



TURKISH AIRLINES

ANNUAL REPORT 2021



**TOGETHER ON
THIS JOURNEY**

A STAR ALLIANCE MEMBER



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The global aviation industry has faced its biggest crisis to date due to the coronavirus pandemic. This year, as the national flag carrier of Turkey, we took quick action to maintain our financial stability, set effective strategies, and implement corrective measures. As a result, we emerged from this turbulence successfully.

We managed the crisis with our own resources and exceptional operational efficiency, standing shoulder to shoulder with all our stakeholders in the public and private sectors. We took a firm stance during difficult times together.

While many of the world's airlines were severely affected by this crisis, we continued our rise by opening new routes. We also became one of the world's top five carriers in air cargo.

Of course, our employees play the leading role in this success. Their sacrifice and ambition enabled us to leave the difficult days behind. The achievements you will see in this report are the success of our pilots and the flight, ground, operations and maintenance crews that power them, and Turkish Airlines, forward – together.

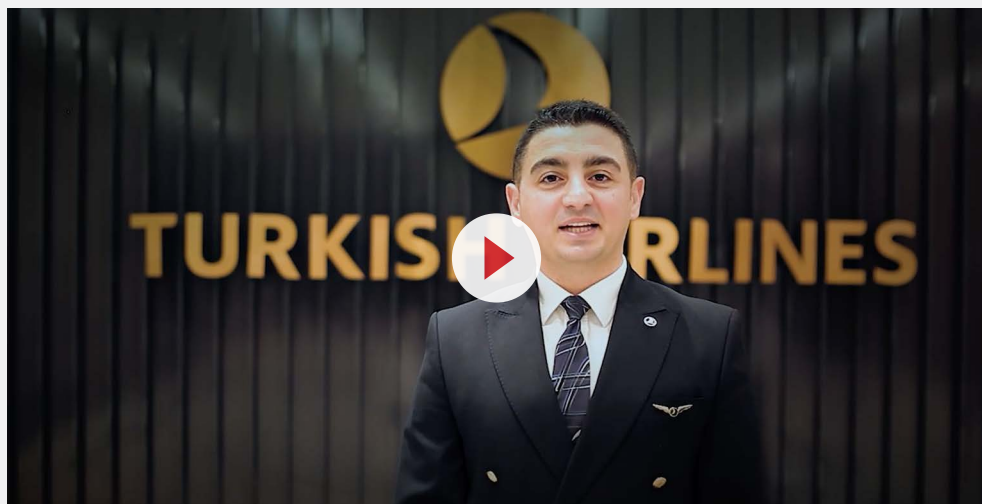


WE FLY ALL FOR ONE, ONE FOR ALL

We are often cited as one of the world's best airlines thanks to our employees. We overcome challenges with our staff, and together we are moving forward toward even greater achievements. We did not part ways with our employees due to the pandemic; on the contrary, we strengthened our ties even more. We continued ahead on our journey with mutual understanding and trust. Thanks to the strength of our staff that we kept intact, we began lifting off to a productive future as soon as conditions started to normalize.

Including our affiliates,
approximately

60
thousand employees



First Officer (A320) Ferhat Ergin TURAN
tells the secret of our success.





WE FLY TO CARRY PEOPLE TO THEIR LOVED ONES, THEIR GOALS AND THEIR DREAMS

We are one of the busiest network carriers in Europe and globally in terms of flight numbers. We added new destinations to our flight network, even in this challenging year. With our fleet of 370 (passenger and cargo) aircraft, we have an extensive flight network serving 333 destinations around the world – 281 abroad and 52 domestic spanning five continents – and employees who carry our success to the world.

128

Number of countries flown*

*Our flight network spans 128 countries worldwide. As of year-end 2021, our number of countries flown was reduced to 115 due to force majeure.



**Cabin Chief Menekşe DERELİOĞLU &
Cabin Chief Hande ŞAHİN from the flight crew**
tell the secret of our success.





WE FLY WITH OUR POWER ON THE GROUND BY MAKING SATISFACTION OUR FOCUS

We make a difference with our employees on the ground as well as in the air. With the additional measures we implement, we continue to serve our passengers in a healthy and safe manner. We continuously improve processes at every stage to ensure perfect travel flow. We are constantly making progress in addressing key ground handling issues, such as our on-time take-off and baggage irregularity rate. We are committed to further boosting satisfaction at every passenger contact point.

84.2%
On-time take-off
performance



Şaban VATANSEVER, Passenger Services Chief,
tells the secret of our success.





WE FLY TO TAKE OUR ECONOMY AND OUR EXPORTERS TO NEW HEIGHTS

While the global air cargo sector contracted during the pandemic period, we continued to grow and expand at Turkish Cargo. With the achievements we recorded in air cargo, our employees have created a new and heartfelt mission. Turkish Cargo boasts one of the world's strongest international cargo flight networks and builds trade bridges between continents. With this power, we carry the products manufactured from across Anatolia to the entire world and make a major contribution to our home country's economy.

64%

Turkish Cargo's Share
in Turkish Air Cargo
Exports



Oğuzhan CAN, Cargo Strategic Planning Specialist at Turkish Cargo,
tells the secret of our success.





WE FLY FOR A HABITABLE WORLD **AND FUTURE** **GENERATIONS**

As a global company, we focus on preserving natural resources for future generations. Since 2008, we have developed and continue to implement more than 100 operational optimization initiatives to reduce our carbon footprint. Thanks to the fuel saving efforts we successfully implement every year, we once again prevented hundreds of thousands of tons of carbon emissions in 2021. In addition to these efforts, we have started using aircraft fuel obtained from sustainable sources and we aim to expand this use even more.

116 thousand **809** tons
Prevented CO₂ emissions



Mehmet Barbaros TÜZÜNER, Station DCS Coordination Chief,
tells the secret of our success.





Prof. Ahmet BOLAT
Chairman of the Board and
the Executive Committee

Turkish Airlines is taking its place at the forefront of global aviation's renewed take-off.



45

Million
Number of passengers
carried

The tailwinds are propelling Turkish Airlines forward into a new era of aviation thanks to our network power, modern fleet, unique hub and, most importantly, our experienced and devoted employees!

Dear Esteemed Shareholders, Customers, Business Partners and Employees,

As the Turkish Airlines family, we successfully exited the second year of the Covid-19 pandemic. This extreme event adversely affected our daily lives along with the global economy and permanently changed ways of doing business in many sectors. Despite these unprecedented challenges, Turkish Airlines outperformed the industry, while strongly proving itself in the emerging new era of aviation.

During the year, significant progress was made against the pandemic with mass vaccination campaigns intensively rolled out in Turkey and around the world. Turkish Airlines, one of the engines of the recovery in the aviation sector, recorded a successful year in terms of financial results thanks to effective capacity management, higher air cargo demand and a brisk tourism season. We would like to express our deepest gratitude and sincere thanks to the Turkish government, especially to our President H.E. Recep Tayyip Erdoğan, and to our Ministries of Health, Transport and Infrastructure, Culture and Tourism, Interior, Foreign

and Trade, as well as our affiliates, partners and stakeholders for their unwavering support during these difficult times. With the great interest and courtesy of our nation, whose flag we proudly carry, Turkish Airlines is poised to enter the year 2022, when the pandemic measures are expected to be gradually removed worldwide, as strong as ever with its unity and solidarity. Turkish Airlines is taking its place at the forefront of global aviation's renewed take-off.

The tailwinds are behind us!

While we prepare to leave behind the biggest crisis in recent history, I once again express my deepest gratitude to the Turkish Airlines family, namely our employees. Our workforce, and our most valuable asset, helped us emerge from these dark days of aviation with our heads held high and honorably. With the immense responsibility of being the National Flag Carrier of Turkey, the members of this big family have worked with sacrifice and commitment since the onset of the pandemic. Our devoted staff is the sole architect of the success Turkish Airlines has achieved. This success is thanks to the joint efforts and determination of my colleagues from all levels of the organization – from main brand to

subsidiaries, cabin to cockpit, cargo to tech. The Turkish Airlines family has demonstrated that it has the ability to overcome even great obstacles and stay at the top ranks of the sector regardless of the conditions in global aviation. We started this new year with the hope that our industry would never again experience what it has endured over the past two years. It is our sincere belief that the year 2022 will witness the renewed take-off of our brand. We are among the most advantageously positioned airlines to turn the improvement in newly emerging conditions into a real opportunity. The tailwinds are propelling Turkish Airlines forward into a new era of aviation thanks to our network power, modern fleet, unique hub and, most importantly, our experienced and devoted employees!

We overcame the crisis with efficient capacity management and our robust cargo operations

The rapid recovery experienced by the Turkish tourism sector in 2021 made the rebound in our passenger operations faster than in other countries. Turkish Airlines recorded maximum passenger contribution thanks to its smart capacity management put in effect as flight operations resumed. In addition, we

responded to the rapidly growing demand for air cargo by making passenger aircraft suitable for cargo operations, which we pioneered in 2020 for the first time. With these efforts, Turkish Airlines demonstrated a strong performance throughout the year.

In 2021, our capacity increased by 70% year-on-year to 128 billion ASK. This year, International Air Transport Association (IATA) carriers reached 51% of their 2019 capacity. Turkish Airlines recorded a faster recovery compared to its competitors, reaching 68% of its 2019 capacity in the same period. The number of passengers carried in 2021 went up by 60% to 45 million, amounting to 60% of the 2019 figure. The number of international passengers jumped by 74% in 2021 compared to 2020, while domestic passenger numbers rose 46% year-on-year.

This reporting period, Turkish Airlines posted passenger revenues of USD 6.3 billion, up 69% compared to the previous year. Cargo revenues rose by 48% to USD 4 billion, outperforming the sector average. Total revenue increased by 59% compared to the previous year and amounted to USD 10.7 billion. While passenger revenues

accounted for 60% of total revenue in 2021, cargo revenues remained at the 38% level this period, the same as a year earlier.

Turkish Airlines ranked first in Europe and in the top five worldwide among network carriers in 2021.

Recovery above the sector average

The exceptional sense of mission of the Turkish Airlines family and the sacrifice they made during the pandemic yielded significant savings in 2021 as in the prior year, playing a key role in our rapid recovery. Our rapid decision-making mechanisms and efficient capacity management were effective in minimizing the negative financial impact of the pandemic.

After 2020, an operationally challenging year due to the pandemic, Turkish Airlines went on to report an operating profit of USD 1.4 billion and a profit margin of 13.2% in 2021, outpacing the sector average. Net profit after tax was USD 959 million. Our EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortization and Rent), a reflection of our cash generation capacity, amounted to USD 3.7 billion, while our EBITDAR margin was 35%.

700
USD Million
Savings achieved

In terms of carried revenue cargo ton km, Turkish Cargo's global market share rose from just 1% in 2011 to 5.2% in 2021 – ranking fifth worldwide.

959
USD Million
Net profit

We navigated the crisis with our own resources

As in 2020, Turkish Airlines navigated the crisis with its own resources this year. Our savings action plans, rapidly implemented at the start of the pandemic, were partially extended to cover this year as well. In addition to about USD 1.1 billion savings realized in fixed and operational expenses in 2020, Turkish Airlines saved about USD 700 million in expenses, including about USD 470 million in personnel expenses and USD 230 million in other fixed and operational expenses. Thanks to various actions taken and improvements realized on the operational side, positive cash flow of USD 2.7 billion was achieved, some USD 800 million above that of 2019. During 2021, a strong positive cash flow was generated by our dynamic capacity management in passenger operations combined with, a higher load factor compared to competitors, a positive contribution margin, and the strong performance of cargo operations. Despite the lack of stability in our region and the ongoing pandemic, Turkish Airlines has further bolstered its position among the most successful carriers in the sector with these strong results.

Our modern fleet and unique flight network

Turkish Airlines, boasting one of the youngest and most modern fleets in the world, has 370 aircraft in its fleet as of the end of 2021: 246 narrow body and 104 wide body aircraft and 20 freighters. We keep investing in our exceptional fleet, with its average age of 8.5 years. We see our acquisitions of cutting-edge technology, environment-friendly and fuel-saving new generation aircraft as an investment in our future.

In 2020, Turkish Airlines restructured its fleet. As a result of this effort, we now have five A350-900 aircraft in our fleet, after taking delivery of three additional aircraft of this type in 2021. At year's end, we had 20 new generation wide body aircraft in our fleet, including 15 B787-9 Dreamliner type aircraft. With the higher product quality and greater cost advantage provided by the new generation aircraft, Turkish Airlines boosted its revenue and market share thanks

to increased frequency on some long-haul flights, especially in the American market. We also expanded our capacity in the American market as well as in the Asian, Middle, African and Eastern European markets, which have significant passenger potential. New generation wide body aircraft deliveries are planned to be completed by the end of 2027.

Despite the ongoing pandemic conditions in 2021, we opened new destinations from Istanbul, the new star of world aviation, to Newark and Dallas in the USA, Vancouver in Canada, Turkistan and Aktau in Kazakhstan, Fergana and Urgench in Uzbekistan, Luanda in Angola, and Urmia in Iran. We remained determined to beat the odds by extending our flight network to 333 destinations in 128 countries worldwide. With the same determination, we will carry our flag to new destinations in 2022 by including Tokat, Rize-Artvin in domestic flights and Juba in South Sudan, Cebu in the Philippines, Detroit and Seattle in the USA in international flights.

Continuous fast growth in cargo

After recording a major success in 2020, when the pandemic started, Turkish Cargo maintained its high performance in 2021. Turkish Cargo took on a critical role in the fight against the pandemic this year by carrying millions of vaccine doses thanks to its strong fleet and wide flight network. In fiscal year 2021, Turkish Cargo reported total cargo revenues of USD 4 billion. Cargo unit revenues went up 22% and overall cargo revenues jumped 48%. In terms of carried revenue cargo ton km, Turkish Cargo's global market share rose from just 1% in 2011 to 5.2% in 2021 – ranking fifth worldwide this year. In 2021, IATA posted average revenue cargo ton km growth of 6.9%; meanwhile, Turkish Cargo achieved 38% growth in the same period. In this way, part of the loss in passenger operations was offset by the high contribution from cargo operations.

Turkish Airlines was one of the most active airlines in Europe and worldwide throughout the year. Thanks to this fact, Turkish Cargo was able to readily adapt to emerging developments during the year with agile solutions while maintaining and expanding

its international network structure. As a result, Turkish Cargo boosted its market share in terms of both revenue and tonnage. According to IATA data, Turkish Cargo came in sixth in the global ranking in 2020 with a 4.7% market share in tonnage. After embracing fast and agile solutions over the last five years, Turkish Cargo further improved its ranking to fifth in the world with a 5.2% market share in 2021.

According to IATA ranking data, Turkish Cargo maintained its title as Europe's largest combination carrier, which it first achieved in 2020. Turkish Cargo, one of the top five airlines throughout the year, rose to the third place in the global ranking with its exceptional performance in June, giving off strong signals about its potential in the market.

In 2021, our successful sub-brand further expanded its global network by adding Munich in Germany, Macau in China and Newark in the USA to its flight network. SmartIST, the new mega hub of Turkish Cargo established at Istanbul Airport, launched and started operations as of the end of 2021. This state-of-the-art facility features revamped business processes, automated storage systems, and a fully integrated warehouse management system. SmartIST, one of the world's largest cargo facilities by capacity, is poised to become one of the most advanced facilities of its kind in terms of innovation and technological capabilities.

Having previously aimed to rank among the top five air cargo brands by 2023, Turkish Cargo updated this target during the year. In its new comprehensive strategic plan, Turkish Cargo aims to become one of the top three worldwide by 2023.

Our brand awareness, communication efforts, awards

At Turkish Airlines, we entertain our passengers – our guests – with the traditional hospitality of our home nation. We safely transport them to their loved ones, comfortably and on time. In addition to the high service quality we offer, Turkish Airlines figures among the most preferred

airline brands globally with its superior hygiene standards. This year, we clearly maintained our status as a world leader of global aviation. Brand Finance, the internationally renowned brand assessment firm, ranked Turkish Airlines second globally in airline brand strength. In addition, Turkish Airlines secured the second place worldwide in independent research firm Nielsen's global brand awareness ranking in 2021.

Turkish Airlines once again took pride in being Turkey's most valuable brand in the 2021 national brand value ranking. Its uninterrupted communication and rapid adaptation to changing market conditions and current developments with the pandemic conditions demonstrate our brand's agility.

At Turkish Airlines, we bridge the gap between continents, countries and cultures. In addition, we actively support efforts to create bonds between communities and people through social, cultural and sporting activities in the countries we fly to. These activities are some of the most important communication components that we use to convey the influence and power of our brand to a wide range of people around the globe.

Our Incorporation executes its brand communication investments and promotional activities using diverse methods and approaches – including sports and media sponsorships, brand ambassadors, prestigious commercials, and internationally reputable platforms.

In 2021, Turkish Airlines was presented with the World Class Award, granted to only seven airlines in the world, by APEX (Airline Passenger Experience Association), one of the world's most reliable and respected aviation organizations. Turkish Airlines received the honor based on flight inspections and assessments conducted in terms of health safety, sustainability and guest experience. Our brand was also recognized as a "5 Star Global Airline" for the fifth consecutive year and garnered the Diamond APEX Health Safety Award supported by SimpliFlying.

The future is ours!

Following 2020, a devastating year for many industries, 2021 was the first year of post-pandemic recovery for many sectors of the global economy.

Despite the cloudy picture created by the pandemic, the aviation industry remains a major driver of globalization. Air travel is the fastest and safest method of transportation in the world today and will be so in the future. At Turkish Airlines, we aim to further develop our products and services and enhance our innovation efforts, now an integral part of our corporate culture. Every day, we are readying ourselves for the intense competition expected in the aviation sector in the coming years. The groundwork we are laying today with our aviation modelling of the future deeply considers Millennials and Generation Z. We are shaping our operations around fulfilling the expectations of the new generations from airline companies. Turkish Airlines is already accompanying travelers who want to feel the magic of flying and the desire to explore after the prolonged break due to the pandemic. As the airline flying to more countries than any other, Turkish Airlines is also ready to experience this excitement with them.

As the Turkish Airlines family, we are prepared for the zenith of the global aviation industry with our employees – our most valuable asset. Backed by our 88-year history and the unshakable support our nation has given to our brand, Turkish Airlines is moving forward into a bright future together with its passengers.

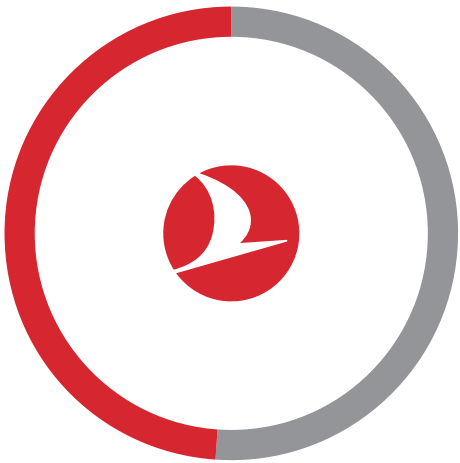
I would like to thank all our employees, business partners and shareholders for the confidence they have invested in our brand. I will be happy to share with you the achievements that our whole country and the aviation industry will be proud of, in the new era of aviation, which is set to begin with 2022. In the year to come, we hope that all the negative impacts of the pandemic will disappear into the horizon.

Prof. Ahmet BOLAT
Chairman of the Board and the Executive Committee

Continuing to fly to the highest number of countries and international destinations in the world with nine new destinations

TURKISH AIRLINES PARTNERSHIP STRUCTURE

Turkey Wealth Fund
49.12%



Other (Publicly Traded)
50.88%



333

Total destinations

Being the airline that flies to the most countries and international destinations in the world, Turkish Airlines added nine new routes to its flight network in 2021.



370

Total number of aircraft in the fleet

Established in 1933, Turkish Airlines' main fields of activity are all types of domestic and international passenger and cargo air transportation. Of the Incorporation shares, 50.88% are publicly traded, 49.12% are owned by Turkey Wealth Fund, and one C Class share is owned by Republic of Turkey Ministry of Treasury and Finance Privatization Administration. The paid-in capital of the Incorporation is TL 1.38 billion. The Incorporation owns seven subsidiaries and 12 joint ventures, adding up to 19 in total.

As the airline flying to the most countries and international destinations in the world, Turkish Airlines flies to a total of 333 destinations as of end-2021, of which 52 are domestic and 281 international. Turkish Airlines increased the number of aircraft in its fleet by 12.5% in the last 5 years to 370 by the end of 2021, of which 350 are passenger aircraft including 104 wide-body and 246 narrow-body and 20 are freighters.

In 2021, the number of Turkish Airlines passengers increased by 45.7% on domestic flights and by 74.5% on international flights, with a total increase of 60.2% compared to the previous year and reached 44.8 million. While the landing number of passenger aircraft was 325,797 with an increase of 55.5%, cargo and mail transported increased by 26.4% to 1.9 million tons.



Despite the ongoing pandemic, Turkish Airlines recorded a rapid recovery in operational performance in 2021.

78.4%
Domestic flights load factor

In 2021, Turkish Airlines boosted passenger revenues by 69% and cargo revenues by 48% compared to the previous year when the world was still reeling from the impact of the Covid-19 pandemic.

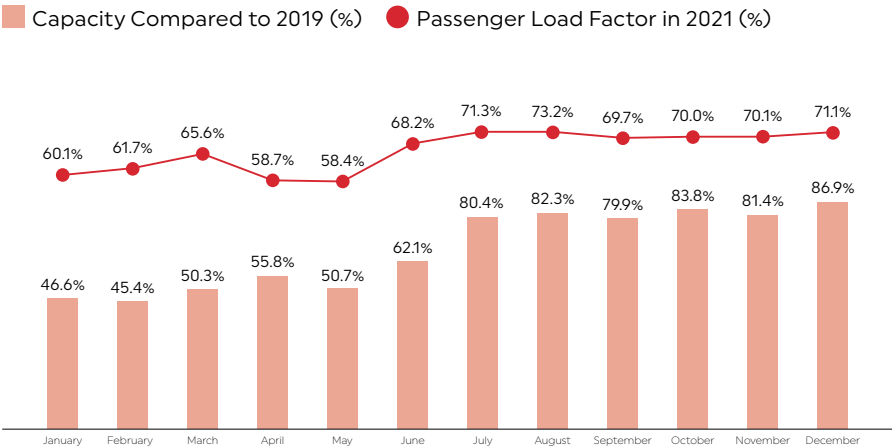
Step by Step on the Path to Normalization

The Covid-19 outbreak turned into a global pandemic in 2020 and negatively affected all aspects of the world economy, especially the aviation sector. The pandemic remained a serious threat with new types of variants despite the acceleration of vaccination efforts in 2021. The delta variant in particular, classified as a variant of concern by the World Health Organization on May 11, 2021, caused some countries to impose additional restrictions due to the resistance it developed against vaccines. While booster doses were administered around the world, the omicron variant featuring a higher transmission-lower fatality rate

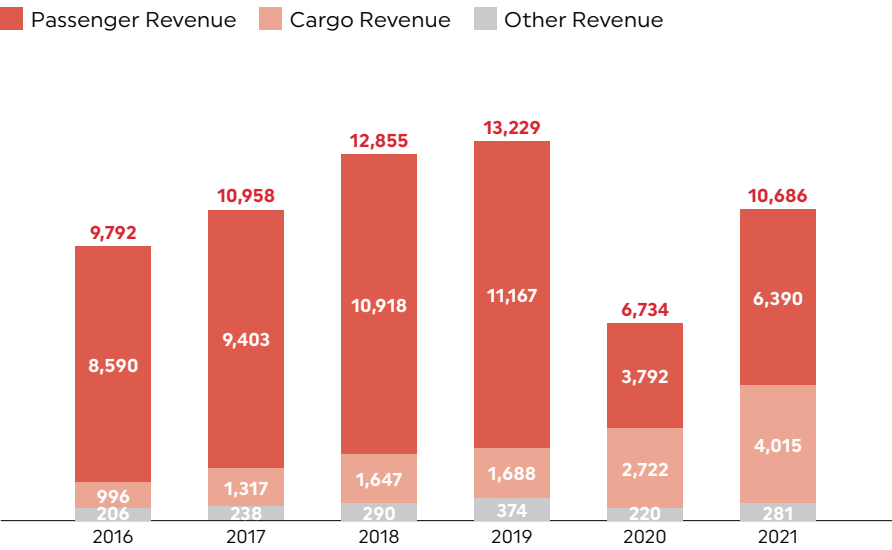
emerged in the last quarter of the year. Although these developments created new challenges for our company, Turkish Airlines completed fiscal year 2021 with a solid financial performance.

Despite the ramping up of vaccination efforts in 2021, many countries continued to impose the anti-Covid-19 measures first introduced a year earlier, albeit somewhat eased. Ongoing restrictions caused pressure on the capacity increase. Meanwhile, passenger hesitancy surrounding travel limited the rebound in passenger demand compared to 2020. During the year, Turkey's tourism sector experienced a strong

CAPACITY AND PASSENGER LOAD FACTOR DEVELOPMENT



REVENUE BREAKDOWN BY CATEGORY (USD MILLION)



recovery, enabling Turkish Airlines to bounce back faster in passenger operations compared to airlines based in other countries. Turkish Airlines maximized passenger contribution thanks to its effective capacity management at the points where the flights began. Intensive demand in cargo transportation in 2020 and the accompanying rise in unit revenue rose further this year as well. Due to the slow down on passenger operations, some of the idled wide body aircrafts were

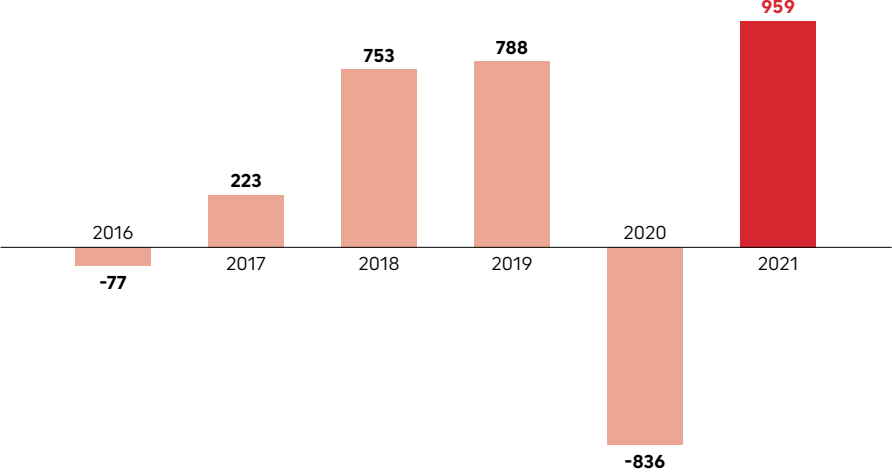
used in Cargo operations, which in turn contributed to Turkish Airlines leading position in Cargo. These developments greatly contributed to 2021 being a successful year for Turkish Airlines.

In 2021, Turkish Airlines increased its capacity more than 70% year-on-year to 128 billion ASK. This reporting year, International Air Transport Association (IATA) carriers reached 51% of their 2019 capacity. Turkish Airlines recorded a faster recovery compared

to its competitors, reaching 68% of its 2019 capacity in the same period. The number of passengers carried in 2021 went up by 60.2% to 44.8 million, amounting to 60.3% of the 2019 figure. The number of international passengers jumped by 74% in 2021 compared to 2020, while domestic passenger numbers rose 46% year-on-year. In 2021, the total passenger load factor came in at 67.9%, down 3.1 points year-on-year. The international passenger load factor declined 3.8 points to 66.2%, while the domestic passenger load factor rose 2.3 points to 78.4%.

In 2021, Turkish Airlines boosted passenger revenues by 69% year-on-year to USD 6.4 billion. Cargo revenues rose by 48% to USD 4.0 billion, outperforming the sector average. Total revenue increased by 59% compared to the previous year and amounted to USD 10.7 billion. Passenger revenues in 2021 accounted for 60% of total revenue, while cargo revenues accounted for 38% in this period, 2.0 points lower than the prior year. On the expense side, Turkish Airlines once again recorded significant savings in 2021, especially in personnel expenses, with the dedication of the personnel, as well as in fixed and operational expenses. This year, the depreciation of the Turkish Lira against major currencies had a positive impact on net expenses due to the fact that Turkish Airlines' expenses in Turkish Lira are more than its revenues. After 2020, a highly challenging year operationally due to the pandemic, Turkish Airlines reported operating profit of USD 1.414 million and an operating profit margin of 13.2% in 2021, outpacing the sector average. Net profit after tax was USD 959 million. With this overall performance in 2021, Turkish Airlines differentiated positively from its competitors with a rapid recovery following the first pandemic year. In the coming year, further recovery is expected with pre-pandemic levels being reached.

NET PROFIT (USD MILLION)

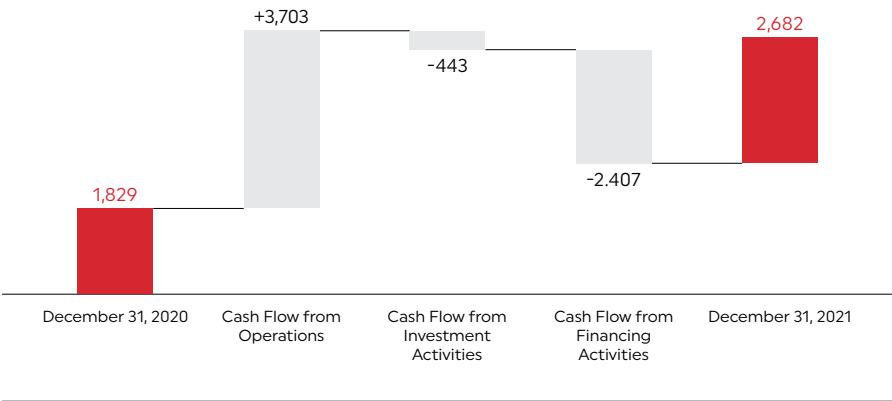


17%
Increase in cargo
unit revenues

Turkish Cargo's
market share rose
from just 1% in
2011 to 5.2% in
2021 – ranking fifth
worldwide this
year.

700
USD Million
Cost savings in 2021

CASH, CASH EQUIVALENTS AND FINANCIAL INVESTMENTS
(USD MILLION)



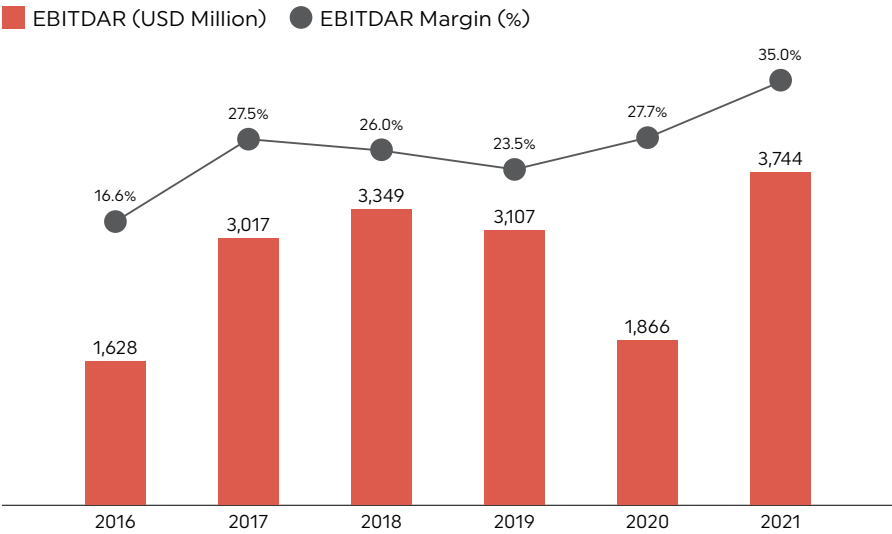
Cargo Performance Rising Further in
the Second Year of the Pandemic

In 2021, Turkish Cargo maintained its high performance from the prior year. Turkish Cargo played a key role in the fight against the pandemic by transporting millions of vaccine doses with its strong fleet and extensive flight network. During this reporting year, cargo unit revenues rose by 17%. Cargo revenue jumped to USD 4.0 billion driven by 48% growth for the year. In terms of carried cargo tonne kilometers, Turkish Cargo's market

share rose from just 1% in 2011 to 5.2% in 2021 – ranking fifth worldwide this year.* In 2021, IATA posted average carried cargo tonne kilometers growth of 6.9% compared to 2019; meanwhile, Turkish Cargo achieved 33% growth in the same period. Part of the loss in passenger operations was offset by high contribution from cargo operations.

* Excluding Integrators

2016-2021 AVERAGE EBITDAR MARGIN 26.1%

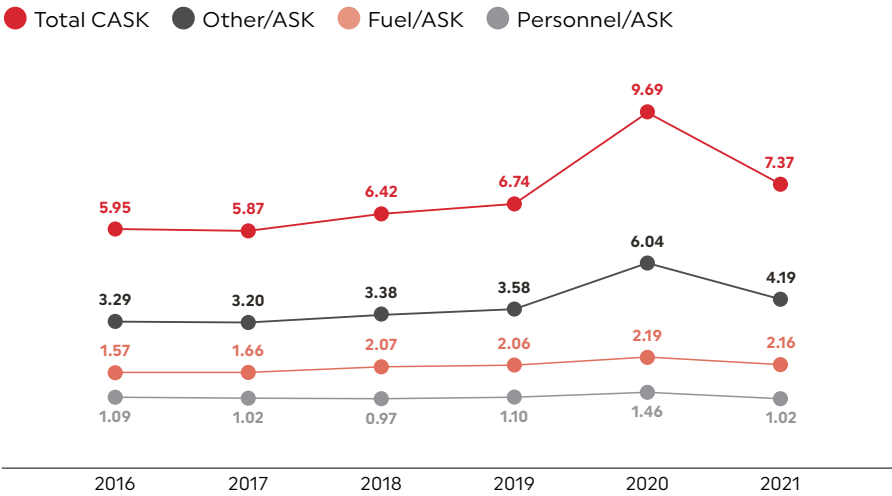


Sustainable Cash Generation

As in the prior year, Turkish Airlines navigated the second year of the pandemic with its own resources. Savings action plans, rapidly implemented at the start of the pandemic, partially continued this year as well. In addition to about USD 1.1 billion savings realized in fixed and operational expenses in 2020, Turkish Airlines saved about USD 700 million in expenses in 2021, including about USD 470 million in personnel expenses and USD 230 million in other fixed and operational expenses. With these cost-cutting activities and improvements on the operational side, Turkish Airlines generated USD 2.7 billion in cash flow, about USD 850 million more than in 2020 and USD 200 million above that of 2019. This year, strong cash flow was generated thanks to dynamic capacity management in passenger operations, a higher load factor compared to competitors, a positive contribution margin, and a strong performance of cargo operations. In 2021, total financial debt decreased by USD 1.8 billion year-on-year to USD 14.9 billion.

Turkish Airlines' EBITDAR, an indicator of cash generation potential in the sector, doubled to USD 3.7 billion in 2021 from a year earlier. The EBITDAR margin was 35%, despite the ongoing pandemic effect. As a result, Turkish Airlines maintained its position among the leading companies in the sector. With these results, profitability was maintained above the aviation industry average this year, when operations had not yet returned to pre-pandemic levels. As always, Turkish Airlines utilizes its internal resources and potential in the most effective and productive way in order to finance its future investments and ensure sustainable growth.

UNIT COSTS (USD- CENT "Usc")

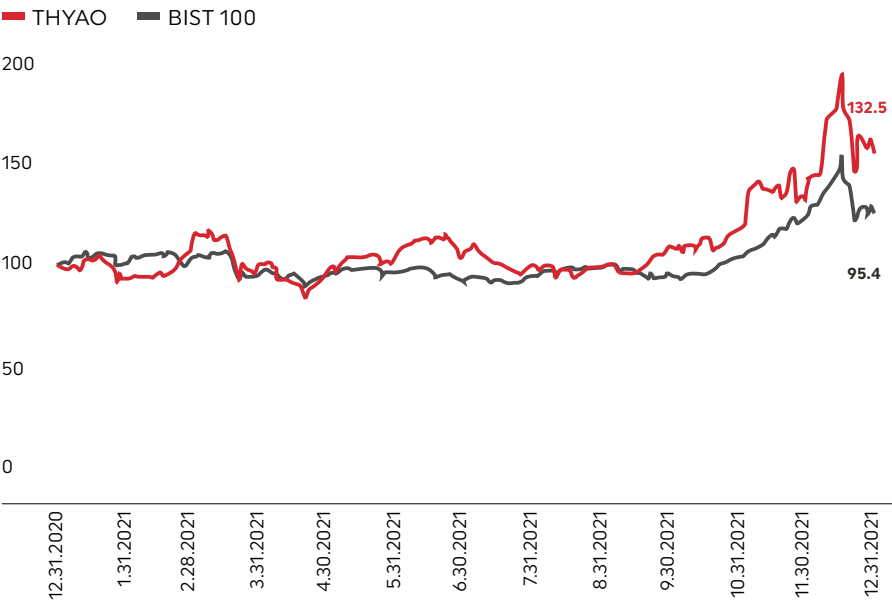


Second Highest Trading Volume

Since 1990, Turkish Airlines shares have been trading on Borsa Istanbul under the ticker code of THYAO. The percentage of publicly traded shares of the Incorporation rose to 50.88% after secondary public offerings in 2004 and 2006. Turkish Airlines stock is one of the most preferred top Turkish stocks by the investors. As the effects of the ongoing pandemic began to wane in 2021, the Incorporation's stock registered a trading volume of TL 345 billion on Borsa Istanbul – the

second highest trading volume on the exchange. In 2021, Turkish Airlines' trading volume rose by 15% year-on-year. Thanks to the mass vaccination campaigns that got underway during the year and rising passenger demand, Turkish Airlines' share price outperformed BIST 100 in 2021. Turkish Airlines' stock price increased 55% while the BIST 100 increased 26% year-on-year. Driven by the recovery in 2021, Turkish Airlines recorded a market capitalization of TL 27.6 billion at year-end.

