Resource Planning) software and keep their confidentiality. We assure customer health and safety, taking the necessary preventive measures towards danger and risk analyses we carry out with in the framework of our H&S policy.

Our electricity trade unit regularly visits clients to ensure customer satisfaction.

As Gazdaş Gas Distribution, we carried out the first initiative to monitor and improve customer satisfaction in March-April 2010, reaching 1,215 clients in Gaziantep and Thracian regions. As a result of this study, which we plan to repeat every 3 years, we prepared Gazdaş Communication Strategy and started its application in 2011.

Parallel with this strategy and plan, we organized activities and distributed communication materials for potential and current subscribers, local managements, media members and students to inform them about the usage areas of natural gas, its benefits and importance on environment and human health. Considering the children's affect on their parents in behavioral change, we shared informative presentations at primary schools to show the advantages of natural gas to families. With this activity we targeted 3rd to 5th grade students and reached 25 thousand students in Çerkezköy, and 20 thousand students in Gaziantep and Nizip. We prepared The Book of Natural Gas with a visual guide and distributed these to students.

Our Material Sustainability Issues

In addition to the feedback from our employees through sustainability survey and strategy workshop, we also asked for views and suggestions of Mr. Kerem Okumus, General Coordinator of Climate Change Leaders Group in Turkey, to better understand our impacts and to take preventive and timely actions.

STAKEHOLDER VIEW

Zorlu Energy Group is one of the leaders of electricity generation sector in Turkey. The Group's investments especially on renewable energy resources create important contribution to Turkey's transition to low carbon economy, where energy demand is rocketing. Zorlu Energy Group, being a member of Climate Platform-Climate Change Leaders Group, performs leadership, takes responsibilities and acts as an exemplary company in the sector in combating climate change.

The Group's investments and practices regarding sustainability and its responsible approach are very important in making sustainable growth happen and creating social and environmental value for all its stakeholders. I believe Zorlu Energy Group can develop and initiate exemplary tools and practices to increase the welfare of the society where its power plants are located, through engaging local people in planning and decision making phases of its investments, taking actions to protect climate and using natural resources in a sustainable manner.

Kerem Okumus
Climate Platform-Climate Change Leaders Group of Turkey
Founder - General Coordinator

Climate Platform-Climate Change Leaders Group of Turkey, develops tools to adjust companies to the rapidly changing economic development where a new low carbon economic model takes form as a result of the need to combat climate change. The Platform consists of companies, which are the leaders of their sectors and support global efforts and studies for climate protection.

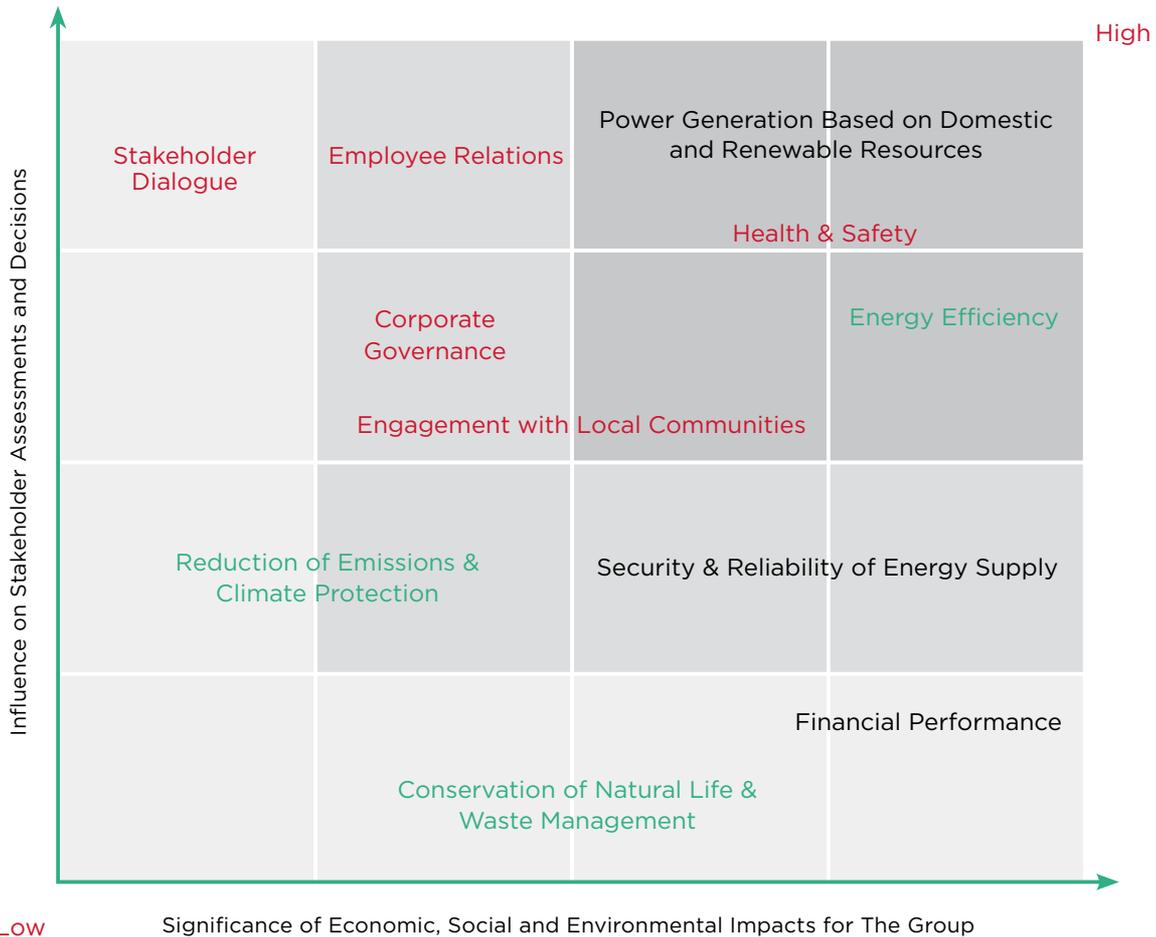
As a result of the intensive discussions and evaluations with our managers during the strategy workshop, we analyzed our Group's material issues under economic, social and environmental topics, prioritized them and prepared Zorlu Energy Group's Materiality Matrix.

We placed the issues with high importance for both our Group and our key stakeholders, and which directly and significantly affect our Group performance, on the right hand top part of the matrix. These issues constitute the

main topics of this report where we shared our Group's performance with relevant data and in detail.

The main objective of forming such a matrix is to identify clearly the strategic issues according to their importance and priority for our Group as well as our stakeholders, and set our plans and targets concerning these issues. In the near future, we aim to engage and exchange ideas with more stakeholders, review our focus issues and develop new targets.

Zorlu Energy Group Materiality Matrix



Our Strategic Sustainability Targets

ECONOMIC		
Issue	Target	Timing
Power generation based on domestic & renewable resources	To decrease the energy dependency to external resources, we will increase our investments to generate electricity with domestic resources. We will increase our installed renewable power capacity by 10%.	2013
Security & reliability of supply	To help secure electricity supply, we will continue our investments, mainly on renewable. We will increase the total local and international installed capacity of our Group up to 1,500 MW.	2015
Financial performance	With 300 million USD investments in Thracian Region and Gaziantep we aim to increase employment and to provide access to natural gas to 80% of the citizens living in these regions.	2015
SOCIAL		
Issue	Target	Timing
Health and safety	We will reach zero accident rates at all our power plants.	Continuous
Engagement with local communities	We will continue Stakeholder Engagement Studies at our current and planned power plant locations, to evaluate our sustainability impacts on local communities and continue our operations accordingly.	Continuous
Employee relations-Development	We plan to develop and initiate programs for skills management and lifelong learning to support the continued employability of employees.	Continuous
Employee relations-Human rights	We will add two hours of human rights courses to the current employee trainings, including the security personnel.	2013
Employee relations	We aim to increase employee satisfaction index results above Turkey's average.	2015
Stakeholder dialogue-Employees	We will establish a new platform where our employees can continuously communicate their ideas and suggestions about our sustainability impacts.	Continuous
Stakeholder dialogue-Customers	We will establish a platform for our customers where they can continuously communicate their ideas and suggestions about our sustainability impacts.	2013
Corporate governance	We will develop four hours interactive training for our employees to internalize and implement the principles of the Corporate Code of Conduct.	2013
Corporate governance-Corruption	We aim to analyze all our business units for corruption risks.	2017
Human rights	We aim to establish a mechanism where our suppliers can be monitored on their implementation of human rights principles.	2017
ENVIRONMENTAL		
Issue	Target	Timing
Reduction of emissions & climate protection	We will increase the number of our plants where we measure and monitor our emissions.	Continuous
Reduction of emissions & climate protection	We aim to start implementing ISO 14064-1 Greenhouse Emission Standard at all our plants.	2015
Reduction of emissions & climate protection	We will reduce our direct emissions in line with national reduction targets.	2022
Reduction of emissions & climate protection	To offset emissions we will continue forestation activities.	Continuous
Energy efficiency	We will make new technology investments for energy efficiency purposes.	Continuous
Conservation of nature	We will include the bird radar investment within capacity expansion of Osmaniye Gökçedağ Wind Power Plant and continue protecting migrating birds in the region.	Continuous



OUR AWARDS AND ACHIEVEMENTS

2011

Zorlu Doğal Elektrik Üretim A.Ş. won the New Successful Investment category award among the 'Actors of Denizli Economy Awards', presented by Denizli Chamber of Commerce, Denizli Commodity Exchange and Denizli Chamber of Industry.

Zorlu Enerji Elektrik Üretim A.Ş., being the 19th in the list of corporate income tax payers in the Bursa City, won the Company to Create Value in the Economy in 2011 award, presented by Bursa Chamber of Commerce and Industry.

2010

With Gökçedağ WPP (Wind Power Plant) Investment, our Group received the Best Wind Power Plant Financing of 2009 award by the Project Finance Magazine in the Euromoney Group.

As a result of a study carried out by CNBC-e Business Magazine, our Group President took the 12th place in the list of 'The Most Successful 100 CEO's During Crises', took the 3rd place in 'Increase in Profit' and 5th place in 'Increase in Employment Efficiency'.

In the Capital Business Magazine's list of 'Turkey's Largest 1,000 Private Companies', we became the 233rd in terms of turnover.

In the Fortune Business Magazine's list of 'Turkey's Largest 500 Companies', we became the 183rd in terms of net sales revenues.