PERFORMANCE COMPARISON OF THYAO-BIST 100



138%

Increased cargo revenues compared to 2019

In the Americas Region, the 2019 capacity was exceeded in 2021 and the region's revenue share increased compared to the pre-crisis period with the newly opened Newark, Dallas and Vancouver routes.

Diversified Revenue Portfolio

Turkish Airlines' extensive flight network serves as a natural risk mitigation mechanism. In 2021, the Incorporation especially benefitted from its flight network's diversified revenue streams as cargo revenues were up 138% compared to the pre-pandemic period. In 2021, due to the passenger flight restrictions continuing in the Far East, where the global pandemic started, Turkish Airlines' total revenue share decreased in this region compared to the previous year. However, 27% of revenues were generated from the Far East thanks to higher cargo revenues in the region. Due to travel bans in Europe, this region

accounted for a lower share of revenue compared to the pre-crisis period. In the Americas Region, the 2019 capacity level was exceeded in 2021 and the region's revenue share rose compared to the pre-crisis period with the newly opened Newark, Dallas and Vancouver routes. In addition to the Americas routes, Turkish Airlines boosted its revenue portfolio with newly opened routes to Urmia, Turkistan, Fergana, Urgench, Aktau and Luanda. Sales originating outside of Turkey accounted for 82% of total sales in 2021. This revenue structure has provided a significant amount of foreign currency inflow for Turkish Airlines and its home country, especially during the pandemic crisis.

REGIONAL BREAKDOWN OF REVENUES (%)*



Far East	26.6%
Europe	25.6%
Americas	22.2%
Africa	9.8%
Middle East	8%
Domestic	7.8%

* Passenger and Cargo Revenues



The aviation industry entered 2021 with optimism and continues to improve steadily.



2.3

billion
Passengers
carried in 2021

In the aviation sector which was, one of the sectors most affected by the Covid-19 pandemic, demand for domestic flights played a major role in the recovery in 2021.

Following the unprecedented pandemic year of 2020, the aviation industry entered 2021 with optimism thanks to the discovery of effective vaccines. The measures taken in the first quarter of the year to alleviate the effects of the pandemic revived travel demand in the summer season. However, vaccination rates fell short of projected levels worldwide, variants emerged that altered the spread of Covid-19, and anti-pandemic measures and restrictions greatly differed by country. These issues ultimately slowed the recovery of the aviation sector during the year.

While the rebound in international passenger traffic decelerated, growing demand for domestic flights played a central role in the recovery of the aviation industry this year. International passenger traffic reached only 25% of the 2019 level while domestic passenger traffic climbed to 72% of pre-pandemic levels. In 2019, a total of 4.5 billion passengers were carried of which 2.64 billion domestic and 1.85 billion international. In 2021, a total of 2.3 billion passengers were carried of which 1.78 billion domestic and 511 million international.²

¹ IATA Industry Report – December 2021
² ICAO Economic Impact Analysis – January 2022
³ IATA Industry Report – October 2021
⁴ IATA Industry Report – December 2019
⁵ IATA WATS Reports (2009-2020)

North America recorded the fastest recovery, reaching 61% of the 2019 figure with a 72.4% jump in total passenger traffic in 2021, supported by its strong domestic market share of 92%.^{1,2,3}

The Asia-Pacific Region reached only 7% of its international passenger traffic compared to the pre-pandemic levels and 33% of the total passenger traffic in 2019. As a result, Asia-Pacific was the only region that closed 2021 below 2020's level. Asia-Pacific accounted for 28% of global passenger traffic in 2021, down from 35% in 2019.^{1,4}

Despite receiving support of USD 243 billion during the pandemic period to offset financial losses, the aviation industry is projected to close fiscal year 2021 with a net loss of USD 51.8 billion.³ Combined with its losses in 2020, the sector has now depleted its entire profits for the last seven years prior to pandemic.⁵

Pivoting towards operational flexibility and agility, the airlines focused on short and medium-haul routes and simplified their fleet planning. Like the prior year, many



airline companies started utilizing new generation aircraft in their fleets or retired wide-body aircraft with low operational efficiency such as the B747 and A380 ahead of schedule. Fleet restructuring was a priority once again in 2021. Cargo operations carried out on passenger aircraft (preighter), a key trend last year, was extended into 2021 to offset the loss on the passenger side and generate cash support. As airlines further revised their aircraft delivery plans in 2021, a total of 1,069 aircraft were delivered during the year, of which 611 were Airbus and 340 were Boeing.^{6,7,8}

With the improvement momentum that initiated in 2021 in many markets, the general outlook for the aviation industry is positive for 2022. With the ongoing normalization of business activities and meetings, business travel is expected to increase by 36% in 2022 compared to the previous year.⁹ Meanwhile, airlines are planning their fleet in parallel with

the projected uptick in the holiday and leisure travel segment. Airlines aim to reach their 2019 capacity by removing former generation fuel-inefficient aircraft from their active fleet and employing the grounded aircraft. Growth in the aviation sector is expected to pick up pace as of the 2022 summer season. In 2022, total passenger numbers are expected to climb to 3.4 billion or 76% of 2019 levels. Passenger traffic is projected to jump by 51% to reach 61% of 2019 levels.³

World Economic Developments and Expectations

In 2021, the world's agenda was dominated by the pandemic crisis with a succession of emerging variants, as well as a wide range of risk factors affecting the global recovery. These risk factors included climate change, struggle between authorities, political, commercial and geopolitical tensions, uncontrolled migration, inflation, price uncertainty, and high public debt.^{10,11}

The global economy, after contracting by 3.1% in 2020, is projected to grow by 5.5% in 2021. This expected performance would be the biggest post-recession rebound in the past 80 years.^{10,11}

The impacts of risk factors on global economic growth are projected to persist in 2022. Nonetheless, the global economy is still forecast to grow, led by developed countries, by 4.1% in the coming year despite monetary tightening trends to dampen world economic growth.^{1,10,11,12}

The Covid-19 pandemic caused severe disruptions in the global logistics and supply chains starting in 2020 and throughout 2021. Anticipated to continue for a while, these disruptive effects have slowed the flow of consumer products to the world's major markets. The effects of the pandemic restricted global trade flows and curtailed product imports, making it difficult to replenish stocks. This situation has led to logistics capacity problems, shipping delays, higher freight costs, depleted inventory levels, labor limitations, demand and supply imbalances, and ultimately to elevated inflation.¹³

¹ IATA Industry Report – December 2021
² ICAO Economic Impact Analysis – January 2022
³ IATA Industry Report – October 2021
⁴ Airbus Orders and Deliveries – December 2021
⁵ Boeing Orders and Delivers – December 2021
⁶ IBA Report
⁷ Cirium Airline Insights Review – 2021
⁸ IMF, World Economic Outlook, October 2021
⁹ World Bank, Global Economic Prospects, January 2021
¹⁰ Republic of Turkey Strategy and Budget Directorate, Recent Developments in the World Economy, July 2021
¹¹ KPMG – Six key trends impacting global supply chains in 2022

175
USD billion
Cargo revenue

The air cargo industry was a life saver for aviation during the pandemic, helping airlines survive.

Central banks are signaling that tighter monetary policy will soon replace the expansionary stance that was adopted in response to the risks of contraction in the economy during the pandemic. The rise in long-term bond rates and surging expectations that central banks of developed countries will hike interest rates in 2022 also indicate monetary tightening measures.

The uncertain outlook is largely due to new emerging coronavirus variants and their possible impacts on world economies as well as the lengthy supply-demand mismatches. This situation may create longer-term price strains, triggering an increase in inflation expectations and forcing advanced economies to adopt monetary tightening policies faster than expected while further squeezing developing economies.^{10, 11, 14, 15, 16}

2021 Cargo Sector and Development

2021 has been a year which disruptions in the global supply chain persisted after Covid-19 pandemic, and air cargo continued playing a key role. The ongoing impacts of the pandemic, the relative continuity of restriction policies implemented at national borders by countries, and newly emerging coronavirus variants also affect passenger traffic and belly cargo capacity. Despite the increase in capacity offered by cargo aircraft, cargo capacity contracted by 10.9% in January-December 2021 compared to the same period of 2019. This contraction was due to the fall in wide body belly cargo capacity, which accounted for nearly 50% of air cargo capacity before the pandemic.¹⁷

In 2021, world trade is expected to expand by 9.5% compared to the previous year and by 3.9% compared to 2019. This uptrend is projected to continue with world trade growing by 5.6% in 2022.¹⁸

Parallel to the growth in world trade, air cargo demand is expected to expand further. Changing consumer behavior with the impact of the pandemic and rising consumer expectations of obtaining products faster have made the need for the air cargo sector more evident. In addition e-commerce volume, expected to increase even further in the coming years, will continue to drive air cargo demand positively. At present, e-commerce accounts for 18% of air cargo and is the fastest growing segment; e-commerce is forecast to account for 22% of air cargo in 2022.¹⁹ As a result of these factors, cargo traffic is expected to grow at a robust 17.1% in 2021, up 6.9% compared to 2019.¹⁸ The cargo load factor was 56.1% in the January-December 2021 period, 9.3 points above the 2019 level.¹⁷

The air cargo industry was a life saver for aviation during the pandemic, helping airlines survive. Accounting for 12% of airlines' revenues in 2019, cargo revenues accounted for 37% of airline revenues in 2021 and totaled USD 175 billion. Cargo unit revenues are forecast to rise by 15% in 2021.²⁰

In order to meet the demand caused by reduced cargo capacity due to grounded passenger aircraft during the pandemic, passenger aircraft were converted to cargo planes. In 2021, 140 passenger aircraft, approximately twice as many as in 2020, served as temporary cargo aircraft. Forecasts predict this figure will increase further to 160 in 2022. In addition, more than 250 conversion orders were placed in 2021 indicating that temporarily converted cargo aircraft will be used in coming years as well.⁹

Air cargo traffic is projected to increase by 4.9% in 2022. Furthermore, higher wide body and long-haul flight traffic will boost air cargo capacity. Estimates project that cargo unit revenues will decrease by 8% in 2022. Air cargo revenues are expected to fall by 3.5% to USD 168.9 billion due to capacity growth outpacing demand.⁹

Expectations for 2022

Turkish Airlines, after differentiating positively from the airlines in the common market in both operationally and financially in 2020 and 2021, is forecast to record further growth at an increasing pace in summer 2022.

In 2021, Turkish Airlines exceeded its 2019 capacity with additional flight destinations in North America, Central and South America. By boosting the frequency on existing routes, Turkish Airlines increased its capacity in these regions 1.3-fold in the last quarter of 2021 compared to the same period of 2019. Overall for 2021, Turkish Airlines increased its capacity by 8.6% compared to 2019. In 2022, Turkish Airlines plans to open new flight destinations depending on the opportunities and market conditions, and extend its strong growth in these regions with additional frequency.



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TURKISH AIRLINES

USA

Restrictions in countries of the Far East are ongoing and the volume of the international passenger departing from the region has not yet reached a sufficient level. As a result, Turkish Airlines does not expect to reach the 2019 capacity in this region until next years. In the other regions, Turkish Airlines is expected to rebound significantly, especially with the summer season, depending on the developments in the market.

After starting its international expansion in 2020 with the AnadoluJet brand, Turkish Airlines continued its international push in 2021. Turkish Airlines plans further consolidation in relevant markets in 2022.

Achieving growth by taking pioneering steps during the pandemic, Turkish Cargo carried 1.88 million tons of cargo in 2021 and ranked fifth worldwide in terms of RTK (Revenue Ton Kilometers) excluding integrators. Despite the changing market conditions with the recovery of belly cargo, Turkish Cargo aims to maintain its strong position in cargo carried.

¹⁰ IMF, World Economic Outlook, October 2021

¹¹ World Bank, Global Economic Prospects, January 2021

¹⁴ The Economist, The World Ahead 2022

¹⁵ World Bank, Soaring Energy Prices Pose Inflation Risks as Supply Constraints Persist

¹⁶ Forbes, Chairman Powell Faces A Tough Year To Come

¹⁷ IATA Air Freight Monthly Analysis – December 2021

¹⁸ IATA Airline Industry Economic Performance Report – October 2021

¹⁹ IATA E-Commerce Monitor – June 2021

²⁰ IATA Airline Industry Economic Performance Data Tables – October 2021

⁹ Cirium Airline Insights Review – 2021

Board of Directors



PROF. AHMET BOLAT
Chairman of the Board of Directors and the Executive Committee

Born in Konya in 1959, Prof. Ahmet Bolat graduated from İstanbul Technical University in 1981 as an Industrial Engineer. In 1984, he graduated from M.Sc. Operations Research program at Stanford University and in 1988, he obtained his Ph.D. in Industrial and Operations Engineering from the University of Michigan.

Prof. Bolat started his career in 1981 as a Design and Production Engineer at Yıldız Kalıp Şirketi. Between 1985 and 1988, he held a various of roles at the University of Michigan including as teaching assistant, research assistant and assistant professor. From 1988 to 2005, he worked as assistant professor, associate professor and professor at Industrial Engineering Department of King Saud University, Riyadh.

He was assigned as Senior Vice President of Investment Management at Turkish Airlines Inc. in 2005 and served as Chief Investment and Technology Officer between 2012 and 2022. During his tenure, he managed strategic growth plan of Turkish Airlines and led the team which procured around 550 aircraft to Turkish Airlines fleet. Being also responsible for International Relations & Alliances, Prof. Bolat has managed Government Affairs issues & commercial agreements with airline partners, ensuring partnership & network development with enhanced bilateral relations. He also led the feasibility study of Alliance selection project for Turkish Airlines.

In 2022, Prof. Ahmet Bolat was appointed as the Chairman of the Board and the Executive Committee of Turkish Airlines.



PROF. MECİT EŞ
Deputy Chairman of the Board of Directors and the Executive Committee

Prof. Mecit Eş was born in Samsun in 1953 and received his undergraduate degree from İstanbul University, School of Economics in 1974. After working in the public sector, he continued his academic career and received his Ph.D. in 1985. Dr. Mecit Eş became Associate Professor in 1990 and Professor in 1996. Having worked in the Faculty of Economics and Administrative Sciences at Dumlupınar University in the field of Public Finance between 1992 and 2012, Dr. Eş has since been Professor of the Academy of Commercial Sciences at İstanbul Commerce University. During his career, he has published many books and articles. Dr. Eş is a father of three children.



BİLAL EKŞİ
Member of the Board of Directors - General Manager

Bilal Ekşi graduated from Yıldız Technical University, the Department of Electronics and Communications Engineering in 1989. Starting his career in 1989, Mr. Ekşi worked as an Electronics and Communications Engineer at Turkish State Railways and thereafter, he was assigned to the position of Workshop Manager at İstanbul Ulaşım A.Ş., and he played an active role in realization of significant transport projects.

As the Head of Overhaul Workshops at Turkish Airlines Inc., Mr. Ekşi carried out the duty of maintenance of aircraft engines, landing gears and all components between 2003 and 2005. In 2005, he has been assigned as the Chief Ground Operations Officer at Turkish Airlines Inc. Mr. EKŞİ accomplished significant projects, particularly in improvement of the on-time departure performance during his tenure.

Having served as the Chief Production Officer at Turkish Technic in 2008 and 2009; and as the General Manager of Cyprus Turkish Airlines as part of the reorganization of Cyprus Turkish Airlines in 2010; and as the Executive Vice President at "Turkish Engine Center (TEC)," established by the Joint Venture of Pratt Whitney, the American Engine manufacturer, and Turkish Technic Inc. between 2010 – 2011; Mr. Ekşi was assigned as the Director General of Civil Aviation in April 2011. During his tenure as the Director General of Civil Aviation, Turkey has been reelected as a member of Council of International Civil Aviation Organization (ICAO) 66 years later its pervious membership and has become one of the 36 members in ICAO's decision-making platform.

On 21st of October, 2016, he was assigned as the General Manager and continues his duty as the General Manager and Member of the Board.



ASSOC. PROF. MURAT ŞEKER
Member of the Board of Directors and the Executive Committee - Chief Financial Officer

Murat Şeker, PhD earned his undergraduate degree in Industrial Engineering from Marmara University in 2000, followed by a Master's Degree in Economics from Sabancı University in 2002. Then, he earned a PhD in Economics from University of Minnesota, USA in 2008.

Dr. Şeker worked as an analyst at Global Indicators Analysis Department between 2008 – 2011 and as an economist at Innovation, Technology and Entrepreneurship department between 2011 - 2013 under the Financial and Private Sector Development Vice Presidency of World Bank, USA. During his tenure at the World Bank, he was responsible for operational project management; production of reports and research publications on innovation and entrepreneurship ecosystem, international trade; and development of economic policies that contribute to the growth of developing countries.

Dr. Şeker returned to Turkey in 2013 and worked at Ziraat Bank as Senior Vice President of Investor Relations Department. In August 2014, he was assigned as Senior Vice President of Financial Institutions and Investor Relations Department. At Ziraat Bank, Dr. Şeker also served as Board Members of Ziraat Investment, Ziraat Private Pension and Ziraat Insurance subsidiaries. In July 2016, Dr. Şeker was assigned as the Chief Financial Officer of Turkish Airlines and in March 2021, he was additionally appointed as a Member of the Board and the Executive Committee of Turkish Airlines. Dr. Şeker also serves as a Board Member of SunExpress.

Between 2015 and 2018, Dr. Şeker lectured as part-time professor at Boğaziçi University, Faculty of Economics and Administrative Sciences and received Associate Professorship title in October 2018.



MEHMET KADAİFÇİLER
Member of the Board of Directors and the Executive Committee - Chief Flight Operations Officer

Mehmet Kadaifçiler, who was born in Konya in 1963, completed his undergraduate education in the Turkish Air Force Academy, Department of Aircraft, and graduated in 1986. Between 1986 and 2000, he served as a jet pilot and an instructor pilot in various units of the Turkish Air Force. He completed his master's degree at the Air War College between 2000 and 2002. As a Staff Officer, he retired in 2005 after serving as a Squadron Commander and working in the Turkish Air Force Headquarters Flight Training Department.

He joined Turkish Airlines as a First Officer in 2006 and was appointed as a Captain Pilot in 2009. In Turkish Airlines, he served as the Quality Assurance Directorate Inspector, Quality Assurance (Flight Operations) Manager, Executive Vice President of Flight Operations (Chief Pilot) and as of 27 January 2022, has been appointed as a member of the Board of Directors and the Executive Committee and as the Chief Flight Operations Officer.



ORHAN BİRDAL
Member of the Board of Directors

Mr. Birdal was born in Kemah, Erzincan in 1958 and completed his primary and high school education in İstanbul. In 1980, he graduated from İstanbul Academy of Economics and Commercial Sciences, College of Journalism and Public Relations. Mr. Birdal completed his graduate degree from the Social Sciences Institute of Marmara University in 1990.

In 1982, Mr. Birdal entered the aviation sector as Air Traffic Controller at Ataturk Airport, incorporated under the General Directorate of State Airports Authority (DHMI). Subsequently, he held various positions in the sector, including Air Traffic Controller and Airport Manager at Erzincan, Directorate of Nevşehir Kapadokya, Trabzon and İzmir Adnan Menderes Airports, and Senior Vice President of the Airport Operation Department at DHMI. After working as the Deputy Director and Member Of the Board of Directors of DHMI in 2003, he assumed the position of General Manager and Chairman of the Board Directors of DHMI between 2007-2015. Following his position in DHMI, Mr. Orhan Birdal was appointed to the Deputy Undersecretariat of the Ministry of Transport, Maritime Affairs and Communications and he was retired from this duty in July 2021. During his tenure as General Manager at DHMI, Mr. Birdal also served as Member of the Board of Directors and Audit Committee at Turkish Airlines from 2008 until 2012. In addition, he served as Vice President of the Turkish Civil Aviation Council at the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

Having worked as a senior manager in the aviation sector for many years, Mr. Birdal, carried out many successful projects. IGA is one of these projects as the world's greatest build-operate transfer project. He also held high level positions in 17 build-operate-transfer projects related to several airports in Turkey. Mr. Birdal actively participated in the commission of the Domestic Aircraft Project in Turkey. He also served as Chairman of the Aviation Sector and Moderator in the 10th and 11th Transportation Council. Mr. Birdal has received numerous prestigious awards including "Bureaucrat of the Year" and "Government Executive of the Year" from both domestic and international institutions.

Mr. Birdal speaks English and is married with four children.

Board of Directors



DR. MELİH ŞÜKRÜ ECERTAŞ
Independent Member of the Board of Directors
Born in Inegöl, Bursa in 1987, Mr. Ecertaş graduated from Kartal Anatolian Imam-Hatip high school in 2004. He studied Business Administration at Beykent University and graduated as a valedictorian in 2009.

After his Bachelor's Degree, granted with Fulbright scholarship, Mr. Ecertaş took his Master's Degree at Emerson College in Boston, United States in Marketing Communications department. Following his research assistant position at MIT/Sloan School of Management, he completed his PhD degree at Gebze Technical University in Management and Organization.

He served as the Corporate Development Manager and Member of the Board of Directors at Çilek Furniture.

He is working as Management Consultant and worked in many domestic and international organizations in "Human Resources System Design, Performance Management Systems, Employee Rewarding Models, Strategic Planning, Talent Management, HR Digital Transformation and other Organizational Development" projects.

Mr. Ecertaş, who has been involved in civil society and youth studies since secondary education, has undertaken important responsibilities at various levels from the Provincial Organization to the Headquarters in the AK Party Youth Branches in 2012-2018. He still continues to volunteer in various youth-related NGOs.

Mr. Ecertaş has an excellent command of English and a good command of German and Arabic. He is married and has two children.



ŞEKİB AVDAGIĆ
Independent Member of the Board of Directors and the Executive Committee
Şekib Avdagić was born in 1959 in Zenica (Bosnia and Herzegovina). He started his primary education in Cologne (Germany) and completed his primary and secondary education in Istanbul. He graduated from Istanbul Technical University Faculty of Mechanical Engineering in 1982. He completed Istanbul University Business Administration Programme with a degree in 1988. Mr. Avdagić is still the CEO of a company operating in the automotive industry.

He was one of the founder members of the "Independent Industrialists' and Businessmen's Association" (MÜSIAD) and took charge as the Association's Vice President until 2000. Between 1995 and 1999 he acted as a member of the Istanbul Chamber of Commerce (ICOC) Assembly. In 2005 he was elected as the member of the ICOC Executive Board. Through the years 2008-2009 Mr. Avdagić was a member of the Executive Council of the Istanbul 2010 - European Capital of Culture Agency. He became the agency's Executive Council President in 2009 and remained so until the project was completed in June 2011.

From 2009 to 2013 he served in the Executive Board of the Istanbul Chamber of Commerce as the Vice President. From 2013 to 2019 he was the Chairman of the Board of the Turkish Composites Manufacturers Association. He has been elected as the President of the ICOC Assembly in May 2013 and held this position until 2018. In April 2018, he was elected as the President of ICOC Executive Board. Since September 2019, he has been serving as Vice President of "Danube Chambers of Commerce Federation." In addition to these duties, Mr. Avdagić also holds various positions in the following institutions:

Chairman of the Board, Commercialization Center of Istanbul, Chairman of the Board, Istanbul Chamber of Commerce Education and Social Services Foundation, Chairman of the Board, The Tourism Development and Education Foundation, President, The Istanbul Convention & Visitors Bureau, Vice President of the Board, Istanbul World Trade Center, Vice President of the Board, Teknopark Istanbul, Member of the Board, Foreign Economic Relations Board, Member of the Board, Istanbul Development Agency, Member of the Board, Association of Automotive Parts and Components Manufacturers, Member of the Board of Trustees, Istanbul Commerce University, Member of the Board of Trustees, International University of Sarajevo, Member of the Board of Trustees, The Prof. Fuat Sezgin Research Foundation for the History of Science in Islam, Member of the Board of Trustees, Istanbul Technical University Development Foundation, Member of the Board of Trustees, Academic, Foundation of Bosnia Sandžak Culture and History, Member of the Advisory Board, Istanbul Technical University, YÖK (Council of Higher Education)- Member of University and Industrial Cooperation Commission

Mr. Avdagić speaks English and Bosnian. He is married and has two children.



DR. FATMANUR ALTUN
Independent Member of the Board of Directors
Born in Kocaeli in 1979, Fatmanur Altun completed her undergraduate degree in Sociology Department in Istanbul University. Between 2002-2003, Altun had been in United States of America to conduct various research studies. She took her Master's Degree in Sociology and Anthropology from Marmara University's Institute of Middle East and Islamic Countries Studies with the thesis titled "The Role of Discourse of Greater Middle East Project in Formation of Post 2000 Turkish Nationalism." Starting her doctoral studies at the same department in 2014, she earned her PhD Degree in 2018 with her dissertation titled "The 'Social Benefit' Approach of Secular and Faith-Based Non-Governmental Organizations in Turkey: Case Studies of the Association for Supporting Contemporary Life and Turkish Youth and Education Service Foundation."

Working in the publishing sector as a translator and editor since 2000, Altun served as the department editor of Anlayış Magazine from 2005 to 2010 and as a columnist for the news portal World Bulletin from 2006 to 2011. Between 2009-2012, she served a member of the directors of AK Party Istanbul Provincial Administration. She was a member of the board of directors of Istanbul Metropolitan Municipality Culture Inc. through 2012-2016 and has been working at Marmara University since 2015. Altun has copyright and translation works. In addition to the seminars and conferences she has given on different platforms, she also serves as a columnist at Fikriyat Newspaper, and her articles are regularly published in various media.

Altun is the Chairman of the Executive Board of Turkish Youth and Education Service Foundation (TÜRGEV) as well as a member of the Executive Board of Turkish Airlines and Women and Democracy (KADEM) Foundation. Fluent in English and good in Arabic and Ottoman Turkish, Altun is married and has four children.

Mission and Vision



MISSION

To become the preferred leading European air carrier with a global network of coverage thanks to its strict compliance with flight safety, reliability, product line, service quality and competitiveness, whilst maintaining its identity as the flag carrier of the Republic of Türkiye in the civil air transportation industry.

VISION

- To become an air carrier with,
- A continued growth trend over industry average,
 - Zero major accidents/crashes,
 - Most envied service levels worldwide,
 - Unit costs equating with low cost carriers,
 - Sales and distribution costs below industry averages,
 - A personnel constantly developing their qualifications with the awareness of the close relationship between the benefits for the company and the added value that they contribute,
 - An entrepreneurship that creates business opportunities for fellow members in the Star Alliance and takes advantage of the business potential provided by them,
 - A staff well adapted to modern governance principles by observing the best interests of not only shareholders but also stakeholders.

Regardless of the conditions, safety, service quality, health and satisfaction are always at the forefront, in the light of the vision to add value to its stakeholders



Turkish Airlines will pursue to improve collaborations and expand the number of projects delivered in cooperation with its stakeholders in line with its vision of adding value to stakeholders.

1. SUSTAINABLE GROWTH AND PROFITABILITY

Turkish Airlines, which operated flights to the most countries and international destinations in the world, carries out its operations by prioritizing safety, service quality, health and customer satisfaction regardless of the conditions.

Turkish Airlines, which will further expand its service range with the vitality and efficiency brought by Istanbul Airport, also takes steps to develop in different areas such as information technologies, cargo transport, new business models and sustainability.

2. BRAND RECOGNITION AND PREFERABILITY

Turkish Airlines moves steadily toward sustainable success as one of the most preferred airlines today with its extensive flight network and high-quality service.

Its uninterrupted communication for changing market conditions in view of current developments and rapid adaptation to conditions demonstrate the brand's agility. Turkish Airlines uninterruptedly continues its brand communication investments and promotional activities in many different areas,

including sports and media sponsorships, brand ambassadors, prestigious commercials and internationally reputable platforms.

3. CUSTOMER FOCUS

While Turkish Airlines formulates its strategies in consideration of customer sensitivity toward price, time, service, and hygiene quality, recognition of its service quality with international awards in every new period further increases the motivation. Turkish Airlines, always aiming better for its customers who are the central focus of all its investments, adapts flexibly to all conditions and goes beyond customer expectations with proactive moves.

4. CORPORATE SOCIAL RESPONSIBILITY

Turkish Airlines which conducts all its business operations in a socially, economically and environmentally responsible manner, serves within the framework of the social responsibility principles it has adopted in the subject areas of education, environment, science and technology, culture and art, employee engagement, humanitarian aid and equality of opportunity. In this regard, most of the work carried out at home and abroad consist of non-

governmental organizations working for disadvantaged individuals/ groups and children and various associations/foundations, universities, humanitarian aid organizations, and institutions working in the field of disaster and famine. The main purpose of the work carried out is to protect the sense of unity our country and to create awareness about the solution of global issues.

5. BUSINESS EXCELLENCE AND EFFICIENCY

Turkish Airlines continues to strengthen its corporate structure, improve its business processes and increase its operational and commercial efficiency by using resources effectively and efficiently with its customer satisfaction-oriented service approach, the importance it attaches to innovation, and its sensitivity to meet national and international requirements at the highest level. Sustainable business excellence is achieved thanks to the infrastructure investments and updates in information and communication technologies, the dynamic fleet structure rejuvenated with the new aircraft joining its fleet, and effective process management.

6. EMBRACING INNOVATION

Turkish Airlines, which attaches importance to innovation and transformation as one of the global air transport industry leaders; aims to place the culture of innovation in every field from business culture to marketing, from customer relations to production processes. For this purpose; it carries out innovative project activities in fields such as artificial intelligence, Internet of Things, virtual reality, and augmented reality. In addition to improving its internal processes within the scope of digital transformation and innovation efforts, Turkish Airlines will continue to carry out projects to increase customer satisfaction together with internal and external stakeholders.

7. ADDING VALUE TO EMPLOYEES

Turkish Airlines acts with the awareness that its employees are the source of care, attention and smiling faces at every stage of the service offered to its customers. It has determined as a priority to increase the motivation of its employees and enhance their satisfaction with the comfortable working environment, social and career opportunities it offers, and trainings organized jointly with local and foreign institutions. Since the beginning of

the pandemic, training activities have been emphasized in order to make the best use of the remote working period and to prepare for the post-pandemic period by getting stronger. It is also planned to continue activities in a way to meet all training needs of employees in the upcoming period.

8. ADDING VALUE TO STAKEHOLDERS

With the awareness that it is a whole with all its stakeholders and that its success is equivalent to the satisfaction of its stakeholders and the added value it creates for them, Turkish Airlines is committed to transparency, fairness, responsibility and accountability in all its activities, encourages its stakeholders to embrace its goals and values and strives to meet stakeholder expectations.

It performs training and inspection activities in order to increase the awareness of its stakeholders on occupational health and safety, data security, technological competence and to improve business processes. Turkish Airlines plans to expand the number of projects delivered in cooperation with its stakeholders and improve collaborations in line with its vision of adding value to stakeholders.

Thanks to subsidiaries and affiliates, flexibility, quality and efficiency are provided across operations.



19 Subsidiaries and affiliates

Bolstering its global brand identity to become a leader in the world aviation sector with its top-caliber, experienced staff and Group companies, Turkish Airlines has a total of 19 subsidiaries and affiliates. Thanks to subsidiaries and affiliates, Turkish Airlines provides flexibility, quality, and productivity across its operations, while reducing costs. As a result, the Incorporation increases its competitive power and efficiency.

While underpinning the development of aviation and the Turkish aircraft industry, Turkish Airlines' companies also serve other clients in the sector. Consequently, the Incorporation becomes a profit center that significantly contributes to consolidated profit and shareholder value creation.

Turkish Airlines and its Group companies will continue to be a major source of employment for the nation, as a vast family comprising about 60 thousand employees.

Passenger and Cargo Transport Group	
Title	Brand
Sun Express Aviation Inc.	SUNEXPRESS
Air Albania SHPK	AIR ALBANIA
We World Express Limited	WE WORLD EXPRESS
THY Air Cargo Transport Inc.	TURKISH CARGO
Turkish Airlines International Investment and Transport Inc.	
Maintenance Repair (MRO) Group	
Title	Brand
Turkish Technic Inc.	TURKISH TECHNIC
Pratt&Whitney Turkish Engine Center Co. Ltd.	TEC
Goodrich Turkish Technic Service Center Co. Ltd.	TURKISH NACELLE CENTER (TNC)
Cabin Interior Manufacturing Group	
Title	Brand
Turkish Cabin Interior Systems Inc.	TCI
TSI Aviation Seats Inc.	TSI
Cornea Aviation Systems Industry and Commerce Inc.	CORNEA
Support Services Group	
Title	Brand
Turkish Opet Aviation Fuels Inc.	THY OPET
Turkish Fuel Services Inc.	TFS
Turkish Do&Co Catering Services Inc.	TURKISH DO&CO
Turkish Ground Services Inc.	TGS
Turkish Flight Training and Airport Operations Inc.	TAFAT
Turkish Airlines Technology Inc.	THY TECHNOLOGY
Other	
Title	Brand
Tax Refund and Intermediation Inc.	TAX FREE ZONE
Turkish Airlines Airport Real Estate Investment and Management Inc.	



TURKISH TECHNIC
Turkish Technic Inc.



Revenue USD Million

2021	1,033.9
2020	894

Turkish Technic was established in 2006 as a 100%-owned subsidiary of Turkish Airlines, and merged with Turkish Airlines HABOM Inc. in June 2015. With 8,797 employees and various affiliate companies, Turkish Technic is among the world's largest aircraft maintenance, repair and Overhaul (MRO) centers in the air transport industry. After moving to Istanbul Airport in 2019, Turkish Technic opened the first base maintenance hangars of the MRO complex in October 2020. The facility was designed to provide all maintenance, repair and overhaul services from a single point to many domestic and foreign airlines, especially Turkish Airlines, in June 2021. Turkish Technic's facility is the first and only MRO providing base maintenance service at Istanbul Airport. In order to increase the number of foreign airlines it serves and its market share, it continues its activities in its hangars located at 5 different airports in Ankara, Aydın and Istanbul (Atatürk, Istanbul and Sabiha Gökçen Airports).

8,797
Number of Employees

SUNEXPRESS
Sun Express Aviation Inc.



Revenue USD Million

2021	880
2020	564

SunExpress conducts tourism transport activities as the market leader in flights between Turkey and Central Europe. Established in 1989 as a 50-50% partnership between Turkish Airlines and Lufthansa, SunExpress is headquartered in Antalya. SunExpress executed its first flight in 1990. After operating for many years in the charter market, SunExpress initiated Antalya-Frankfurt flights in 2001, becoming Turkey's first private airline to organize scheduled flights abroad. SunExpress connects 78 destinations, 27 of which are in Turkey, with scheduled and charter flights. In recent years, SunExpress has operated a double hub, in Izmir and its home city Antalya. SunExpress connects Antalya and Izmir to more destinations than any other airline with direct and scheduled flights, both on domestic and international routes. Operating a fleet of 55 aircraft as of the end of 2021, SunExpress has operated with 196 destinations in 28 countries with nearly 3,400 employees. As of end-2021, Sun Express's 12 aircraft conduct operations for AnadoluJet.

3,372
Number of Employees

THY OPET
Turkish Opet Aviation Fuels Inc.



Revenue USD Million

2021	450.9
2020	286

Turkish OPET provides jet fuel storage and refueling services in domestic airports, primarily at Istanbul Atatürk Airport. It was established in 2009 as a 50%-50% joint venture between Turkish Airlines and OPET Petrolçülük A.Ş. Turkish OPET commenced operations on July 1, 2010 and now boasts the largest integrated jet fuel facility in Turkey. Turkish OPET provides "into plane" services with its experienced staff at Istanbul Airport and storage and aircraft fuel supply services at Sabiha Gökçen Airport. During the pandemic that negatively affected the entire aviation industry in 2020 and 2021, Turkish OPET was the sole company to supply cargo flights at Atatürk Airport.

483
Number of Employees

TGS
Turkish Ground Services Inc.



Revenue USD Million

2021	256
2020	180

Turkish Ground Services (TGS) delivers ground handling services at nine stations: Istanbul Airport, Istanbul Atatürk Airport, Istanbul Sabiha Gökçen Airport, Ankara Esenboğa Airport, Izmir Adnan Menderes Airport, Antalya Airport, Adana Airport, Milas-Bodrum Airport and Dalaman Airport. Established as a 50%-50% partnership between Turkish Airlines and Havaş Havaalanları Yer Hizmetleri A.Ş., TGS has been operational in the industry since January 1, 2010. TGS has delivered services to more than 200 airlines, Turkish Airlines and Sun Express in particular. In 2021, TGS increased the number of flights by more than 50% compared to the previous year and provided services at world-class standards to nearly 515 thousand flights with its 13,535 personnel.

13,535
Number of Employees

TURKISH DO&CO
Turkish Do&Co Catering Services Inc.



Revenue USD Million

2021	158
2020	116

The company, which was established in 2007 as a 50%-50% partnership between Turkish Airlines and DO&CO AG based in Austria, delivers catering services to over 60 domestic and international air carriers, particularly Turkish Airlines. TURKISH DO&CO has 10 production units throughout Turkey. It provides services to a total of 24 airports and has a 90% market share.

In the Covid-19 pandemic year of 2020, TURKISH DO&CO's number of meals served decreased by about 70%. The Company was seriously affected in this challenging year, just like the entire airline industry. However, there was an increase of more than 30% in the number of meals in 2021 compared to 2020, and the impacts of the pandemic began to be felt less.

Successfully operating Turkish Airlines' worldwide Lounges at Istanbul Airport, the Company will continue to assess the expectations of Turkish Airlines' guests and relentlessly improve its catering service quality and concepts to maintain passenger satisfaction at the highest level. The catering products served in Turkish Airlines aircraft and lounges were monitored to ensure food safety at every stage. In response to the pandemic, catering products were designed in a concept to be presented to passengers in individual disposable boxes. TURKISH DO&CO also implemented measures to minimize crew member contact with food and beverage products on aircraft. Taking into account the pandemic measures, a return to the catering concept offered on airplanes, which distinguishes the Incorporation from its competitors, was achieved in 2021.

3,676
Number of Employees

TEC
Pratt&Whitney Turkish Engine Center Co. Ltd.



Revenue USD Million

2021	391
2020	349

Turkish Engine Center delivers engine maintenance, repair and overhaul services to customers located in Turkey and neighboring regions. It was founded in 2008 as a 49%-51% partnership between Turkish Technic Inc. and Pratt & Whitney, a subsidiary of United Technologies. Established over a 25 thousand m² area at Istanbul Sabiha Gökçen Airport, Turkish Engine Center's advanced technology, eco-friendly facility has the capability to provide maintenance to around 200 aircraft engines per year at full capacity.

402
Number of Employees

TURKISH NACELLE CENTER (TNC)
Goodrich Turkish Technic Service Center Co. Ltd.



Revenue USD Million

2021	21
2020	16

Goodrich Turkish Technic Service delivers high quality maintenance and repair service for aircraft engine nacelle and reverse thrust systems at Istanbul Sabiha Gökçen Airport facilities. It was established in 2010 as a 40%-60% partnership between Turkish Technic Inc and TSA Rina Holdings B.V., an affiliate of Goodrich. Goodrich, the foreign partner, changed its name to UTC Aerospace Systems in 2012 and to Collins Aerospace in 2019, and expanded its scope with these acquisitions. Since 2019, it has been serving under the brand of "Turkish Nacelle Center." The company completed 279 nacelle maintenance works in 2020 due to the shrinkage of business volume with the pandemic, and 347 nacelle maintenance works in 2021. It continues its mission to provide internationally accepted high quality services to its domestic and international customers, particularly Turkish Airlines.

76
Number of Employees

TCI
Turkish Cabin Interior Systems Inc.



Revenue USD Million

2021	6
2020	3

Turkish Cabin Interior (TCI) conducts the design, certification, production and marketing of aircraft cabin interior products and components. Established in 2011, Turkish Cabin Interior is jointly owned by Turkish Airlines (30%), Turkish Technic (20%) and Turkish Aerospace (TUSAŞ - TAI) (50%). Turkish Cabin Interior started to receive international orders due to its inclusion in the worldwide "Approved Supplier Company" list for B-737 aircraft galleys by Boeing. TCI targets a 20% market share in this segment over the long-term. As first priority, it meets the needs of Turkish Airlines with the aircraft cabin interior it manufactures and it also provides services to various international companies.

132
Number of Employees

TSI
TSI Aviation Seats Inc.



Revenue USD Million

2021	16
2020	20

TSI Aviation Seats is engaged in aircraft seat design, manufacturing, spare parts manufacturing and retrofitting, marketing and sales activities. It was established in 2011; Turkish Airlines owns a 45% stake, Turkish Technic holds a 5% stake, and Assan Hanil Group owns a 50% stake. TSI Aviation Seats became operational at end-2013. As a result of the transfer of Assan Hanil's shares in 2021, it continues its activities with a 50% partnership of Kibar Holding. Royalux seats, a Business Class product, won the first prize in the Yacht and Aviation Awards in 2021.

The company, which delivered 28 projects in 2021 being primarily Airbus A321 and Boeing 787 projects, aims to be among the world's top 5 aircraft seat suppliers by designing and manufacturing seats, producing, modifying and selling spare parts for many airline companies and aircraft models in the future.

123
Number of Employees

TAFAT
Turkish Flight Training and Airport Operations Inc.



Revenue USD Million

2021	11.2
2020	10

Turkish Flight Training and Airport Operations delivers general aviation and pilotage training as required by Turkish Airlines and other airlines. Established in 2012 as a sub-brand of Turkish Airlines, Turkish Flight Training and Airport Operations is wholly owned by Turkish Airlines. Turkish Flight Training and Airport Operations continues to deliver trainings at Aydın Çıldır Airport since 2013. The trainings are performed with 24 training aircraft in the company's fleet, 3 flight simulators, 2 classrooms and 24 trainers. To date, the Academy has trained 981 graduates and currently offers training to 135 students. Turkish Flight Training and Airport Operations plays a crucial role in filling the pilot deficit of Turkish Airlines and the broader aviation industry.

84
Number of Employees

TAX FREE ZONE
Tax Refund and Intermediation Inc.



Revenue USD Million

2021	0.5
2020	0.5

Tax Refund and Intermediation Inc. provides intermediation services for the return of VAT paid for goods bought in Turkey before travelling abroad. It was established in September 2014; Turkish Airlines holds a 30% stake, VK Holding A.Ş. owns a 25% stake and Maslak Otomotiv San. ve Tic A.Ş. holds a 45% stake. Tax Refund and Intermediation Inc. intermediates in the return of VAT paid by non-Turkish resident passengers for goods that they purchase in Turkey to take abroad with them. Due to anti-pandemic measures implemented and flight restrictions during the year, the company's business volume contracted in 2020. However, business activities bounced back in 2021 with the easing of restrictions.

14
Number of Employees

Turkish Airlines Airport Real Estate Investment and Management Inc.



Turkish Airlines Airport Real Estate Investment and Management Co. was established in November 2017 as a 100%-owned subsidiary of Turkish Airlines to engage in airport management and investments.

Turkish Airlines International Investment and Transport Inc.



Turkish Airlines International Investment and Transport was founded in September 2018 as a 100%-owned subsidiary of Turkish Airlines in order to invest in the aviation ecosystem, especially overseas cargo transport. The company represents Turkish Airlines group as having 45% shares of We World Express company founded in 2019.

WE WORLD EXPRESS
We World Express Limited



Revenue USD Million

2021	50
2020	24

We World Express Limited is a Hong Kong headquartered joint venture company founded in January 2019. Commencing operations in April 2019, the world cargo/courier company provides door-to-door logistics services with a focus on the global e-commerce market. Turkish Airlines International Investment and Transport, a 100%-owned subsidiary of Turkish Airlines, holds a 45% stake, Hong Kong headquartered ZTO Express (Hong Kong) Limited owns a 45% stake and Hong Kong headquartered PAL Air Limited has a 10% stake in the company. In 2020, the company expanded its operations by opening offices in Istanbul, Shanghai and Shenzhen. Today, it is one of the major players in the market of cross-border e-commerce from China to Turkey.

The company opened to Europe with its Maastricht/Netherlands office in 2021 and aims to continue its growth by opening an office in the USA as well.

40

Number of Employees

AIR ALBANIA
Air Albania Shpk



Revenue USD Million

2021	29.7
2020	16

Air Albania Shpk was established in 2018 and is jointly owned by Turkish Airlines (49%), MDN Investment (41%), and Albcontrol (10%). Air Albania has two dry lease aircraft in its fleet. The Tirana-based airline started operating daily flights between Tirana-Istanbul in April 2019 and between Tirana-Rome, -Milan and -Bologna in September 2019.

By 2021, it organizes flights to and from Tirana, Istanbul, Rome, Milan, Bologna, Bergamo, Pisa, Verona, and Kukës destinations.

124

Number of Employees

CORNEA
Cornea Aviation Systems Industry and Commerce Inc.



Revenue USD Million

2021	0.5
2020	

Cornea Aviation Systems Industry and Commerce Inc. was founded in October 2018 to operate mainly in the area of in-flight entertainment systems and internet connectivity. The company is a joint venture of Turkish Technic, owning an 80% stake, and Havelsan, which holds a 20% stake. The company provides technological services for the in-seat entertainment system, wireless entertainment system and tablet entertainment system in the regional and international markets, primarily for Turkish Airlines. Cornea, headquartered at Istanbul Sabiha Gökçen Airport facilities, offers design, production, repair, maintenance, marketing, sales and after purchase services of in-flight entertainment systems.

69

Number of Employees

TFS
Turkish Fuel Services Inc.



Revenue USD Million

2021	1,227
2020	524

Formerly known as İGA Airport Akaryakıt Hizmetleri A.Ş., Turkish Fuel Services was established on October 13, 2016. Taya Liman İşletmesi A.Ş. assumed control over the shares representing 100% of the company's capital on February 11, 2019. At the General Assembly Meeting of the company held on February 21, 2020, Turkish Fuel Services' capital was increased and the capital shares were equally distributed between Taya Liman İşletmesi A.Ş., Zirve Holding A.Ş., Demirören Akaryakıt Sanayi ve Ticaret A.Ş. and Turkish Airlines.

Turkish Fuel Services operates at Istanbul Airport in the transportation, storage and supply of fuel needed by aircraft. It ranks among the country's leading enterprises with 2.3 million m³ of jet fuel sales in 2021.

93

Number of Employees

THY TECHNOLOGY
Turkish Airlines Technology Inc.



Revenue USD Million

2021	33
2020	

Turkish Airlines Technology Inc. was established as a 100%-owned subsidiary of Turkish Airlines on December 8, 2020 to meet all the information technology needs of Turkish Airlines and its subsidiaries in a fast, economical and secure way. This new enterprise also aims to develop and market new products and technologies required by Turkish Airlines and its affiliates. Turkish Airlines Technology Inc. plans to contribute to Turkey's technology export vision in the future and lead the development of the Turkish aviation ecosystem.

912

Number of Employees

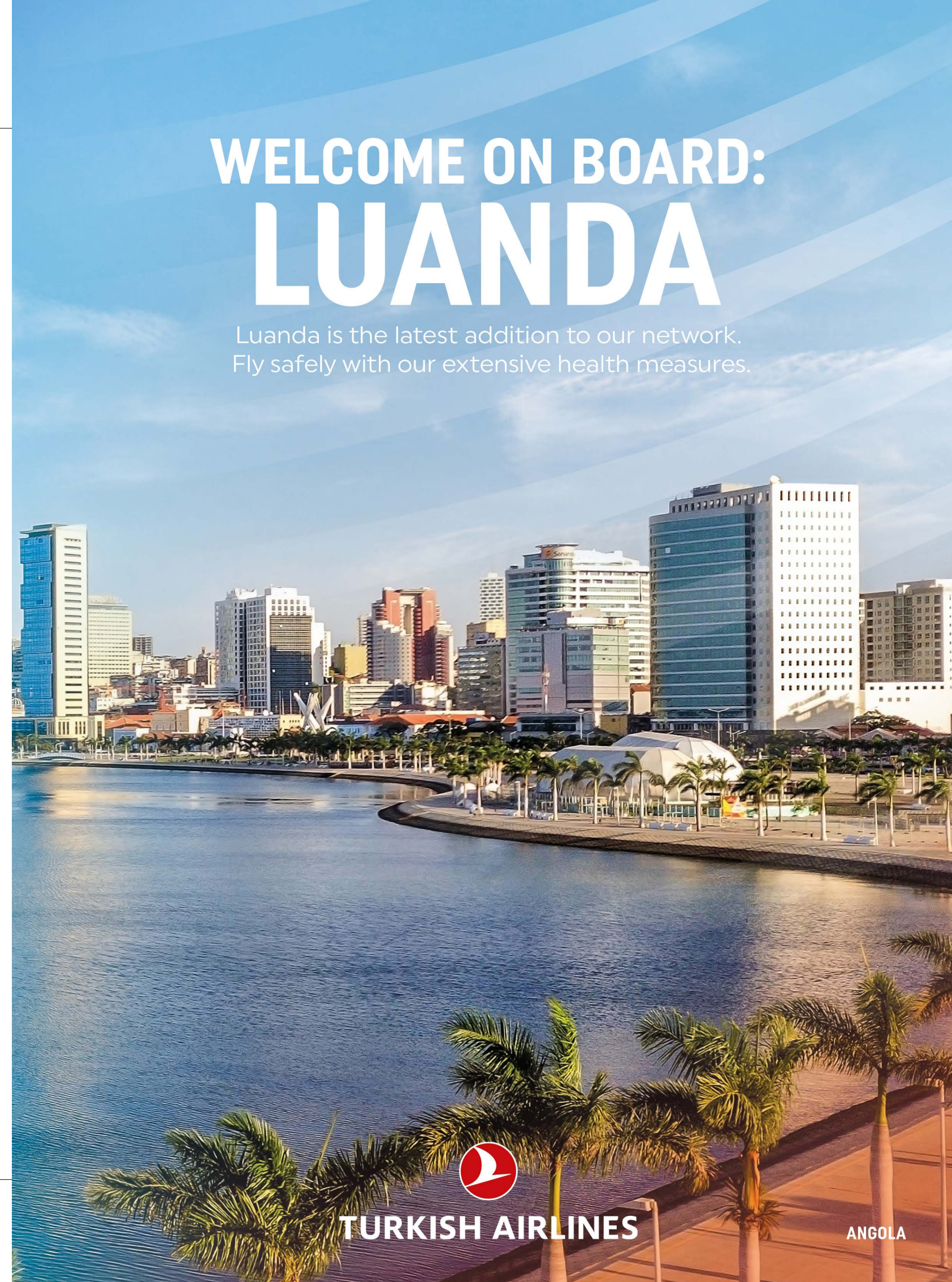
Subsidiaries and Affiliates

SUBSIDIARIES AND AFFILIATES IN 2021

	December 2021 Staff	Shareholding Structure	Business Line
1 Sun Express Aviation Inc. (Consolidated)	3,372	Turkish Airlines 50% - Lufthansa 49% - other 1%	Passenger and Cargo Transport
2 Air Albania SHPK	124	Turkish Airlines 49% - MDN Investment 41% - Albcontrol 10%	Passenger and Cargo Transport
3 Turkish Airlines International Investment and Transport Inc.	-	Turkish Airlines 100%	Cargo and Courier Transport
4 We World Express Inc.	40	Turkish Airlines 45% - ZTO 45% - Pal Air 10%	Cargo and Courier Transport
5 THY Air Cargo Transport Inc.	-	Turkish Airlines 100%	Cargo Transport
Passenger and Cargo Transport Group Total	3,536		
6 Turkish Technic Inc.	8,797	Turkish Airlines 100%	Aircraft Maintenance - MRO
7 Pratt&Whitney Turkish Engine Center Co. Ltd.	402	P&W 51% - Turkish Technic 49%	Engine Maintenance - MRO
8 Goodrich Turkish Technic Service Center Co. Ltd.	76	TSA Rina Holdings BV 60% - Turkish Technic 40%	Reverse Thrust and Engine Nacelle - MRO
Maintenance, Repair and Overhaul (MRO) Group Total	9,275		
9 Turkish Cabin Interior Systems Inc.	132	Turkish Airlines 30% - Turkish Technic 20% - TUSAŞ 50%	Manufacturing and Trading Cabin Interior Accessories
10 TSI Aviation Seats Inc.	123	Turkish Airlines 45% - Turkish Technic 5% - Kibar Holding 50%	Manufacturing and Trading Aircraft Seats
11 Cornea Aviation Systems Industry and Commerce Inc.	69	Turkish Technic 80%- Havelsan 20%	In-Flight Entertainment
Entertainment Systems Cabin Interior Manufacturing Group Total	324		
12 Turkish Opet Aviation Fuels Inc. (Consolidated)	483	Turkish Airlines 50% - Opet 50%	Aviation Fuel Trade
13 Turkish Do&Co Catering Services Inc.	3,676	Turkish Airlines 50% - Do&Co 50%	Catering
14 Turkish Ground Services Inc.	13,535	Turkish Airlines 50% - Havaş 50%	Aviation Ground Handling Services
15 Turkish Flight Training and Airport Operations Inc.	84	Turkish Airlines 100%	Turkish Flight Training and Airport Operations
16 Turkish Fuel Services Inc.	93	Turkish Airlines 25%, Taya Liman İst. 25%, Zirve Holding 25%, Demirören Akaryakıt 25%	Fuel Supply
17 Turkish Airlines Technology Inc.	912	Turkish Airlines 100%	Technology and Informatics
Support Services Group Total	18,783		
18 Tax Refund and Intermediation Inc.	14	Turkish Airlines 30% - Maslak Oto 45% - VK Holding 25%	Tax Refund Intermediation
19 Turkish Airlines Airport Real Estate Investment and Management Inc.	-	Turkish Airlines 100%	Airport Management and Investments
Other Group Total	14		
Affiliates Total	31,932		

WELCOME ON BOARD: LUANDA

Luanda is the latest addition to our network.
Fly safely with our extensive health measures.



Turkish Airlines increased the number of passengers in 2021 with its anticipatory structure and successful strategies.




44.8
million
Total number of passengers

The total number of passengers went up from 28.0 million in 2020 to 44.8 million in 2021, in a 60.2% increase. The number of passengers increased by 45.7% on domestic flights and 74.5% on international flights.

While Revenue Passenger Km (RPK) was 53.2 billion in 2020, it became 86.7 billion in 2021, up 62.8%. RPK increased by 42.9% in domestic flights and 67.2% in international flights.

The number of transfer passengers between international flights went up 72.2%, while passenger load factor decreased 3.1 points.

Total Available Seat Km (ASK) that was 75 billion in January–December 2020 period increased by 70.4% in the same period of 2021 and became 127.8 billion. ASK increased 38.7% in domestic flights and 76.8% in international flights.

The number of landings, which was 240,339 in January–December 2020, increased by 48.6% to 357,189 year-on-year in 2021. And the number of destinations increased from 324 to 333.

Cargo and Mail carried, which was 1.5 million tons in 2020, increased by 26.4% to 1.9 million tons in 2021.

TOTAL TRAFFIC FIGURES

Total Traffic Figures	2021	2020	2019	2018	2017
Revenue Passenger (thousand)	44,788	27,950	74,276	75,168	68,617
Available Seat Km (million)	127,769	74,960	187,696	182,031	173,073
Revenue Passenger Km (million)	86,701	53,249	153,186	149,169	136,947
Passenger Load Factor (%)	67.9	71.0	81.6	81.9	79.1
Flight Destinations	333	324	321	310	303
Number of Landings	357,189	240,339	507,314	511,064	483,312
Distance Flown Km (000)	703,663	472,205	926,177	866,630	826,048
Cargo+Mail (tons)	1,879,552	1,487,233	1,543,028	1,412,423	1,122,697

DOMESTIC

Domestic Traffic Figures	2021	2020	2019	2018	2017
Revenue Passenger (thousand)	20,144	13,827	30,438	32,944	30,130
Available Seat Km (million)	17,418	12,558	22,387	24,037	22,361
Revenue Passenger Km (million)	13,657	9,556	19,288	20,510	18,798
Passenger Load Factor (%)	78.4	76.1	86.2	85.3	84.1
Flight Destinations	52	52	52	52	51
Number of Landings	149,551	107,188	199,159	220,430	207,621
Distance Flown Km (000)	102,466	75,918	126,167	136,583	127,560
Cargo+Mail (tons)	55,427	52,074	70,579	79,098	70,671

INTERNATIONAL

International Traffic Figures	2021	2020	2019	2018	2017
Revenue Passenger (thousand)	24,644	14,123	43,838	42,224	38,487
Available Seat Km (million)	110,351	62,403	165,309	157,994	150,712
Revenue Passenger Km (million)	73,044	43,692	133,898	128,660	118,148
Passenger Load Factor (%)	66.2	70.0	81.0	81.4	78.4
Flight Destinations	281	272	269	258	252
Number of Landings	207,638	133,151	308,155	290,634	275,691
Distance Flown Km (000)	601,198	396,286	800,009	730,047	698,488
Cargo+Mail (tons)	1,824,124	1,435,159	1,472,450	1,333,325	1,052,026



23.9
million
International
passengers

In 2021, 44.2% of Turkish Airlines passengers are domestic passengers.

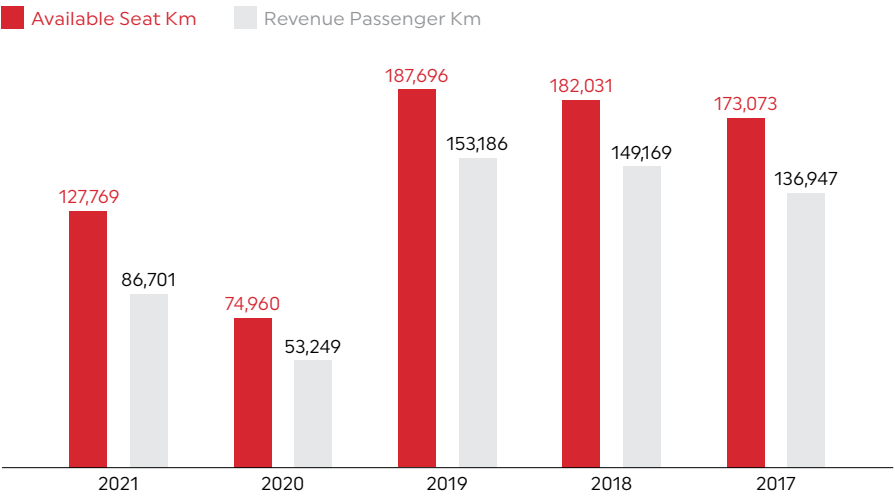
DISTRIBUTION OF TOTAL PASSENGERS IN 2021*



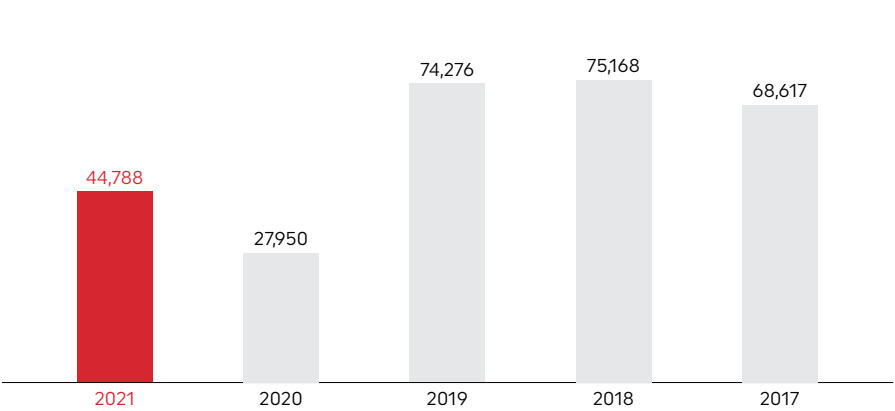
International	23,869,547	53.3%
Domestic	19,803,680	44.2%
Charter	1,114,503	2.5%

* Based on Scheduled + Additional flights on Domestic and International Flights.

EVOLUTION IN ASK AND RPK (MILLION)



REVENUE PASSENGER (000)



REGIONAL CHANGE

MIDDLE EAST

Change in ASK 117.8%
Change in RPK 110.5%
Change in Number of Passengers 111.7%



Number of Flight Destinations
36

EUROPE

Change in ASK 65.4%
Change in RPK 65.6%
Change in Number of Passengers 69.3%



Number of Flight Destinations
118

FAR EAST

Change in ASK 37.6%
Change in RPK 4.4%
Change in Number of Passengers 23.4%



Number of Flight Destinations
44

AFRICA

Change in ASK 72.5%
Change in RPK 64.9%
Change in Number of Passengers 79.0%



Number of Flight Destinations
61

NORTH AMERICA

Change in ASK 112.7%
Change in RPK 105.9%
Change in Number of Passengers 105.9%



Number of Flight Destinations
14

CENTRAL AND SOUTH AMERICA

Change in ASK 212.3%
Change in RPK 198.3%
Change in Number of Passengers 187.5%



Number of Flight Destinations
8

* Scheduled flights used as a base.

With its advances in recent years, **Turkish Airlines is on its way to operating Europe's youngest and most modern fleet.**



370

Total number of aircraft

Committed to continuously expanding and rejuvenating its fleet, Turkish Airlines moves forward with confidence towards its goal of operating the youngest and the most modern fleet in Europe.

Established in 1933 with a fleet of five aircraft, Turkish Airlines has continuously expanded and rejuvenated its fleet, especially with advances in the 2000s. Consisting of 65 aircraft at the beginning of 2004, the Incorporation's fleet has increased 5.7 times as of year-end 2021. Turkish Airlines, the airline that flew to the most international destinations in the world before the pandemic, has a fleet of 370 aircraft in total – 246 narrow body, 104 wide body and 20 freighters – as of end-2021.

Turkish Airlines is taking major steps to bolster its brand by acquiring new fuel-saving, eco-friendly aircraft, equipped with state-of-the-art technology with passenger comfort and safety in mind. This effort also aims to accommodate growing passenger traffic and meet diversified customer needs.

Fleet Age: 8.5 years

Committed to continuously expanding and rejuvenating its fleet, Turkish Airlines moves forward with confidence towards its goal of operating the youngest and the most modern fleet in Europe. As of end-2021, the average fleet age of Turkish Airlines stands at 8.5 years.

As a result of fleet restructuring work carried out in 2020, Turkish Airlines took delivery of three A350-900 aircraft in 2021. With these additions, Turkish Airlines now has five A350-900 aircraft in its fleet. Including its 15 B787-9 type aircraft, Turkish Airlines currently has 20 new generation wide body aircraft in its fleet at year-end 2021. During the year, Turkish Airlines rebounded quickly from the pandemic and boosted its product quality and cost advantage with new generation aircraft. As a result, both revenue and market share improved on many long range routes, especially in the American market. Turkish Airlines increased its capacity in the American market as well as in the Asian, Middle East, African and Eastern European markets, which have significant passenger potential.

Thirty-one of the new-generation narrow body A321 NEO aircraft that were ordered in 2013 were delivered as of end 2021. All remaining deliveries are planned to be taken by year-end 2028. A321 NEO aircraft were used 70% more in 2021 compared to other narrow body aircraft in the fleet in order to obtain maximum benefit from both product quality and cost advantage. In accordance with the decision made by the civil aviation authorities for the 737 MAX aircraft to return to operation, Turkish Airlines took delivery of 12 additional 737 MAX aircraft in 2021, joining the 12 aircraft already in the fleet. By year's end, Turkish Airlines had a total of 24 737 MAX aircraft in service in its fleet. Taking advantage of the exceptional fuel savings, additional seating and added cargo capacity of MAX aircraft, Turkish Airlines used these aircraft once again in 2021, especially on Sub-Saharan African routes. Turkish Airlines aims to fly non-stop in many lines and provide additional frequency increase in 2022 and beyond, thanks to these advantages.

At the end of each year, Turkish Airlines updates its fleet projections pursuant to its strategy of seizing emerging market opportunities, performing risk management, embracing sustainability, conducting dynamic capacity planning, expanding the size and the intensity of the flight network.

In line with its growth targets in cargo activities, Turkish Airlines continued to operate the A330-200F and B777-200LRF aircraft it added to its fleet throughout 2021. In addition to the freighters added to its fleet from the manufacturing companies, Turkish Airlines conducted its cargo operations with wet lease aircraft in its fleet.

15% Fuel Savings

Turkish Airlines ordered new generation A321 NEO and B737 MAX aircraft in 2013. These aircraft were first added to the fleet in 2018, yielding an average of 15% in fuel savings compared to their counterparts. According to plans, all these aircraft will have joined the fleet by 2028, resulting in a significant saving in fuel consumption per seat in the narrow-body aircraft fleet by that date.



5.7

fold growth
Turkish Airlines
fleet growth rate
from 2004 to
2021

With the addition of A321 NEO and B737 MAX aircraft to the fleet, Turkish Airlines started recording an average of 15% fuel savings.



246
Aircraft
Narrow body



104
Aircraft
Wide body



20
Aircraft
Cargo

NARROW BODY (246 AIRCRAFT)



A319-100
6 Aircraft



A320-200
11 Aircraft



A321-200
66 Aircraft



A321NEO
31 Aircraft



B737-800
93 Aircraft



B737-8MAX
19 Aircraft



B737-9MAX
5 Aircraft



B737-900ER
15 Aircraft

WIDE BODY (104 AIRCRAFT)



A330-200
13 Aircraft



A330-300
38 Aircraft



A350-900
5 Aircraft



B777-300ER
33 Aircraft



B787-9
15 Aircraft

CARGO (20 AIRCRAFT)



A310-300F
2 Aircraft



A330-200F
10 Aircraft



B777-200F
8 Aircraft



370
Aircraft
Total number of aircraft



8.5
Average
fleet age

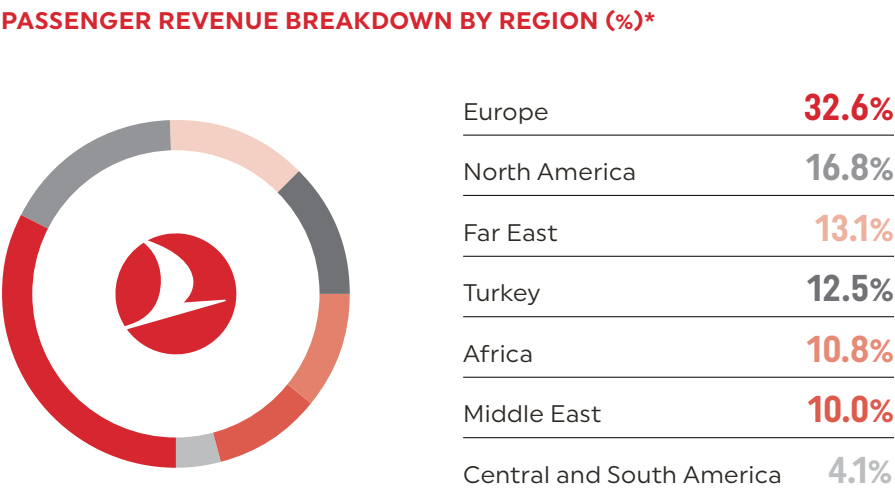
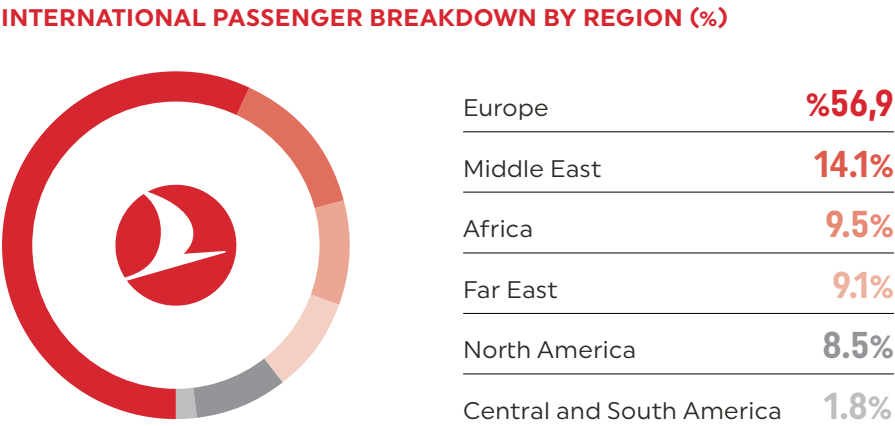


**A very young and
rich fleet with
a total of 370
aircraft**

Turkish Airlines offers different experiences to its passengers by expanding its flight network.

Turkish Airlines, the airline that flies to the most countries worldwide, connects numerous destinations across Turkey and the world with its flight network reaching 128 countries, 328 cities and 333 destinations*. This expansive flight network allows passengers to enjoy a hassle-free experience while traveling anywhere they wish around the globe. During Covid-19 pandemic, which deeply affected the whole world and the aviation industry, with the removal of country restrictions, Turkish Airlines has quickly increased the number of flights and destinations, making many countries and cities around the world accessible.

In 2021, Turkish Airlines added Newark and Dallas in the United States, Vancouver in Canada, Turkistan and Aktau in Kazakhstan, Fergana and Urgench in Uzbekistan, Luanda in Angola, and Urmia in Iran to its flight network, continuing to offer different experiences to its passengers.

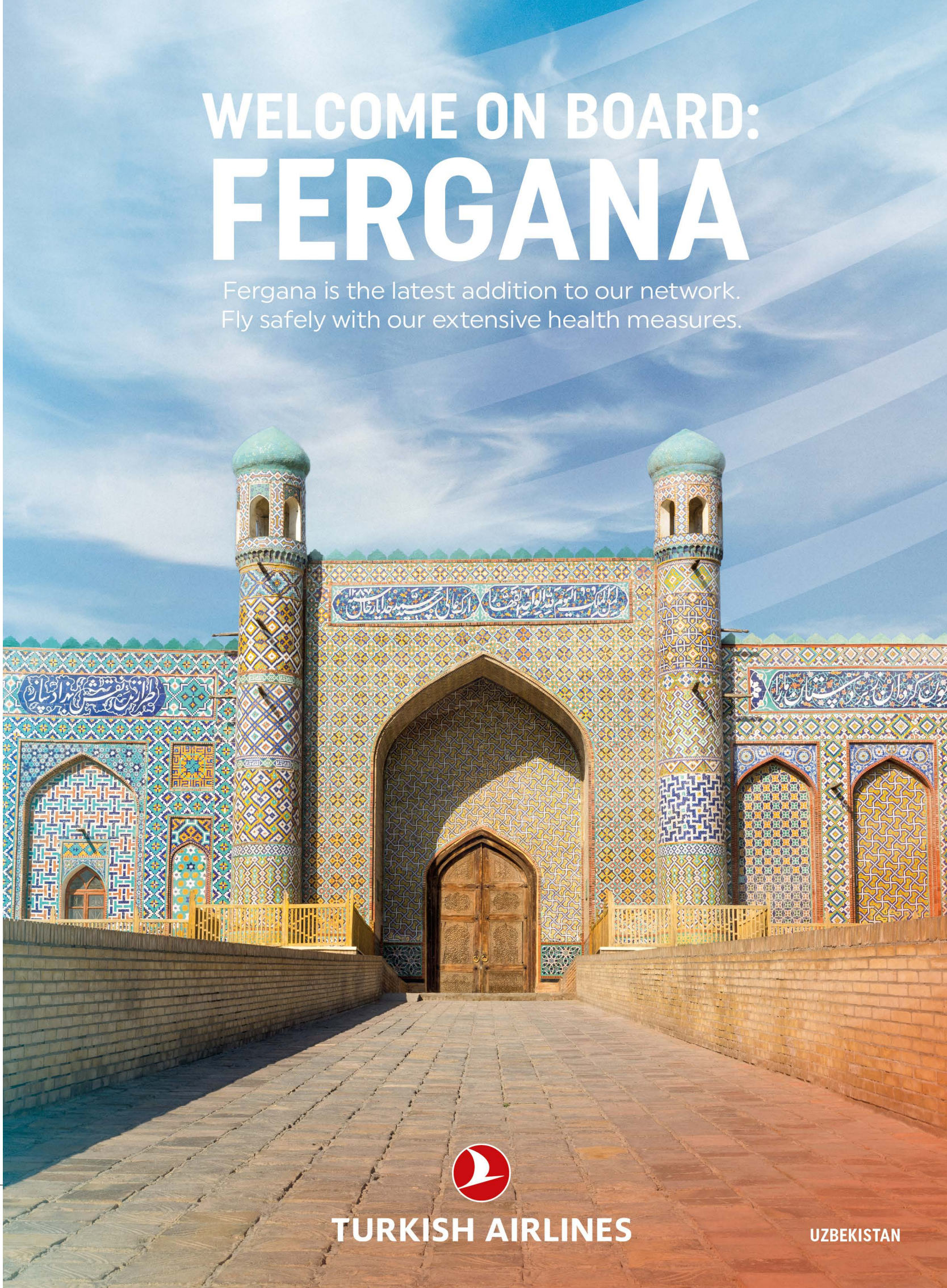


* All flights are taken as a basis.