Zorlu Energy was ranked 57th in the 'Turkey 100' category under the 'Largest Companies in Turkey and in the World' listing of the Forbes Business Magazine and ranked 49th among 50 companies that increased their net profit.

With our investments we aim to contribute to production, create employment opportunities, assure energy security and preserve nature, culture and human life. While growing financially we continue to realize our social and environmental commitments as well.



As Zorlu Energy Group, we operate in every field of the energy sector. Our Group is an important member of the Turkish energy sector with electricity and steam generation, electricity and steam sales, natural gas distribution and sales and, construction, operation and long term maintenance services of power plants. In 2011, Zorlu Enerji Elektrik Üretim A.Ş.'s total investments reached 113,4 million USD.

With our investments, our aim is to start projects, which contribute to production, create employment opportunities; assure energy security and which respect nature, culture and human life. We also aim to consider

our social and environmental impacts while growing economically. Besides our current policies, the success behind this approach is significantly related to our economic performance.

Our strategic issues are directly linked to both our economic performance and to our social and ecological environment. We described Power Generation Based on Domestic and Renewable Resources and Security & Reliability of Energy Supply as our strategic issues, which we can directly monitor with our economic performance.



62 % of our employees who participated the sustainability survey agrees that...

'Zorlu Energy Group's plans and efforts on efficient use of resources and capacity, to provide continuous energy services to its customers today and in the future, are sufficient.'

Energy sector needs public responsibility and consistent investments in order to manage resources efficiently and secure energy supply.

Security & Reliability of Energy Supply

Energy sector promises significant potential for developing countries like Turkey. According to Turkish Electricity Transmission Company (TEİAŞ) data, Turkey's total installed capacity reached approximately 53,200 MW as of year-end 2011, growing about 10 times since 1980. Parallel to the electricity demand scenarios, Turkey will need to at least double its current capacity in 10 years, to avoid electricity shortages.

Increase in the population and industrialization and growing urbanization along with the enriched trade opportunities from globalization, requires more demand for energy everyday. The whole world is facing this problem; according to International Energy Agency (IEA) World Energy Outlook 2010 report, 1.4 billion people do not have access to secure energy. According to Turkish Electricity Transmission Company's (TEİAŞ) 'Turkey's 10 year Electricity Generation Capacity Projection' report, Turkey is expected to face electricity shortages by 2016-2017.

Today the rate of Turkey's energy dependency on external resources is about 70% and energy security is as important for Turkey as for the whole world. Taking into account the minimum 3 or 4-year investment period required for energy investments, measures must be taken and investments must be started immediately in order to stave off a supply shortage in the coming years. Turkey can secure energy demand through increasing generation investments with diversified energy resources.

Since Zorlu Energy Group's foundation, we invested about 2 billion USD and grew consistently. In addition to our fifteen power plants we continue our investments. The basis of our investments is energy supply security

and energy efficiency as one of our six core values is consistency and persistency.

As a Group we are very sensitive in reducing the dependency to external resources for energy supply. Our investments and targets focus on domestic and renewable energy resources. Major part of our business is comprised of electricity generation with natural gas and natural gas trade. On the other side Turkey is highly dependant to external resources on natural gas supply. In order to secure electricity supply, generation with natural gas is indispensable. In 2011, Turkey used %48 of the 44,2 billion-sm³ natural gas for electricity generation. (EMRA-Energy Market Regulatory Authority) Wind and hydroelectric power plants are renewable but they do not assure the reliability of supply, as they are directly dependant on nature. In spite of this fact, considering the mitigation of environmental impacts, geothermal and wind power plants will comprise significant part in our Group's growth areas.

The Ministry of Energy and Natural Resources data indicates that the energy sector must invest about 120-130 billion USD by the end of 2023, and privatization activities will continue in the coming years. Thus, new private sector investments will be needed for rehabilitations to ensure high efficiency of these power plants and also to comply with environmental regulations.

Energy sector needs public responsibility and consistent investments in order to manage resources efficiently and secure energy supply. As Zorlu Energy Group, we will take the necessary actions to be part of the long-term solutions to meet our country's energy need.







93 % of our employees who participated the sustainability survey agrees that...

'Zorlu Energy Group should increase the use of renewable energy sources in power generation.'

We prepare our Group to increase the number of projects in our renewable portfolio and the rate of our renewable energy investments.

Power Generation Based on Domestic & Renewable Resources

Energy imports, which play a significant role in Turkey's current account deficit, cost our country 48 billion USD in 2011. In line with projections indicating that demand for energy will increase faster than the world average until 2020, a new energy vision is needed by the sector, specifically one that is committed to maximizing the use of domestic and renewable resources and which can effectively interpret global energy dynamics.

The 'Electricity Energy Market and Supply Security Strategy Paper' published by the Under secretariat of the State Planning Organization states that the primary target is to increase the share of domestic resources in new investments, and also to raise the share of renewable resources in total electricity generation to at least 30%, by 2023. Currently, the share of renewable resources in total electricity generation in Turkey is 25.2%.

As Zorlu Energy Group, with a vision parallel to both international and national energy strategies, we respond to increasing energy demand through our domestic and renewable energy investments. The share of renewable energy within our total installed capacity reached 35%. We prepare our Group to increase the number of projects in our renewable portfolio and the rate of our renewable energy investments.

Renewable Power Plants and Current Licenses

Gökçedağ Wind Power Plant, Zorlu Energy's source of pride, was awarded with Gold Standard certification for its contribution to greenhouse gas reduction and sustainable development. Gökçedağ Plant has been operational since October 15, 2010, with an installed capacity of 135 MW. With the new power plants to be constructed at Saritepe (50 MW) and Demirciler (60 MW) sites, the total installed power in Osmaniye will reach 245 MW.

After taking over the control of the Kızıldere Geothermal Power Plant from the Ankara Natural Electricity Generation & Trading Co. (ADÜAŞ) through a tender offer in 2009, we conducted preliminary rehabilitation studies and increased the installed capacity of the plant to 15 MW. As a result of the in-depth capacity studies conducted in the most important geothermal area in Turkey, we decided to make additional investments and accelerated construction of the new power plant which will have a capacity of 80 MW electricity and 50 MW thermal power, in 2011. We also obtained the electricity generation license and commenced feasibility studies for a geothermal power plant with a capacity of 30 MW planned to be built in Alaşehir, Manisa. Zorlu Energy Group also holds the license for a hydroelectric power plant with 124 MW capacities to be constructed in Denizli; however, the investment stage has not yet commenced for this project.

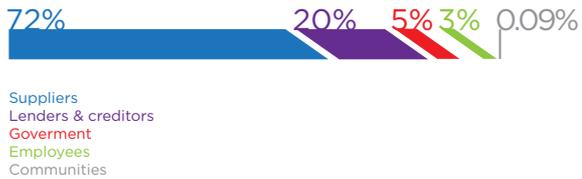
Financial Performance

In the next five years, it is estimated that the largest and fastest growing companies in Turkey will be energy companies. Today, government's power plants generate 41% of the electricity and 27% is generated through build-operate-transfer plants. Share of private sector in production is 32%. In the process of privatization of generation assets to reach a liberal market environment, the inexperienced energy companies will fall behind. As an experienced Group with high potential, we believe we will take leading position to be a national and regional power.

We need powerful financial performance in order to be effective in ensuring energy security, in making renewable energy and energy efficiency investments. In 2011, although we could not perform as well as we planned financially, we continued to invest to increase our generation capacity.

While growing financially, we keep on creating value for all our key stakeholders. The financial value we create and share with our stakeholders will grow together with our Group. We provided the highest rate of value during the reporting period for our suppliers with 72%. The economic value we provided to society through donations and sponsorships increased by 15% in 2011 and reached 525,000 TL.

Economic Value Distributed to Our Stakeholders



In the investments we make in different regions of Turkey, we manage our indirect economic impacts through working primarily with technically and financially convenient local suppliers. We develop strategies on project base, which protect producers/suppliers when we realize local scale purchase of goods and services.

We benefitted from 73,963,000 TL tax relief from government within the scope of investment incentives, in 2011.



OUR SOCIAL PERFORMANCE



We identified our most important social impacts as happiness, health and safety of our employees and our responsibilities towards the local communities where our power plants are located. We continue our operations with a target of zero accident rate.

At Zorlu Energy Group we see our human resources as our most valuable asset and from candidate status to retirement or at any quitting or dismissal situations, we retain respect and equity principles in our relationships. Health and safety of our employees is strategically important for our Group.

The results of an independent reputation survey showed that our Group is perceived by general society as an organization, which values employees, cares about employee rights and provides resources for training and development of its employees.

In order to strengthen and maintain this perception we made various studies on employee satisfaction, career management and health & safety. We shared the details of our efforts in our 2011 Annual Report.

OUR AWARDS AND ACHIEVEMENTS

2010 - 2011

As a result of our HR Department's maximum care in responding to all job applicants to our Group companies in the most rapid way, our Group won the Respect To Human Award two years in a row, presented by Turkey's largest job placement company, Kariyer.net.

With www.hernefesbirenerji.com (www.exhaleenergy.com), we took the 2nd place in 'Micro Service Site' branch award at Krystal Apple Awards.

In 2010, Zorlu Energy took the 1st place in energy sector in 'The Most Popular Companies in 2010' survey conducted by Realta, an independent research company, to select the companies which university students most prefer to work for.



83 % of our employees who participated the sustainability survey agrees that...

'Zorlu Energy Group takes necessary measures sufficient to oversee and secure health and safety of its employees.'

Health & Safety

Within the framework of our Group's health and safety policy and H&S management system practices, we perform maximum care for the well being of our employees. In all our power plants we identify and describe dangerous situations and carry out risk assessment studies.

Our Group employees took 1,703 hours of health and safety trainings in 2011. As a result of these trainings and the maximum care of our employees to the H&S rules and measures, we had three reported accidents and zero accidents with fatality. The rate of lost days as a result of these accidents was %7.

Zorlu Energy Group H&S Policy
See 2011 Annual Report, Page 48



Lüleburgaz: An Exemplary Power Plant in H&S Practices

In Lüleburgaz Natural Gas Power Plant, there's a Health and Safety Committee with 8 members. The president of the committee is the plant manager and one of the members represents the shift personnel. All the decisions made by the council are binding and also supported by the top management. Regular decisions are reported to top management.

Lüleburgaz Power Plant employees have access to various tools to share their views and suggestions with the management. As a result of QDMS (Quality Document Management System) structure within the Group, all corrective and preventive activities are recorded and shared. All Group plants benefit from the knowledge and experience collected in the system on many strategic issues like health and safety. This creates an important corporate learning opportunity.

All new employees are required a health report, which shows their eligibility to work in tough and dangerous jobs. All employees go through regular health checks and receive their eligibility report annually from a fully organized health institution. As in all similar work environments and as a result

of the job's nature, employees are exposed to high noise, which could create hearing disorders. To mitigate or eliminate this risk, workers use noise-cancelling headphones. Personal noise exposure measurements are also carried out. Employee health is also monitored through hearing tests, annually.

Most of the power plant personnel work with electronic devices with monitors; so their eye health is also controlled through regular inspections. The service personnel, who are responsible with providing hygiene in the work environment, are gone through porter inspection every three months. All personnel have private health insurance.

Lüleburgaz plant employees' H&S and environment trainings constitute 43% of the total trainings they took in 2011. As a result of maximum care on health and safety matters at Lüleburgaz Power Plant, no accidents occurred in the last three years and no fatal accidents occurred since its establishment.

High Risk but Zero Accident at Gökçedağ Wind Power Plant!

Gökçedağ Wind Power Plant is one of the largest wind power plants operating in Turkey since October 15, 2010 and is located in Osmaniye. 19 employees of the plant start their shift at 1,500 meters of height and up to -15 degrees C cold in winter, struggling with nature. These work conditions require serious concentration.

No accidents occurred in the high-risk operation and maintenance activities since the day we started in August 2009.

Wind power plants are quite different from other type of energy generation plants in terms of operations and maintenance. It is not easy to complete the maintenance of the turbines regularly, to prepare the equipments and to raise competent personnel. Both operations and maintenance requires meticulous efforts.

During winter, some of the service roads to our turbines are closed because of heavy snow. For maintenance and intervention to malfunction situations, the employees have to open the roads first by plowing. Climbing up to 85 meters turbines after all, feels like climbing to the zenith of the mountain and then going up another 30

stairs building. In all our processes we take all the security measures and do not compromise any of our safety rules.

We have engineers and graduate technicians in our team. It is tough to find experienced technical personnel in this field as wind power plants are quite new in Turkey. Thus, we prefer to employ physically eligible people, who have power plant experience and we provide many types of trainings for their personal development and safety.

Our engineers and technicians are trained at GE Training Center in Salzbergen, Germany. Every year, after a comprehensive health check, they renew their training certificates on climbing, working at heights and rescuing. They are also trained and certified to work at high voltage lines. Additionally, we carry out rescue practices regularly and provide first-aid trainings for all our technical personnel.

We aim to minimize the risks and control our safety equipments regularly. Our current team is quite experienced and we successfully carry out our operation and maintenance activities.



65 % of our employees who participated the sustainability survey agrees that...

'Zorlu Energy Group has efficient communication platforms and tools for employees to share their ideas and suggestions with top management.



Employee Relations

As at all times and for all matters, our employees are our primary stakeholders in also sustainability framework. In 2010, we have issued our Corporate Code of Conduct, which we call our family constitution. This document regulates the relationships of our employees with our Group companies and other stakeholders, and describes a set of principles to secure human rights, ethics, justice and honesty among our employees. We care about easy and quick dissemination and internalization of these principles throughout our Group. While our Code of Conduct helps to increase our current employees' loyalty, it is also a constituent to provide confidence to new applicants who would like to work with us. In 2011, 38.823 people applied to work in our Group companies.

Our intense power plant investments require us with the need for skilled and competent employees. It is assumed that until 2016, the private sector will need about 10 thousand skilled workforce as a result of increasing hydroelectricity, wind and solar power plant investments and, electricity and natural gas distribution regions being transferred to private sector. The most important challenge of such a fast growing sector is skilled labor. As in all fields of energy sector, skilled labor and experienced employees especially with engineering background constitute great need for also Zorlu Energy Group.

Along with privatization, in order to play an active role in the near future we need to invest in both technology

and human resources. We need to employ young, dynamic, analytical people, who minimize mistakes by making quick but sound decisions. In energy sector a minimal mistake might create high costs so working with skilled and competent employees is very important. We select our personnel with maximum care and provide them with the necessary training and opportunities for the development of long term young staff in our Group.

%62 of our employees who participated in the sustainability survey mentioned that the programs and trainings provided by our Group for personal development of our employees are sufficient. Our aim for the next reporting period will be to increase this satisfaction rate. We also carry on regular activities to monitor and improve employee satisfaction and performance management. The details of these activities take place in our 2011 Annual report.

Training Data	2010	2011
Average training/person	29,84	24,54
Ratio of employees who took at least one training	70 %	78 %
Total training hours	20.357	16.496

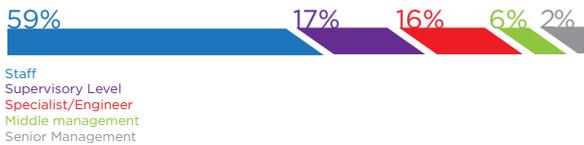
90% of our employees participate in the employee satisfaction survey carried out annually since 2007. In 2011, the satisfaction index was 2.7 and loyalty index was 3.5. These results meet the Turkey's average and we aim to increase both indexes above Turkey's average within the coming years.

Equal Opportunities, Work Environment and Human Rights Practices

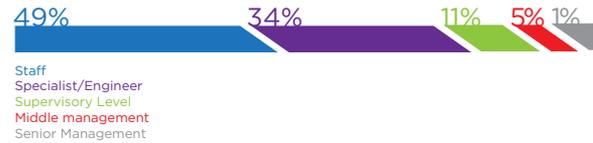
Starting from application evaluation, we try to provide everybody with equal opportunities regardless of their gender. The ratio of average salary for male employees to women employees is 0.94. Although women constitute only 1.4% of the top management, the reason for higher salary levels for female employees is that 86% of male employees work at entry-level positions.

Female employment rate in our Group is 16.7%. This low rate is not a result of our preferences but the nature of the sector. The case is similar for the energy sector in general; the female employment rates are much lower than male rates. In our Group, the number of women employees increased by 3% from 2009 to 2011.

Employees by Management Category



Distribution of Female Employees



We do not have any operations with significant risk for incidents of child labor. Nobody under 18 can be employed in neither at our Group companies nor at our supplier companies.

All our companies comply with national laws and regulations regarding weekly and monthly work hours. Our employees work for common targets and we do not compromise any forced or compulsory labor practices. In case an employee wants to quit, he/she is free to leave at the end of the period required by law and receiving all his/her rights described by law.

According to Turkish Law, being a member of a labor union is a constitution right or preference and Zorlu Energy Group always supports this right. Besides the fact that we do not have operations with significant risk concerning the freedom of association and collective bargaining, there's not any formation of labor unions in the Group either.

The benefits provided to full time employees besides their salaries are; private health insurance, transportation for all except natural gas distribution personnel and discounts in other Zorlu Group companies.

Employees by Age Group



Local Employment

When we select employees for our operations outside of Istanbul, we focus on local applicants. Except for specific positions, our Group's preference in general is to hire employees among local applicants. The high local employment rates in our plants demonstrate our approach 'to increase the wealth and life quality of our regions of operation' which we see as corporate responsibility and also an opportunity to secure the harmony among our employees. Our local employment rates are listed below:

Ankara: 50 %
Eskişehir: 71 %
Bursa: 80 %
Artvin: 86 %
Erzurum: 92 %
Gaziantep: 70 %

Kayseri: 76 %
Lüleburgaz: 93 %
Osmaniye: 71 %
Tercan: 90 %
Thracian Region: 64 %
Yalova: 50 %



Zorlu Energy Group Volunteers with their motto Our Energy is For Village Schools, prepare winter outfit packages for students living in Anatolia and visit them to deliver the gifts.



Small Visits, Big Smiles...

A group of Zorlu Energy Group Volunteers with their motto Our Energy is For Village Schools, prepared winter outfit packages with the support of Group management, for 536 students living in Tokat, Kars and Şırnak, and delivered the gifts to students themselves.

Within this project, employees of Zorlu Energy in Istanbul together with Tokat Ataköy and Kars Arpaçay power plant managers, visited Tokat Turhal Çamlıca Village Primary School, Kars Verimli Village Primary School and Şırnak Beytüşşebap Bolağaç Village Primary School on Feb 24th-25th, 2011.

The teachers, families and students showed intense interest to the visiting volunteers.

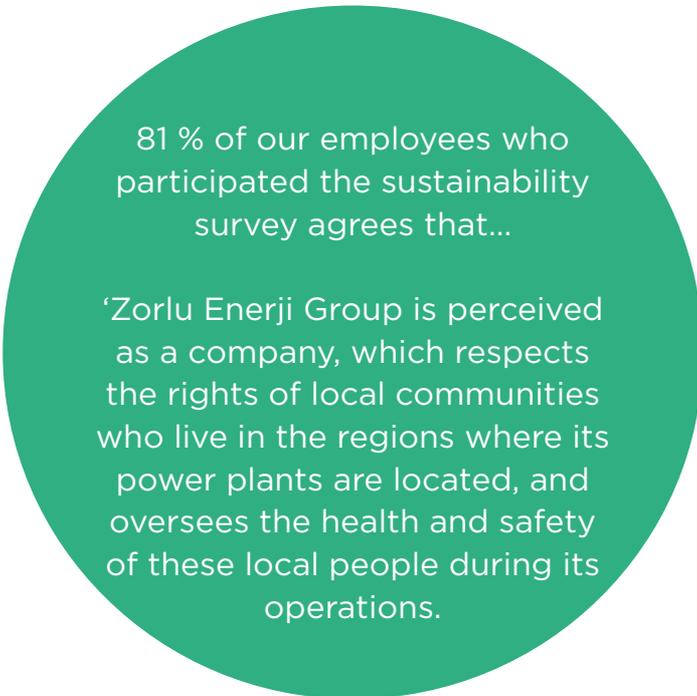
Zorlu Energy Group employees visit different nursery schools every year during Ramadan. In August 2011, during these traditional visits, they met about 250 children who live in nursery schools of General Directorate of Children Services located in Erzurum, Eskişehir, Kayseri and Istanbul.

During these voluntary visits for the last three years, volunteers present the children information on energy, sometimes do workshops, play together, read books and have Ramadan dinner together.

Zorlu Energy Group plans to formalize these traditional visits into a long-term social responsibility project. The aim behind this is to encourage voluntary activities among employees and to contribute the personal development of these children.