* As of the end of 2021, flights are performed to 115 countries, 254 cities and 259 destinations due to force majeure.

WELCOME ON BOARD:
FERGANA

Fergana is the latest addition to our network.
Fly safely with our extensive health measures.



TURKISH AIRLINES

UZBEKISTAN

Establishing intercontinental trade bridges, Turkish Cargo boosted its revenue market share with agile solutions.



5.2%

Turkish Cargo ranks fifth worldwide with a 5.2% FTK market share

Turkish Cargo boasts the world's strongest international freighter network and establishes trade bridges between continents. In 2021, Turkish Cargo set new revenue records, boosting both its tonnage and revenue market share. As a result, Turkish Cargo now ranks fifth globally among air cargo carriers.

First Year of Recovery in Aviation

The Covid-19 pandemic, negatively affecting many sectors of the global economy since February 2020, ushered in the biggest crisis in the history of civil aviation. Attempts were made to reduce social contact and render everyday life into a contactless environment. This extraordinary situation led to the implementation of global travel bans and a period in which mass movements were strictly controlled and restricted. Given the sector's business model, airlines faced a multidimensional crisis due to the plunge in passenger numbers. Many leading airlines around the world took drastic actions to tackle critical financial problems by slashing costs, and especially cutting personnel expenses. Due to the pandemic, supply and demand imbalances, border closings, flight cancellations, a major shift to online shopping, the proliferation of remote working, economic uncertainties, and the global plummet in production led to seismic changes in the logistics sector as well as in aviation.

In the logistics sector, a leading actor of the supply chain, various obstacles were faced due to pandemic related restrictions in sea, land, and railway cargo – and especially air cargo. All these transport options experienced capacity bottlenecks, revealing the necessity of reviewing routes and analyzing supply-demand imbalances, resulting in major changes compared to the pre-pandemic era. Container crises rocked maritime transport.

Key ports and commercial routes became so backlogged that they could not be used at certain times. This led to very high sea freight charges globally that were never experienced at this level in any crisis before. Land transport, another critical mode of transportation in the supply chain, was also greatly affected by pandemic restrictions, extremely limited employee mobility, and frequent policy changes at national borders. Railway transport actually boosted its overall share in the logistics market due to its structural advantages during the pandemic, especially with large-scale projects such as the Silk Road Initiative. However, capacity problems in other modes were also reflected in railway transport. Air cargo transport faced major challenges based on passenger aircraft, such as sudden capacity contraction, sharply fewer routes, and longer connection times. Despite these many capacity-based and operational issues, air cargo carriers stepped up their business activities in order to meet rapidly expanding demand, especially for personal protective equipment, vaccine shipments, and e-commerce deliveries. Air cargo had significant increases in unit revenues globally compared to other modes of transportation.

After 2020, a year that led to significant global economic consequences, 2021 was the first year of actual recovery for many sectors of the world economy. According to IATA data, the air cargo sector recorded 7.4% growth for the year, even exceeding 2019 figures in terms of international demand. However, international capacity contracted 12.8% despite all the solutions implemented across the sector. A difference of more than 20 points between the demand and capacity change rates boosted unit revenues in the sector above 2020 levels.

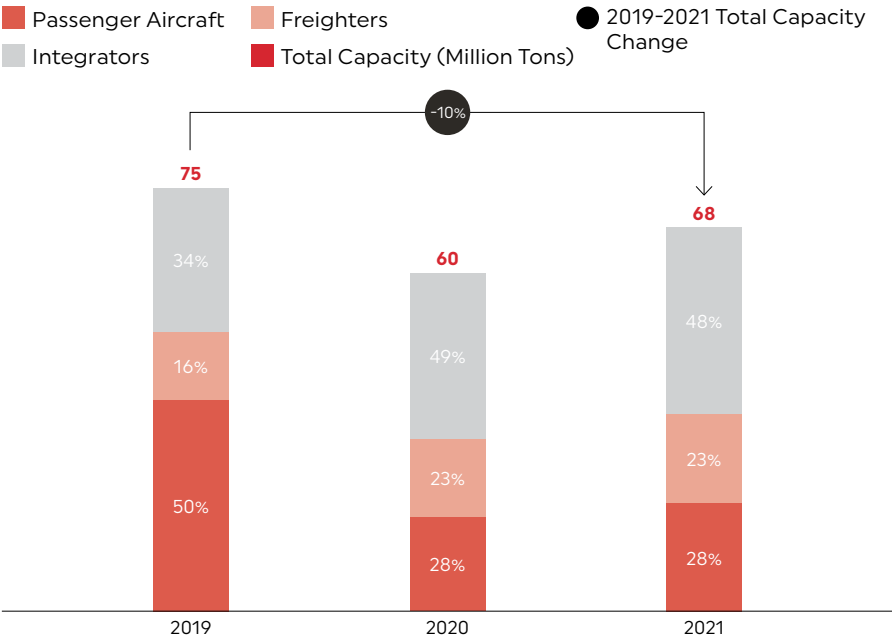
According to Seabury data, in the last quarter of 2019, air cargo capacity was supplied 50% from passenger aircraft, 34% from freighters, and 16% from integrator cargo flights. In fourth quarter 2021, these rates changed dramatically: 28% from passenger aircraft, 48% from freighters, and 23% from integrators. These figures demonstrate that the recovery in international passenger flights is not yet at a level to support the air cargo capacity need in 2021. However, the capacity growth trend of passenger aircraft throughout the year and the ongoing nature of mass vaccination efforts indicate significant recovery in this area in 2022.

2021: Year of Records, Adaptation and Hope

Turkish Cargo, the logistics brand of Turkish Airlines, crowned its longstanding expansion trajectory and success story with exceptional growth figures and new all-time records in 2021. Since Turkish Airlines was one of the most active airlines in Europe and worldwide during the year, Turkish Cargo was able to adapt to emerging developments this year with agile solutions. In 2021, Turkish Cargo maintained and expanded its international network structure. As a result, Turkish Cargo boosted its market share in terms of both revenue and tonnage, while setting new revenue records.



CAPACITY TYPE BASED INTERNATIONAL AIR CARGO MARKET CAPACITY



Source: Seabury Cargo

4.0
USD billion
Turkish Cargo
turnover

Turkish Cargo, ranking among the top five cargo carriers throughout the year, rose to third place with its strong performance in June.

According to IATA data, Turkish Cargo closed 2020 in sixth place in the global rankings with a 4.7% market share in tonnage. Turkish Cargo maintained its 5-year drive focused on fast and agile solutions, and ranked fifth worldwide in 2021, with a 5.2% market share.

After recording a turnover of USD 2.7 billion in 2020, Turkish Cargo boosted its turnover by 48% to USD 4.0 billion in 2021. During the year, the air cargo sector posted a 22% rise in freight ton-km. Turkish Cargo outperformed the sector with a 36% increase, improving from 6.7 million ton-km in 2020 to 9.1 million ton-km in 2021. As a result, Turkish Cargo raised its global share to 5.2%.

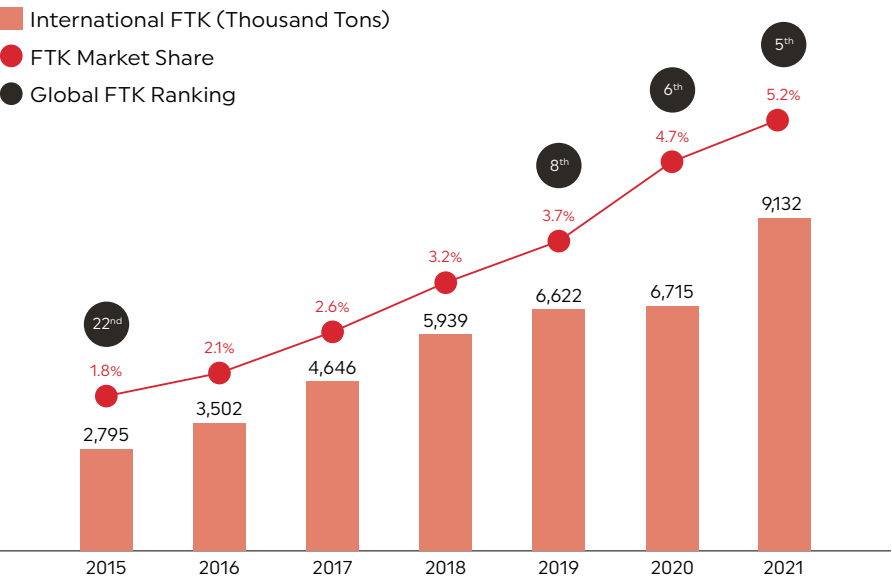
According to IATA ranking data, Turkish Cargo maintained its title as Europe's largest combination carrier, which it first achieved in 2020. Turkish Cargo, one of the top five cargo carriers during the year, climbed to third place in the global rankings with its remarkable performance in June, signaling its future potential in the market.

With a strategic focus on special cargo and services in 2021, Turkish Cargo boosted its unit revenue by 12% above the market average and created a difference of 44 cents. This strong performance indicates that Turkish Cargo is able to respond to customer expectations with the right logistics solutions for shipments that require special storage, service, and handling processes.

Having achieved remarkable results across all these key parameters, Turkish Cargo reached the targets of its 2023 strategy (initially set in 2017) this year – two years early. Aiming to rank among the top five cargo carriers in 2023, Turkish Cargo updated this target during the year. Together with preparing a comprehensive strategic plan, Turkish Cargo set its strategic goal as ranking among the top three carriers globally by 2023.

In addition, Turkish Cargo expanded its flight network from 95 to 98 destinations in 2021, with an average of 23 freighters together with the wet-lease aircraft in its fleet. In this way, Turkish Cargo has the world's strongest international freighter network in terms of cargo destinations along with the main brand that flies to more destinations in the world than any other airline. As a result, Turkish Cargo establishes trade bridges between continents. By adding Munich (MUC), Macau (MFM), and Newark (EWR) destinations to its flight network, it has further expanded its global network. Turkish Cargo compensated for the withdrawals in its freighter fleet by adding new destinations, leveraging the rebound in passenger flights, capitalizing on higher utilization rates in freighter, and utilizing passenger aircraft for cargo-only operations (Pax-Freighter). During the year, Turkish Cargo optimized two Airbus A330 passenger aircraft for cargo transport and produced effective solutions to meet growing cargo demand with the Zero LOPA application, where seating is removed from passenger aircraft to ready them for cargo transport. As a result of these solutions, Turkish Cargo posted a 5% rise in freighters on the basis of available ton-kilometers (ATK). Pax-freighter flights jumped in number compared to 2020. ATK figures obtained on more than 3,200 flights carried out in 2021 increased by 45% compared to a year earlier. In these flights to 48 destinations, in which 16 wide-body passenger planes were used, Turkish Cargo aimed to enhance the flight network and capacity and to protect customers' supply chains.

TURKISH CARGO FTK DEVELOPMENT GRAPH AND FTK RANKING



Source: IATA Monthly Statistics Report
FTK Market Share covers the international market, excluding integrators.

Special Cargo and E-Commerce Growth

Thanks to its expertise in special cargo, Turkish Cargo reported a significant increase in special cargo revenues this year. A breakdown by category showed increases of 180% in medicine and health products transport, 111% in electronic and vulnerable cargo, 88% in dangerous goods, 53% in perishable cargo, and 81% in live animal transport in 2021 compared to 2019.

Special cargo revenue jumped from USD 473 million in 2019 to USD 858 million in 2021, up 93%.

As a result of its expertise in and infrastructure efforts focused on health products, Turkish Cargo's global share in the transport of this product category rose to 8% in 2021. Turkish Cargo outperforms its own general market share in this category, proving its superior capability in

health products. Turkish Cargo was the third most preferred carrier worldwide in health products in 2021.

This year, Turkish Cargo effectively utilized the major opportunity presented in the e-commerce market, where the pandemic triggered a rapid growth trend. Together with e-commerce demand, an increasingly influential factor in the global air cargo sector, e-commerce product delivery opens key windows into new and continuous business opportunities according to customer needs. Turkish Cargo, boasting a highly efficient structure for e-commerce deliveries in terms of flight network and fleet, aims to meet the speed and quality operation needs of the sector with the shortest connection and delivery times through SmartIST. Commencing operations in 2021, SmartIST helps provide an end-to-end control mechanism over the delivery process by offering the most advanced tracking and monitoring options to its customers. Turkish Cargo develops new business models in the sector in order to offer new alternative delivery methods. Developing the best product solutions by striving to meet all needs of the e-commerce sector, Turkish Cargo aims to offer diversified service options to its customers in the near future via its Speed and Priority Services. Work on this new system structure is ongoing.



340+
million
Vaccine doses
carried by Turkish
Cargo

**Turkish Cargo,
featuring an end-
to-end cold chain
corridor created
on over 400
different routes,
carries vaccines
and medications
at appropriate
conditions.**

Continuing to develop the best product solutions by aiming at meeting all the needs of the e-commerce sector, Turkish Cargo aims to offer also different service options to its customers in the near future, through its "Speed and Priority Services" structure that it keeps working on during 2021.

Turkish Cargo formulated its e-commerce strategy in 2021. The TK Courier product, the first step of this strategy including express, courier and postal products, was redesigned and launched for customer use. As a result of the promotion, marketing and sales activities that started in September, TK Courier product revenues increased by 87% in 2021.

Vaccine Transport and Turkish Cargo's Role in the Fight against the Coronavirus

Turkish Cargo, featuring an end-to-end cold chain corridor created on over 400 different routes, plays a key role in transporting vaccines and medications at appropriate temperatures and conditions.

To support the global fight against the pandemic, Turkish Cargo set up special dedicated working groups, determined appropriate processes, and developed special solutions for the transport of Covid-19 vaccines. Thanks to these focused efforts, Turkish Cargo transported over 340 million doses of Covid-19 vaccines with different temperature requirements to more than 60 countries during the pandemic. As a result, Turkish Cargo is among the world's most active air cargo carriers in vaccine transport. Global vaccination activities, which gained significant momentum in 2021, are expected to continue in 2022, especially with booster doses. Thanks to its extensive experience gained in all vaccine types, Turkish Cargo is expected to be the reliable business partner of customers in 2022 for vaccine transports that require different temperature and storage conditions.

Turkish Cargo at Its New Home: SmartIST
SmartIST, the new mega hub of Turkish Cargo established at Istanbul Airport, was implemented and started operations as of the end of 2021. The state-of-the-art facility features revamped business processes and automated storage systems, with a fully integrated warehouse management system. As a product-oriented, expansion-friendly, and customer needs-focused facility, SmartIST has an annual cargo handling capacity of 2.8 million tons and a total area of 280,000 m² in the first phase. With the completion of the second phase, an annual capacity of 4 million tons and a total area of 340,000 m² is planned. SmartIST, one of the world's largest cargo facilities in terms of capacity, is also one of the most advanced in terms of its innovative features and technological capabilities. SmartIST facilitates the management of business processes in a faster, more efficient and traceable way via the work order optimization system in which all processes are integrated. As a result, SmartIST will remain one of the main factors in Turkish Cargo's journey toward achieving its strategic goals with technology-oriented projects to be commissioned in 2022.

Digitalization Efforts
To ensure its competitiveness, Turkish Cargo prioritized integration with its revenue management system. This year, Turkish Cargo laid the groundwork for implementing best practices in the industry, meeting customer expectations at the highest level, and developing a machine learning-based system that aims to maximize cargo contribution. In 2021, the first outputs of the capacity and demand forecast modules of the revenue management system were taken. The system is being developed via a dual structure in which Turkish Cargo takes an active role in product development and design capitalizing on its sector experience and Turkish Airlines Technology Inc. is a pioneering member. The system's first phase is planned to go live in full in 2022. The new system will ensure that customer demands are met more quickly after this stage, as digital sales channels become more widespread in the sector. The profile and visibility of Turkish Cargo will increase on these platforms through more dynamic capacity and price management.

Turkish Airlines Technology Inc. and Turkish Cargo developed their own API product and provided great convenience in integration efforts with stakeholders in the 21st century, when digital transformation is inevitable. Turkish Cargo, starting to work on integration with digital marketplaces, aims to boost penetration for its customers and business partners by having advantages over the competition with its innovative and competitive price policies, apart from traditional communication channels. Under the RPA (robotic process automation) project launched in 2020, Turkish Cargo examined its business processes and completed process improvement efforts. In addition, metal-collar employees (Alpha, Bravo, Charlie, Delta) were included in the team replacing repetitive work processes, the existing human resources in the processes were directed to more value-added work, and human errors were eliminated.

Customer Satisfaction
As part of its 2023 strategic plan, Turkish Cargo aims to rank not only among the top three cargo carriers but also among the best three carriers. To this end, customer satisfaction is of prime importance. Turkish Cargo, which currently offers its customers the widest flight network, periodically conducts customer satisfaction surveys in order to meet customer needs in the best way. Turkish Cargo even included customer input in the design of SmartIST, the facility that commenced operating this year. Generating faster and more agile solutions with technology-based investments, Turkish Cargo is steadily boosting its performance in key parameters such as FAB (flown as booked) rates and on-time performance rates, which are known to have a direct impact on customer satisfaction. Every year, Turkish Cargo further expands its service range for special services and products.

Development of long-term strategic collaborations with key accounts, which account for a significant share of volume in the air cargo industry, and activities ensuring the sustainability of these collaborations are ongoing. As a result of these efforts, Turkish Cargo boosted its key accounts turnover from USD 0.8 billion in 2020 to USD 1.4 billion in 2021, up 64.2%. Key accounts currently generate 34% of Turkish Cargo revenue.

In 2021, key accounts recorded 55% revenue growth in their own markets. Meanwhile, Turkish Cargo posted 64.2% key accounts revenue growth for the year, 1.17 times that of its key accounts. In the same period, key accounts reported 21.5% tonnage growth in their own markets and Turkish Cargo recorded 28.6% key accounts tonnage growth.



28.6%

In 2021, Turkish Cargo grew by 28.6% on a tonnage basis with key accounts.

Turkish Cargo was invited to many aviation related events, participated in fairs, and carried out major sponsorship activities during the year.

Based on annual market data, Turkish Cargo boosted its key accounts market share in terms of revenue, from 3.5% in 2020 to 3.7% in 2021. By the end of 2021, Turkish Cargo increased its key accounts market share in terms of tonnage, from 3.2% in 2020 to 3.4% in 2021.

At year-end 2021, Turkish Cargo commissioned the Cargo CRM initiative, which got underway in previous years. With this effort, Turkish Cargo aimed to provide tasks, responsibilities, satisfaction surveys, target tracking, and 360-degree traceability with the support of digital platforms, by creating a portfolio of current and future customers.

In recent years, Turkish Cargo has steadily expanded its market share and recorded solid growth. In line with its growing global profile, Turkish Cargo was invited to many aviation and air cargo industry-related events, participated in industry fairs, and carried out major sponsorship activities in 2021. During the year, Turkish Cargo was recognized for its excellence in business processes and its exceptional service approach. Turkish Cargo won the "Best Air Cargo Brand of the Year" award at the awards competition held as part of the fifth edition of the Istanbul Economic Summit in December 2021. The flag carrier air cargo brand also garnered the "Air Cargo Excellence" award in nine different categories at the WOF Expo held in Bratislava, Slovakia.

Turkish Cargo has the ability to easily respond to global import and export demands from any country. With its communication effort #WeProudlyCarry implemented in 2021, Turkish Cargo describes its cooperation with Turkey's exporters in promotional videos released as part of the "#WeProudlyCarry the labor of our country all over the world" initiative. The campaign emphasized that Turkish Cargo has facilitated a major part of Turkey's service exports with both passenger and cargo transport. Today, Turkish Cargo is the biggest supporter and facilitator of Turkey's exporters. With the promotional video campaign launched last year, Turkish Cargo aims to maximize the unique market access opportunities it provides to the country's exporters while explaining in detail that air cargo will be used at effective, appropriate and reasonable rates.

In late 2021, global air cargo carrier Turkish Cargo became the logistics solution partner of TOGG, which was established with the mission of becoming Turkey's most valuable global mobility brand. The national brand carried Turkey's first electric car to CES, one of the world's most important technology fairs, held in Las Vegas (USA). TOGG's new brand identity and national car were showcased on the world stage by crossing borders thanks to this special flight.

Turkish Cargo remains focused on achieving its 2023 targets and establishing strong communications with its business partners and customers. To these ends, Turkish Cargo adopts a participatory working approach in order to deliver reliable, qualified, and effective solutions at all times.



Turkish Airlines, embracing continuous improvement as its top priority, ranked first once again in 2021 with a customer satisfaction rate of 83%.



Executing continuous improvement efforts in line with passenger feedback, Turkish Airlines had a customer satisfaction rate of 83% and a Net Promoter Score (NPS) of 42 in 2021.

We Smile Behind Our Masks

Turkish Airlines understands that the energy and motivation of the cabin crew is conveyed to passengers inside the aircraft. With this understanding, Turkish Airlines designed "Always Smiles" themed smiley badges for members of the cabin crew. The sincere smile and heartfelt service approach of Turkish Airlines cabin crew make a big difference in the travel experience of passengers. Focusing on the positive impact of a warm and sincere smile in this regard, the Incorporation aims to raise awareness of this phenomenon among cabin crews while also emphasizing their key role in capturing the hearts of passengers with their communication efforts. The smiles of Turkish Airlines cabin crew were once again complemented with the specially designed badges that accompany them on their collars.

Exclusive Drive

Exclusive Drive is a privileged transfer service offered by Turkish Airlines to Business Class and Economy Class passengers. In 2021, the Exclusive Drive service was offered on flights to 11 destinations in the USA and Canada, down from 20 destinations in prior years due to Covid-19 restrictions. As of third quarter 2021, Turkish Airlines added

the Newark destination to its nine service destinations in the USA and the Vancouver destination to the two service destinations in Canada.

Travel with Pets Improvements

After conducting regular surveys and research, Turkish Airlines analyzes passenger feedback on problems they faced during their travels with their pets. Passenger suggestions are evaluated and improvements are made in pet travel processes in line with these results.

Identifying a lack of information during the pet reservation stage, the Incorporation reviewed its comprehensive policy guidelines and prepared informational content for passengers traveling with pets. Turkish Airlines designated special pet check-in counters with pet cage measurement units. The first counter was set up at Istanbul Airport and subsequently for other stations in Turkey's Anatolia region for passengers and their pets to check-in easily and conveniently. As of year-end 2021, Turkish Airlines introduced the cabin label tracking application for pets traveling in the cabin. With this solution, pet owners are able to continue their journey comfortably and receive e-mail notifications for any status changes to their

reservations, including confirmation, cancellation or disruption. As a result, pet owners traveling on Turkish Airlines can feel more comfortable while preparing for their journey with their pets.

Turkish Airlines is continuously improving its airport processes and initiatives at digital contact points.

Customer Experience Measurements and Improvements

Turkish Airlines conducts various types of research to identify customer expectations for products and services during the customer travel process and to measure customer satisfaction and recommendation levels. This research was carried out to better understand passengers, identify their needs more accurately, and produce more accurate solutions for these needs. According to research results, Turkish Airlines had a customer satisfaction rate of 83% and a Net Promoter Score (NPS) of 42 in 2021. Listening to its passengers, identifying contact points that lead to dissatisfaction via passenger feedback and taking necessary actions, Turkish Airlines develops new projects and initiatives based on this feedback.

Customer Experience Awards

APEX World Class/Global Airline/Health Safety Diamond Status Awards

Turkish Airlines was presented with the "World Class" award, received by only seven airlines worldwide, by APEX (Airline Passenger Experience Association), one of the most reliable and respected aviation organizations in the world. The award was based on flight inspections conducted in terms of health safety, sustainability and guest experience.

Turkish Airlines was also selected as a "5 Star Global Airline" for the fifth consecutive year. In addition, Turkish Airlines received the Diamond APEX Health Safety Award from SimpliFlying.

The Design Air – Design Airline of the Year, Europe 2021

In recognition of its innovative customer contact points – lounges, check-in islands, ticketing offices, and the like – at the new airport and in-flight experience designs – new Business and Economy Class cabin designs and in-flight products – Turkish Airlines was named the "Best Design Airline of Europe in 2021" at the DesignAir Awards.

42
Net Promoter
Score

Turkish Airlines won many customer experience awards in 2021.

17

New bank agreements with Miles&Smiles

Miles&Smiles members can earn miles from nearly 200 domestic and foreign non-flight program partners of Turkish Airlines in 13 different sectors.

Fast Company Customer Experience Awards – Airline Industry First Place

In the Customer Experience Survey conducted by Fast Company magazine for the second time in 2021 in conjunction with Turkcell Global Bilgi, a total of 6,319 people were interviewed and the best of each sector was determined with some 15,130 brand evaluations. Once again, Turkish Airlines ranked first in its sector.

PressReader

Turkish Airlines offers passengers complimentary digital access to over 7,000 newspapers and magazines, from more than 120 countries in over 60 languages. Passengers have the opportunity to download and save the full versions of newspapers and magazines to their own devices before the flight via the PressReader application.

Passengers can access PressReader free-of-charge 24 hours before their flight and up to 24 hours after the flight with Turkish Airlines, in addition to their time inflight, via pressreader.turkishairlines.com or by a reminder message sent to their email address.

Istanbul Airport Transfer Desk Foreign Language Screens

At the Istanbul Airport Transfer Desk contact point, a dynamic 40-member passenger services team is able to serve passengers in 11 languages other than Turkish and English. Efforts are ongoing to raise the profile of this valuable service delivered by the team, promote Turkish Airlines' rich passenger portfolio from different geographies, and standardize the service offering. To that end, digital screens were installed for each of 14 desks at the contact point. Special screen content was developed to bolster the presence of this service.

Miles&Smiles Bank Agreements

Turkish Airlines aims to reach out to more Miles&Smiles members by adding new bank agreements. With this approach, Turkish Airlines stands by Miles&Smiles members in their daily needs and help them turn every purchase they make into miles. Turkish Airlines increased its bank agreements from nine in 2021 to 17 in 2021. Capital One in the USA, INBURSA in Mexico, FAB and Standard Chartered in the United Arab Emirates, CIMB in Malaysia, Hyundai Card in South Korea and HSBC in different countries were added to the points conversion agreements that allow the conversion of bank points to Miles&Smiles miles.

Miles&Smiles Kuveyt Türk Co-Branded Credit Card Collaboration

Turkish Airlines, launching its third co-branded credit card collaboration in September 2021 after Garanti BBVA and QNB Finansbank, increased its target audience with the first participation bank joining its co-branded credit card portfolio. In conjunction with Kuveyt Türk, Turkish Airlines made its first co-branded debit card available to its members free-of-charge.

Miles&Smiles Non-Flight Program Partner Agreements

Miles&Smiles members can now earn miles from nearly 200 domestic and foreign non-flight program partners of Turkish Airlines in 13 different sectors. By the end of 2021, company collaborations with Bilt Rewards, Turkish Airlines Holidays, GlocalMe and Parkvia were officially introduced to members. Thanks to these collaborations, Miles&Smiles members can earn miles while buying holiday packages, paying rent, purchasing roaming packages or parking their vehicles at airports in many countries, in addition to the services they already benefit from. In 2022, Turkish Airlines plans to include many new collaborations and new earning areas for Miles&Smiles members in its Miles&Smiles program.

A STAR ALLIANCE MEMBER



HIGHEST HONORS COME WITH HIGHEST STANDARDS

We have been awarded the first-ever APEX World Class Award along with the Diamond APEX Health Safety Award and a Five Star Global Official Airline Rating for the fifth consecutive year.



TURKISH AIRLINES

Technical standards are designed to comply with safety, customer satisfaction and efficiency targets.

Turkish Airlines conducts continuing airworthiness management activities in line with the Continuing Airworthiness Management Organization (CAMO) authorization with Directorate General of Civil Aviation (DGCA) certification that it has received for over 370 aircraft – including passenger and VIP aircraft – pursuant to the terms set forth in SHY-M. Turkish Airlines outsources the maintenance, repair, overhaul, tests and revisions listed in the Air Operator Certificates (AOC) for the aircraft and their engines, components and other equipment. This approach ensures that aircraft and its equipment, function in an "Airworthy Manner" in both Turkey and overseas and conform to continuing airworthiness standards.

Turkish Airlines undertakes the responsibility of continuing airworthiness and maintenance management of all commercial aircraft under Air Operator Certificate for commercial fleet (SHY-6A Fleet, Airbus A320 CEO and NEO series, Airbus A330, Airbus A350, Boeing 737NG and MAX series, Boeing 777 and Boeing 787) and the VIP aircraft under Air Operator Certificate for general aviation (SHY-6B Fleet, Bombardier-CL-600-2B19 (Regional Jet Series 100), Gulfstream G450 and

G550, Airbus A318CJ, A319CJ, A330CJ, A340CJ and Boeing B747BBJ). DGCA-approved "Continuing Airworthiness Management Organization Approval Certificate" has been obtained for both fleet types. Turkish Airlines is the first Turkish incorporation to obtain airworthiness review authorization in Turkey for the commercial aircraft in its fleet. As part of these authorizations, Turkish Airlines primarily ensures that its aircraft comply with airworthiness requirements and safety provisions at any time during their operational lifespan. In addition, Turkish Airlines delivers the following technical services:

- Aircraft selection, from feasibility studies at time of purchase or leasing decision for aircraft right up to its exit from the fleet,
- Determination of aircraft configurations,
- Determination of BFE systems,
- Engine selection,
- Control of aircraft manufacturing processes and aircraft delivery,
- Execution (signing) of necessary maintenance agreements,
- Ensuring airworthiness of the aircraft during Turkish Airlines operations,
- Technical modifications,

- Installation of in-flight entertainment systems to the aircraft,
 - Return of aircraft at the end of the leasing period.
- Turkish Airlines also monitors the procured maintenance services for compliance with agreements, standards and rules, and fully performs the continuing airworthiness services in line with existing goals.

The Turkish Airlines fleet has attained the highest airworthiness, safety and operability standards as a result of the strong synergy the Incorporation has forged among its highly experienced team, its pioneering subsidiary Turkish Technic in particular, national and international manufacturers, and firms from which it receives maintenance and/or engineering services.

Turkish Airlines views its top priority targets as safety, customer satisfaction and productivity. The technical standards of the existing aircraft or new aircraft to be acquired to the fleet are determined in line with these targets.



FLY SAFE FEEL SECURE

Have a healthy journey with all precautions taken to the finest detail for your in-flight safety.



TURKISH AIRLINES

Please visit turkishairlines.com to learn more about our travel standards and other details.

High quality and innovative catering concepts that maximize passenger satisfaction




35
million
Number of meals
in 2021

On-Board Catering Concept
Targeting the safest and comfortable travel to its passengers while serving the delectable treats and refreshments, Turkish Airlines introduced new catering practices by taking all necessary precautions during the ongoing coronavirus pandemic in order to provide healthier and safer flights.

While adhering to the tradition of Turkish hospitality, Turkish Airlines designed a catering concept suitable for pandemic conditions. Refreshments and treats are provided to passengers with minimal human contact. The entire catering service is offered as hygienically sealed while featuring the same high quality, freshness and delicious taste.

During the pandemic, Turkish Airlines aims to continue touching the hearts of passengers with minimal personal contact. It has restarted its catering service with the concept of a specially designed picnic basket on domestic flights. As for international and intercontinental flights, passengers are offered a privileged flight experience with a catering service consisting of the best examples of Turkish and world cuisines, accompanied by a unique view above the clouds and candlelight. Passengers are greeted with specially prepared welcome beverages. Before the start of the catering service, they are offered hot towel service. Passengers who choose from the menu cards are invited to a unique feast of tastes. The Dine on Demand service where passengers can taste delicious treats at a desired time, has also started for those on nighttime flights.

Re-launching the Flying Chef application on intercontinental flights in 2021, Turkish Airlines offers its passengers the privileges of personalized service.

In addition, Turkish hospitality and Turkish culture are reflected in the catering service with coffee served with traditional Turkish delight.

In 2021, Turkish Airlines provided 35 million individual meal services to its passengers.

Meal Selection Service on AnadoluJet Flights
Introducing the Meal Selection service in addition to its standard free service on all international flights, AnadoluJet enriches the travel experience of its passengers. On AnadoluJet flights, passengers can choose for a fee from 15 different alternatives, including breakfast, meal, dessert, as well as special meals such as kosher and vegetarian for a fee. Passengers can make their meal selections via the AnadoluJet and Turkish Airlines website or mobile application, call center, sales office and agencies, 24 hours in advance.

Special Meal Service
At Turkish Airlines, passengers can request special meal options due to their health status, religious beliefs, or dietary preferences. On all international flights, Turkish Airlines offers its passengers a range of special meal options, including diabetic, gluten-free, kosher, Jain-vegetarian, Hindu, strict vegan, baby and child meals.

Journey to World Cuisines with Turkish Airlines
Turkish Airlines continues to innovate not only to offer the best catering service in the sector as a leading flag carrier airline, but also to create new trends and constantly surprise its guests. Catering services are continuously improved by passenger feedback on cabin crew and health organization evaluations received via the in-flight entertainment systems and other channels (social media, passenger letters, and the like). Based on demands from passengers, Turkish Airlines plans to focus on healthy treats and local options from world cuisines in the coming year.

Aiming to commemorate special days for its guests with unique products and services, Turkish Airlines plans to offer specially designed and delectable treats to its passengers on national and religious holidays.

In 2022, Turkish Airlines plans to assess the expectations of its guests and constantly improve its catering service quality and concepts. These efforts are designed to maintain passenger satisfaction at the highest level.

Turkish Airlines regularly assesses the expectations of its guests and continuously improves its catering service quality and concepts. These efforts are designed to maintain passenger satisfaction at the highest level.

40,745,884

Number of
hygiene kits
offered in 2021

Turkish Airlines
presents amenity
kits by Versace
prepared specially
for Business class
passengers on
intercontinental
flights of more
than eight hours.

Comfort Products

In 2021, Turkish Airlines further refined, innovated, and refreshed its service and product range to maximize passenger satisfaction.

For the needs of Business Class male and female passengers who fly intercontinentally for more than eight hours, Turkish Airlines presented individually prepared amenity kits by Versace, fashion icon and creator of timeless and sophisticated designs, in 2021. Turkish Airlines did not forget art enthusiasts and renewed the design of amenity kits offered on Business Class flights between 5-8 hours in 2021, collaborating with Devrim Erbil, one of Turkey's most renowned painters. The new amenity kits, designed with eight different works of art featuring unique landmarks of Istanbul, include eye mask, earplugs, non-slip socks, toothpaste, toothbrush and Antipodes hand cream and lip moisturizer, a brand known for its natural ingredients.

Special amenity kits created in collaboration with Mandarin Duck, a popular brand specialized in travel items, was presented to Economy Class passengers on inter-continental flights exceeding eight hours. The amenity kit bags, featuring special designs and colors, include products that passengers may need during and after their travels.

Turkish Airlines is attentive to present amenity kits in varying designs during arrival or departure flights to/from Turkey. It collaborated with K lt r A. . for amenity kits offered on Economy Class return flights to Turkey. amenity kits feature different Turkish motifs, created with original artwork from a rich collection.

Amenity kits are seen as a key tool of communication and a way of promoting Turkish culture. As a result, Turkish Airlines offers amenity kits designed by taking inspiration from the works of Fahrelnissa Zeid, on Economy flights of five to eight hours in duration. Thanks to a collaboration with Istanbul Modern, Turkey's first modern and contemporary art museum, the works of Fahrelnissa Zeid, one of the pioneering Turkish female painters, appear in Economy Class amenity kits.

To demonstrate that children on flights are not forgotten, Turkish Airlines presented specially designed functional bags created in two themes to its young passengers in 2021. As of August 2021, child kit sets featuring High Five characters were provided to child passengers between the ages of 2 and 12 on departure flights from Turkey that exceed eight hours.

Representing Turkish hospitality in the best manner, Turkish Airlines redesigned the sleeping set in line with its new concept "Flow," referencing the uninterrupted service it provides. The sleeping set – designed with the dynamic brand identity, which combines elegant features of the privileged travel concept with comfort – is provided during intercontinental flights of eight hours or more. Turkish Airlines' new concept is also reflected in all other textile products, such as blanket and pillowcase, in addition to the sleeping set.

On intercontinental flights, Business Class passengers were offered Denon branded headphones having active noise-cancelling feature for a more comfortable on-board experience. Meanwhile, intercontinental Economy Class passengers were presented with highly ergonomic headphones with superb sound quality. On all other international flights, Business Class passengers received Philips-branded headphones.

Keenly aware of its responsibility towards the environment, Turkish Airlines uses bioplastic bags instead of plastic packaging for the headphones and passenger covers it offers to its passengers. These special bags comply with the TS EN 13432 Packaging - Recyclable Packaging Recoverable through Biodegradation and Composting standard. As a result, this special packaging naturally decomposes in the environment.

To safeguard the health of children, who represent our future, Turkish Airlines distributes wooden toys prepared from forest products with Forest Stewardship Council (FSC) certification to young passengers on long range flights. Toys designed with the "Play Natural" concept, featuring figures of endangered animal species are distributed along with brochures based on information provided by WWF Turkey. This effort is aimed to raise environmental awareness among youth.

Turkish Airlines understands that reaching certain quality standards in its supply chain and auditing suppliers for compliance with these standards is crucial to creating a positive brand image among the general public as well as passengers. To this end, Turkish Airlines conducts an on-site inspection program at its suppliers via services received from an expert and independent firm – SGS Supervise: Monitoring, Surveillance and Control Services – and Bureau Veritas firm on the basis of its corporate standards, policies and procedures. With this approach, Turkish Airlines aims to obtain a general overview of its supply chain, reduce risks of problems and malfunctioning, and intervene at an early stage.

In 2021, Turkish Airlines continued its hygiene kit service, which it started in June 2020 in order to eliminate the negative impacts of the Covid-19 pandemic on passengers and to contribute to their safer travel.

The contents of the hygiene kits differ according to flight times. Surgical masks and antiseptic wipes are provided on flights up to four hours; surgical masks, antiseptic wipes and gel disinfectants are included on flights between four and eight hours. On flights over eight hours, an FFP2 mask is provided in addition to the set contents presented on flights between four to eight hours.

Molton Brown products are presented with a live flower concept in Business Class lavatories of all flights on wide body aircraft. In Economy Class, the "Aqua" series lotion and cologne products by Ey p Sabri Tuncer were introduced this year.



573

Total number of movies available on Planet

On the Planet Entertainment System, Turkish Airlines passengers viewed 23,044,897.93 hours of movies and TV programs, listened to 1,942,757.78 hours of music, and played 1,813,339.38 hours of games in 2021.

In 2021, hygiene kits, the compostable packaging of blanket and headphones and the toy sets offered to child passengers were awarded the “Gold” status by the Travel Plus organization. In addition, the eco-friendly material used in the packaging of blankets and headphones was awarded by the Onboard Hospitality platform in the “Best for Onboard Sustainability” category, as the Umrah kit was offered to Umrah passengers in the “Best Onboard Amenity Kits for Economy” category. The Devrim Erbil collection amenity kits offered to Business class passengers on international flights between five and eight hours were awarded by the Onboard Hospitality platform in the category of “Best Onboard Amenity Kits in First/Business” on the basis of reader votes.

In 2021, Turkish Airlines presented to its passengers:

- 407,634 LH BC Business Amenity Kits
- 256,164 SH BC Business Amenity Kits
- 2,362,446 LH Economy Relax Sets
- 2,132,996 SH Economy Relax Sets
- 154,522 child kits
- 338,362 toy sets
- 1,784,482 Philips branded Business Class headphones
- 30,345,360 Economy Class earphones
- 407,634 Denon branded ER Business Class headphones
- 497,540 ER BC sleeping sets
- 9,294,103 passenger covers
- 1,134,217 pillows and pillowcases
- 447,150 Business Class slippers
- 2,362,446 Economy Class slippers
- 40,745,884 hygiene sets (TK and Ajet)
- 42,901 hand lotions, hand soaps, diffusers and cologne for Business Class
- 49,657 hand lotions, hand soaps for Economy Class

In-flight Media, Application and Internet Service

Turkish Airlines provides inflight entertainment services to its passengers with the latest movies, classic films, international cinema, TV and documentary in PLANET entertainment system. In 2021, PLANET was improved with media categories. To facilitate access to different types of content and to highlight the most preferred ones.

While providing the best travel experience, Turkish Airlines offers the latest and most enjoyable content in “New Releases” and the most beloved movies in the “Best Series” category. In “Fly&Learn,” foreign passengers can access Turkish language instruction videos prepared by Yunus Emre Institute in addition to LinkedIn Learning training content. In 2022, additional language learning videos are planned to launch under this category. Turkish Airlines has also enriched its media content on PLANET by including various audiobooks, podcasts, and art videos for children and adults.

At the end of the year 2021, PLANET contained a total of 4,118 media content including 573 movies from Hollywood, world and Turkish cinema; 1,160 TV programs and episodes in different genres, such as Turkish and foreign series, documentaries, sports, business and lifestyle; 84 audio books; and 2,301 Turkish and foreign music albums.

During 2021, Turkish Airlines guests enjoyed more pleasant journeys by viewing 23,044,897.93 hours of movies and TV programs, listening to 1,942,757.78 hours of music, and playing 1,813,339.38 hours of games on PLANET.

Turkish Airlines offers internet service not only on A330, A350, B777 and B787 wide body aircraft, but also on A321NEO and B737MAX narrow body aircraft in its fleet. In 2021, the Incorporation provided internet service to 150 aircraft in total. Turkish Airlines also provided approximately 650 GB of internet via mobile data service to more than 350 thousand of its passengers on 84 wide body aircraft. Business class passengers receive 1 GB, and Miles&Smiles Elite and Elite Plus member passengers receive 400 MB free internet service. Miles&Smiles Elite and Elite Plus passengers traveling in business class are granted unlimited internet privileges. Miles&Smiles Classic and Classic Plus card members can use the 10 MB free internet service. In addition to the free data packages, passengers can purchase any of five different internet packages. With this infrastructure offered by Turkish Airlines, more than 600 thousand passengers accessed the internet via their personal electronic devices and consumed more than 120 TB of data in 2021.

Hardware installations has started on a total of 103 aircraft that are currently in the Turkish Airlines fleet but were not equipped with internet infrastructure. Once this installation effort is completed, the entire Turkish Airlines fleet will be equipped with internet infrastructure.

The Wireless Entertainment System, developed by Turkish engineers locally and used through the application, received a software update in July 2021. With this update, passengers are now able to access PLANET Entertainment System via Safari or Google Chrome internet browsers (Safari on devices with iOS, macOS operating system, Google Chrome on devices with Android and Windows operating system) on their devices. There are 30 aircrafts equipped with the wireless entertainment systems in the Turkish Airlines fleet.



Internet service is offered not only on A330, A350, B777 and B787 wide body aircraft, but also on A321NEO and B737MAX narrow body aircraft.

Making a difference through its global service quality and industry-leading practices, Turkish Airlines operates with a understanding for perfect service.



Adding value to the aviation industry with its innovations, Turkish Airlines achieved an 84.2% on-time take-off performance on its flights and stood out among the competition with its 3.7% baggage irregularity rate.

Success on the Ground

In 2021, the negative impacts of the pandemic persisted, affecting the entire world and the aviation industry in particular. During this challenging time, Turkish Airlines maintained its quality service approach with additional measures in ground handling services.

Adding value to the aviation industry with its innovations, Turkish Airlines achieved an 84.2% on-time take-off performance on its flights and stood out among the competition with its 3.7% baggage irregularity rate. Turkish Airlines pursues an approach of excellent service in parallel with the company's core principle of customer satisfaction.

Turkish Airlines expanded its flight destination network and increased its flight frequency rates despite the impacts of the pandemic that varied greatly by country and region. Aiming to ensure that passengers travel safely, the Incorporation takes a wide range of measures to minimize the risk in its ground handling and pre-flight processes. To manage this process in the healthiest way, Turkish Airlines works in close cooperation

with airport authorities and ground handling service providers. Aircraft, passenger buses and VIP-CIP vehicles are periodically disinfected with appropriate cleaning solutions by the ground handling company after the flight. Turkish Airlines also takes various measures with high sensitivity in the Special Passenger Lounges that are open to use. Turkish Airlines has appointed a Hygiene Specialist responsible for performing the necessary controls during pre-flight processes at each flight station, ensuring safe travel for its passengers.

In addition, Turkish Airlines meticulously implements the rules and information published by country authorities related to pandemic measures. The Incorporation checks travel documents of passengers, who will travel to countries requiring vaccination and health certificates, negative PCR tests and health insurance according to official circulars, during check-in and boarding, and ensures that they board the aircraft. Domestic passengers' HES codes are also checked during check-in and their transactions are carried out.

Turkish Airlines monitors that flights are conducted in accordance with the Circular on Covid-19 Measures under Flight Operations prepared by Turkish DGCA and the General Instruction for Ground Operations Covid-19 Period Practices issued by SVP Ground Operations, through customer feedback and field observations.

Throughout the year, Turkish Airlines conducts many studies and carries out efforts aimed at boosting passenger satisfaction and ground operation performance. The Incorporation prepared the Communication Handbook at Passenger Contact Points document, ensuring that ground handling personnel receive relevant training. With these guidelines, Turkish Airlines aims to communicate with a healthy, common, corporate language by better understanding its passengers.

Turkish Airlines announces up-to-date information on countries and coronavirus regulations as part of its pandemic measures and restrictions in order to avoid disruptions in the operation process and ensure necessary controls. The Incorporation provides the necessary coordination to keep key communications channels – such as the website, social media, and agency portal – updated. In addition, Turkish

Airlines ensures that the Ground Operations Standards Surveillance Form, created in accordance with the Ground Operations Surveillance and Control Procedure, is completed and followed by station officials. This effort contributes to the evaluation of handling companies in ground operation processes.

To ensure the sustainability of de-icing operational standards and procedures at stations, Turkish Airlines has implemented the Station Season Management Plan that station officials can exploit before and during the season.

Due to greater cargo movement during the pandemic, Turkish Airlines made loading plans and systematic improvements for cargo transport on passenger aircraft. It accepts passengers in accordance with safe travel conditions by integrating HES codes, which are individually generated by the Ministry of Health, into the passenger check-in system.

The Incorporation rewarded ground handling personnel who showed dedication and success in their work in 2021. Thanks to the various projects implemented, it achieved significant savings in ground handling equipment.

84.2%
On-time
take-off rate

Turkish Airlines expanded its flight destination network and increased its flight frequency rate despite the impacts of the pandemic that varied greatly by country and region. Aiming to ensure that passengers travel safely, the Incorporation takes a wide range of measures to minimize the risk in its ground handling and pre-flight processes.

70%
Ground Handling
Services market
share

Turkish Airlines put into service the İzmir CIP Lounge in 2021 to boost the quality of passenger service on offer and created service points with Mobil Desk at many stations.

In 2022, Turkish Airlines aims to climb to the top of the sector with Istanbul Airport – one of the world's largest airport facilities. Turkish Airlines also targets sharpening its competitive edge by boosting customer satisfaction with every innovation that meets the requirements of today.

Turkish Ground Services
Delivering world-class services since its founding, Turkish Ground Services continues to raise the bar in service quality with practices that shape the industry. TGS has remained a standout with its unique ground handling service perspective even during the pandemic period.

With 221 contracted airlines as of year-end 2021, Turkish Ground Services maintains its leadership with a market share of 70%. It has successfully provided services to contracted airlines at a total of eight stations – Istanbul Airport, Istanbul Atatürk Airport, Istanbul Sabiha Gökçen, Ankara Esenboğa, İzmir Adnan Menderes, Antalya, Adana, Milas-Bodrum and Dalaman Airports. Despite the difficult environment due to the ongoing pandemic, TGS served more than 67 million passengers in 2021.

Thanks to 2,380 motorized and 6,120 non-motorized units of equipment and 13,524 employees, TGS provides a comprehensive range of ground services to more than 510 thousand flights each year. TGS serves both domestic and foreign airline companies at international quality standards.

Providing passenger services, ramp, operation, and cargo services within the framework of the Airport Ground Handling Services Regulation, TGS pursues an approach of service excellence in parallel with the company's core principle of customer satisfaction.

Thanks to its current sustainable growth policies, Turkish Ground Services is steadily advancing toward its goal of becoming a global service provider. TGS enhances its role as the industry pioneer with innovative investments.

Having made a difference in the global arena with its service quality and with 12 highly successful years of experience, TGS aims to bolster its brand further while pursuing sustainable growth and supporting the national economy.

Turkish Ground Services continues to take all necessary internal measures in accordance with the guidelines of relevant authorities to safeguard the health and safety of employees and passengers during the pandemic. Work is ongoing to improve and refine these processes.

Baggage Irregularity Rate



On-Time Take-Off Rate



Thanks to its current sustainable growth policies, Turkish Ground Services is steadily advancing toward its goal of becoming a global service provider.



TURKISH AIRLINES

WELCOME ON BOARD:
TURKISTAN

Turkistan is the latest addition to our network.
Fly safely with our extensive health measures.



Civil aviation industry professionals are trained at Turkish Airlines Aviation Academy.


3,524
Number of trainings given at the Academy

Aviation for Children Program is designed to support the pilots of tomorrow as well as future cabin crew and aircraft maintenance personnel in pursuing their dreams with training.

Aviation Academy

Turkish Airlines Aviation Academy trains professionals for the civil aviation industry, taking into account the constantly renewed international and national aviation regulations. Offering in-class, distance and digital trainings for this purpose, Aviation Academy operates with a large team of 163 trainers and support personnel in its 40th year of operation.

In 2021, 42,464 trainees attended 3,524 classroom and virtual classroom trainings held by Aviation Academy. Some 115,380 digital trainings were conducted for 890,945 trainees. The Academy administered 1,163 exams for 14,806 persons during the year. Vocational training for about 3,600 Turkish Airlines personnel working in 120 countries was carried out as live remote training in three different time zones, in accordance with the time zones of the countries where the staff members were located.

In order to design training content that meets industry and current needs, Aviation Academy is in frequent liaison with business units, especially operational units. Acting as a business partner, it analyzes the training needs of the relevant units with feedback received directly from the field, focus group interviews and surveys. Trainings are designed on the basis of competencies.

Aviation Academy operates with the training resources management system, online exam system, Learning Management System (LMS), mobile application with podcasts and translations, and academy website integration. Employees can access trainings, training documents, and digital information notes on LMS whenever and wherever they want. In addition, employees can obtain any training they want from a wide catalog apart from the training directly assigned to them. At the start of the remote working period, the Academy reconfigured classroom trainings as remote virtual classroom trainings. In the first year of the pandemic, Aviation Academy carried out 3,500 remote trainings on more than 260 subjects. Planning of these trainings, which received more than 70 thousand requests, and trainee invitations of the trainees were carried out with robotic process automation (RPA) technology.

Aviation Academy provides professionals working within the Incorporation with the ability to become trainers through the New Education Development and Supplier Trainer Training (YEGTEY) Program. White-collar employees, who are taught the ADDIE methodology with Educational Design Training, develop trainings under the mentorship of experienced trainers involved in designing training materials. Some 27 different specialized trainings were



developed – such as Competition Law in Aviation, Team Planning, Fleet Management, Fuel Management in Aviation – in fields that require in depth knowledge of aviation.

Aviation Academy created 10 different certification programs to continue the development of white-collar employees, who play a key role in Turkish Airlines' strategy and decision-making. For the certificate programs, the Academy developed trainings under the YEGTEY program and created content that lasted between 1.5-3 months, in conjunction with internal resources and invited external field experts. Aviation Academy also conducts workshops where practices specific to the Incorporation are explained and the Turkish Airlines experience is conveyed as much as possible.

The certificate programs carried out at Aviation Academy include:

- Overseas Executive Development Program
- Sustainability-Oriented Quality Management
- Finance Micro MBA
- Customer Experience Management
- Trainer Development Program
- Project Management
- Lean Thinking and Management
- Business English
- Executive Assistance
- Corporate Development and Brand Management

In 2021, Aviation Academy developed eight online speaking trainings with different content that could be used by all Incorporation personnel who wanted to improve their English-speaking skills. These trainings were offered to staff members upon request. In line with requests from Turkish Airlines staff, the Academy started to offer Turkish Lessons for Foreigners for both foreign employees and non-Turkish citizen cabin personnel. The language proficiency of employees who want to participate is determined by a placement test. Trainings are planned in consideration of trainee time zones.



100

Over the last five years, the Air Transport Master's Program has produced nearly 100 graduates.

The Conquer Your Fear of Flying Program (UKYP) was revised in line with the post-pandemic health rules and continued in 2021.

Aviation Academy administers Introduction to General English (Cabin) training online for cabin crew members to improve language use and skills in the cabin. Cabin crews are tested internally with the In-house Test of English for Cabin (iTEC) exam for placement in Language Proficiency for Cabin training, a four-module training administered individually online. Post-Covid Announcements training, consisting of announcements that should be made during the pandemic period, and Cabin Announcements Practicum courses, consisting of standard announcements, are administered online. Language support is maintained by constantly publishing new content in the mobile environment via the Academy Language Mobile Application (AKADİMU).

During 2021, approximately 700 Turkish Airlines staff members were given promotion exams. The language competency of around 6,000 cabin personnel was measured with the In-house Test of English for Cabin (iTEC). This exam measures language skills, one of the most important criteria that determines promotion eligibility for cabin personnel. The Test of English for Aircraft Maintenance Personnel (TEAM), open to the public with the approval of Turkish DGCA, received more than 3,000 applicants in 2021. The test certifies the language competencies of the participants.

Aviation Academy contributes to the professional development of Turkish Airlines employees by participating in their Master's programs conducted outside of working hours on academy campuses as live virtual classrooms. Aviation Academy entered into agreements with state universities in Istanbul for this purpose. Currently, the Academy has an MBA Program and Logistics Management Master's Program with Istanbul University; Management and Work Psychology Master's Program with Marmara

University; and Big Data and Business Analytics Master's Programs with ITU. Aviation Academy also administers the Air Transport Master's Program, specially designed for aviation, with Ibn Haldun University under the sponsorship of Airbus. Over the last five years, this program has produced nearly 100 graduates and continues with the participation of local and international students, together with Incorporation personnel.

The Conquer Your Fear of Flying Program (UKYP) was revised in line with the post-pandemic health rules and continued in 2021. During the performance phase of the program, expert psychiatrists/psychologists, pilot instructors, aircraft maintenance instructors and cabin ground instructors provide all kinds of support to participants. The program has been administered since 2007 as part of a social responsibility initiative with hundreds of participants and a high degree of customer satisfaction.

With the Aviation for Children Program, Turkish Airlines supports the pilots, cabin crew and aircraft maintenance personnel of tomorrow who pursue their dreams with training while enriching their horizons. This innovative program instructs children about the basic principles of flight accompanied by various videos, experiments and models. Children are given the opportunity to experience the principles of flight and control mechanisms with a hands-on approach.

In 2021, Aviation Academy signed training agreements with Turkish Engine Center (TEC), the group engine maintenance factory, and TCDD Taşımacılık A.Ş. Under these agreements, the Academy shares the competencies it has developed with other distinguished Turkish institutions. A training needs analysis has been provided along with a range of other training and consultancy services by the Academy.

A BRAND-NEW FLIGHT EXPERIENCE

A350-900



Airbus A350-900 aircraft turns every flight into a fascinating experience with its corridor lighting, wide seat spaces, high ceiling, and large windows.

Compared to competitors, **more comfortable due to 50% lower cabin noise, eco-friendlier with 25% less fuel consumption.**



MOVABLE SEATS WITH HIGH PRIVACY

Our Business Class seats with moving parts and one-touch full recline feature promise a comfortable sleeping experience with 193 cm space between. You can create yourself a private space thanks to movable privacy panels in the corridor section. The full touch and vibrating control panel complete your flawless Business Class experience.



ALL AISLE ACCESS, TRAY TABLE, AND IN-FLIGHT ENTERTAINMENT

The specially designed 1-2-1 seat configuration provides direct aisle access to all. The 51 cm-wide adjustable tray tables enable our passengers to easily access their foods or work more comfortably. The in-flight entertainment screen with an adjustable touchscreen lets you access the rich content of our Planet entertainment system with maximum comfort.



COCKTAIL TABLE, STOWAGE AREAS, AND ADJUSTABLE ARMREST

Our cocktail table is large enough that our passengers can easily place all offerings they receive during the flight as well as their personal electronic devices. The easy-access power unit and the headphone hanger in stowage areas provide our passengers with a comfortable working environment.



RENOVATED LAVATORIES

We added comfortable hygiene facilities to our lavatories in Business Class which enables personal hygiene. In addition, the new washbasins, cabinets and magnifying make-up mirrors, all in accordance with our corporate identity, make your personal care easier.



ECONOMY CLASS CABIN

Our Economy Class cabins in a 3-3-3 configuration with a width of 44 cm and legroom of 78 cm will make you feel at home with the latest technology in-flight entertainment system.



A BRAND-NEW AMBIENCE

We designed 16 different cabin lightning scenarios to enrich the flight experience of our passengers. We turned the cabin atmosphere into a unique experience with special lightning modes such as "Cappadocia Sunrise" or "Turquoise Waves."



TURKISH AIRLINES

In 2021, more than 45 thousand trainings were given at the Flight Training Center.



37

The Flight Training Center features 37 training programs of flight crew training.

The Flight Training Center is the department in charge of all flight training services of Turkish Airlines, in particular for flight crew and cabin crew trainings. The Center has provided training since 1994, in accordance with the rules and regulations set forth by national and international authorities.

The requirements of flight crew and cabin crew trainings expand in parallel with the continuous growth of the fleet as per Turkish Airlines' 2023 goals. Operational requirements are met by undertaking the necessary investment in flight simulation training devices.

The Flight Training Center, which boasts more than 25 years of experience, provided 37 trainings for more than 45 thousand flight crew, cabin crew, dispatcher and load-master trainees in 2021.

Training Staff of 582 Instructors

The Flight Training Center has 363 regular staff and 582 trainers, 472 of whom participate in flight crew training and 110 in cabin crew training. The training and operation quality of the Center improves each day as a result of ongoing investments. As a result; the Center, which started to deliver services in 1995 with a single simulator in its current campus, takes firm steps towards becoming the largest and the most modern training center of the region.

Authorizations from National and International Authorities

- Flight Simulation Training Device (EASA FSTD) Organization authorization
- Turkish DGCA-approved ATO Training authorization
- ATO authorization granted by the Civil Aviation Authorities of Iraq, Libya, Kuwait, Rwanda, and Tajikistan
- Cabin Crew Initial Training Authorization
- DGCA-approved Cabin Crew Initial Training Institution authorization
- Authorization to provide applied training with DGCA-approved CEET certificate
- European Resuscitation Council-approved Defibrillator Training authorization
- Ministry of Health-approved Initial and Recurrent First Aid Training authorization
- Ministry of Health-approved First Aid Trainer's Training authorization
- Dangerous Goods Rules Training authorization
- Ministry of National Education-approved Train-the-Trainer authorization
- DGCA-approved Aircraft Security Training authorization
- DGCA-approved SAFA Ramp Inspector Training authorization
- DGCA-approved Dispatcher Training authorization

Flight Crew Trainings

The Flight Training Center has been authorized by DGCA to act as "Approved Training Organization (ATO)." All simulators and flight training devices are also authorized by EASA.

The Flight Training Center features 37 different training programs of flight crew training, including "Conversion Training", "Type Training" and "Recurrent Training." At the same time, trainings of 410 foreign flight crew from 63 countries employed in the Incorporation are delivered at the Flight Training Center.

A total of 4,730 cockpit personnel were given ground training/ simulator training in 2021. During the coronavirus outbreak, the virtual classroom, classroom, CBT, E-Learning ground trainings provided are over 165 thousand hours, and simulator trainings are over 65 thousand hours.

Flight Training Center Provides the Following Trainings to Flight Crew:

- Type Rating Trainings
- Nomination as Commander Trainings
- Recurring, Refresher Trainings
- Type Rating Instructor/Type Rating Examiner (TRI/TRE) and Synthetic Flight Instructor (SFI)/Synthetic Flight Examiner (SFE) Trainings
- MCC Training and MCC Instructor Training (MCC/MCCI)
- APS MCC
- Special authorization and licensing trainings such as ETOPS, LVO, PBN, UPRT, etc.
- Trainings such as Steep Approach and Rejected Landing that are specially designed to increase safety, as demanded by authorities and/or operators
- License Conversion Trainings
- Dangerous Goods Rules Training
- Crew Resource Management (CRM) Training and CRMI (CRM Instructor) Training
- Ministry of National Education approved Trainer's Training

Trainings of 410 foreign flight crew from 63 different countries employed in the Incorporation are delivered at the Flight Training Center.



582

Number of
instructors at the
Flight Training
Center

The Flight Training
Center has 363
regular staff and
582 trainers, 472 of
whom participate
in flight crew
training and 110 in
cabin crew training.

Cabin Crew Training

In 2021, within the Cabin Training Management; including

- Initial, Recurrent, Refresher, Requalification
- Cabin Chief Position
- First Aid
- Defibrillator
- Products and Services
- Professional Development
- Narrow Body Aircraft Type Operator Transformation Difference (A319-320-321, B737)
- Wide Body Aircraft Type and Operator Transformation Difference (A330-350, B777-787)

trainings, 29,173 persons received training in 26 categories. In addition, 1,275 hours of training were sold to foreign airline cabin personnel.

Flight Training Center Provides the Following Trainings to Cabin Crew:

- Initial Training
- Cockpit and Cabin Safety Training
- Flight Safety and Emergency Procedures Training
- Crew Resource Management Training (CRM)
- Dangerous Goods Rules Training (DGR)
- Normal Safety Procedures Training
- Aircraft Type Trainings (B737, A319, A320, A321, B777, A330)
- Difference Trainings (B787, A350)
- Recurrent, Refresher, Requalification Trainings
- Senior Cabin Crew Member (Narrow-Body Aircraft)
- Senior Cabin Crew Member (Wide-Body Aircraft)
- Ministry of Health-approved Initial and Recurrent First Aid Trainings
- Ministry of Health-approved First Aid Trainer Training
- Control Cabin Chief Position Training
- European Resuscitation Council Approved Defibrillator Initial and Refresher Training.

In addition to the trainings above, various trainings are provided by the Cabin Training Management to increase customer satisfaction:

- On-board Announcement Practices Training
- Life in Uniform Training
- Passenger Needs in Flight Operation Training
- Silence in the Cabin Training
- Flight Experience from the Cabin Crew Perspective Training
- Initial Services Training
- Cabin Crew Professional Awareness Training
- ER/BC Specialization Training (B777-787/A330-350)
- ER/BC Specialization Recurrent Training (B777-787/A330-350)
- B777-787/A330-350 Y/C Service Training
- In-flight Entertainment Systems Training (IFE)
- Specialization in Cabin Chief Position Training
- Theory Based Flight Day Training.

Training Infrastructure

The Flight Training Center now operates on two different campuses. The Flight Training Center has reached the capacity of 28 simulators, 75 classrooms and a conference hall within a 41 thousand m² covered space. The Center has the capacity to serve 1,650 trainees at the same time.

The Flight Training Center has realized 24 flight and cabin simulator inventories, in accordance with the projection of 2023 so as to meet the demand for the flight and cabin crew trainings. In 2022, the inventory will be increased to 29 (actual) with the addition of 3 HAVELSAN A320 and 2 HAVELSAN Boeing 737 Max simulators.

Despite the outbreak restrictions in 2021, by taking necessary coronavirus measures, over 77,044 hours of flight were performed at the Full Flight Simulator and Flight Training Device by the end of the year.

The EASA authorizations of the devices for 2021 were maintained with the actual visits of the organization. 10 simulators were included in the Extended Evaluation Program by EASA, and the self-evaluation of the B777#2 simulator, one of these simulators, was carried out by Turkish Airlines in 2021.

In 2021, B787 CEET's installation procedures and approvals from Turkish DGCA were completed and made ready for training.

In the Flight Training Center; for use in cockpit trainings:

- 24 Full Flight Simulators (FFS),
- 7 Flight Training Devices (FTD),
- 2 16X2 = 32 trainees-capacity B737/A320/A330 VSIM class,
- 6 Computer Based Training (CBT) classes are currently available.

As of 2022, the total number of FFS at Flight Training Center is planned to be 29 (actual) (3 HAVELSAN A320 and 2 HAVELSAN B737 MAX) and the number of FTDs to be 13.

For use in Cabin Training:

- 3 Mock-Up (A320 CEET, B737 CEET, B787 CEET),
- 1 Fire Fighting Training Device RFFT,
- 8 Door and Window Training Devices (B777 DT, B737 DT/OWE, A330 DT, A320 DT, A320 DT/OWE, A321 ACF OWE, A310 DT, A340 DT),
- B777, B787 and A320 Evacuation Slides,
- 4 Station Areas with emergency supplies,
- Ditching Pool,
- 6 Cabin Service Training Tools (CST) are available.

Customer Portfolio

By selling simulator slots and trainings to many firms around the world primarily in Europe, Middle East, Africa and Middle Asia; Turkish Airlines Flight Training Center is not only meeting the needs of Turkish Airlines, but also the training needs of other airlines. Thus, the Center contributes to the Incorporation as a revenue-generating profit center as well.

With more than a quarter-century of flight training experience, equipment and service quality approved by international authorities, a young simulator fleet formed by supporting modern and domestic technology, The Flight Training Center met the Incorporation's flight training needs and other domestic demands, and despite the shrinkage in the sector, it continued to provide training to 66 airlines from 33 different countries by prioritizing the health and safety of its employees and business partners. The Flight Training Center maintains its character of being the region's leader in its field and a profit center.

Adaptation to Change

In pandemic period of 2021, which was one of the most difficult and unpredictable periods of the aviation industry; the rapid adaptation of the Flight Training Center employees to the changing operational conditions and the directives of national and international authorities without any irregularity in customer service, training quality and other activities has been a source of pride. The full implementation of all coronavirus measures by minimizing costs without compromising service quality has made a significant contribution to operational sustainability and especially to the satisfaction of internal and external customers.



24

Full flight
simulators

The Flight Training
Center has the
capacity of 28
simulators, 75
classrooms and
a conference
hall within a 41
thousand m²
covered space. The
Center can serve
1,650 trainees at
the same time.

Turkish Airlines, quickly adapting to the changing conditions of the pandemic, successfully navigated this year as well.




325,797
Passenger flights

Turkish Airlines, effectively and rapidly adapting to the volatile pandemic period, carried out 325,797 passenger flights in 2021 with 84.2% on-time take-off performance.

Flight Operations

Pursuant to laws, rules and regulations newly published and updated in line with the coronavirus pandemic, flight operation activities are maintained in constant communication with international and national authorities.

During the pandemic, Turkish Airlines identified all specific measures and operational precautions required to be taken by the flight crews pre-flight, during and post-flight. The entire operation is carried out without compromising safety, keeping international and national health rules at the forefront and aims to maintain the flight operations at similar and higher levels going forward.

Cargo operation with passenger aircraft, which commenced upon approval by the national authorities during the pandemic has been carried out in accordance with applicable laws, rules and regulations in a harmonious, effective, safe and secure manner. With this new air cargo transport model, Turkish Airlines recorded higher efficiency and lower costs. As a result, this operation is planned to be continued in an effective and safe manner.

Thanks to Board studies for the transition of flight crews to wide body aircraft and captain pilot status, Turkish Airlines initiated the transition process for 55 co-pilots to become captain candidates, 152 captain pilots to upgrade to wide body aircraft, and 104 co-pilots to upgrade from narrow-body to wide-body aircraft.

To enhance the know-how, experience and awareness of flight crew members, Turkish Airlines has prepared supplementary training documents and comprehensive operational memorandums/ publications on all operational topics. A dedicated system monitors that the referenced documents and memorandums/bulletins are read by all flight crew members. The monitoring system also ensures that flight crew members have access to up-to-date information so that they can perform effective and safe operations.

Communication meetings were held online with flight crew members in order to offer solutions to problems they faced. These problem-solving meetings are scheduled to continue in the coming year.

The SKPK Form project was introduced to report the processes of shortening/extending the on-duty and rest periods of flight crews, within the pre-determined limits and with the decision input of the commander, to the DGCA in a more efficient way. The project was developed on the Cress Web system. The system is placed on a platform with automatic data flow to prevent problematic issues faced previously.

Turkish Airlines closely monitors safety performance indicators for its flight operations. Focused efforts are ongoing to increase the overall safety level at Turkish Airlines.

With the transition from the usual office working arrangement to a remote working model, face-to-face meetings and interviews were carried out effectively and efficiently via Turkish Airlines-approved digital platforms.

Integrated Operations Control

Turkish Airlines, effectively and rapidly adapting to the volatile pandemic period, increased its flight numbers in coordination with the decisions taken by the countries to improve the conditions. As of end-June, the Incorporation recorded more than 1 thousand flights per day. In 2021, Turkish Airlines operated 325,797 passenger flights with an on-time take-off performance of 84.2%. The Incorporation approached the 2019 average number of daily flights in July, when a maximum of 1,395 take-offs per day was reached.

The increase in cargo flights has continued since the onset of the pandemic. In 2021, 31,392 cargo flights were carried out, an increase of 53.7% compared to 2019. Some 24% of these cargo flights were carried out by passenger aircraft.

In 2021, Turkish Airlines conducted 742 out of 1,853 evacuation flights, serving 238,228 passengers in total.

This reporting year, Turkish Airlines recorded an average delay time per flight of 8.6 minutes, a 50.2% improvement in the controllable delay time compared to 2019.


31,392
Cargo flights

In 2021, Turkish Airlines operated 31,392 cargo flights, up 53.7% compared to 2019.

90%

Satisfaction score of cabin crews

In 2021, Turkish Airlines gradually reintroduced the products and services offered inside the aircraft prior to the pandemic without compromising on-board hygiene standards.

The demand management portal (OPSYS) is used for boosting revenue and reducing costs. OPSYS has increased coordination and improved effectiveness among units. As part of its systems integration efforts, Turkish Airlines reviewed all its operational procedures while making revisions and updates as needed. Employee trainings on OPSYS were also completed.

Turkish Airlines published the General Instruction for Integrated Operation Control Directorate Covid-19 Period Implementations. The instruction includes the general measures and practices to be taken in case of technical failures of damage during flight preparations in order to boost passenger satisfaction during the pandemic. Administrative preparations for the planned increase in flight numbers in the coming year were also completed.

Cabin Operations

With the Covid-19 outbreak, the service industry introduced many game change innovations and instituted major changes, especially in air transport in order to safeguard public health and ensure the sustainability of the aviation sector.

To ensure that cabin crew members were able to effectively abide by evolving health and safety practices and requirements, Turkish Airlines closely monitored changes in international and national legislation related to protecting public health. Benchmark studies were conducted together with other airline companies. Turkish Airlines cabin operation procedures were rewritten almost from scratch without compromising safety and service, taking into account the health of passengers and employees.

In 2021, Turkish Airlines gradually reintroduced the products and services offered inside the aircraft prior to the pandemic without compromising on-board hygiene standards. The Incorporation also appointed two new cabin services staff: Hygiene Expert, who

is responsible for ensuring social distance and hygiene inside the aircraft, and a Silence Expert, who is charged with ensuring a comfortable journey for passengers.

Up-to-date announcements and documentation to inform about changes and restrictions deemed appropriate by national and international authorities are reminded to crew members by cabin chiefs at briefings held prior to each flight.

Cabin crew members were informed about changing operational practices via online communication meetings and workshops held throughout the year to facilitate uptake of the new practices. The online workshops aimed to support the managerial competencies of cabin chiefs, spread team awareness inside the aircraft, and develop skills such as leadership, teamwork, communication, and productivity among the cabin crew. In order to facilitate the transition to a learning organization and to improve performance based on experience, incidents experienced in flight operations were discussed with all cabin crew during online workshops.

Turkish Airlines is a global leader in terms of its commitment to passenger satisfaction. Trainings are delivered to cabin crew members on how they can best serve passengers while complying with social distancing rules and wearing masks. Cabin crew members are encouraged to adopt a mindset embodied by the slogan "Our smiles are too big for masks to hide." These trainings also advise the cabin crew on issues they should pay attention to while ensuring passenger satisfaction in order to maintain the same exceptional level of service during the pandemic. In particular, manner of communication such as body language and tone of voice are emphasized in these specialized trainings.

As always, Turkish Airlines analyzes customer feedback and closely monitors cabin service innovations as well as other initiatives by global airlines to improve service standards – especially at global hubs, highly competitive destinations, and high-potential destinations.

In order to personalize the service offered to passengers, Turkish Airlines introduced the practice of addressing business class passengers by name. Elite/Elite Plus passengers with special conditions were also started to be addressed by name in the economy section on all flights over four hours in duration.

To enhance the professional and foreign language competencies of cabin crews and to improve their announcement competencies, Turkish Airlines supported these staff members with virtual/online classroom trainings and podcasts. Online Turkish speaking clubs were also established to facilitate expat cabin crews in learning Turkish, serving Turkish passengers in Turkish, and accelerating the adaptation of expat employees to Turkey.

During the year, the Incorporation simplified and revised automatic announcements on all aircraft with automatic announcement systems, including AJET aircraft.

Aiming to prevent waste, use resources more efficiently, and ensure efficient recycling of wastes, Turkish Airlines introduced the waste separation practice on all extended range flights and some international flights, as part of its Zero Waste initiative.