The activities supported by the Group management helps strengthen both the relationships with local people and the loyalty and satisfaction of our employees.





81 % of our employees who participated the sustainability survey agrees that...

‘Zorlu Enerji Group is perceived as a company, which respects the rights of local communities who live in the regions where its power plants are located, and oversees the health and safety of these local people during its operations.

Zorlu Energy
Group protects the
interests and values
of local people.

Engagement With Local Communities

With the belief that 'our differences create our wealth' each of our employee respects the culture, history and traditions of the region, where we make new investments, and accepts the place with all its local qualities. Zorlu Energy Group protects the interests and values of local people. The fact that managers of these new plants are mainly selected from local community and the communication methods, make it easier in these regions to avoid breach of rights.

When we evaluated Zorlu Energy Group's social impacts, our responsibilities to local people where our plants are located, came up as a material issue. We see local people as our 'citizen ' or our 'neighbors' and aim to reach primarily to these people when planning our social responsibility projects.

Fundamentally, we prioritize to provide local trainings to inform local residents and bring in vision. We also give support to improve the socio-economic life of local people on basic infrastructure services like roads and water supply. When it comes to education, we create solutions to variety of needs, rehabilitation of school buildings coming on top.

Additionally, we started 'stakeholder engagement studies' at the current plant or future investment locations, in order to help local people evaluate our operations' possible social and environmental impacts, and to share their ideas and suggestions.



The most comprehensive study we carried out in 2011 was Zorlu Doğal Elektrik Üretim A.Ş.'s İkizdere Hydroelectric Power Plant Rehabilitation Project Stakeholder Engagement Strategy and Application Plan. The aim of the study was to analyze local residents' ecological sensitivity, economic expectations and socio-cultural structure and to support the investment decision to rehabilitate and increase the capacity of our İkizdere Hydroelectric Power Plant.

İkizdere Hydroelectric Power Plant Rehabilitation Project Stakeholder Engagement Strategy and Application Plan

The reactions resulted from the idea that hydroelectric power plants will create serious environmental destruction along with social problems, is on Turkey's agenda for the last five years. The sensitivity of the public towards hydroelectric power plants, forces investors to consider its environmental and social impacts with a more earnestly manner and take the necessary measures.

Considering the sensitivities among society towards hydroelectric power plants and strengthening polarization of different groups about the issue, we foresee to have an innovative point of view besides our traditional process, to assure that our investment forms into an environment sensitive project. Thus, in the process of investment decision at İkizdere, we followed a different business model to secure the public peace and analyzed the sensitivity of all related groups carefully.

With this study, our Group focused on the feasibility of investment to increase the capacity of the İkizdere Power Plant, on the basis of its relevant stakeholders' requests and preferences.

Duration of the Study: Four months.

The Team: With the aim of analyzing the ecological, social and economic dimensions of the issue holistically, the team was comprised of environment, economy and social sciences experts. The leader of the team was ecology expert Dr. Nuran Talu. Anthropologist Murat Yağcı and sociologists Beste Yaşarlar, Zeliha Bozkurt and Aslı Özaltan contributed in general.

Engaged Stakeholders were local residents, NGOs, central and local government authorities and scientists. It is aimed and planned that all parties

related to hydroelectric power plants (legislation-execution-judiciary organs, media, private sector, universities, NGOs, civil movements, local people) are recognized and given the opportunity to share their approach about the issue.

Targets:

1. To start a social dialogue process to scrutinize the acceptability of the investment together with the interlocutor groups in the region
2. To guide the investor with expert views based on scientific data about the do ability of the project within the context of social and environmental factors
3. To ensure the socio-economic, cultural and ecological sustainability of the region, in the process of Zorlu Energy Group's investment, which has very important natural and cultural values like natural old forests, wild life, endemic species and unique upland life, and
4. To realize stakeholder inclusiveness through making reliable decisions together with the benefiting and managing interest groups and developing practices which are in line with the philosophy of environmental rights.

Throughout the course of the study the team determined the support and opposition statements of the stakeholders, suggestions to the identified problems and also Stakeholder Engagement Strategies. They prepared an action plan under the following topics; Nature Conservation, Sustainability, Engagement & Social Justice and Administrative Issues. The action plan will be implemented starting in the beginning of 2012.

Our Energy Is For Children

Zorlu Energy is a Group, which aims to do the right contributions to energy sector and to Turkey in raising awareness about sustainable environment. We feel responsible for the development of young generations who are sensitive to environment and to the world around them. Within this context we started Our Energy Is For Children project in 2010 and reached 72 thousand children by the end of 2011. Our objective is to raise awareness among 6-12 years old primary school students on energy resources, importance of renewable energy and energy efficiency.

'Our Energy Is For Children' has reached primary schools in Osmaniye, Denizli, Rize, Erzincan, Kars, Gaziantep, Tekirdağ, Çerkezköy and Kayseri, locations where our Group has made investments. We have also reached Educational Volunteers Foundation of Turkey (TEGV) educational parks spread across Turkey, and youth at the Children's Leukemia Foundation (LÖSEV) village in Ankara. With energy presentations we also reached the children of our employees.

The mascot of the project, cute Green Dragon communicates with the children through an

interactive presentation on renewable energy resources and energy savings. The children transfer the knowledge and information to their families through the materials (training materials duty kit) provided by the project team. The Dragon assigns various duties to the children under Energy Storage Team and the children can reach him to share their ideas and suggestions through yesil.ejderha@zorlu.com and Green Dragon page on Facebook.

In two years, the project turned to be a long lasting training series with permanent results. It gives our group the opportunity to demonstrate the value we attach to children, to share our corporate sensitivities with public through children, to raise awareness among children on environmental awareness, efficiency and renewable energy resources and to increase loyalty level of our local stakeholders.

For a sustainable world

Our flagship educational initiative, 'Our Energy Is For Children' project will continue to take steps towards a sustainable world. Our target for 2012 is to reach an additional 50 thousand students in our regions of operation and train them on energy related issues.

Exhale Energy

With the purpose of supporting the education and to attract attention to the importance of wind power, we launched a new corporate responsibility project 'Exhale Energy' in April 2011. In order to supply electricity to schools in rural areas, we established the worlds first website that operates with wind power or in other words 'human breath': www.exhaleenergy.com

The project is stemmed from the idea that human breath is a source of wind and when a number of people exhale or blow together they can create a strong wind. The wind movement to generate electricity for village schools, started on April 23rd, the day of National Children's Holiday, and spread very quickly throughout the country. On this web site, which is based on voluntary participation, every breath turns into energy and the accumulated energy is used to enlighten the future of our children.

'Exhale Energy' web site also functions with wind power. After opening the page, one has to exhale to the microphone or webcam of the

computer and the wind turbines on the page start turning. Information screens appear, the clouds scatter and the school lights are turned on. In a few days after the launch 3 million Watts of electricity were generated. The users of the web site shared the amount of their energy generation at social networks like Facebook and Twitter.

'Exhale Energy' web site took place in many social platforms and blogs internationally and locally in a very short time. More than 45 thousand online visitors from 93 countries generated 73 million Watts of virtual electricity. 10% of the visitors participated from abroad through www.exhaleenergy.com.

Zorlu Energy Group undertook the cost of corresponding energy amount of the support, to supply the annual electricity need of 24 schools in Tunceli, Kars, Erzurum, Rize, Erzincan, Eskişehir, Tokat, Kayseri, Istanbul and Osmaniye where its plants are located.



OUR ENVIRONMENTAL PERFORMANCE



As a member of a sector with high environmental impacts, we manage all our activities and investments within the framework of our environmental policy and principles, and with the objective of sustainable growth through energy efficiency, control of emissions, and conservation of natural, cultural and social assets and values.

We see environment as a consignment to be transferred to the future generations. We carry out our operations with an environmental management system that is based on development of environmental awareness and conservation of environment and natural resources.

Zorlu Energy Group Environmental Policy

See 2011 Annual Report, Page 50

We have invested about 1,000,000 TL to environment conservation projects during the reporting period and these include:

- Stakeholder Engagement Plan (İkizdere)
- Habitat Restoration (Osmaniye)
- Erosion Control and Forestation (Denizli)
- Trainings and other projects.

OUR AWARDS AND ACHIEVEMENTS

2011

Elektrik Üretim A.Ş. received the Carbon Disclosure Leadership Award as a result of the evaluation carried out by an independent audit company Ernst&Young Turkey.

During the 17th ICCI - International Energy & Environment Fair and Conference, we won two awards with our Gökçedağ WPP and Kızıldere Geothermal Power Plant, in the category of Most Efficient Renewable Energy Facility of the Year at the 2010 Energy Awards.



80 % of our employees who participated the sustainability survey agrees that...

'Zorlu Enerji Group is quite careful in efficient and economic use of resources (water, electricity, raw materials, fossil fuels etc.)'

Energy Efficiency

Energy efficiency and low carbon electricity generation is compatible with measures taken to secure energy supply. Reduction of emissions through energy efficiency has direct positive impact on climate protection.

At Zorlu Energy Group we identify energy efficiency in three steps:

- 1- Decreasing energy consumption without deteriorating quality of life
- 2- Assuring maximum performance consuming minimum energy during our processes
- 2- Using waste heat

In all our power plants and offices we identify the opportunities where we can implement these three steps; we aim to choose machinery and equipment to support these targets, minimize the number of stop-start operations for the efficiency of turbines and to generate more electricity with less natural gas.

As a result of the efforts within the scope of Lüleburgaz Natural Gas Power Plant Rehabilitation Project, we increased the overall efficiency of the plant by 5%. As the recently installed turbine has shorter turn-off periods and that it can back-up any of the current turbines in case of maintenance or breakdown, we now have a more reliable system with stronger operational continuity.

We also saved 61.3 sm³/year of natural gas. With the help of inverter system we reduced the energy use by 30% and carbon emissions of about 100 thousand tons/year. This amount of reduction corresponds 10% reduction over our Group's total annual emission inventory and 41% reduction over Lüleburgaz Power Plant's. It is also equivalent to the emission amount that 4,500,000 mature trees can hold in one year.

The production technologies used at Lüleburgaz power plant are 28 to 40% more efficient when compared to similar or alternative technologies. The low-pressure



steam produced within the plant heats the buildings of our plant, thus energy efficiency is assured.

Projectors function automatically with photoelectric cell system, which are placed to convenient locations to illuminate the plant area. We also assured energy savings in our buildings through exterior thermal sheeting.

We started a feasibility study to change the locations of some of the turbines at Osmaniye Gökçedağ Wind Power Plant with the aim of energy efficiency.

In our offices we increased efforts on paper recycling and also reduced paper use as a result of digital purchasing system; increased number of diesel company cars, renewed air conditioning system and reduced travelling by using teleconference systems.

Transmission and Distribution Losses

The rate of energy loss occurred during transmission from power plant to energy transformer is about 2.5 to 5%. There's not any technical or non-technical distribution loss from the transformers to the customers.

Rate of Loss=Lost energy amount/Total annual energy amount entered in the system



81 % of our employees who participated the sustainability survey agrees that...

'Zorlu Enerji Group takes sufficient measures, makes investments and starts projects, which support its target of environment sensitive production.'

Reduction of Emissions & Climate Protection

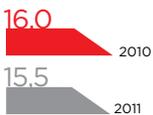
At Zorlu Energy Group we see emission management both as a part of environmental management and also as a tool to create competitive advantage through energy efficiency. As the impacts of climate change rapidly increase, it also threatens development together with many countries in the world. The success behind solving the climate crises significantly depends on the speed of transition to low carbon economy and on the policies which will be brought up by the new global climate protection regime to be implemented on 'reduction, compliance, technology transfer and financing' issues, after 2012.

Within this context, we strengthen our structure towards climate change and develop tools for risk management. We establish the carbon management infrastructure of measuring, reporting and managing of corporate GHG emissions. With the application of this system we aim to be an exemplary company in the sector to produce the clean and renewable energy that we will need in the course of transition to low carbon economy and prepare a corporate strategy document by the end of 2013. Zorlu Enerji Elektrik Üretim A.Ş. reduced its direct CO2 emissions by 11% and indirect CO2 emissions by 3% in 2011.

Direct CO₂ Emissions (1.000 tons)
(11 % Reduction)



Indirect CO₂ Emisyonları (1.000 tons)
(3 % Reduction)



Important milestones of our Group in emission reductions and climate protection:

1. In 2010, we participated in the Carbon Disclosure Project (CDP), which is conducted in 60 countries as the most comprehensive environmental project in the world. Zorlu Enerji Elektrik Üretim A.Ş., the only publicly traded company in our Group, participated Carbon Disclosure

Project in response to a private invitation letter sent from the CDP Center in London and shared all carbon footprint and emission information of our plants with public, transparently.

2. In May 2011, Zorlu Enerji Elektrik Üretim A.Ş. received ISO 14064-1 Greenhouse Gases Emission Standard certification, as the first energy company in Turkey. This standard serves as a guideline to measure, report, verify and reduce greenhouse gas (GHG) emissions of the companies.

3. In 2011, Zorlu Enerji Elektrik Üretim A.Ş. received the Carbon Disclosure Leadership Award in Turkey, for disclosing its greenhouse gas emissions and climate change risks management strategies to the public in the most transparent way.

Significant step in transition to low carbon economy

In the preparation process of the application for ISO 14604-1 certification, as the first step, we determined the organizational and operational emission limits of Zorlu Enerji Elektrik Üretim A.Ş. power plants and offices. Through identifying the GHG emission sources, we standardized the measurement system in all plants. We prepared the Emission Quality Plan, which explains direct and indirect emission sources in detail.

The efficiency of our power plants also depends on the emission sources as well as calculations. The emission quality plan, prepared by optimization and environmental management experts, includes detailed information regarding GHG sources and calculation methodology.

We see this project as an important reference point towards reaching business excellence. It also provided us with the approach to evaluate our energy production processes not only from production/process dimension but also within the relationship framework of energy and environment.

ISO 14064-1 certification creates an important infrastructure for Zorlu Energy in setting emission reduction targets and in the preparation of energy efficiency projects and emission taxes, in the near future.

Regulation on GHG Emissions Surveillance, which will form climate protection policies and the basic infrastructure of the implementation of the first steps to be taken in combating climate change in our country, will be effective within the first quarter of 2012. The new regulation will provide the principles and methods to monitor, verify and report GHG emissions on plant base in the sectors like electricity and steam production, petrochemicals, cement, steel, aluminum, brick, ceramics,

paper and glass production. With this system plant base GHG emissions will be reported to Ministry of Environment, which will also help calculate our country emissions accurately.

The structure we established, our monitoring efforts and reduction targets we achieved so far will also help us to meet our legal requirements in the future.

An Educational Exhibition on Climate Change

'The Climate Change Exhibition: Threat to Life and the New Energy Future', which was presented to the world for the first time in New York City in 2008 by the American Museum of Natural History, opened at Santralistanbul on Oct 4th, 2011 with the sponsorship of Zorlu Energy Group.

The exhibition, which will be open to visitors until January 15th, 2012, aims to raise awareness among children and the youth on climate change and global warming issues. The visitors not only have the chance to see this fascinating exhibition but also experience the impacts of climate change at the interactive sections. As a result of the recommendation letter of Istanbul National Education Administration to the school managements, exhibition hosted intensive

number of visitors from primary and middle schools.

The exhibition, consisting of nine sections under topics: How Did We Come to This Point? Climate Change Today, Making a Difference, Changing Atmosphere, Changing Ice, Changing Ocean, Changing Land, New Energy Future and Localization, demonstrates the social and environmental outcomes of climate change with striking examples, especially in the interactive sections.

With our Group's awareness that positive changes in the individual and societal attitudes have significant role and impact in combating climate change, we will continue to support such awareness raising opportunities.

Conservation of Natural Life & Waste Management

Our entire Group companies monitor their environmental impacts created during electricity generation and gas distribution regularly, and keep them under legal limits. Conservation of environment and natural life around our regions of operation is among the sustainability priorities of our Group. With projects such as recycling, habitat restoration, reinjection and energy efficiency we aim to minimize environmental impacts.

Thermal power plants are a major part of our business at Zorlu Energy Group. Starting from the work permit phase, meeting the necessary standards for the conservation of environment is directly linked to the quality of machinery used. Guaranteeing the environmental standards at a 20-30 years old power plant can only be achieved through good maintenance. Regular maintenance plays an important role in reducing emissions and waste created by the plant.

Our method to avoid environmental pollution is regular maintenance operations at all plants. We do not only meet the requirements but also carry out renovation and rehabilitation works

Water Consumption

Main raw materials for natural gas power plants are natural gas and water. At our power plants we produce electricity and steam at the same time, which we sell and also use as a feed to steam turbines in order to produce more energy. Water being the main parameter for steam production has an impact on operational costs so water saving is quite important for our power plants.

During routine operations water makeup is not high so we do not consume water sources significantly.

At Kizildere Geothermal Power Plant, 80% of the underground water used is sent back to reservoir by reinjection. We do not have an analysis on our impacts on water resources at this plant yet.

The utility and process water of Lüleburgaz Natural Gas Power Plant is supplied from underground water resources. In 2011, the underground water used is 813,791 m³. Our primary effort to reduce the use of natural resources is recycling and reusing water. Lüleburgaz Power Plant shares the operation field with ZorluTeks, one of the companies of Zorlu Holding. As a result of synergy between two companies ZorluTeks is returning part of its steam, which is sold by Zorlu Energy, as condensate. Thus, in 2011 around 100,000 m³ of water is recycled and reused.

Additionally in 2011, as a result of our water saving measures, we reduced our water consumption by 9% at all our power plants.

Total Water Consumption (1.000 m³)
(9 % Reduction)



Protected Areas and Biodiversity

For our Group's hydroelectric power plants we are preparing to start a series of biodiversity impact analyses in 2012.

In new investments, we go beyond 'environmental impact analyses' and carry out comprehensive environmental and social impact analyses to direct the investment decision. We started taking steps to integrate 'strategic environmental impact assessment' methods to our projects, which are not widely implemented in Turkey, and we aim to be the pioneer of such studies.

The natural gas power plants of Zorlu Energy are located close to city centers. We regularly measure our operations' impacts on air quality and assure that they stay within legal requirements.

Although Gökçedağ Wind Power Plant is located outside protected areas and Ministry of Environment did not require EIA (Environmental Impact Assessment) Approval, we carried out a detailed environmental and social impact analyses. The results demonstrated that Gökçedağ Wind Power Plant does not create any significant negative impacts on natural life.

Zorlu Energy Group took over the control of Mercan Hydroelectric Power Plant for 30 years from the Ankara Natural Electricity Generation & Trading Co. (ADÜAŞ) within the scope of privatization in 2008. The plant,



which is located in Tunceli Ovacık Munzur Valley National Park (protected area), is a hydraulic channel power plant with a small pool. We are currently planning the necessary environmental studies required by law regarding the protected area surrounding the plant.

We also plan to start environmental studies for the rest of our hydroelectric and geothermal power plants.

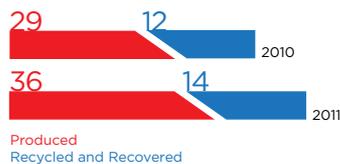
We develop habitat restoration projects in order to reduce the impacts of construction operations at our plants. Besides the necessary precautions to protect the nature, we also carry out deforestation projects at Denizli, Kars and Erzincan plants.

Waste Management

At our natural gas power plants the main hazardous waste is waste oil and contaminated packaging waste. All the hazardous waste is collected and sold to Ministry of Environment licensed buyers, for recycling purposes.

In 2010 we disposed 41% of our waste and in 2011, 39% of our waste by recycling and recovery methods.

Wastes (1.000 tons)



Lüleburgaz Power Plant and Zorluteks Waste Water Integration Project

Lüleburgaz Power Plant, which has been sensitive in water management since its establishment, achieved to have an exemplary Water Management Project in Turkey, with the completion of its Waste Water Recycling Plant. In the project, the wastewater of ZorluTeks plant is recycled with 110-m³/hr capacities Reverse Osmosis System and fed to cooling tower of the power plant as make-up. With the completion of the project there has been groundwater savings of 950,400-m³/year. With the new investment, a HRSG (Heat Recovery Steam Generator) will be implemented so the condensates will be reused in closed circuit and 467,856-m³/year of water will be recycled.

The wastewaters of the power plant consist of regeneration waste of the demineralization plant, backwash waters, blow downs and

sewage. Process and sewage wastes are fed to ZorluTeks waste water treatment plant. The wastewater is treated via chemical and biological treatment system and discharged to the receiving nature according to Local Water Pollution Control Regulation. In 2010, 50,000 m³ of wastewater is sent to Zorluteks wastewater treatment plant. With the completion of the new investment, 80-m³/hr wastewater having a better quality than the wastewater effluent of ZorluTeks is discharged with less negative impact on the nature.