In 2021, Turkish Airlines made additions, design improvements and other arrangements to existing information/images on passenger safety cards to comply with international regulations and pursue continuous improvement in passenger communications.

With the rapid adaptation of Turkish Airlines cabin crew members to the modifications to the door opening and closing procedure in 2021, the cases of involuntary emergency evacuation slide/boat inflation caused by the cabin crew were reduced to zero during the year.

To ensure the highest degree of corporate reputation and representation in cabin crew members, Turkish Airlines carried our awareness-raising activities on uniform representation procedures and basic principles of social media use.

Aiming to spread positive practices across the organization, Turkish Airlines identifies and rewards cabin crews that engage in practices that touch the hearts of passengers and add value. Winning cabin crews are announced in in-house publications under the heading of "Those Adding Value." During this period of extraordinary change, Turkish Airlines has embraced Henry Ford's saying, "When everything seems to be going against you, remember that the airplane takes off against the wind, not with it" as a source of motivation. Thanks to this motivation, the satisfaction score of Turkish Airlines cabin crews rose to 90%. In addition, Turkish Airlines cabin crews received the highest scores on the IFE Customer Satisfaction Survey in recognition of their great effort and commitment when hosting passengers.



10,656

Active cabin crew members

By integrating the Turkish Airlines SVP, Human Resources (Health) system and effectively controlling team vaccine and positive Covid-19 diagnosis information during their planning phase, Turkish Airlines can monitor the status of its cabin crews.

Turkish Airlines – along with Emirates, Japan Airlines, Singapore Airlines, Qatar Airways, Saudia and KLM – was presented with the “World Class” award by APEX, one of the world’s most reliable and respected aviation organizations.

Crew Planning

Turkish Airlines exited operating year 2021 with 4,515 active flight crew staff and 10,656 active cabin crew members. During the pandemic, the Incorporation aimed to execute human resources planning in the most efficient and fair way by ensuring the most equal distribution of flight times possible.

Rules were established in the crew planning system to ensure that the PCR coronavirus testing requirements of local authorities prior to entering countries are followed by flight and cabin crew members. This dynamic system ensures that fast action can be taken when needed.

Systematic structures were set up to monitor evolving pandemic restrictions imposed by countries on the citizens of other countries or on air crew members entering those countries within a certain date during the planning and operation phases. This complicated process was managed efficiently and smoothly by also controlling the teams’ non-task travel information.

By integrating the Turkish Airlines Health Management system and effectively controlling team vaccine and positive Covid-19 diagnosis information during their planning phase, Turkish Airlines can monitor the status of its cabin crew members.

Based on prevailing pandemic conditions, Turkish Airlines planned flights in accordance with the scope of different exemptions and circulars on cargo and evacuation flights, in-flight resting conditions, and late publication of monthly programs. Regular reporting of these was made to the DGCA.

To reduce risk during periods of 2021 when the risk of coronavirus infection was high, cabin and cockpit personnel on duty at Ankara Esenboğa and Istanbul Sabiha Gökçen Airports were allowed to fly with the same crew throughout the month.

To effect efficient and optimal team planning and ensure fair distribution, Turkish Airlines examined and analyzed the transportation possibilities for the IST-ISL-SAW bases. Permission was obtained from the DGCA to use both home bases as Dual Bases. In order for the air crew members to be able to reach both airports under the specified conditions, Turkish Airlines introduced the Dual Base application, IST-ISL and IST-SAW, in September 2021.

Turkish Airlines carried out inspections pursuant to all exemptions and circulars received from the DGCA and took actions deemed necessary.

Planning, monitoring and improvement efforts are conducted in line with scientific research as per the Fatigue Risk Management System (FRMS) module and in accordance with national/ international regulations.

Internal and external audits are performed to ensure smooth and complete adaptation of crew planning processes. The audits aim to ensure full compliance with all generalized or coronavirus-induced applicable national and international legal and regulatory requirements in addition to amendments thereof.

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TURKISH AIRLINES

USA

Sustainable collaborations that support the innovation and entrepreneurship ecosystem in Turkey


22,270
Passenger
feedback

Turkish Airlines continues to support the innovation and entrepreneurship ecosystem in Turkey with the collaborations realized in line with suggestions from its employees and customers.

Turkish Airlines focused its efforts in the field of corporate innovation on supporting the innovation and entrepreneurship ecosystem in Turkey, creating sustainable collaborations and evaluating the ideas of employees in thematic areas, especially during 2021, the first half of which elapsed with lockdowns due to the Covid-19 pandemic. Since the second half of the year, when the impact of the pandemic on the airline industry began to fade, it achieved valuable outputs for the present and future with its accelerated efforts.

In 2021, 870 new suggestions were entered into the Corporate Innovation Platform, which is the basis of Turkish Airlines' in-house innovation processes, and the total number of suggestions increased to 25,502. With the implementation of 129 more of these suggestions, the total financial benefit reached USD 160 million. Besides, more than 1,500 suggestions were shared in competitions prepared on special themes such as Covid-19 and Business Class during this period, and forwarded to the relevant departments for consideration.

Turkish Airlines customers can provide feedback and enter their suggestions in the innovation area from the seat-back displays (IFE) since the last quarter of 2019.

In 2021, a total of 22,270 feedback was given by passengers and 5,103 suggestions were entered. All the suggestions entered were evaluated and examined, and 18 of these suggestions were sent to the relevant departments.

As for the Incorporation's open innovation efforts, two pilot studies were completed with a local start-up specializing in data analytics and forecasting algorithms. With this study, the method of establishing collaboration with start-ups through the training channel was tested in order to ensure that the enterprises in our country can collaborate with Turkish Airlines. In addition to the success of the method in the context of innovation culture and pilot work, awareness of data science, machine learning and artificial intelligence increased in the Incorporation, and hundreds of employees benefited from the expertise of the initiative thanks to the trainings organized.

During 2021, the Incorporation participated in local and international demo days of several incubation centers, and the appropriate initiatives were brought together with the Incorporation units. As a reflection of these efforts, 5 different contents in 5 languages were added to in-flight entertainment systems, and tangible contributions were made to reduce flight anxiety and general flight stress in the pandemic.



Disinfectant technology and antiviral-antibacterial solutions, which constitute an important group of the most numerous solution suggestions from the ecosystem to the Incorporation during the pandemic, continued to be evaluated in 2021 as well. In this context, the antimicrobial, antiseptic and disinfectant solutions of an innovative clothing perfume product, which can be applied to clothing, environment and textile surfaces, its features such as saving resources with its permanent odor feature were tested with a user experience carried out with participants and managers from various business units within the organization. Then the relevant company was fed and guided by the feedback.

Sustainability topic, which has a privileged place in Turkish Airlines' corporate innovation platform, is one of the most frequently covered themes and will continue accelerating in the coming years. In this context, sustainability projects initiated with leading chemical companies accelerated in 2021. The Incorporation continues its efforts and collaboration negotiations in order to reduce the carbon footprint and become the leading airline in the field of sustainability in the changing world.

On the other hand, with the active participation of TCI and Turkish Technic, affiliates of Turkish Airlines, a series of ongoing R&D studies were initiated to produce stronger cabin equipment using new materials.

The Incorporation established a working group with the innovation team of Airbus, one of its important suppliers, to which cargo, technical and digital innovation units are included. In this regard, stakeholders who have potential solutions that can be implemented in the cabin are brought together with Airbus. Besides, evaluations continue also on potential projects to be collaborated in order to improve taxi processes.

Having participated in the Game Fed (gamification) organization, Turkish Airlines not only supported the gamification experiences in our country with a successful event, but also had the chance to manage a focused case study in the field of gamification with its operational units..

Turkish Airlines collaborated with Boğaziçi University to produce biojet fuel from microalgae biomass grown under sustainable, economical and internationally certified autotrophic conditions with the help of high-efficiency catalysts. At the end of the R&D studies that started at the end of 2020 and are planned to last for 3 years with the aim of directly joining the United Nations Sustainable Development Goals and reducing the carbon emissions produced by airline companies by using jet fuel by 50% in the European airspace, it aims to perform its first test flight with biojet fuel in 2022. Turkish Airlines thus carried out an EU project within the scope of open innovation with its partners by experiencing university-industry collaboration with the biofuel project, and thus realized a multi-partner project management.

AnadoluJet continues to make air transport accessible to everyone.



ANADOLUJET TRAFFIC FIGURES

	2017	2018	2019	2020	2021
Revenue Passenger (thousand)	14,087	15,975	14,529	7,036	13,333
Available Seat Km (Million)	11,244	12,388	11,246	7,877	16,758
Revenue Passenger Km (Million)	9,459	10,674	9,807	5,703	12,401
Passenger Load Factor (%)	84.1	86.2	87.2	72.4	74.0
Number of Landings	90,634	100,125	90,748	53,305	97,833

AnadoluJet – a Trademark of Turkish Airlines – utilizes Esenboğa and Sabiha Gökçen airports as hubs with its fleet composed of 53 Boeing 737-800 aircraft as of year-end 2021. In the summer season of 2021, the aircraft availability of Turkish Airlines was evaluated and AnadoluJet's fleet was increased to 64 aircraft for the season.

In 2021, AnadoluJet realized 97,833 flights on a total of 182 routes, 67 in Turkey and 115 abroad. Thanks to its expanding domestic and international flight network, and AnadoluJet makes air travel accessible to a growing customer base.

While the coronavirus pandemic continued to impact the entire world in 2021, the aviation was the sector most affected by this situation. As of the second half of the year, with the weakening of the pandemic, passenger traffic increased more than expected. Thanks to the preventative measures taken, safer travel of passengers was ensured.

In addition to its international flights from Istanbul Sabiha Gökçen and Ankara Esenboğa Airports, AnadoluJet offered additional capacities abroad from Bodrum and Dalaman, and particularly from Antalya. In the summer season of 2021, the Institution launched direct international flights from Antalya, Bodrum and Dalaman to 38 destinations. AnadoluJet aimed to bring more tourists to Turkey with the additional international capacity it offered. A total of half a million tourists were served on these flights.

Despite the new practices and limited working hours due to the pandemic, AnadoluJet achieved an on-time take-off rate of 83% even with higher traffic numbers.

AnadoluJet Passenger Support Team actively notified passengers via SMS about the forms required by countries due to the changes in arrival practices during the pandemic that continued throughout 2021. In addition, special tablets were installed at Sabiha Gökçen Airport, to assist passengers who were unable to otherwise complete their transactions. This effort facilitated passengers in continuing their travel without interruption.

AnadoluJet started to manage all additional services from a single panel with the Merchadesign initiative, that launched in 2021. Merchadesign provides the opportunity to offer flexible additional services that meet the needs of passengers, combine and model these services, and turn them into promotional campaigns. With this initiative, AnadoluJet was able to manage its additional services in a more effective, holistic and revenue-increasing manner. Merchadesign helped AnadoluJet boost its additional service revenues and contribute to total revenues in 2021.

Developing digital applications in line with passenger needs, AnadoluJet provides ease of payment to its web customers via its Product Basket project. In addition to the pre-flight meal selection on international flights, AnadoluJet integrated CIP sales into online channels so that more passengers can benefit from private passenger lounges.

In 2021, AnadoluJet focused on search engine optimization activities in order to boost brand recognition on digital platforms and improve sales rates in online channels. By maintaining effective communication with passengers on anadolujet.com and social media platforms, AnadoluJet ensured that sudden decision changes taken by official authorities were informed in the fastest way possible.

AnadoluJet made some changes to its ground and flight operations due to the ongoing coronavirus pandemic. The following measures were taken to ensure that passengers traveled in a healthy and safe manner:

- Distributing free in-flight hygiene kits,
- Disinfecting aircraft after each flight,
- Making information announcements,
- Enforcing the distance rules in the check-in and boarding areas.

Revenue Passengers (Thousand)

2021	13,333
2020	7,036
2019	14,529
2018	15,975
2017	14,087

Number of Landings

2021	97,833
2020	53,305
2019	90,748
2018	100,125
2017	90,634



Comfortable, fast and economical transportation opportunity with collaborations to 262 cities that do not have direct flights from Istanbul

Turkish Airlines operates flights to 333 destinations as of the end of 2021 and enables its passengers to comfortably, quickly and economically reach 262 cities, which do not have direct flights from Istanbul yet.

USD Million	2021 Revenue Contribution	2020 Revenue Contribution	2019 Revenue Contribution
Asia & Far East	28.2	38.5	154.9
America & Eastern Europe	216.8	115	268
Europe (West, South, Central, North)	57.3	33	95.3
Middle East & Africa	44	25.5	87.6
Total	346.3	212	605.8

At Turkish Airlines, the interline contribution revenue decreased from USD 606 million in 2019 to USD 212 million in 2020 due to the Covid-19 pandemic. Then the interline contribution revenue increased to USD 346 million in 2021 as the impacts of the pandemic started to recover. However, the ratio of the interline contribution revenue to the turnover of the Incorporation, which was 6.5% in 2019, increased by 0.1 points to 6.6% despite the Covid-19 outbreak. Thanks to 54 codeshare agreements signed with leading global airlines, Turkish Airlines maintained its network size by providing sales opportunities to 262 cities at offline destinations. At year-end 2021, the Incorporation flew to 333 destinations worldwide. With its numerous commercial partnerships, Turkish Airlines provides access with its TK flight number and flight code to 262 destinations that are not direct flights from Istanbul. As a result, passengers can check-in only with the Turkish Airlines ticket through

to their final destination and arrive comfortably, rapidly and economically without the need to tend to their baggage during transfers.

A breakdown of the revenue contribution change in 2021 year-on-year due to the recovery of the pandemic follows:

- America and Eastern Europe's revenue contribution increased from USD 115 million to USD 216.8 million,
- West, South, Central, North Europe's revenue contribution increased from USD 33 million to USD 57.3 million,
- Middle East and Africa's revenue contribution increased from USD 25.5 million to USD 44 million, and
- Asia and Far East's revenue contribution decreased from USD 38.5 million to USD 28.2 million due to the fact that the region still has not fully recovered from the impacts of the pandemic.

In 2021, Turkish Airlines completed all the work of the project, which estimates the revenue and contribution it brought in to the other airline, as well as the existing platform that allows the calculation of the revenue generated by the interline agreements to the Incorporation, and put them into service. Thus, the revenue/contribution balance in the performance of the commercial agreements being executed by the Incorporation is monitored and strategies are being developed for new agreements.

Europe

Alitalia has ceased and transferred its flight operations to ITA Airways in 2021. In this context, commercial agreements of Turkish Airlines with Alitalia has also been transferred to ITA Airways while continuing to offer the same benefits in Italian domestic flights.

By revising the Finnair (AY) SPA agreement by adding new sectors and signing a codeshare agreement, Turkish Airlines provides fast and convenient connections to Helsinki and beyond.

Moreover, Turkish Airlines aims to diversify the travel alternatives offered to the passengers and expand its commercial cooperation with the introduction of joint flights on several destinations in Finland, Turkey, Baltics, Iceland, South Europe, North Africa and Middle East.

USA

With existing codeshare agreements with United Airlines and JetBlue Airways, Turkish Airlines is able to transfer passengers to domestic routes in the USA. It plans to add Dallas, and also Detroit and Seattle destinations, which are planned to be opened, to these agreements or to make new agreements.

In addition to this, Turkish Airlines, which participated at the Fly America Act tender, which allows American government officials and soldiers to be transported on Incorporation flights, together with JetBlue Airways, will be able to transport American soldiers and officers from the USA to many destinations in the Middle East, Africa and Asia.

346
USD Million
Interline
contribution
revenue

With existing codeshare agreements with United Airlines and JetBlue Airways, it is possible to transfer passengers to domestic routes in the USA.

28.2
USD Million
Revenue contribution
of Asia and Far East

**Scheduled
passenger flights
were resumed in
the Asian and Far
East regions other
than India and
Turkmenistan.**

In South America, following the bankruptcy of Avianca Brazil, the Star Alliance partner of Turkish Airlines, the Incorporation completed codeshare negotiations with GOL in order to be more effective in the Brazilian market and entered the signing phase. It also continues codeshare negotiations with LAN.

Middle East and Africa

In the Middle East and Africa region, where many routes reopened as in a short span of time, Turkish Airlines increased the number of flights to Doha and Muscat, and its frequency rights in Dubai. It made attempts to restart flights from Ankara to Jeddah and Medina (Saudi Arabia), from Sabiha Gökçen to Jeddah, Medina and Riyadh (Saudi Arabia), Sharjah (United Arab Emirates) and Aqaba (Jordan), which were suspended due to the pandemic. Turkish Airlines intends to reach to pre-pandemic flight cycle especially to Bahrain, Doha, Muscat and Tel-Aviv and to other destinations over the whole the Middle East

In Africa Turkish Airlines started to operate 2-frequency passenger flights per week on the Istanbul-Luanda v.v. route. It also maintains its attempts to restart its flights to Antana Narivo (Madagascar), Durban (South Africa Rep.), Oran, Constantine (Algeria), Luxor (Egypt), Pointe Noire (Congo Rep.), Port Harcourt (Nigeria), Maputo (Mozambique), Lusaka (Zambia), Malabo (Equatorial Guinea), Kilimanjaro (Tanzania), Moroni (Comoros) and Mombasa (Kenya), which were suspended due to the pandemic. Turkish Airlines aims to attain the pre-pandemic frequency level in Algeria, Casablanca, Kinshasa, Entebbe, Kigali, Johannesburg, Cape Town, Younde and Nairobi flights.

On the other hand, Turkish Airlines signed a codeshare agreement with TAAG Angola Airlines (DT) and revised its Codeshare Agreement with Rwandair (WB) by adding new sectors. It also signed a Multilateral Interline Agreement (Passenger) with South Africa Air Link (4Z) and subsequently signed a Special Proration Agreement.

Asia and Far East

Turkish Airlines resumed scheduled passenger flights in the Asian and Far East regions other than India and Turkmenistan in 2021. However, it has not been possible to reach the frequency numbers for 2019 yet, as a result of the restrictions implemented by the countries due to the pandemic. The Incorporation, which had realized a total of 24 weekly frequencies to 4 cities in 2019 in the People's Republic of China in particular, realized 1 frequency weekly only to Guangzhou point in 2021.

In 2021, as the negative impacts of the pandemic continued to be felt on the airline industry, importance was given to negotiations to improve bilateral collaboration in order to increase collaborations among airlines. Evaluating collaborations with all airlines in the region, Turkish Airlines has accelerated its work on collaboration opportunities with airlines that have the possibility to expand.

The transit transport bans in the region also negatively affected the Incorporation's passenger transports at destination made in collaboration with the interline. In this period, Turkish Airlines made Air Corridor collaboration with Singapore Airlines to enable transit passenger transport at Singapore destination. As Australia eased the arrival conditions for foreigners in November, Turkish Airlines started to provide Australian passengers with many alternative routes on the Kangaroo Route.

The Incorporation continues its multi-faceted attempts with the aim of regaining the number of flights in 2019 in China and India, which make a significant contribution to the flight network.

Star Alliance

In 2021, Star Alliance prioritized projects with high added value on the basis of digitalization in order to minimize the unprecedented impact of Covid-19 in the aviation industry. As part of the effort to improve the customer experience and create value for member airlines, Interline Seat Selection, Frequent Traveler Validation, Baggage Location Tracking and Contact Me products have been adopted as Alliance standards. Within the efforts to facilitate safe travel through innovative solutions, efforts to integrate with global health wallet products on health data exchange were focused on and a digital product that can work with other systems, complies with data protection regulations, and analyzes the travel eligibility of the passenger

was created. Besides, a statement was issued with Oneworld and SkyTeam to help passengers reconnect with the world in a safe and secure manner.

On the other hand, Star Alliance moved its headquarters from Frankfurt to Singapore with the will to produce agile and innovative solutions for passengers, in addition to its core strategies specified as improving the passenger experience with digital technology and automation methods and creating value through interline revenue opportunities and cost synergies for member airline collaborations.

Within the scope of the concept of "sustainability," which becomes more and more critical in terms of the aviation industry and especially the expectations of passengers, Star Alliance took steps to implement meaningful changes to foster a sustainable future for the aviation industry, working with partners inside and outside the aviation industry.

On sustainable decarbonisation, a common platform has been established to exchange the initiatives on supply sustainable aviation fuels of the world's largest producer of renewable diesel, innovations and best practices in this field with member airlines and passengers. In this context; Star Alliance and its member airlines have announced that they strongly believe in the importance of empowering people and communities through sustainable air travel and they aim to reduce the environmental impact with greenhouse gas emissions and reach the net zero carbon emission industry target by 2050.



40%
2021 slot usage obligation

CORSIA, the plan to decrease CO₂ emissions in order to decrease the impact of aviation on climate change, has started to be applied on a voluntary basis.

Sectoral Developments

Due to the pandemic, the slot usage rules were revised. The European Union has changed the 80% slot usage obligation, which it suspended since the summer of 2020, as 40% in 2021. The rate, which was increased to 50% as of the 2021/22 winter tariff, is planned to be applied as 64% as of the summer period. In the USA, the slot waiver application has been extended until the end of March 2022.

The vaccination certificate practice, that was prepared by the European Union to facilitate travels, entered into force on July 1, 2021. The vaccination certificate is valid in the EU countries as well as Iceland, Liechtenstein, Norway, and Switzerland. Turkey has also been included in the system. Those who have a vaccination certificate and a valid visa can travel to EU countries without any problems.

CORSIA, the carbon offset and carbon reduction plan to decrease CO₂ emissions on international flights in order to decrease the impact of aviation on climate change, has started to be applied on a voluntary basis as of 2021. Turkey also participated in the voluntary period of CORSIA, which will be mandatory in 2027.

International Organizations

The Incorporation is a member of the following organizations: International Air Transport Association (IATA), Airlines International Representation in Europe (AIRE), Arab Air Carriers Organization (AACO), and Latin American and Caribbean Air Transport Association (ALTA).

Turkish Airlines participates in aviation-related events and meetings, follows current developments with aviation publications, and ensures the necessary coordination with the relevant units.

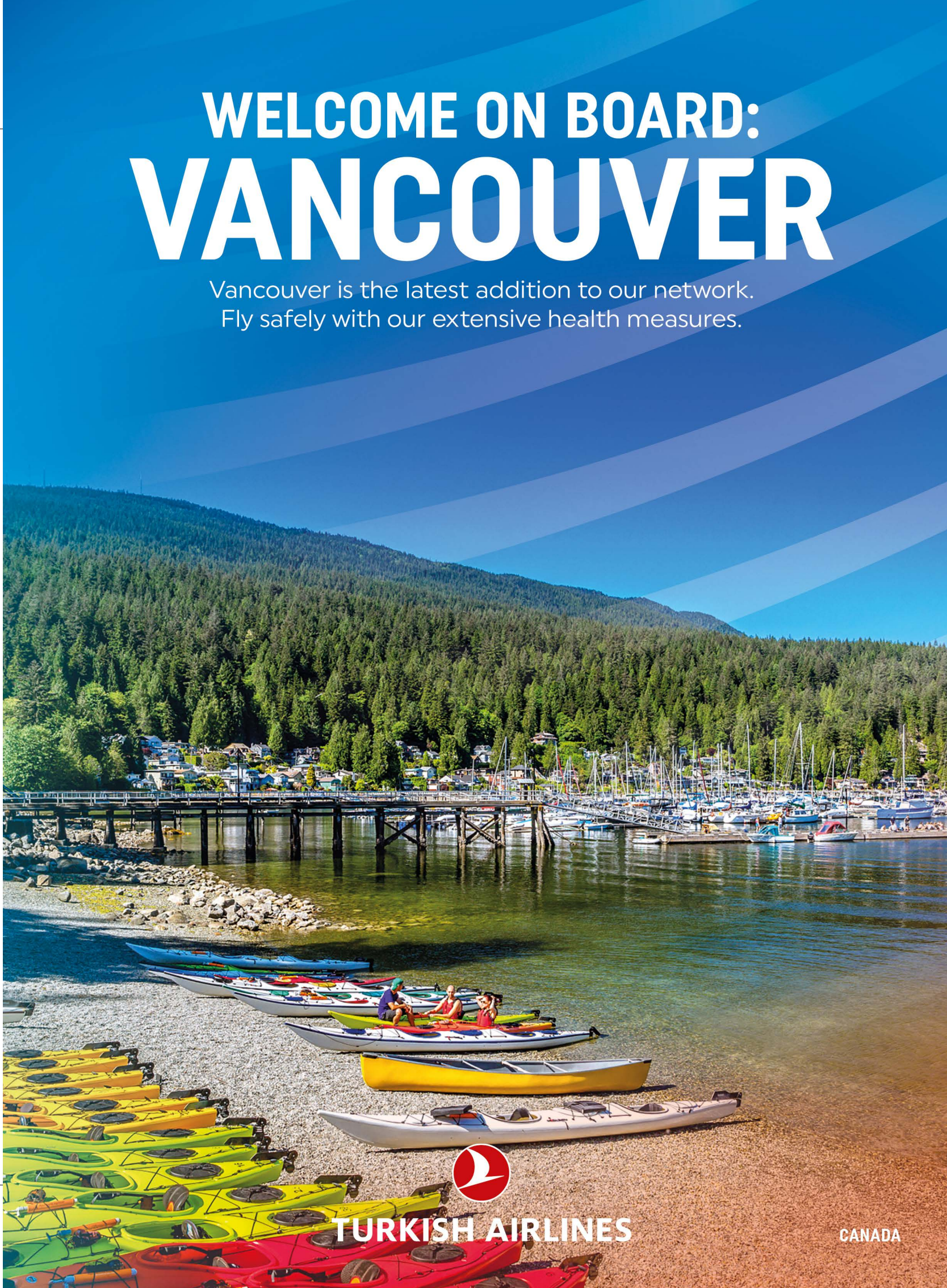
The 77th IATA General Assembly Meeting was held on October 4, 2021 in Boston, USA. Turkish Airlines participated online in the meeting, which was held in a hybrid face-to-face and virtual environment

Turkish Airlines participated online to the AGM which was held in hybrid method (in person and virtual). A draft resolution containing the commitment of the aviation industry to achieve net zero carbon emissions by 2050 was also accepted at the IATA General Assembly. IATA has adopted the collective target to achieve net zero carbon emissions by 2050. The resolution collective target supported also by the Incorporation emphasizes improving operational efficiency and switching to sustainable fuels with the aim to reduce emissions. In addition, the Incorporation supported joined IATA's commitment 25 by 2025 initiative that aims to change the gender balance within the aviation industry by improving female employment by 25%, or up to a minimum of 25% by 2025. to increase women's representation in the industry by 25% or at least 25% until 2025 by signing the "25 by 2025" initiative. Thus, the aim is to ensure gender balance, to protect and develop women's employment in all fields and levels. By pledging its support, Turkish Airlines has committed to increase female representation in senior roles and in areas where women traditionally under-represented.

Besides, Turkish Airlines is also a member of AIRE, the European aviation association. This membership grants Turkish Airlines representation before EU institutions. Turkish Airlines participated in the General Assembly of AIRE, whose structure was radically revised in line with the association's financial status and its cost reduction targets, especially due to the pandemic. AIRE, whose two largest members are Turkish Airlines and LOT Polish Airlines, will continue its activities in 2022 as well. As a result, membership in Brussels-based AIRE provides Turkish Airlines with the opportunity to closely monitor possible impacts of changes to EU laws and regulations on Turkey, the region's aviation sector and the Incorporation.

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Vancouver is the latest addition to our network.
Fly safely with our extensive health measures.



TURKISH AIRLINES

CANADA

Being a pioneer in information technologies, Turkish Airlines continues to increase the quality of its digital infrastructure.

5.6
EUR million
Savings from
error checking
software

Turkish Airlines
increases the quality
of its information
technology
services day by day
with the aim to
maximize customer
experience.

Infrastructure Activities

While Turkish Airlines continues to be a pioneer in the information technologies, its infrastructure activities are maintained at full speed. In this regard, works were carried out to establish the wired and wireless network of the Istanbul Airport SmartIST cargo building and to include the campus in the Turkish Airlines network, and wireless network signal coverage tests were completed across the building.

The virtualization, backup and replication infrastructure of the storage automations to be used in the SmartIST building were established and test processes were executed. Virtualization, network and server redundancy tests were carried out. The initial setups of 200 network switches, 380 access points, 52 wi-fi bridges, 421 desktop computers, 300 Android handheld terminals, 150 PDKS devices, 150 laser printers, 40 label printers were completed across the building, and the building's radio operation infrastructure was made ready.

As part of the infrastructure activities, identity management, password and policy processes were updated and automated. With the consolidation projects, a total of 18 physical and 19 virtual servers were closed, resulting in savings.

The Virtual Queuing application was developed with internal resources in order to reduce the waiting times and the number of calls waiting in the queue for the passengers calling the Turkish Airlines Call Center to meet

with customer representatives. Within the scope of this application, when the passengers make the necessary dialing and hang up, the system records the passenger's turn and puts them into the waiting queue. Then, the passengers whose turn comes are called by the system and connected to the customer representative.

Corporate Solutions

Considering the needs of the potential customers of the Incorporation, marketing studies of 4 applications were initiated in line with today's technologies, and an application was sold in December 2021.

Necessary application developments were made and infrastructure systems were provided for the Material Handling System (MHS) commissioned at the SmartIST cargo building. With the application, the movement of forklifts, pallets and people in the warehouse was reduced, thereby contributing to the increase in the number of processed cargo.

The Flight Animation System, which creates simulation videos from flight data, was developed to improve flight operation. In order to empower the divert management of the aircraft in unfavorable weather conditions, Go-Around Reports were created.

Outsourced company service to detect various errors in invoices sent by the General Distribution System (GDS) companies was terminated, and the software that provides automatic control of errors was developed, thus EUR 5.6 million was saved.

2021 Activities with Figures:

- Compensation claims were prevented by the pre-loading detection of 1,041 damaged baggage in a six-month period.
- In the SWIFT project, 16 banks, six of which were group banks, went live in 56 countries.
- The opportunity to make reservations was provided in eight countries, and the number of weekly cargo reservations exceeded 1,000.

Customer Solutions Applications

With the Product Basket Project, extra baggage, travel insurance, seat selection services and, with the Preorder Project, paid meal selection services can be managed from a common area in the form of a shopping cart.

It was ensured that check-in kiosks were matched with mobile devices using data matrix, and that passengers could make their transactions at the kiosks via their mobile devices. Cost savings were achieved by closing the version management tool used in the Reservation System.

Excess baggage payments were started to be collected on Self Bag-Drop devices, so the devices have started to serve passengers with excess baggage as well.

The processes carried out manually for the transfer of passengers to other flights were terminated with the Passenger Transfer Application Project in order not to disrupt the travel of passengers in case of time changes in flights due to operational reasons.

Collaboration with a new bank was initiated for the Miles&Smiles co-branded credit card, and multi-bank integration and integration with 16 non-airline partners were provided.

Within the scope of compulsory health practices, HES codes were added to the reservation code (PNR) in accordance with KVKK, and again in this context, UK PLF (Passenger Locator Form), Germany, Scotland, Italy, Belgium, Romania, Thailand EHF (Electronic Health Form) developments were put into service.

Digital Innovation Efforts

The number of customers in the customer data warehouse was increased from 55 million to 63 million, and the number of transactions matched with customers was also increased. End-to-end data loading and processing times were halved with the work done.

With the Airport Information Note application, a platform, where pilots flying to airports can access weather conditions, operational information, personal experiences and airport information notes regarding the status of the airports to which they will fly was put into service.

The artificial intelligence assistant "BOTI," which contains many features such as flight query, flight prices view, flight status query, check-in assistant, mobile boarding pass queries, was made available to passengers after completing infrastructure improvements.

The artificial intelligence robot named "CARGY" was put into service, allowing cargo customers to query about the current status of their cargo 24/7.

As part of the Technology, Innovation and Entrepreneurship Platform "Terminal," meetings were held with more than 100 initiatives in the field of aviation and technology, and various pilot projects and collaborations were realized.

At the Travel Datathon 2021, organized by Turkish Airlines as part of Teknofest, teams of data scientists developed solutions for the identified problems by using the data over 100 million lines provided by the Incorporation and machine learning technologies.

A total of 22 R&D project applications were made in 2021.

Information Technologies Security Activities

Turkish Airlines Information Technologies continues to keep Turkish Airlines secure in the cyber space by coordinating and carrying out the necessary studies both in the field of information security and cyber security.

It maintains its cyber security activities in the form of carrying out the operations of the systems and applications, that are within the scope of cyber security, of the internal and external institutions being served and performing web, mobile and network security tests.

Regarding cyber security, it manages the cyber risks of the Incorporation with a proactive and strategic approach that takes into consideration risks and security from the beginning of the processes and contributes to security at every stage.

In-House Activities

As of January 2021, Turkish Airlines Information Technologies unit was renamed as Turkish Airlines Technology Inc. and started its activities as a separate company. With this new structure, human resources processes were structured with a focus on performance, the title structure was aligned with the sector, and a competitive and fair approach was adopted in the remuneration policy.

Within the scope of Information Technologies performance measurement and process improvement activities, Information Technologies Risk Management process was improved and transferred to the digital environment. Thus, risk records and related actions can be tracked and reported instantly.

Period-specific needs were quickly addressed in the Demand Management Process. Support is continued to be given for teams to act quickly, especially in key areas such as contact-free processes, automatic customer refunds, gift vouchers, and HES code applications.

Employees who perform their duties effectively and efficiently are at the center of the Human Resources policy



Taking care of employee communication during the pandemic period in order to ensure employee satisfaction, Turkish Airlines switched to a hybrid working order in 2021.

Human Resources with Figures

As of year-end 2021, Turkish Airlines has a total of 27,532 employees; 14,850 are male (53.94%) and 12,682 are female (46.06%). Turkish Airlines employees have an average seniority of 8.44 years and an average age of 36. 36.1% of the Incorporation's employees are ground personnel, 20.2% are flight crew and 43.7% are cabin crew. As of year-end 2021, Turkish Airlines has a total of 370 aircraft, freighters included. The average number of employees per aircraft is 74.41.

Human Resources Policy

The human resources policy of Turkish Airlines is to employ qualified employees who are able to fulfill their duties effectively and productively in accordance with the strategic plans and objectives of the Incorporation and observant of the professional and ethical rules, and to ensure the sustainability of qualifications of these employees.

The human resources policy covers key areas, including human resources planning, determination of job descriptions, shaping corporate culture and awareness, staff employment, feedback system, training and development, personnel affairs, social and economic rights, ensuring employee satisfaction, and establishing work order, discipline and awards.

In addition, all Turkish Airlines employees are obliged to comply with the applicable laws, rules, and regulations, under the scope of their job description within the organizational structure.

Employee Experience

Turkish Airlines sees the health of its employees and their families as one of the most important issues. In order to protect the health of employees during the outbreak and to survive this process with the least damage, the protective measures published by the Ministry of Health have been strictly applied. In addition to the regular briefings given at every stage of the process, it organized a webinar to respond the questions of the employees by specialist physicians.

Turkish Airlines continued the remote working order, which it started as of March 2020, until October 2021, and switched to the hybrid working order as of October 2021.

A survey, where employees could share their requests and suggestions regarding the new working order, was published in January. According to the survey results, 89% of the employees were satisfied with the remote working order, 85% stated that working remotely contributed positively to the business results of Turkish Airlines, and 77% stated that remote working was efficient for them. In addition, employees submitted their requests to continue working remotely in open-ended areas. In line with the results of the survey, many actions were taken and the needs of the employees were answered.

Considering the needs of the employees during the remote working period, a comprehensive bulletin series was formed on the subjects of working order, meeting efficiency, motivation, accessibility, communication tools, ethical line, ergonomics and information security.

In addition, a "Remote Working Guide for Executives" with four bulletins was prepared for executives to strengthen team communication and support remote team management issues.

During this period, all questions of employees regarding human resources processes, especially remote working, were answered by the Employee Support Line via e-mail and WhatsApp.

Considering the socialization needs of the employees during the remote working period, online activities such as idea marathons and game tournaments were held.

During November, a survey was conducted to determine the professional athletes within Turkish Airlines, and efforts were initiated on the opportunities that can be offered accordingly.

In order to thank them for their hard work, golden badges and gifts are presented to employees who have completed their 10th, 20th and 30th years within the Incorporation.

27,532
Total employees

For the socialization of the employees during the remote working period, online activities such as idea marathons and game tournaments were held.

In order to thank them for their hard work, golden badges and gifts are presented to employees who have completed their 10th, 20th and 30th years within the Incorporation.

As always, the voices of the employees were listened to and improvements were made in this direction in order to improve the employee experience in 2021.

Taking into account the demands of the employees and pandemic induced sensitivities following the return to offices, food and transport assistance was started to be provided for the employees who prefer not to use the cafeteria and shuttle service. Considering the employees residing in different cities during the hybrid working period, discounted accommodation agreements were made for them to benefit from in office days.