Total water saving with the new investment is 110 m³/hr as an average. Thus, we also reduced the burden on the underground resources of Ergene Catchment Basin, which is intensively used by also other industrial operations in the region.

Turkey's First Bird Radar

As Anatolia (central Turkey) is a major flight route for migratory birds between Europe and Africa, selecting wind power plant investment sites through evaluating the bird life is of great importance.

Zorlu Energy Group initiated an ornithological study at the Gökçedağ Wind Power Plant construction site in 2008. The series of studies concluded that Gökçedağ WPP did not have any adverse impact on the natural life of birds, according to the criteria of BirdLife International's Important Bird Areas, as it is located about 50 kilometers away from the flight route.

Zorlu Energy Group took a further step to set up an early warning system with bird radar at the facility to detect birds when they enter the site, both to protect birds and the turbines.

Merlin Radar System produced by an American firm Detect, aims to avoid both loss of birds and damage on the turbine wings. The system identifies birds or coveys, monitors them real time, stops the turbines for a short time when birds are passing or changes the direction of the birds' flight through LRAD (Long Range Acoustic Device) system.

LRAD system sends warning signals with sound waves, which could reach hundreds of meters away and changes the flight direction of birds. After trial and monitoring processes, the installed system will be active by springtime of 2012.

Results of regular monitoring activities show that there has not been any bird loss at Gökçedağ Wind Power Plant because of our operations, in 2011.



OUR PERFORMANCE INDICATORS



Economic Performance Indicators

Economic Value Created & Distributed (TL)	Currency	2010	2011	GRI
Economic Value Generated (Net Revenues)	1.000 TL	433,996	444,942	EC1
Economic Value Distributed to Stakeholders				
Operating expenses (Payments to suppliers, non-strategic investments, royalties, and facilitation payments)	1.000 TL	385,135	426,388	EC1
Benefit to government (tax etc)	1.000 TL	31,467	31,362	EC1
Benefit to investors/shareholders (dividends etc)	1.000 TL	0	0	EC1
Benefit to lenders/creditors (interest etc)	1.000 TL	73,891	116,884	EC1
Benefit to employees (salaries, social security etc)	1.000 TL	13,763	15,136	EC1
Benefit to community (donatons, sponsoring etc)	1.000 TL	450	525	EC1
Economic value retained (profit)	1.000 TL	-75,631	-472,670	EC1
Financial Assistance Received From Government				
	Currency	2010	2011	GRI
Tax reliefs	1.000 TL	4,170	73,693	EC4

Financial data belongs to Zorlu Enerji Elektrik Üretim A.Ş.

Social Performance Indicators

Occupational Health & Safety

Accidents	Unit	2010	2011	GRI
All except first aid level minor injuries	Number/Year	0.0	0.0	LA7
With Fatality	Number/Year	0.0	0.0	LA7
Reportable*	Number/Year	3.0	3.0	LA7
Accident Frequency**	Oran	3.0	3.1	LA7
Days of Absence				
	Unit	2010	2011	GRI
Lost days caused by work related accident	% in absence	%20.7	%6.9	LA7
Illness related absence days	% in absence	%79.3	%93.1	LA7
Occupational Disease Frequency	Number/Year	0.0	0.0	LA7

* Reportable: A work related accident when more than 3 days of absence is involved.

**Accident Frequency: Number of accidents in one million hours worked

AF=Total number of accidents / (Total number of employeesx300 daysx7.5 hrs) - (Total number of days of absence x7.5 hrs) x 1.000.000

Social Performance Indicators

Total Workforce	Unit	2010	2011	GRI
White collar	Number	912	874	LA1
Blue collar	Number	0	0	LA1
Contractor employees	Number	-	-	LA1
Employees by Contract	Unit	2010	2011	GRI
Full-time / Permanent	Number	912	874	LA1
Temporary	Number	0	0	LA1
Part-time	Number	0	0	LA1
Employees by Gender	Unit	2010	2011	GRI
Male	Number	775	728	LA13
	%	85.0	83.3	LA13
Female	Number	137	146	LA13
	%	15.0	16.7	LA13
Employees by Age	Unit	2010	2011	GRI
Under 30	Number	293	200	LA13
	%	32.1	22.9	LA13
From 30 to 50	Number	541	598	LA13
	%	59.3	68.4	LA13
50 and Over	Number	78	76	LA13
	%	8.6	8.7	LA13
Employees by Category	Unit	2010	2011	GRI
Senior Management	Number	17	17	LA13
	%	1.9	1.9	LA13
Middle Management	Number	59	53	LA13
	%	6.5	6.1	LA13
Supervisory Level	Number	154	150	LA13
	%	16.9	17.2	LA13
Specialist/Engineer	Number	146	138	LA13
	%	16.0	15.8	LA13
Staff	Number	536	516	LA13
	%	58.8	59.0	LA13
Employees by Group	Unit	2010	2011	GRI
Foreign	Number	0	0	LA13
	%	0.0	0.0	LA13
Disabled	Number	9	11	LA13
	%	0.98	1.25	LA13
Distribution of Women Employees	Unit	2010	2011	GRI
Senior Management	%	0.7	1.4	LA13
Middle Management	%	6.6	5.5	LA13
Supervisory Level	%	9.5	11.0	LA13
Specialist/Engineer	%	37.2	33.6	LA13
Staff	%	46.0	48.6	LA13

Environmental Performance Indicators

	Unit	2010	2011	GRI
Direct Energy Consumption by Primary Energy Source				
Direct Non-renewable Energy Source - Purchased				
Natural Gas	Sm ³	505,857,881.0	451,696,742.0	EN3
Diesel	GJ	m.d.	m.d.	EN3
Gasoline	GJ	m.d.	m.d.	EN3
Coal / Fuel Oil / Crude Oil	GJ	0.0	0.0	EN3
Direct Renewable Energy Source - Purchased				
Biofuels / Ethanol / Hydrogen	GJ	m.d.	m.d.	EN3
Indirect Energy Consumption by Primary Energy Source				
Intermediate energy purchased and consumed from non-renewable energy sources				
Electricity	kWh	26,012,967.0	25,220,847.0	EN4
Electricity	GJ	93,646.7	90,795.0	EN4
Heating and Cooling	GJ	0.0	0.0	EN4
Steam	GJ	0.0	0.0	EN4
Total Water Consumption (including surface water, ground water, rainwater, municipal water supply)				
Water	1,000 m ³ /yıl	2,223.0	2,034.0	EN8
Greenhouse Gas Emissions				
Direct CO ₂ Emissions*	1,000 t CO ₂	974.3	870.4	EN16
Indirect CO ₂ Emissions**	1,000 t CO ₂	16.0	15.6	EN16
Other CO ₂ Emissions***	1,000 t CO ₂	1.5	2.1	EN17
Total CO ₂ Emissions	1,000 t CO ₂	991.8	888.1	EN16
Waste by Type and Disposal Method				
By Type				
Hazardous Waste	1,000 t	0.028	0.030	EN22
Non-hazardous Waste (excluding wastewater)	1,000 t	0.001	0.006	EN22
By Disposal Method				
Recycling (paper, plastic, metals)	1,000 t	0.007	0.012	EN22
Recovery	1,000 t	0.005	0.002	EN22
On-site Storage (Temporary)	1,000 t	0.012	0.016	EN22

* Total emissions created by diesel used in company cars, LPG and natural gas used in electricity generation.

** Total emissions created by internal electricity consumption of power plants.

*** Total emissions created by domestic waste, disposal of waste oil, flights, personnel transportation, electricity used in Zorlu Plaza and natural gas used for heating.



Our Corporate Memberships

Capital Business Magazine CEO Club

DEİK Foreign Economic Relations Board - Turkish-Israel Business Council - Steering Committee

DEİK Foreign Economic Relations Board - Turkish-Pakistan Business Council - Steering Committee

Natural Gas Distribution Companies Association (GAZBİR) - Board

World Energy Council Turkish National Committee (DEKTMK)

Energy Traders Association of Turkey (ETD) - Board

Public Relations Society of Turkey (TÜHİD)

Climate Platform – Climate Change Leaders Group

Corporate Volunteer Association (OSGD) - Volunteer Envoy - Board

Petroleum Platform Association (PETFORM)

TOBB The Union of Chambers and Commodity Exchanges of Turkey -

Turkish Energy Assembly - Vice President

Turkish Quality Association (KALDER)

Cogeneration and Clean Energy Technologies Association of Turkey (TÜRKOTED) - Board

Turkish Wind Energy Association (TÜREB)

International Competition and Technology Association (URTEB)

European Geothermal Energy Council (EGEC)

Corporate Communications Association (KİD)

The Ten Principles of the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Equator Principles and IFC Sustainability Framework Compliance Index

Equator Principles

Equator Principles are the most widely accepted set of standards in the world, by finance institutions to identify, manage, avoid or mitigate social and environmental risks and impacts in financing projects. The Equator Principles Financial Institutions (EPFIs) finances projects, which comply with the requirements of first nine principles.

Principle 1: Review and Categorization

Principle 2: Social and Environmental Assessment

Principle 3: Applicable Social and Environmental Standards

(Compliance with IFC Performance Standards on Environmental and Social Sustainability, in addition to national legislation)

Principle 4: Action Plan and Management System

Principle 5: Consultation and Disclosure

Principle 6: Grievance Mechanism

Principle 7: Independent Review

Principle 8: Covenants

Principle 9: Independent Monitoring and Reporting

Principle 10: EPFI Reporting

IFC Performance Standards on Environmental and Social Sustainability

International Finance Corporation (IFC) Performance Standards provide guidance on how to identify social and environmental risks and impacts, from the early stages through the entire life cycle of the project and are designed to help avoid, mitigate, and manage risks and impacts in a sustainable way, through an Environmental and Social Management System.

The following table represents, how our key sustainability issues are in line with IFC Standards, referring to the relevant pages in our report.

IFC	IFC Performance Standards	In Our Report	Pages
		Our Environmental Performance	
PS 1	Assessment and Management of Environmental and Social Risks and Impacts	Reduction of Emissions & Climate Protection	54-56
PS 3	Resource Efficiency and Pollution Prevention	Energy Efficiency	53
PS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Conservation of Natural Life & Waste Management	57-60
		Our Social Performance	
PS 4	Community Health, Safety, and Security	Engagement with Local Communities	46-49
PS 5	Land Acquisition and Involuntary Resettlement		
PS 7	Indigenous Peoples		
PS 8	Cultural Heritage		
PS 2	Labor and Working Conditions	Health & Safety	36-39
PS 4	Community Health, Safety, and Security		
PS 2	Labor and Working Conditions	Employee Relations	40-45

GRI ve BM GRI & UNGC Content Index

Profile Disclosures

GRI	Strategy and Analysis	References & Comments	Reported
1.1.	Statement from the most senior decision-maker of the organization	Pages 6-9	●
1.2.	Key impacts, risks, and opportunities	Pages 6-9, 24-60	●
GRI	Organizational Profile	References & Comments	Reported
2.1.	Name of the organization	Zorlu Energy Group	●
2.2.	Primary brands, products, and/or services	Pages 10-13	●
2.3.	Operational structure	Pages 10-13	●
2.4.	Operational structure	Zorlu Plaza, Avcılar, Istanbul Turkey	●
2.5.	Location of headquarters	Page 10	●
2.6.	Countries of operation	Private group of incorporated companies	●
2.7.	Ownership	Pages 12-13	●
2.8.	Markets served	Pages 10-13	●
2.9.	Scale and Size	Page 13	●
2.10.	Awards	Pages 14, 26, 35, 51	●
EU1	Installed capacity	Page 11	●
EU2	Net energy output	Page 10. The location breakdown of 3 generation companies are given on page 12.	●
EU3	Number of customer accounts	Page 10. We have 174 residential, 15 industrial, 1.223 commercial subscribers, in addition to 35 Holding companies. TEDAŞ, the only licenced distributor in Turkey, distributes the power to these customers. Natural gas subscribers are also given on page 10.	●
EU4	Length of above and underground transmission and distribution lines	All distribution and transmission lines in Turkey, belong to TEDAŞ and TEİAŞ .	○
EU5	Allocation of CO ₂ emissions allowances	Not applicable. Zorlu Energy Group is not subject to any carbon trading scheme.	○
GRI	Report Parameters	References & Comments	Reported
3.1.	Reporting period	2010-2011	●
3.2.	Date of previous report	2009-2010	●
3.3.	Reporting cycle	Annual	●
3.4.	Contact	Inside back cover	●
3.5.	Defining content	Pages 5, 21-24	●
3.6.	Boundary of the report	Page 5	●
3.7.	Limitations	Page 5	●
3.8.	Basis for reporting entities	Page 5	●
3.9.	Data Measurement Techniques	Pages 17, 53, 55, 61, 63	●
3.10.	Re-statements	Some important developments are restated regarding 2010.	●
3.11.	Changes	No significant changes	●
3.12.	GRI Content Index	Pages 66-75	●
3.13.	Assurance	Not externally assured	●

GRI	Governance & Commitments	References & Comments	Reported
4.1.	Governance structure	2011 Annual Report Pages 61-64	●
4.2.	Chairman	Page 17, 2011 Annual Report Page 61	●
4.3.	Unitary Board	Page 17, 2011 Annual Report Page 61	●
4.4.	Mechanisms for recommendations	Page 17 and 21, 2011 Annual Report Page 55	●
4.5.	Compensation and performance	Page 17	●
4.6.	Conflicts of Interest	Corporate Code of Conduct Pages 9 and 11	●
4.7.	Qualifications	2011 Annual Report Pages 22-23	●
4.8.	Mission and Values	Page 15, Corporate Code of Conduct and http://www.zoren.com.tr/EN/ABOUT/abo_deger.asp	●
4.9.	Overseeing sustainability	Page 17	●
GRI	Governance & Commitments	References & Comments	Reported
4.10.	Evaluating sustainability	Page 17	●
4.11.	Precautionary approach	Pages 51-60, 2011 Annual Report Page 35	●
4.12.	External principles	Pages 5 and 9, Corporate Code of Conduct Page 10	●
4.13.	Memberships in associations	Page 64	●
4.14.	Stakeholder Groups	Page 21	●
4.15.	Basis for selection	Page 21	●
4.16.	Approaches to stakeholder engagement	Pages 21-22	●
4.17.	Key topics from stakeholders	Page 24	●

Disclosures on Management Approach

GRI G3	Economic Performance	References & Comments	Reported
DMA EC	Economic Performance	Pages 25, 34, 61	●
	Market Presence	Pages 25, 34	●
	Indirect Economic Impacts	Pages 25, 34, 43-45, 49-51, 56	●
EUSS-EU6	Availability and Reliability	Pages 25, 28-30	●
EUSS-EU7	Demand-side Management	Page 22 (Natural Gas Residential Customers). No programs are implemented or planned for electricity customers. We plan to report on this indicator by 2015.	◐
EUSS	System Efficiency	Pages 51-53. The data is planned to be completed and reported by 2015.	◐
EUSS-EU8	Research and Development	Our Group invested 23 million USD for energy efficiency projects for Natural Gas Plants.	●
EUSS-EU9	Plant Decommissioning	Not applicable. No nuclear power sites.	○
GRI G3	Environmental Performance	References & Comments	Reported
DMA EN	Materials	Direct Answers of EN1 and EN2 on Index.	●
	Energy	Pages 25, 32-33, 53-55, 63	●
	Water	Pages 57-59	●
	Biodiversity	Pages 25, 58-60. We lack clear strategies and future plans on managing impacts. We plan to completely report on this after detailed analyses by 2015.	◐
	Emissions, Effluents and Waste	Pages 25, 54-56, 58, 63	●
	Products and Services	Pages 52-56	●
	Compliance	Page 55-57	●
	Transport	Direct Answer of EN29 on Index	●
	Overall	Pages 25, 51	●
GRI G3	Social Performance (Employees)	References & Comments	Reported
DMA LA	Employment (EU14, EU15, EU16)	Pages 25, 35-42. The data on retirement is planned to be completed and reported by 2015.	◐
	Labor/management Relations	Pages 25, 41, Corporate Code of Conduct Pages 3 and 11	●
	Occupational Health and Safety	Pages 25, 36-39, Corporate Code of Conduct Pages 7 and 10	●
	Training and education	Pages 25, 41	●
	Diversity and Equal Opportunity	Page 42, Corporate Code of Conduct Page 7	●

GRI G3	Social Performance (Human Rights)	References & Comments	Reported
DMA HR	Investment and Procurement Practices	Page 25, Corporate Code of Conduct Page 10, Direct answers on HRI-2-3 on Index.	●
	Non-discrimination	Page 42, Corporate Code of Conduct Page 5	●
	Freedom of Association and Collective Bargaining	Page 42, Corporate Code of Conduct Page 7	●
	Child Labor	Page 42, Corporate Code of Conduct Page 7	●
	Forced and Compulsory Labor	Page 42, Corporate Code of Conduct Page 5	●
	Security Practices	Direct Answer of HR8 on Index	●
	Indigenous Rights	Page 25, 46-50, Corporate Code of Conduct Page 6	●
GRI G3	Social Performance (Society)	References & Comments	Reported
DMA SO	Community (EU19, EU20)	Pages 25, 46-48, Corporate Code of Conduct Page 6. Direct answer of SO1 on index. We do not have any investments that would create need for displacement.	◐
	Corruption	Page 25, Corporate Code of Conduct Pages 10-11	●
	Public Policy	Page 18	●
	Anti-competitive Behavior	Corporate Code of Conduct Page 10	●
	Compliance	Direct Answer of SO8 on Index	●
EUSS-EU21	Disaster/Emergency Planning and Response	Contingency plans are prepared within the framework of our EHS Management systems and supported by covering them in the H&S trainings.	●
GRI G3	Social Performance (Product Responsibility)	References & Comments	Reported
DMA PR	Customer Health and Safety	Corporate Code of Conduct Page 10	●
	Product and Service Labeling	Page 22, Direct Answers of PR3 and PR4 on Index	●
	Marketing Communications	Page 22, Direct Answers of PR6 and PR7 on Index	●
	Customer Privacy	Page 22	●
	Compliance	Direct Answer of PR9 on Index	●
EUSS-EU23	Access	Such programs are not available.	●
EUSS-EU24	Provision of Information	Page 22. We do not distribute electricity to end users but only natural gas.	●

Performance Indicators

UNGC	GRI	Economic Performance	References & Comments	Reported
Economic Performance				
	EC1 (Core)	Direct economic value generated and distributed	Pages 34, 61	●
	EC2 (Core)	Financial implications due to climate change	Pages 54-56. We plan to further analyze risks and opportunities due to climate change and report in detail by 2015.	◐
	EC3 (Core)	Organization's defined benefit plan obligations	2011 Annual Report Page 87	●
	EC4 (Core)	Significant financial assistance received from government	Pages 34, 61	●
Market Presence				
1	EC5 (Add)	Ratios of standard entry level compared to local minimum wage	Minimum wages are the same at all locations in Turkey. Standard entry level wage is either the same (1/1) with minimum wage or higher.	●
	EC6 (Core)	Policy, practices and proportion of spending on local suppliers	Page 34. For our Group, 'local' resembles the locations where our plants are. Average proportion of spending on locally-based suppliers is 15 to 20 %.	●
	EC7 (Core)	Procedures for local hiring	Page 43	●
Indirect Economic Impacts				
	EC8 (Core)	Impact of infrastructure investments and services for public benefit	Pages 43, 49-51, 56	●
	EC9 (Add)	Indirect economic impacts	Pages 34,43	◐
Availability and Reliability				
	EU10	Planned capacity against projected electricity demand over the long term	Pages 11-13	●
System Efficiency				
	EU11	Average generation efficiency of thermal plants	Ankara, Kayseri and Bursa plants: appr. %43, Lül-eburgaz and Yalova Plants: appr. %65.	●
	EU12	Transmission and distribution losses as a percentage of total energy	Page 53	●
UNGC	GRI	Environmental Performance	References & Comments	Reported
Materials				
8	EN1 (Core)	Materials used by weight or volume	Page 63. Main raw materials we use are water and natural gas.	●
8-9	EN2 (Core)	Percentage of materials used that are recycled input materials	0%	●
Energy				
8	EN3 (Core)	Direct energy consumption by primary energy source.	Page 63	●
8	EN4 (Core)	Indirect energy consumption by primary source.	Page 63	●
8-9	EN5 (Add)	Energy saved due to conservation and efficiency improvements	Page 53	●