In order to provide a more comfortable working environment due to the changes in working life and feedbacks received, the corporate uniform code was updated for employees, who are not obliged to wear uniforms

Regular meetings continued to ensure employee communication during the pandemic. Onboarding interviews were organized to facilitate and measure the job adaptation of the employees, staying interviews to measure the loyalty of the employees selected randomly at any time period, and finally leaving interviews during the leaving the job process.

After the transition to hybrid working, sessions were held in which feedback about returning to the office was received. As always, the voices of the employees were listened to and improvements were made in this direction in order to improve the employee experience in 2021.

Occupational Health and Safety
Turkish Airlines, through its declared Occupational Health and Safety Policy, carries out occupational health and safety activities by bringing together its employees, customers, suppliers, subcontractors, affiliates, all business partners, and shareholders for the same purpose.

Turkish Airlines acts in compliance with national, legal, and other regulatory requirements and international rules of the aviation industry in this field. While planning new investments in relation to its area of activity, enlarging its fleet, and upgrading its technological infrastructure, the Incorporation prefers the equipment and organizations with the lowest risk, considering the health and safety of its employees, customers, suppliers, subcontractors, and affiliates.

Considering the People While Growing
The Incorporation Management believes in the importance of everyone working in a healthy and safe manner and this is a part of the success of the Incorporation. In order to improve Occupational Health and Safety performance, employees or their representatives are communicated through various methods in the organization, and effective participation and consultation is ensured.

It works to support the development of occupational health and safety culture within the framework of TS ISO 45001:2018 Occupational Health and Safety Management System Standard by increasing the know-how and awareness of its employees on Occupational Health and Safety. Turkish Airlines shows leadership and commitment in the planning, implementation, maintenance, and development of the occupational health and safety management system, in the context of consultation with and participation of employees. It is committed to the provision and existence of the necessary resources for the occupational health and safety management system.

An open dialogue on occupational health and safety is established with employees, suppliers, customers, authorities, all relevant parties inside and outside the organization as regards current and future activities.

Turkish Airlines identifies occupational health and safety hazards in its operations and develops action plans to eliminate hazards, reduce all risks, and manage all opportunities. It works to prevent injury and deterioration of health, to provide safe and healthy working conditions and ensures the surveillance of the working environment and the continuity of preventive medicine activities. Turkish Airlines ensures that the employees involved in critical functions are physically and medically suitable for the operations they will perform.

While the Incorporation provides the necessary infrastructure to ensure a healthy and safe working environment for the employees, subcontractors, and visitors, it determines possible emergencies in the work areas and takes measures for all scenarios.

Turkish Airlines monitors, measures, and reviews its occupational health and safety performance in line with its goals and continuously improves its performance in this field by considering the best practices in the world. It fulfills the requirements of appropriate management procedures by constantly reviewing its policy with goals on occupational health and safety and continuous improvement programs.

74.41
Number of personnel per aircraft

Leadership and commitment is shown in the planning, implementation, maintenance, and development of the OHS management system, for consultation with and participation of employees.



Healthy and safe working of everyone brings success.

Turkish Airlines manages its processes with the principle of continuous improvement and stands out with its customer-oriented service.

Continuing its activities with the principle of pioneering service in the world, Turkish Airlines aims to increase the level of quality service provided to all its customers at every point by constantly improving all its processes.

A Sustainable Quality Approach with the Compliance Monitoring System

Turkish Airlines, as one of Europe's leading and global airline preferred for its flight safety, security and service quality; carries out all of its activities with the principle of sustainability and in compliance with the laws it is subject to, national and international civil aviation rules, and all the conditions it undertakes, without compromising the customer satisfaction.

Compliance Management and Qualiteam

Continuing its activities with the principle of pioneering service in the world, Turkish Airlines, observes total quality with its customer-oriented, employee-oriented and environmentally friendly approach while planning and managing its activities.

Turkish Airlines aims to increase the level of quality service provided to all its customers at every point by constantly improving all its processes. Accordingly, as the leading airline of the sector, it keeps the quality standards at the highest level by operating the globally accepted Compliance Monitoring System with its own unique audit model Qualiteam, the corporate brand of the Turkish Airlines quality system, in order to ensure customer satisfaction above expectations

with its competent and experienced staff, deep-rooted corporate memory, advanced infrastructure and technology and an innovative management style.

Qualiteam, which was established to ensure the continuity of the steady rise of the Incorporation in order to develop and continue its mission and achieve its vision, objectively evaluates Management Systems (ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, ISO 10002 Customer Satisfaction Management System), Star Alliance Core Values, SHY-YOLCU and Brand Management in the areas it serves and determines the points to be developed, focusing on continuous improvement by monitoring operational performance and quality performance data together.

With this perspective, Qualiteam audit activity was carried out in 2021, and national and international compliance and service standardization were evaluated and these evaluation results were implemented into the continuous improvement cycle in order to provide better service to customers. Rewarding was done according to the results of the Qualiteam audit and the numerical equivalent of the compliance was announced at the Incorporation.

Regarding the needs of its customers from different cultures, Turkish Airlines includes all its efforts, all products and services provided by its suppliers and subcontractors into the Compliance Monitoring System and audits them for continuous improvement in order to perceive and evaluate its current and future expectations correctly.

Incorporation has determined all the necessary health and safety conditions for employees and customers based on the recommendations received, by maintaining constant communication with all aviation authorities and organizations, especially the International Air Transport Association (IATA), European Aviation Safety Agency (EASA) and Directorate General of Civil Aviation (Turkish DGCA), without compromising the total quality understanding in the Covid-19 outbreak, which affected the whole world in 2020-2021. Audits and quality inspections were conducted regularly every month in order to monitor the implementation of these new rules and recommendations, which were revised and created due to the pandemic, in all activities of the Incorporation. Despite the difficult conditions of 2021 and the requirements that the aviation industry had not experienced before, each operation field was monitored by 64 competent and authorized auditors and 50 quality inspectors in the Compliance Monitoring System with 216 audits and 790 quality inspection activities, considering the customer satisfaction and flight safety; the quality of products, services and operations were evaluated and necessary improvements were made.

Turkish Airlines' compliance with the laws, civil aviation rules and management systems requirements is regularly evaluated and audited by the authorities and accredited organizations. Also, in 2021, Turkish Airlines successfully passed all these evaluations and audits with full marks and ensured the continuity of its authorization certificates.



Turkish Airlines auditors can carry out audits on behalf of the IATA with their knowledge and experience. Some of the topics that Turkish Airlines auditors are authorized to audit on behalf of IATA are as follows:

- IATA DAQPC (De/Anti-Icing Quality Control Pool),
- IOSA (IATA Operational Safety Audit),
- IATA ISAGO (Safety Audit for Ground Operations)

In addition, Turkish Airlines auditors take part in many national and international organizations, committees, working groups, and technical teams listed below, helping to shape the future of aviation:

- IATA EOC (Environmental Oversight Council) Group,
- IATA IOSA Maintenance Task Force,

- IATA Sustainability Environmental Advisory Council,
- TIACA (The International Air Cargo Association) Sustainability Working Group,
- Star Alliance Sustainability Committee,
- TSHA (Turkish Civil Aviation Academy),
- Turkish DGCA, Cabin Safety Group,
- IATA Cabin Operations Safety Task Force,
- TÜYİD Sustainability Working Group
- IATA Sustainability Environmental Advisory Council, Environmental Data Working Group
- IATA Sustainability Environmental Advisory Council, Single Use Plastics Working Group

216
Number of audits

790
Number of quality inspection activities

Continuous improvement is being ensured in operations and management systems with the compliance monitoring, and the continuity is being proved with each audit carried out.

Quality and Customer Satisfaction

Turkish Airlines adopts the approach of continuously increasing its performance with a service approach beyond the needs and expectations of its customers. In this context, the Incorporation maintains the TS EN ISO 9001 Quality Management System Certification, which it has held since 2006. Advancing with the customer-oriented principle of its Quality Management system, Turkish Airlines ensures the continuity of the TS EN ISO 10002 Customer Satisfaction System, which it has owned in 2015 within the scope of passenger transportation service and in 2019 within the scope of cargo transportation service. The Incorporation ensures continuous improvement in its operations and management systems with the compliance monitoring system and proves the continuity of management systems with the audits carried out by independent audit firms every year.

Turkish Airlines has renewed its Customer Management System Certification as a result of a certification audit performed in 2021 by an independent audit firm. Turkish Airlines improves products and services and ensures their continuity by utilizing information obtained from customer feedbacks.

Information Security

With the TS ISO/IEC 27001 Information Security Management System which has been implemented since 2017, Turkish Airlines keeps all information of its customers, suppliers and employees confidential within the framework of national and international laws, regulations and contracts ensures its security, destroys and anonymizes when necessary.

As a result of the audit conducted by an independent audit firm in 2021, Turkish Airlines continues to plan training and audit activities in order to ensure the information security awareness of its employees and stakeholders.

Environmental Management Systems

In line with the "Continuous Improvement" principle it has adopted, Turkish Airlines, which aims to go beyond compliance with the requirements while carrying out its activities, accordingly participated in the IATA Environmental Assessment Management System Program (IEnvA) specially designed by The International Air Transport Association (IATA) for airline companies by strengthening the TS EN ISO 14001 Environmental Management System, which it has been implementing since 2013, with a management model specific to the airline companies in 2020. Having successfully completed the audit carried out by an independent third party organization authorized by IATA, Turkish Airlines was granted the IEnvA Program Stage 2 certificate, the highest level certificate of the program.

Sustainability Management

Continuing to guide its sustainability strategy under the roof of the Sustainability Committee established in 2021, Turkish Airlines holds committee meetings under the chairmanship of the General Manager. The Sustainability Committee carries out its activities with the aim to determine, review and continuously improve the sustainability management strategy, sustainability policy, short, medium and long-term sustainability targets and to decide on improvement projects that will increase the sustainability performance of Turkish Airlines.

In line with its mission, vision and core values, the Incorporation formed the roadmap of its sustainability strategy by evaluating its long-term goals and the risks and opportunities in achieving these goals, within the framework of the priority issues it determined by considering the expectations of its stakeholders. With this roadmap, it determined four focal points: people, planet, prosperity and governance functions.

Turkish Airlines considers the possible impacts related to people, planet, prosperity and governance functions holistically. It works to meet the expectations of its employees, customers, suppliers, affiliates, all business partners and shareholders with an effective risk management. In the light of global trends, it aims to create value also in the future by going beyond today's gains with its business excellence and innovation approach.

Turkish Airlines shares its sustainability studies with the stakeholders in its annual Sustainability Report. At the 2021 LACP Spotlight Awards-Global Communication Competition, which is considered one of the most distinguished global communication competitions in the world, where more than 500 corporate participants compete, the Partnership was granted the Gold Award in the Sustainability Report and Corporate Social Responsibility Report categories with a total score of 98, for its 2020 Sustainability Report.

The Incorporation aims to develop and maintain its sustainability efforts in line with the United Nations Sustainable Development Goals by developing day by day, considering the expectations of its stakeholders and related parties, its impacts on the supply chain and the environment, in line with its vision, mission and general strategy.

Detailed information on the activities carried out by Turkish Airlines within the scope of sustainability is given under the heading of Sustainability Approach and Sustainability Management of the Incorporation, on pages 142-171.

Turkish Airlines considers the possible impacts related to human, world, development and management functions holistically.



13,883
tons
Offset CO₂
emissions

Turkish Airlines acts with the awareness of the importance of the efforts done to reduce the carbon footprint and understanding that climate change is a global problem.

Management of Green House Gas Emissions
Turkish Airlines considers combating climate change, one of the most important environmental problems in the world, among its priority issues and carries out multi-faceted studies in collaboration with many national and international organizations. Within this scope, it has voluntarily committed to implement CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) from the pilot phase, which has been implemented by the International Civil Aviation Organization (ICAO) as a global solution in order to reduce the impacts caused by CO₂ emissions from the aviation industry. Accordingly, the flights it monitored and reported in 2019 and 2020 were verified by a third-party independent verification body. In the upcoming years, the Incorporation plans to keep working in line with CORSIA requirements and to neutralize its emissions that are above the emission values of the base year with eligible emission credits to be produced in projects that comply with the CORSIA.

Turkish Airlines manages its emissions with a perspective beyond compliance with regulations and accordingly monitors, calculates and reports greenhouse gas emissions generated as a result of its flight operation and its activities in Istanbul, Ankara and Izmir working areas voluntarily since 2016 in accordance with the TS EN ISO 14064-1 Standard for Quantification of Greenhouse Gas Emissions and Removals at the Organization Level. The Greenhouse Gas Emission Report of the Incorporation is verified annually by a third-party verification body and the results are shared with the relevant parties through the Sustainability Report.

The Incorporation also closely follows the requirements of the European Union Emission Trading Scheme (EU-ETS) and United Kingdom Emission Trading Scheme (UK ETS) and fulfills

the necessary studies. It monitors, calculates and reports emissions from intra-European flights within the scope of EU-ETS and UK-ETS. The Incorporation's Emission Reports are verified annually by a third-party independent verification body. In this context, 13,883 tons of CO₂ emissions were offset within the scope of EU ETS in 2020.

Combating Climate Change
Turkish Airlines is aware of the fact that the climate change issue is a global issue and that it can only be solved by combating with global collaborations. Accordingly, it acts with the awareness of the importance of the efforts done to reduce the carbon footprint. It supports initiatives related to fuel efficiency in order to reduce or eliminate the factors that may have an impact on climate change, takes measures to reduce greenhouse gas emissions, and supports research and development studies on sustainable aviation fuel. Participating in the Microalgae Based Sustainable Bio-Jet Fuel Project (MICRO-JET), which targets to make the pilot production of synthetic bio-kerosene using hydrotreated fatty acids from microalgae and hydrothermal liquefaction methods, Turkish Airlines has taken a strategic step that serves to encourage investments made within the scope of research and development of alternative environmentally friendly fuels that can be used instead of traditional fuel. Within the scope of the project, Bio-Jet fuel obtained from sustainable sources is planned to be used in flights after the engine tests to be carried out by Turkish Technic.

In addition to its collaboration with the Microalgae Based Sustainable Bio-Jet Fuel Project, Turkish Airlines used sustainable aviation fuel between Istanbul Airport and Paris Charles De Gaulle Airport to contribute to the reduction of global greenhouse gas emissions.

In the future, it plans to use it in different destinations by increasing the frequency of sustainable aviation fuel use. Thanks to the clean combustion realized with the use of sustainable aviation fuel; greenhouse gas emissions of up to 87% and harmful particles of SO_x and NO_x emissions can be reduced compared to traditional kerosene fuel.

Another project that the Incorporation aims to put into service in 2022 regarding the management of emissions is the Voluntary Carbon Offset Project, which it carries out to reduce carbon emissions. With this project, which it aims to implement in June 2022, passengers will be able to offset the emissions from their flights with various offsetting projects to be presented on the Turkish Airlines website.

In addition, Turkish Airlines participated in the Carbon Disclosure Project (CDP) Climate Change Program in 2021 and shared its governance structure, strategy, risk and opportunity management regarding climate change, its investments in this regard and its carbon emissions metrics transparently with all relevant parties. Turkish Airlines plans to add a new one to the actions it will take to combat climate change every year.

Turkish Airlines, which has one of the youngest aircraft fleets in the world considering its fleet size, will continue to add new generation aircraft with higher fuel efficiency and less noise level to its fleet in the coming years. The new generation aircraft will make a significant contribution to the goal of reducing carbon and noise emissions.

Turkish Airlines strives to protect our world in order to go beyond today's gains and create value in the future and to leave a habitable world to future generations.

IATA Operational Safety Audit (IOSA)
IATA Operational Safety Audit (IOSA) Certificate that has been obtained by Turkish Airlines in 2005 for the first time and is renewed every two years indicates that IATA registers Turkish Airlines as a safe airline in the international arena.

Beyond holding the IOSA Certificate, the fact that Turkish Airlines carries out safe and secure operations capable of meeting the requirements of IOSA is one of the most important anchor points underlying its sustainable success.

Despite the pandemic conditions and operational restrictions that affect the whole world, Turkish Airlines continued to maintain all the requirements of the IOSA document audit, which it successfully completed in 2020, in 2021 as well.

SAFA
As a result of audits conducted in 2021 by the Civil Aviation Authorities of the member countries included in the Safety Assessment of Foreign Aircraft (SAFA) program executed by European Aviation Safety Agency (EASA) in 57 international airports and by 38 Civil Aviation Authorities, the Incorporation capped 2021 with a SAFA rating of 0.054. At the same time, the CAT-3 finding, which is a non-compliance level that threatens the safety of the aircraft to prevent it from continuing to fly, was not detected in Turkish Airlines aircraft in 2021.

This strong rating - highly successful compared to European countries' operators whose SAFA average is 0.44 - results from national and international relations that are managed more effectively. In addition, the Safety Assessment of Company Aircraft (SACA) Program, which is applied to the Incorporation aircraft with the same method as the SAFA program and managed with risk-based controls by the Turkish Airlines audit team, which is authorized and assigned as a result of meeting the training, experience and equipment requirements, taking into account the parameters determined by the authorities and manufacturers, also has a great impact.

Thanks to this rating, an outcome of the importance given by Turkish Airlines to operational safety and security and of the investments it made, Turkish Airlines also contributed to reducing Turkey's SAFA rating average to 0.20, the best level ever realized.

Turkish Airlines will continue to add new generation aircraft with higher fuel efficiency and less noise level to its fleet.

224

Number of quality inspections carried out

Turkish Airlines is one of the first airlines to sign the Covid-19 Aviation Health Safety Protocol published by EASA.

TCO
A holder of European Aviation Safety Agency (EASA) Third Country Operator (TCO) Authorization, Turkish Airlines carries passengers and cargo to EASA-member countries. Continuity of its EASA TCO Authority - which Turkish Airlines first obtained in 2015 - is the most important confirmation that the Incorporation is a safe and secure airline that upholds the rules of EASA. Turkish Airlines successfully passed the regular review and audit within the scope of the 24-month monitoring program carried out by EASA for TCO operators in 2021 and maintained its EASA TCO Authorization.

Covid-19 Aviation Health Safety Protocol
Turkish Airlines was one of the first airlines to sign the Covid-19 Aviation Health Safety Protocol published by EASA, and quickly adapted to the Operational Guidelines for the Management of Air Passengers and Aviation Personnel in Relation to the Covid-19 Pandemic rules, created by the collaboration of EASA and ECDC (European Center for Disease Prevention and Control).

By regularly sharing the data for the implementation of the protocol articles with EASA, the Incorporation enabled the progress of the Covid-19 outbreak and its effects on the aviation sector to be followed regularly by the implementation of the determined rules and recommendations, and also by constantly monitoring its current situation, it aimed to implement the best practices in this process and succeeded.

A total of 12 audits and 224 quality inspections were carried out in order to monitor the documentation and application standards specified in the operation circulars published by the Directorate General of Civil Aviation in 2021 to explain the Covid pandemic rules. The results of the audits were shared with the Turkish DGCA, and compliance rates were followed.

Safe airline
compliant with
competent
authorities, rules
and regulations

**MORE PRIVILEGES
WITH THE DREAMLINER**



TURKISH AIRLINES



Turkish Airlines continued its encouraging communication activities during the pandemic.

WE SUCCEEDED TOGETHER

88
thousand+

Number of news articles about Turkish Airlines published in 116 countries

Communication Strategy

In addition to the high service quality it offers, Turkish Airlines is among the most preferred airline brands globally with its hygiene standards in the pandemic period. Turkish Airlines maintains its claim of brand awareness in global market by both ranking second in the airline brand strength ranking conducted by the international brand valuation organization Brand Finance and in 2021 global brand awareness research ranking of the independent research organization Nielsen.

In 2021 brand value ranking, Turkish Airlines once again took pride in being Turkey's most valuable brand. Its continuous communication with changing market conditions and current developments in the pandemic conditions as well as its rapid adaptation to circumstances demonstrates the brand's agility.

Turkish Airlines uninterruptedly continues its corporate communication investments in many different fields, including commercials, social media activities, PR activities, sports, arts and media sponsorships, opinion leaders and celebrity collaborations, event management, and internal communication activities.

PR Data

As a result of active communications and PR activities in 2021, more than 88,000 news articles about Turkish Airlines were published in 116 countries in 69 languages. About 75,000 of the news articles were published online, 10,000 in print, and 3,000 on TV/radio channels.

About 4,500 news articles were published on considerable channels including CNN, Forbes, BBC, Bloomberg, The Wall Street Journal, Financial Times, The Telegraph, Conde Nast Traveler, Travel+Leisure, Global Traveler, Business Traveler, Business Insider, Russia Today, and The Points Guy.

The 10 most important news headlines about Turkish Airlines published in 2021 are as follows:

- Ongoing growth of Turkish Airlines and Turkish Cargo despite the pandemic
- Turkish Airlines Euroleague matches
- Transport of Covid-19 vaccines
- Resumed flights of Boeing 737 Max aircraft
- Eurocontrol data and its rise to the second place in the flight frequency ranking in Europe
- New route openings
- Being among the few airlines to report a third quarter profit
- Evacuation flights from Afghanistan and an unexpected baby delivery during a flight
- Having the status of APEX World Class, Five Star Global Airline and Diamond

Event Management

Within the scope of route opening events, conferences and sponsorship events in 2021, a total of 28 events were held, such as the Turkish Cargo Webinar, Teknofest at Atatürk Airport, Donauinsselfest in Vienna, Summit 23 at Istanbul Volkswagen Arena, 5th Istanbul Economy Summit and Chio Aachen Equestrian Festival.

A route opening ceremony was orchestrated on the Mykolaiv route. Within the scope of such events, the airports hosted the inaugural flights were specifically designed with brand promotion materials, and in-flight services were meticulously prepared for welcoming the first passengers of the route as well.

- Newark (USA)
- Dallas (USA)
- Vancouver (Canada)
- Mykolaiv (Ukraine)
- Turkestan (Kazakhstan)
- Aktau (Kazakhstan)
- Urgench (Uzbekistan)
- Fergana (Uzbekistan)
- Luanda (Angola)

In 2021, Turkish Airlines participated in total of 26 fairs, namely 16 fairs in tourism, 4 in cargo industry and 6 in different business categories, via online, physical or hybrid attendance.

- ITB Berlin
- BIT Milan
- Utrecht Netherlands
- MITT Moscow
- UITT Ukraine
- ATM Dubai
- Fitur Madrid
- Travel Turkey
- FIT Buenos Aires
- GBTA Orlando
- Sea Trade Cruise Miami
- IMEX Las Vegas
- IBTM Barcelona
- ILTM Cannes

26

Online and physical fair participation

Raising awareness for the feelings such as the need in trust and hope during the pandemic, Turkish Airlines carried out its communication strategy by encouraging and supporting positive messages throughout.

100+

Content published
on the intranet

Empathy Intranet,
the closed-circuit
intranet site that
is one of the
most important
channels within the
scope of internal
communication
activities,
continued to be
the center of
attention.

Internal Communication

Despite the peak pandemic conditions, the Incorporation reached out its employees through the internal communication channels like Empaty TV, Empathy Magazine and Bulletins, and Empathy Intranet, which were actively in service throughout the year of 2021.

With the hybrid working model that started on October 4, 2021, the Incorporation increased the number of channels first with Empathy TV and then with Empathy Bulletin. The Special Issue of Empathy Magazine 2020 was completed and presented to the employees in e-journal format.

Empathy Intranet, which is a closed-circuit intranet site, and is one of the most significant assets of Turkish Airlines when in consideration of the internal communication activities, proved its essential role once again by being in the center of attention of the employees during 2021. Although operations and services varied, important developments about the Incorporation continued to be published on the intranet site, and the site has become a platform for obtaining official information and recent updates for employees. In this context, more than 100 contents and more than 600 announcements met with Turkish Airlines employees in 2021.

Interactive Marketing Communication

Turkish Airlines considered 2021 to be the year of taking the passenger needs more into its focus, and intensely aimed to "become a brand that understands the psychology of the passengers." In this matter it preferred to give genuine messages of hope, by preparing content materials with a positive manner and concentrating on the feeling of excitement for this purpose instead of uniform messages of hope.

Turkish Airlines developed content sharing strategy in a balanced way by covering all topics, and periodically included contents on destinations, products and services, hygiene and

safe travel, contents of TK Blog, special day celebrations, corporate news/images and sub-brands social media coverage in various channels.

Continuing its presence in regional channels to strengthen its social media interactions, Turkish Airlines prepares its content in regional and international communication, on different social media platforms specific to certain countries, in accordance with the target audience insights, mother tongue and the dynamics of these platforms. In this respect, Turkish Airlines conducted Turkish and English communications, as well as regionally targeted content in many languages throughout the year.

Turkish Airlines boasts with nearly 19 million followers on its social media accounts. In 2021, about 3,000 posts and an average of 190 contents per month were published across Turkish Airlines social media accounts. The total number of views of all shared content, including sponsored content, was over 2 billion, the total number of interactions was 255 million, and the total viewing time of the videos was around 18 million minutes.

The Turkish Airlines LinkedIn account ranks fourth among rival airlines with about 1 million followers. The content submitted throughout the year on LinkedIn account attracted 320 thousand interactions, obtained a total of 20 million views and 281 thousand likes altogether.

On Twitter, Turkish Airlines ranks among the top three global airlines with approximately 3.5 million followers. In 2021, the Incorporation recorded a total interaction of 222 million, and about 1.4 billion views on Twitter.

On Facebook, Turkish Airlines ranks fourth among global airlines with 11 million followers. In 2021, the total content interaction on Facebook was 8 million and the total views were 232 million.

On Instagram, Turkish Airlines ranks third among the world's airlines with nearly 2 million followers. In 2021, the Incorporation recorded approximately 2 million interactions and a total of 225 million views on Instagram.

Turkish Airlines
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144

Number of global and regional campaigns carried out

Turkish Airlines carried out 45 domestic and sub-brand campaigns throughout 2021.

On YouTube, Turkish Airlines ranks second among global airlines with its 500 thousand followers. It ranks first among world airlines with 424 million video views of all time.

Turkish Airlines won the Achievement Award in the Media category at the Felis Awards and the Bronze Apple in the Sponsorship/Special Day category at the Crystal Apple Awards, with 18 million views of the Historical Jersey project realized on May 19, 2021 and 600 thousand cards created.

In 2021, Turkish Airlines continued to conduct influencer collaborations globally and regionally. Its collaboration efforts included 185 influencers from 11 countries and thus received nearly 400 million interactions in total. At the same time, with the Inflow Travel Summit, organized under the main sponsorship of Turkish Airlines, it collaborated with 73 influencers from 25 countries, and achieved about 655 million views.

Projects Realized

Turkish Airlines realized unique projects covering both special days and travel-oriented content during 2021.

Main projects carried out throughout the year:

- March 8, International Women's Day
- Çanakkale Letter
- Earth and Sky 23rd April
- 19th May Historical Jersey
- We Succeeded Together
- Dr. Oz: Cappadocia
- YouTube: 365 Video Experience Series
- 30th August Victory Day
- Malta Promotion Collaboration
- World Pilots Day
- Inflow Summit
- 29th October Republic Day
- World Environment Day

Digital Advertising Campaigns

Turkish Airlines conducts communication activities to boost regional and domestic sales, communication activities for newly opened routes, image campaigns and sub-brand communication activities within the scope of its brand strategies.

In this context, the Incorporation, which carried out 144 global and regional campaigns throughout 2021, received 1,343,605,890 ad views, 4,392,890 ad clicks, and 9,330,001 video views as a result of these campaigns. These campaigns consist of 76 sales, 17 image/sales (student campaigns), 46 images and 5 other uses.

Turkish Airlines also carried out 45 domestic and sub-brand campaigns throughout 2021. In appreciation of the implementation of these campaigns realized, it achieved 1,219,644,250 ad views, 2,918,474 ad clicks, and 34,157,807 video views. Of these campaigns, 30 were domestic campaigns, 1 Miles&Smiles campaign, 1 Shop&Miles campaign, and 13 Turkish Cargo campaigns.

Sponsorship Investments

Within the scope of its 2021 communication objectives, Turkish Airlines continued to invest in sponsorships that increase brand awareness and value. Turkish Airlines' sponsorships differ in terms of mass communication and access to the target audience. In addition, global and regional priorities are taken into account while conducting sponsorship activities.

In this context, sports marketing, culture-art collaborations, corporate agreements and event sponsorships, as well as celebrity agreements, agreements with global media channels, and corporate social responsibility projects were conducted.

WELCOME ON BOARD: URGENCH

Urgench is the latest addition to our network. Fly safely with our extensive health measures.



TURKISH AIRLINES

UZBEKISTAN

Turkish Airlines aims to contribute to the development of tourism with Turkish Airlines Holiday Project.

18 Turkish Airlines blog contents

Turkish Airlines, which implemented the Turkish Airlines Holiday Project in order to boost the country's tourism, contributes to the diversification and development of tourism in Turkey.

Turkish Airlines Holidays – Turkish Airlines Holiday Project

In the aviation industry, the trend of single brand identification of end-to-end passenger experience with additional services in addition to the flight experience is rising day by day. With its Turkish Airlines Holidays brand, Turkey's flag carrier Turkish Airlines carried the perfect brand experience and high passenger standard it offers at home and abroad to the holiday market, the fastest recovering market after the pandemic that affected the whole world, and brought it together with its passengers, making a strong entry into the market as one of the fastest recovering airlines during the pandemic.

In this context, Turkish Airlines continued its activities intensively despite the pandemic and the harsh conditions it brought about and made the Holiday Package Sales Project ready for the exit out of the pandemic period.

The Holiday Package Sales Project, in parallel with the increase in individual travels and digital sales together with the pandemic, was designed

to serve this segment, that is as a "digital individual holiday package platform." Within the scope of the project, for the consumers to benefit from a qualified tourism service in accordance with the brand promise of Turkish Airlines, a structure was established that aims to ensure that all additional travel services, especially air transport and accommodation, are suitable for personal preferences, are dynamically plannable and offered online.

Within the scope of the Turkish Airlines Holiday Package Sales Project, Turkish Airlines, which is offered as an option by global airlines and serving from Turkey in the first place, will soon offer a quality holiday service to passengers in different geographies of the world. The project is carried out with a vision that will contribute to the diversification and development of tourism in Turkey and accelerate the country's tourism. As the airline that flies to the most international destinations in the world, Turkish Airlines aims to reap the fruits of its knowledge and strong collaborations in the domestic market when it starts operations from foreign markets and to become a strong brand globally.

Turkish Airlines Blog

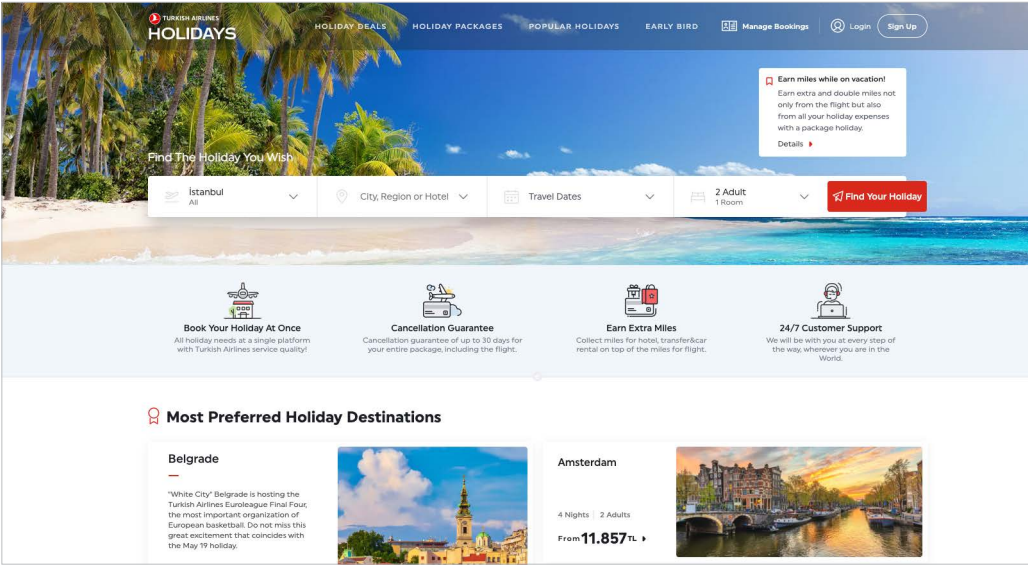
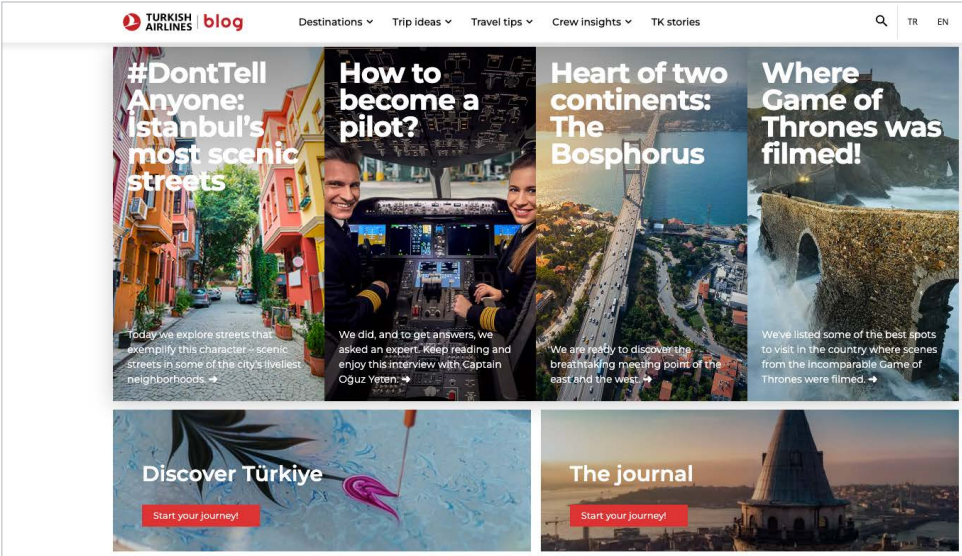
Turkish Airlines Blog was renewed and published in 2020, continuing to inspire journeys, facilitate the flight experience, shape the travel perception by combining with the vision of Turkish Airlines in the light of new trends, and tell the story of the Incorporation. The blog continues to be a travel companion for passengers and readers in 2021 with dozens of travel ideas published in 18 categories and tips published in 9 categories. In addition, Turkish Airlines Blog supports the promotion of both the professions and the Incorporation by bringing together the readers with enjoying interviews with the managers and employees of the Incorporation.

The most beautiful places in the world, especially in Turkey, and activities in those places are explained in a way that attracts the reader's attention with quizzes and infographics, and the aim is for readers to adopt the idea of travel more and to consume the content with pleasure. Continuing its path with the aim of being the best content channel in the world that tells about Turkey and Istanbul, and conveying Turkish Airlines' story and its different aspects to the readers, Turkish Airlines Blog continues its adventure at full speed and in the most dynamic way.

Travel Guidance Map

Travel Guidance Map is an application that provides actual information to passengers traveling during the pandemic period on the pandemic rules and obligations applied in the countries they plan to travel to, based on their exit countries, passports, and vaccination status. With this application, all travel rules and regulations within the scope of pandemic conditions are presented to the users on an interactive map through a color scale or with categories under the map. The travel rules that passengers can learn with the Travel Guidance Map are as follows:

- Quarantine rules
- Entrance restriction status
- PCR test application
- Vaccination application
- Mask obligation



- Form information to be filled before entering the country
- Travel insurance information
- Health check
- Other information and rules specific to countries

Online Refund Improvements

During the global pandemic, Turkish Airlines launched an Online Refund Form to facilitate passenger refund transaction processes. All refund requests were to be submitted via the Turkish Airlines website. In addition, issue of a travel voucher with a value of 15% more than the ticket price was added to the automatic refund options. With the addition of these travel vouchers to the payment methods, it was made easier for passengers to reissue their tickets via the web page.

Turkish Airlines Blog continues to be a travel companion to passengers and readers with its content published in different categories.

20%

Family discount

Online Boarding Passes and Mobile Boarding Passes have been offered to passengers with a modern and stylish new interface in order to provide a better travel experience.

Add-on Meal Selection

In order to increase the satisfaction of passengers by personalizing their travel experiences, the Incorporation offers the opportunity to receive the treats requested on the plane as an additional service during and after ticketing up to 24 hours before the flight. Preliminary treat sales, which started to be used primarily on AnadoluJet flights, may later be used on Turkish Airlines flights as well.

Hold the Price

The options under the "keeping price" selection offered by Turkish Airlines during the ticketing phase were increased in order to facilitate travel planning by offering additional flexibility to passengers during the pandemic period. The existing option to keep the ticket price for 1 day and 3 days was updated by adding a new option to keep the ticket price for 7 days and 15 days.

Redesigning Boarding Passes

Online Boarding Passes and Mobile Boarding Passes have been offered to passengers with a modern and stylish new interface in order to provide a better travel experience. With the change of other boarding passes in the Incorporation in a single project, a similar design was provided to passengers in all physical and digital boarding passes.