UNGC	GRI	Environmental Performance	References & Comments	Reported
8-9	EN6 (Add)	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Pages 32-33, 2011 Annual Report Page 12	●
6, 8-9	EN7 (Add)	Initiatives to reduce indirect energy consumption and reductions achieved	Pages 53-55	●
Water				
8	EN8 (Core)	Total water withdrawal by source.	Pages 57-59, 63	●
8	EN9 (Add)	Water sources significantly affected by withdrawal of water.	Pages 57-59	●
8-9	EN10 (Add)	Percentage and total volume of water recycled and reused.	Pages 57-59	●
Biodiversity				
8	EN11 (Core)	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Pages 58-59. Mercan Hydroelectric Power Plant's operational size is 1.1 km ² .	●
8	EN12 (Core)	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Pages 58-59. Our plant locations are not analyzed in terms of biodiversity value. We plan to do further analyses to understand our impacts on biodiversity by 2015.	◐
	EU13	Biodiversity of offset habitats compared to the biodiversity of affected areas.	Information and data are unavailable. We plan to do detailed analyses on this indicator by 2015.	○
8	EN13 (Add)	Habitats protected or restored.	Pages 58-59	◐
8	EN14 (Add)	Strategies, current actions, and future plans for managing impacts on biodiversity.	Pages 58-59. We lack clear strategies and future plans on managing impacts. We plan to completely report on this after detailed analyses by 2015.	◐
8	EN15 (Add)	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not analyzed.	○
Emissions, Effluents and Waste				
8	EN16 (Core)	Total direct and indirect greenhouse gas emissions by weight.	Page 63	●
8	EN17 (Core)	Other relevant indirect greenhouse gas emissions by weight.	Page 63	●
7-9	EN18 (Add)	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Pages 54-56	●
8	EN19 (Core)	Emissions of ozone-depleting substances by weight.	We do not measure emissions of trace amount gases.	○

● fully ◐ partially ○ not

UNGC	GRI	Environmental Performance	References & Comments	Reported
8	EN20 (Core)	NOx, SOx, and other significant air emissions by type and weight.	According to the environmental regulation we do online and instantaneous measurements on these air emissions. We plan to keep records of these emissions by 2015.	
8	EN21 (Core)	Total water discharge by quality and destination.	Pages 57-59. The data is not available on quality category but only as a total sum. We plan to do further analyses and measurements on this indicator and report with more accurate data by 2015.	
8	EN22 (Core)	Total weight of waste by type and disposal method.	Pages 58, 63	
8	EN23 (Core)	Total number and volume of significant spills.	No recorded significant spills	
8	EN24 (Add)	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention	We did not transport, import, export or ship hazardous waste during our operations.	
8	EN25 (Add)	Water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	There's no habitats significantly affected by our water discharges or runoff.	
Products and Services				
7-9	EN26 (Core)	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Pages 51-56	
8-9	EN27 (Core)	Percentage of products sold and their packaging materials that are reclaimed by category.	Our products or services are not provided in packages.	
Compliance				
8	EN28 (Core)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Governorship of Tunceli asked Zorlu Doğal Elektrik 31.745 TL value of regulatory fine as a result of leaving the domestic waste to receiving environment. Zorlu Doğal Elektrik brought an action in Malatya Administrative Court against this decision and the lawsuit still continues.	
Transport				
8	EN29 (Add)	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	No significant environmental impacts as the total of these activities' CO ₂ emissions are about 2,000 tons	
Overall				
7-9	EN30 (Add)	Total environmental protection expenditures and investments by type.	Page 51	
UNGC	GRI	Social Performance (Employees)	References & Comments	Reported
Employment				
	LA1 (Core)	Total workforce by employment type, employment contract, and region	Page 62	
6	LA2 (Core)	Total number and rate of employee turnover by age group, gender, and region	%11 and 100 people. We plan to report on this indicator in category details by 2015.	

UNGC	GRI	Social Performance (Employees)	References & Comments	Reported
	EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	The work hours vary according to the nature of the job. Construction people work in 2-3 shifts, 7 days a week or housekeeping & catering people work five days a week in standard work periods.	●
	EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	100%.	●
	LA3 (Add)	Benefits provided only to full-time employees	Page 42	●
Labor/Management Relations				
1-3	LA4 (Core)	Number and percentage of employees covered by collective bargaining agreements	0%	●
	LA5 (Core)	Minimum notice period(s) regarding significant operational changes	Notice periods specified by Article 17 of Business Code Nr 4857 apply for all our employees, according to the length of time they work.	●
Occupational Health and Safety				
1	LA6 (Add)	Percentage of total workforce represented in occupational health and safety committees	100%	●
1	LA7 (Core)	Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities	Pages 36-39, 61	●
1	LA8 (Core)	Preventive healthcare counseling and training regarding serious diseases	Not available.	●
1	LA9 (Add)	Health and safety topics covered in agreements with trade unions	No agreements with trade unions.	
Training and education				
	LA10 (Core)	Average hours of training per year per employee by employee category	Page 41. Our training data are not recorded under gender categories. All our workers are contracted and white-collar. We plan to keep our training records under required categories by 2015.	◐
	LA11 (Add)	Skills management and lifelong learning that support the continued employability of employees	Not available.	●
	LA12 (Add)	Percentage of employees receiving regular performance and career development reviews	100%	●
Diversity and Equal Opportunity				
1, 6	LA13 (Core)	Diversity in senior management and employee structure	Pages 42, 62	●
1, 6	LA14 (Core)	Ratio of basic salary of male and female employees	Page 42	●
UNGC	GRI	Social Performance (Human Rights)	References & Comments	Reported
Investment and Procurement Practices				
1-6	HR1 (Core)	Investment agreements that include human rights clauses	100% and being in line with laws and regulations.	●
1-6	HR2 (Core)	Suppliers that have undergone screening on human rights	0%	●

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UNGC	GRI	Social Performance (Human Rights)	References & Comments	Reported
1-6	HR3 (Add)	Employee training on human rights	Not available.	●
Non-discrimination				
1-2, 6	HR4 (Core)	Incidents of discrimination and actions taken	No incidents occurred.	●
Freedom of Association and Collective Bargaining				
1-3	HR5 (Core)	Operations with significant risk concerning the freedom of association and collective bargaining	No identified risks. Corporate Code of Conduct Page 7	●
Child Labor				
1-2, 5	HR6 (Core)	Operations with significant risk for incidents of child labor and measures taken	Page 42, Corporate Code of Conduct Page 7	●
Forced and Compulsory Labor				
1-2,4	HR7 (Core)	Operations with significant risk for incidents of forced and compulsory labor	No identified risks. Page 42	●
Security Practices				
1-2	HR8 (Add)	Percentage of security personnel trained on human rights that are relevant to operations	0%	●
Indigenous Rights				
1-2	HR9 (Add)	Incidents of violations involving rights of indigenous people	No incidents occurred.	●
UNGC	GRI	Social Performance (Community)	References & Comments	Reported
Community				
	SO1 (Core)	Impacts of entering, operating, exiting on local communities and regions	Pages 46-48. We plan to analyze these impacts as we implement our stakeholder engagement plans by 2015.	◐
	EU22	Number of people physically or economically displaced and compensation, broken down by type of project	No project involved displacement of people or compensation.	●
Corruption				
10	SO2 (Core)	Business units analyzed for corruption risks	No analyses for risks related to corruption.	●
10	SO3 (Core)	Employee training regarding anti-corruption	100% through Corporate Code of Conduct.	●
10	SO4 (Core)	Actions taken in response to incidents of corruption	No incidents occurred.	●
Public Policy				
Tümü	SO5 (Core)	Public policy participation and lobbying	Page 18	●
10	SO6 (Add)	Financial and in-kind contributions to political parties and politicians	No contributions to any political bodies.	●
Anti-competitive Behavior				
	SO7 (Add)	Number of legal actions for anti-competitive behavior	No legal actions occurred.	●
Compliance				
	SO8 (Core)	Monetary value of fines for non-compliance with laws	No incidents occurred.	●

UNGC	GRI	Social Performance (Product Responsibility)	References & Comments	Reported
Customer Health and Safety				
1	PR1 (Core)	Life cycle stages in which health and safety impacts of products and services are assessed	No assessments available.	●
1	PR2 (Add)	Incidents of non-compliance with regulations concerning health and safety of products	No incidents occurred.	●
	EU25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases.	No incidents occurred.	●
Product and Service Labeling				
	PR3 (Core)	Principles and measures related to product and service information and labeling	Our products and services are not subject to information requirements.	●
	PR4 (Add)	Incidents of non-compliance with regulations concerning product information and labeling	No incidents occurred.	●
	PR5 (Add)	Customer satisfaction practices	Page 22	●
Marketing Communications				
	PR6 (Core)	Programs for compliance with laws, standards related to marketing communications	All marketing activities are carried out in line with national regulations and ethical principles.	●
	PR7 (Add)	Incidents of non-compliance with regulations related to marketing communications	No incidents occurred.	●
Customer Privacy				
1	PR8 (Add)	Number of substantiated data protection complaints by customers	No complaints occurred	●
Compliance				
	PR9 (Core)	Significant fines for non-compliance concerning the provision and use of products and services	No incidents occurred.	●
Access				
	EU26	Percentage of population unserved in licensed distribution or service areas.	Not applicable. TEDAŞ, a government company, is the only licenced power distributor in Turkey.	○
	EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection	Not applicable. This indicator is under the control of government institutions.	○
	EU28	Power outage frequency.	Not applicable. This indicator is under the control of government institutions.	○
	EU29	Average power outage duration.	Not applicable. This indicator is under the control of government institutions.	○
	EU30	Average plant availability factor by energy source	Accurate data is insufficient. We plan to report on this indicator by 2015.	○

● fully ● partially ○ not



Statement GRI Application Level Check

GRI hereby states that **ZORLU ENERGY GROUP** has presented its report "2011 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 November 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 16 October 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

Contact Information

Zorlu Energy Group
Zorlu Plaza 34310 Avcılar- Istanbul
Phone: +90 212 456 23 00 (Pbx)
Fax: +90 212 422 00 99

Mrs. Şebnem Erverdi
Manager, Corporate Communications
sebnem.erverdi@zorlu.com

Mr. Hakan Karan
Senior Specialist, Environment and
Corporate Responsibility
hakan.karan@zorlu.com

Sustainability and Reporting Consultant
Sercom Consulting, Mrs. Elif Özkul Gökmen
elif@sercomconsulting.com
Phone: +90 533 648 07 40