Family Discount

The family discount campaign was offered to support passengers in reuniting them with their families and loved ones during the pandemic. The campaign offered on domestic flights by periodically checking the surname and number of passengers through online channels, offers passengers an automatic 20% discount on the standard fare if they have the same surname when purchasing tickets on the Incorporation website and mobile application.

Extra Seat Sales Through Online Channels

With an effort to exactly meet the evolving expectations of passengers during the global pandemic, Turkish Airlines introduced the Extra Seat Sales feature. This option makes adjacent seats available for purchase and remain empty. Extra Seat Sales is available on the Turkish Airlines website and mobile applications.

Additional Payment Methods

In order to provide better service to its expanding flight network in digital, Turkish Airlines added 12 currencies to its 16 currencies for payment in 2021, reaching 28 currencies. In the near future, the Incorporation plans to add 26 more currencies and receive payments in 54 currencies in total.

Product Basket Project

Turkish Airlines has allowed passengers to pay in a single transaction for additional services such as seat and baggage amount they preferred along with their tickets, allowing for personalization of travel in digital. Within the scope of the project, the ability to pay for additional services with alternative payment methods and to sell extra baggage through online sales channels also increased additional service revenues.

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TURKISH AIRLINES

KAZAKHSTAN

Financial risk management policy that sustains efficiency and provides cash flow and liquidity



In order to avoid fluctuations in the cash flow and company profitability due to changes in fuel prices, hedging strategy against fuel price risk was developed.

Financial Risk Management Practices

The financial risk management policy of the Incorporation basically aims to ensure a healthy cash flow and liquidity in the future.

Cash flow risk: The disruption of Company activities due to a possible mismatch between short, medium and long-term cash flows, resulting from operational activities and non-operational activities such as investment and financing.

Fuel price risk: The effect of fluctuations in jet fuel prices on cash and profitability.

Interest rate risk: The effect of changes in interest rates on the cost of financing and portfolio returns.

Foreign exchange risk: The effect of changes in the values of different currencies that constitute the Incorporation's revenues and expenses on cash flow and profitability.

Counterparty risk: Losses that may arise due to a possible default of the financial institutions which constitute counterparties to the Incorporation's financial transactions.

Cash Flow Risk Management

The establishment and implementation of a sound cash management policy is one of the most prioritized issues of the Incorporation. Prospective cash flow of the Incorporation is forecasted regularly on monthly basis, in order to provide an effective cash flow risk management.

Furthermore, the minimum cash level required for the continuity of corporate activities has been determined as well. Current and forecasted cash amounts are monitored with respect to this minimum level, and all necessary precautions are taken in order to prevent falling below this threshold.

Fuel Price Risk Management

Possible fluctuations in fuel price may potentially generate a huge volatility in the cash flow and corporate profitability. In order to keep this effect at the minimum level, the Company has developed a fuel price risk hedging strategy.

In line with the strategy, considering market prices and expectations, hedging transactions are done for the tenor of at most the next 24 months and up to 60% of the forecasted fuel consumption of the following month. Swap and option-based derivatives with/without premium are used for these purposes. In fuel price risk hedging transactions, derivative products designed on crude oil as the underlying asset, are used since the crude oil and jet fuel prices are strongly correlated, besides, crude oil has much more market depth with respect to jet fuel.

Interest Rate Risk Management

The Incorporation has a long-term debt liability due to the financing of its investments, especially the aircraft financing. In order to keep interest risk at a reasonable level, hedging transactions are executed by using swap and option-based derivative instruments.

On the other hand, the Incorporation prioritizes cash flow planning, and manages the interest rate risk arising from the return-driven valuation of cash portfolio by focusing on the tenor-return relationship at an optimum level.

Foreign Exchange Risk Management

In terms of the management of exchange rate risk, the first objective is to provide natural hedging. In this context, the basis currency of the contracts to be signed by the Incorporation is determined as to ensure the balance between revenue and expense currencies.

In addition to the natural hedging approach, transactions are carried out to manage the open FX position by using forward and option-based derivatives with/without premium when needed.

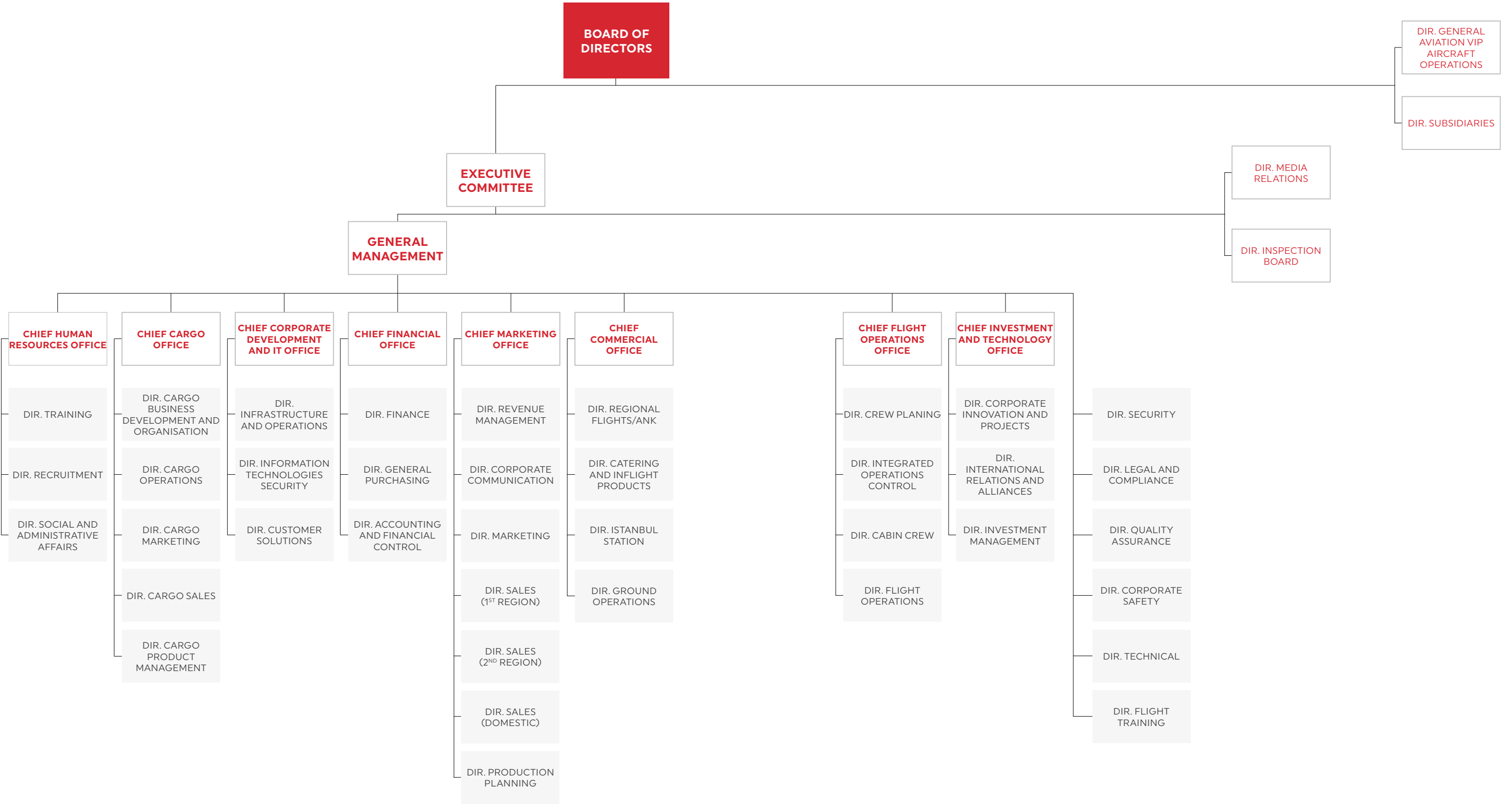
Counterparty Risk Management

Various measures are taken in order to minimize the losses that may arise as a result of possible problems of the financial institutions which are parties to the financial transactions that are performed by the Incorporation.

For Deposit Transactions, mainly, various financial metrics that are attributed significance by the market are evaluated to come up with an ultimate transaction limit. For Derivative Transactions, the counterparty's default probability together with these metrics are also taken into account, and counterparty transaction limits are determined accordingly.

Moreover, "Derivative Framework Agreement" is signed with domestic financial institutions, and "International Swaps and Derivatives Association (ISDA)" and "Credit Support Annex" (CSA) agreements are signed with foreign financial institutions.

Organization Chart



Statement of Compliance with Corporate Governance Principles

The Incorporation, which aims at promoting and representing Turkey and Turkish Aviation industry in international arena in the best possible manner and which has adopted the transparency, fairness, responsibility and accountability as a principle, complies with any and all mandatory principles set out in the Corporate Governance Principles attached to the Capital Market Board (CMB) Corporate Governance Communique n: II-17/1 and pays utmost attention to abide by non-mandatory principles thereof.

Pursuant to the Capital Market Board Corporate Governance Communique n: II-17/1 dated on 10.01.2019 and numbered 2/49, corporations are subject to disclose Corporate Governance Compliance Report on the Public Disclosure Platform. Non-mandatory Corporate Governance Principles disclosed on Corporate Governance Compliance Report template and current corporate governance applications disclosed on Corporate Governance Information Form template. Templates of the Incorporation are available on the following website <https://www.kap.org.tr/en/sirket-bilgileri/ozet/1107-turk-hava-yollari-a-o> under the titles of Corporate Governance Principles Compliance Report and Corporate Governance.

Non-mandatory Corporate Governance Principles, which are not observed by the Incorporation and the reasons thereof, are given in the templates and the relevant parts of the report. The Incorporation keeps carrying out activities for continuous development of Corporate Governance approach and for enhancement of the level of compliance with the Corporate Governance Principles.

Corporate Governance Principles Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				While the amount of the donation is announced, the beneficiaries are not publicly announced.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				There is no special demand from media to the General Assembly Meeting.The General Sharehoder's Meeting was held open to the public including the stakeholders, without having the right to speak.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.			X			The paid-in share capital of the Incorporation consists of 1379999999999 Group A shares and 1 Group C share, each with the nominal value of 1 Kurus. Group C share belongs to the The Republic of Turkey Ministry of Treasury and Finance Privatization Administration and privileges granted to Group C share are defined in the Articles of Association of the Incorporation.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	X					
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

Corporate Governance Principles Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.71 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.11 - The company website includes all elements listed in Corporate Governance Principle 2.11.	X					
2.12 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.14 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.21 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.22 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.11- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.13 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.14 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.15 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.21 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.22 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.31 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.32 - Recruitment criteria are documented.	X					
3.33 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.34 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.35 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			X			Due to the dynamic nature of the aviation industry, it would be more favorable in terms of uniformity, if the Chairman of the Board and the Executive Committee is the same person.
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is an executive liability insurance for the damages caused by the board members during their duties but the total insurance does not exceed 25% of the capital. The amount of insurance coverage is 10 Million US Dollars.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				The Incorporation aims to increase the women's employment rate in operational and governance areas but Board of Directors does not have a specific target in terms of the ratio of female members.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				The Members of the Board spares sufficient time for the activities of the Incorporation. In the event that any Member of the Board serves as an executive or a Member of the Board at any other company or that he/ she provides any other company with a consultancy service, then such situation will not lead to a conflict of interest nor will it hinder his/her duty within the Incorporation. Therefore, the fact that the Members of the Board carry out any duty or duties outside the Incorporation is not subject to certain prescribed rules or otherwise restricted.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board members serve in more than one of the Board's committees since the chairmen of three committees which were established within the Board of Directors and the Members of the Audit Committee are required to be elected among the Independent Members of the Board of Directors.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			There is no board evaluation.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The sum of all financial benefits, including remuneration and bonus paid to the members of the Board of Directors, CEO and Chief Officers are shared in the annual report but not disclosed on a personal basis.

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Investor Relations Department participated in 8 investor conferences and roadshows, held 80 teleconferences and held more than 100 individual/corporate investor meetings. 4 teleconferences were organized about financial statements results.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/914362
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is not any transactions that are not approved unanimous.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-171)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-171)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Corporate Governance / Donation Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/921405
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is not any articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Some stakeholders like the representatives of the Independent Audit Company and employees participated in the General Shareholders' Meeting without having the right to speak.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Evet (Yes)
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	The paid-in share capital of the Incorporation consists of 1379999999999 Group A shares and 1 Group C share, each with the nominal value of 1 Kuruş. Group C share belongs to the The Republic of Turkey Ministry of Treasury and Finance Privatization Administration and privileges granted to Group C share are defined in the Articles of Association of the Incorporation.
The percentage of ownership of the largest shareholder	49.12%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Evet (Yes)
If yes, specify the relevant provision of the articles of association.	Article 10
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance / Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	According to the consolidated financial statements belonging to the accounting period of 01.01.2020-31.12.2020 prepared in accordance with the IFRS within the framework of the provisions of the Communiqué of the CMB Serial: II, and Number: 141 and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., net loss for the period is TL 5,588,000,000. On the other hand, according to the legal books (under the provisions of Turkish Tax Procedure Law), the net loss for the period is TL 17,339,310,713 and previous years' loss account has a balance of TL 16,345,436,976. The loss amount according to the legal books will be transferred to previous years' loss account. As there will not be any distributable profit (according to the legal books), the net loss of TL 5,588,000,000 (according to IFRS) will be transferred to the previous years' profit account. The acceptance of the proposal of the Board of Directors concerning the loss distribution for the year 2020 and the Statement of Profit Distribution was submitted for approval of the General Assembly.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/921405

Corporate Governance Information Form

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
26.03.2021	0	63,72%	49,12%	14,59%	Investor Relations / Corporate Governance / 2021 / General Assembly	Investor Relations / Corporate Governance / 2021 / General Assembly	There is not any relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions.	283	https://www.kap.org.tr/en/Bildirim/921405

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.11.	Investor Relations - Frequent Asked Questions
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Turkish Airlines / Shareholding Structure
List of languages for which the website is available	Turkish - English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors and Committees - Declarations on Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Board of Directors and Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Board of Directors and Committees
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There is not any sections related to this.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Other Information
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Field of Activity, Capital Structure and Subsidiaries
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources - Corporate Social Responsibility

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	There is not any section related to this.
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	SVP Recruitment
The contact detail of the company alert mechanism	Tel: 0 (212) 371 07 29 e-mail: thy@etikhat.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	There is not any section related to this.
Corporate bodies where employees are actually represented	Hava - İş Sendikası
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Board of Directors developing and ensuring necessary succession plan.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Career / Informing the Applicant, Investor Relations / Corporate Governance / Sustainability / Code of Ethics
Whether the company provides an employee stock ownership programme	Pay edindirme planı bulunmuyor (There isn't an employee stock ownership programme)
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Corporate Governance / Sustainability / Code of Ethics
The number of definitive convictions the company is subject to in relation to health and safety measures	-
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Corporate Governance / Sustainability / Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations / Corporate Governance / Sustainability, Environmental Policy
Any measures combating any kind of corruption including embezzlement and bribery	Rules about any kind of corruption including embezzlement and bribery are mentioned in the code of ethics. Also, the company has internal control mechanism.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	There is no board evaluation.
Whether the board evaluation was externally facilitated	Hayır (No)
Whether all board members released from their duties at the GSM	Evet (Yes)
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	36
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management and Internal Control Mechanism
Name of the Chairman	Ahmet Bolat
Name of the CEO	Ahmet Bolat (Chairman of the Executive Committee) / Bilal Ekşi (General Manager)
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	https://www.kap.org.tr/en/Bildirim/914357
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is an executive liability insurance for the damages caused by the board members during their duties but the total insurance does not exceed 25% of the capital. The amount of insurance coverage is 10 Million US Dollars.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations / Corporate Governance / Sustainability / Sustainability Policy
The number and ratio of female directors within the Board of Directors	1 - 11%

Corporate Governance Information Form

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Ahmet Bolat	Non-executive	Not independent director	27.01.2022		-	-	-
Mecit Eş	Non-executive	Not independent director	29.03.2013		-	-	-
Bilal Ekşi	Executive	Not independent director	21.10.2016		-	-	-
Murat Şeker	Executive	Not independent director	26.03.2021		-	-	Yes
Mehmet Kadaifçiler	Executive	Not independent director	27.01.2022		-	-	-
Orhan Birdal	Non-executive	Not independent director	9.06.2017		-	-	-
Melih Şükrü Ecertaş	Non-executive	Independent director	31.03.2020	https://www.kap.org.tr/en/Bildirim/840001	Considered	No	No
Şekib Avdagiç	Non-executive	Independent director	27.01.2022	https://www.kap.org.tr/en/Bildirim/1001428	Considered	No	Yes
Fatmanur Altun	Non-executive	Independent director	4.05.2018	https://www.kap.org.tr/en/Bildirim/766367	Considered	No	No

Corporate Governance Information Form

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	55
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	Investor Relations / Corporate Governance / Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is not any policy related to this.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors and Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/354773

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee		Fatmanur Altun	Yes	Board Member
Corporate Governance Committee		Orhan Birdal	No	Board Member
Corporate Governance Committee		Mehmet Kadaifçiler	No	Board Member
Corporate Governance Committee		Mehmet Fatih Korkmaz	No	Not Board Member
Audit Committee		Şekib Avdagiç	Yes	Board Member
Audit Committee		Melih Şükrü Ecertaş	No	Board Member
Committee of Early Detection of Risk		Melih Şükrü Ecertaş	Yes	Board Member
Committee of Early Detection of Risk		Şekib Avdagiç	No	Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Assessment of the Board of Directors on the Effectiveness of Board Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Assessment of the Board of Directors on the Effectiveness of Board Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	There is not a nomination committee in the company. Duties of this committee are held by corporate governance committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Assessment of the Board of Directors on the Effectiveness of Board Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	There is not a remuneration committee in the company. Duties of this committee are held by corporate governance committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Industry Developments
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Corporate Governance / Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Financial Rights

Composition of Board Committees-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Corporate Governance Committee		50%	25%	1	1
Audit Committee		100%	100%	4	4
Committee of Early Detection of Risk		100%	100%	6	6

Statement of Compliance with Sustainability Principles

As the National Flag Carrier airline, our Incorporation which carries out all its activities considering social prosperity, social contribution and environmental awareness, pursuant to the Capital Markets Board (CMB) Communiqué on the Amendment of the "Corporate Governance Communiqué (II-171)" numbered II-171.a, has announced its Environmental, Social and Corporate Governance activities within the scope of the Sustainability Principles Compliance Framework which is attached to the communiqué in ways that the Information Form and Compliance Report format including the year 2021 data. The articles that are partially complied with by our Incorporation are Articles 47 and 48, and their justifications are given in the relevant parts of the report.

In line with the mission, vision and core values of our Incorporation; we evaluate our long-term goals and the risks and opportunities in achieving these goals within the framework of the priority issues we have determined by taking into account the legal regulations, global trends, the views and concerns of our stakeholders, broad-framed social expectations and our impact on the supply chain, and we create the roadmap of our sustainability strategy. With this roadmap, we aim to create value in the future by going beyond today's achievements in line with the four focal points we have determined as human, world, development and management functions.

With our flexible and dynamic structure, our understanding based on honesty, transparency and accountability, we publicly share our performance in environmental, social, economic and corporate governance with all our stakeholders. We continue to be included in the BIST Sustainability Index since 2015, with our efforts and policies on sustainability. We will continue to pursue our activities with determination in accordance with the Sustainable Development Goals, appointed by the United Nations with its mission to ensure that all people live in peace and prosperity and to protect our world.

Sustainability Approach and the Incorporation's Sustainability Management

Turkish Airlines, which has one of the youngest fleets in Europe with an average fleet age of 8.5 and a total of 370 aircraft, carries out its operations with a sense of responsibility towards the environment and society, while flying to the most countries in the world.

While the responsibility for their impact on the economy, environment and society rests with the Board of Directors and the Executive Committee, a Sustainability Committee was established in 2021, the members of which are Turkish Airlines Senior Executives. The Sustainability Committee carries out its activities in order to determine, review and continuously improve the sustainability management strategy, sustainability policy, short, medium and long-term sustainability targets, and to decide on improvement projects that will increase the sustainability performance of Turkish Airlines. Within the framework of the decisions taken at the Sustainability Committee meetings chaired by the General Manager, all of our relevant units plan their necessary work and carry out sustainability studies in that vein.

Adopting the principle of "continuous improvement," we aim to go beyond compliance with the requirements while carrying out our activities. Accordingly, we participated in the IATA Environmental Assessment Management System Program (IATA Environmental Assessment - IEnvA) specially designed for airline companies by the International Air Transport Association (IATA), with a management model specific to airline companies in order to strengthen the ISO 14001 Environmental Management System which we have been implementing since 2013. We have successfully completed the audit conducted by an independent third party organization authorized by IATA. Turkish Airlines has become the first airline to directly obtain the "Stage 2 Certificate," which is the highest level certificate in the IEnvA System and represents the highest level of IEnvA compliance.

With Turkey's ratification of the Paris Agreement and its commitment to net zero in carbon emissions until 2053, we are reconsidering our strategies, taking into account the global requirements and the expectations of our stakeholders. With the awareness that Sustainable Aviation Fuel (SAF) plays a key role in reducing carbon emissions caused by the aviation industry, we have started using SAF in our Istanbul Airport - Paris Charles De Gaulle route. We will be using the blend of this fuel, once a week in the first stage, to increasing frequencies and different destinations in the following processes. Thanks to the clean combustion realized with the use of sustainable aviation fuel; a reduction of up to 87% in greenhouse gas emissions will be achieved compared to the same amount of traditional kerosene fuel and it will contribute to the reduction of global greenhouse gas emissions.

With the awareness that the climate change is a global problem which can only be solved with global cooperation, so that we carry out our work in cooperation with many national and international organizations. In this context; we support sustainable aviation fuel research and development studies in order to reduce and eliminate the factors that may have an impact on climate change. Together with Boğaziçi University, we are running the "Microalgae Based Sustainable Bio-Jet Fuel Project (MICRO-JET)" supported by TUBITAK. Within the scope of the project, it is aimed to pilot production of synthetic bio-kerosene from microalgae using hydrotreated fatty acids and hydrothermal liquefaction methods.

We will use this biofuel, which will be obtained from sustainable sources in 2022, in our flights after the engine tests to be carried out by Turkish Technic. With the biofuel to be obtained in this project, our Incorporation will be one of the rare global companies that use the cleanest type of biofuel accepted by IATA. The refinery, where the biojet fuel to be obtained for this project, will be the first carbon-negative integrated bio-refinery in Turkey and Europe when it starts operating at full capacity.

In addition to the emissions we aim to prevent with the projects we have developed and implemented, the management of emissions resulting from our activities is also important. In this direction; we report our greenhouse gas emissions in line with the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), European Union Emissions Trading System (EU_ETS), UK Emissions Trading Scheme (UK-ETS) and TS EN ISO 14064-1 "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals." Our greenhouse gas calculations are verified annually by third-party independent verifiers.

Alongside the greenhouse gas emissions prevented by the studies we have conducted within the scope of fuel efficiency; we aim to implement the Voluntary Carbon Balancing Project in 2022, which we carry out to reduce our emissions. With this project, the emissions caused by our employees' mission flights will be neutralized by Turkish Airlines. Our passengers, on the other hand, will have the opportunity to neutralize the emissions from their flights with various offset projects on our website.

We transparently report our metrics regarding our governance structure, strategy, risk and opportunity management methods, budget and carbon emissions related to climate change, to institutional investors and the public. In this context; in 2021, we participated in the Carbon Disclosure Project (CDP) Climate Change Program, the world's most respected reporting platform on climate change which is a very important priority for our company and the sector in we operate. We transparently report our metrics related to our governance structure, strategy, risk and opportunity management methods, budget and carbon emissions related to climate change, to institutional investors and the public, and we are happy to receive a "B-" rating for our performance. We aim to continue our work in a way that will carry it forward in the future.

We aim to increase the scores we achieve by ensuring the continuity of participation in the performance evaluations of national and international indices and sustainability rating agencies, such as DJSI, FTSE4Good, MSCI, EcoVadis, Sustainalytics, TPI and Borsa Istanbul Sustainability Index, to which we participated voluntarily in previous years. As a result of these evaluations made by the world's leading rating agencies, our Incorporation succeeded in raising its scores, both on company basis and sector average, in 2021 compared to 2020. With the Sustainalytics ESG (environmental, social and governance) Risk Rating score, Our Incorporation; ranked 1st in the lowest risk ranking, among 69 participants in the airline sub-sector, it achieved a sectoral success rate of 1%, which represents the lowest risk segment. Our Incorporation was deemed worthy of an award in the "Bronze" category by Ecovadis in 2021, aims to raise its scores to higher levels in the coming years with the works it plans to carry out.

We develop projects to prevent and reduce waste generation both at our campuses and inside the aircraft. We continue to carry out our in-cabin segregation practices at airports where technical means are available and on routes where flight times are sufficient; we aim to expand the scope of the in-cabin segregation application and we continue our feasibility studies in this direction.

With all travel and toy sets being offered without any plastic packaging, we prevent the use of millions of plastics on our flights. We offer headphones and blankets that our passengers may need on flights, in packages made of corn starch in accordance with the "TS EN 13432 Packaging-Recyclable packaging properties by biodegradation and composting" Standard. Although it has higher production costs compared to traditional plastic packaging; we prefer these packaging as it is a product that will contribute to the prevention of plastic waste generation at all points of our flight and increase the awareness of stakeholders on sustainability issues.

In addition to the use of biodegradable packaging; we aim to reduce the use of plastic in the products we offer. In this direction; instead of plastic toys, we offer our child passengers wooden toys with the concept of "Play Natural," which are made of forest products certified by the "Forest Stewardship Council (FSC)." While the concept was being designed, opinions were received from psychiatrists and leading companies in the sector on the concept of wooden toy production. Kindergartens were also visited by us and the preferences of the children were taken into consideration. We carried out this project in cooperation with WWF (World Nature Conservation Foundation), in which we aimed to raise awareness in children from an early age in order to protect nature.

Our projects, consisting of biodegradable packaging and environmentally friendly toys, were awarded the "Gold" status in the "Sustainable Packaging Initiative" and "Children Wellness Initiative" categories in the Travel Plus "2021 Amenities Initiatives" competition; our eco-friendly packaging received the "Best of Onboard Sustainability" award at the "2021 Onboard Hospitality" awards.

In order to reduce the amount of plastic waste, we evaluate the changes in the content of the products we offer to our passengers that will not adversely affect the satisfaction and comfort of our passengers, and we reduce the products containing plastic. In the last two years, we have prevented the use of 17,935,026 plastic bags with this method. The electronic headphones we offer to our passengers are sterilized and reused. Those that are broken and cannot be repaired are delivered to our licensed recycling company and iron, plastic and copper raw materials are recycled.

In our contracts, we include the Environmental Requirements that our Incorporation expects from its suppliers, and we expect our suppliers to fulfill these requirements. Thus, we aim to have our environmental policy impact our entire supply chain through our commercial partners.

Our Incorporation; it has been selected as the "Five Star Global Airline of the Year 2021" by APEX (Airline Passenger Experience Association), which is considered one of the most reliable and respected aviation organizations in the world. In addition to this award; we were also entitled to receive the "APEX World Class" award, which was presented for the first time, by evaluating sustainability, health safety, service quality and customer experience.

Turkish Cargo, on the other hand, took a very active role in the transportation of vaccines by preparing the necessary infrastructure for the transportation of Covid 19 vaccines without disrupting their cold chain. We became the first airline company to have IATA CEIV certificate in three different branches: health products, live animals and perishable products.

As Turkey's global air cargo brand, Turkish Cargo, in addition to our #MissionRescue project, which we have implemented for the protection of endangered species in cargo transportation; as the signatory of the "United for Wildlife Buckingham Palace Declaration (UFW)," which aims to prevent the illegal trade of wild animals supported by IATA and to increase sectoral awareness on this issue, we support the delivery of species that are in danger of extinction in the wild to their natural habitats.

Ensuring the female-male employee balance and the empowerment of women in all areas is critical to accelerating sustainable development. In this context; we support the '25 by 2025' Women's Empowerment Project, which is a voluntary commitment initiated by the International Air Transport Association (IATA) and participated by IATA member airlines, to improve the representation of women in the aviation industry, and we are in the DGCA Gender Balance Development Commission. In the evaluation of candidates for technical job fields in the sector, we focus on individual competencies and qualifications, not gender, and increase the number of our female employees in these fields from year to year. With our 25% female manager ratio, we support the increase of representation of our female employees in management and technical roles, and we aim to increase our female representative ratio.

As the flag carrier of the Republic of Turkey and a global value, we go beyond our responsibility to respect human rights where applicable, by integrating our responsibility to respect human rights in all our activities, including passenger transportation, cargo transportation and education in all countries where we operate. In this context; we act within the framework of the international principles set forth in the Universal Declaration of Human Rights, the International Labor Organization's (ILO) Declaration of Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights, and national legislation regulating human rights and working life.

Conscious of the importance of stakeholder participation in improving our sustainability performance; evaluates the suggestions submitted through the Individual Suggestion System, which allows employees to share their suggestions; we implement projects that are feasible. And also; in order to activate the creative potential of our employees, which is the greatest value of our Incorporation in sustainability issues and to increase their participation in innovation activities, we launched the "Innovative Ideas Focused on Sustainability" solution competition in January 2022. In this way, we aim to give our employees the opportunity to present, project and implement their valuable ideas.

"Platinum Award" in the sustainability report category with a total score of 99 out of 100 in 2020 in the LACP Spotlight Awards-Global Communications Competition, which is organized by the League of American Communications Professionals (LACP) and is considered one of the most outstanding global communication competitions in the world. Our Incorporation won three separate awards: "Best Visual Design" award and "Golden Award" in the corporate social responsibility report category; In 2021, it was awarded the "Golden Award" in the categories of sustainability report and corporate social responsibility report with a total of 98 points.

For a more livable World, we will continue to work non-stop to support social development in our country and at all our other flight destinations, while reducing our environmental impacts arising from our activities.

Sustainability Principles Compliance Report

		Compliance Status					Explanation
		Yes	Partially	No	Exempt	Irrelevant	
A. General Principles							
A1. Strategy, Policies and Goals							
1	The Board of Directors determines ESG priority issues, risks and opportunities and establishes ESG policies accordingly.	X					
2	In terms of the effective implementation of these policies; In-partnership directives, business procedures etc. can be prepared. The Board of Directors takes decisions for these policies and declares to the public.	X					
3	Determines the Incorporation Strategy in accordance with the ESG policies, risks and opportunities.	X					
4	Determines the short and long term goals in line with the Incorporation strategy and ESG policies and declares to the public.	X					
A2. Implementation / Monitoring							
5	Determines and publicly discloses the committees / units responsible for the implementation of ESG policies.	X					
6	"The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board."	X					
7	Forms implementation and action plans in line with the determined short and long term targets and declares to the public.	X					
8	"Determines the ESG Key Performance Indicators (KPI) and announces them on a yearly basis."	X					
9	In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	X					
10	Announces the innovation activities that improve the sustainability performance for business processes or products and services.	X					
A3. Reporting							
11	Reports its sustainability performance, goals and actions at least once a year and makes it public.	X					
12	Announces the information on sustainability activities within the scope of the annual report.	X					
13	It is essential to share information that is important for stakeholders in terms of understanding the position, performance and development of the Incorporation in a direct and concise manner.	X					
14	It can declare detailed information additionally and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders.	X					
15	Takes maximum care in terms of transparency and reliability.	X					
16	Announces detachedly all kinds of development on the priority issues in disclosures and reporting as part of balanced approach.	X					
17	Gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	X					
18	Makes an explanation regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	X					
A4. Verification							
19	If verified by independent third parties (independent sustainability assurance providers) declares its sustainability performance measurements to the public and endeavors to increase such verification processes.	X					

		Compliance Status					Explanation
		Yes	Partially	No	Exempt	Irrelevant	
B. Environmental Principles		X					
20	Announces the policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.	X					
21	Complies with environmental laws and other relevant regulations and announces them.	X					
22	Announces the constraints regarding the boundary of the environmental report, reporting period, reporting date, data collection process and reporting conditions that is going to be included in the report to be prepared within the scope of Sustainability principles.	X					
23	Announces the senior responsible individual, relevant committee and their duties in the Incorporation on the issue of environment and climate change.	X					
24	Announces the the incentives it offers for the management of environmental issues, including the achievement of objectives.	X					
25	Announces how environmental issues are integrated into business targets and strategies.	X					
26	Announces the sustainability performances for business processes or products and services and the activities to improve this performance.	X					
27	Not only in terms of direct operations, it also announces how it manages environmental issues throughout the chain of partnership and how it integrates suppliers and customers into their strategies	X					
28	Whether it is involved in policy-making processes in environmental issues (sectoral, regional, national and international), announces the cooperations it has made with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment and if any, the duties it has taken and the activities it supports.	X					
29	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) reports periodically comparable information on its environmental impacts.	X					
30	Describes the standard, protocol, methodology and base year details that it uses in order to collect and calculate its data.	X					
31	Describes the status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	X					
32	Sets short and long-term goals to reduce their environmental impact and announces these goals. It is recommended that these goals should be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change.	X					
33	If there is progress in the reporting year according to the targets set before, it provides information on the subject.	X					
34	Announces the strategy and actions to combat the climate crisis.	X					
35	Describes the program or procedures for preventing or minimizing the potential negative impact of the products and / or services it offers; announces the actions of third parties for reducing greenhouse gas emissions.	X					
36	Announces the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out and the environmental benefits / profits and cost savings they provide.	X					

Sustainability Principles Compliance Report

		Compliance Status					Explanation
		Yes	Partially	No	Exempt	Irrelevant	
37	Reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	X					
38	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	X					
39	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	X					
40	Announces the renewable generation of energy and the usage data.	X					
41	Runs energy efficiency projects and announces the amount of energy consumption and emission reduction by means of these studies.	X					
42	Reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water sources affected by water withdrawal, percentage and total volume of recycled and reused water, etc.).					X	"Our Incorporation uses water mains system for clean water supply and wastewater discharge, and the actual water consumption amounts are included in the Environment sections of our Sustainability Reports and Performance Indicators Tables. (2020 Sustainability Report, Page 60). https://investorturkishairlines.com/tr/corporate-management/sustainability "
43	Announces whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	X					
44	Announces the carbon credit information accumulated or purchased during the reporting period.	X					
45	Announces the details if carbon pricing is applied within the Incorporation.					X	Carbon pricing is not applied within the Incorporation.
46	Announces all compulsory and voluntary platforms where it discloses environmental information.	X					
C.Social Principles							
C1. Human Rights and Employee Rights							
47	Establishes the Corporate Human Rights and Labor Rights Policy in which full compliance with the legal framework and legislation regulating the human rights and business life in Turkey, ILO Conventions that are ratified by Turkey and the Universal Declaration of Human Rights is committed.		X				"As the flag carrier of the Republic of Turkey and a global value, while carrying out our activities, we comply with the international principles set forth in the Universal Declaration of Human Rights, the International Labor Organization's (ILO) Declaration of Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights. We act within the framework of national legislation regulating human rights and working life. (OUR WORK ON HUMAN RIGHTS, 2020 Sustainability Report, pages 114-115) https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf The preparation process of our Human Rights Policy has been completed. It will be released to the public in 2022. HUMAN RESOURCES POLICY, BOARD OF DIRECTORS ACTIVITY REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2020, Page 29 https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf Our Incorporation is determined to ensure compliance with all aviation-related regulations and national legislation stipulated in our Compliance Policy. As Turkish Airlines, we believe that compliance with the legislation, beyond being bound by laws and regulations, always includes reflecting the spirit of our Code of Ethics in all our decisions and actions. (COMPLIANCE WITH LEGISLATION, 2020 Sustainability Report Page 87) https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf"

		Compliance Status					Explanation
		Yes	Partially	No	Exempt	Irrelevant	
48	Discloses the policy in question and the roles and responsibilities associated with its implementation.		X				"The duties and responsibilities of the Incorporation and its employees, as well as the rules regarding the employees regarding compliance with the law, the enforcement of the laws within the Incorporation, and the violation of human rights, are defined in our Code of Ethics Handbook. Our Code of Ethics Handbook is declared open to public access under the heading "Ethical Values" in the Corporate Governance tab of the Turkish Airlines Investor Relations website, under the Sustainability section. https://investorturkishairlines.com/tr/corporate-management/sustainability The preparation process of our Human Rights Policy has been completed. It will be released to the public in 2022. Adoption of ethical principles and values in partnership; We have an Ethics Committee, consisting of four board members and a board chairman, in order for all employees to demonstrate an ethical approach parallel to the corporate culture in the working environment. (2020 Sustainability Report, Page 38) https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf HUMAN RESOURCES POLICY, ACTIVITY REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2020, Page 29 https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf"
49	Provides equal opportunity in recruitment processes.	X					
50	Considering the supply and value chain effects, it includes fair workforce, improvement of labor standards, women's employment and inclusion (such as non-discrimination on women,men,gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policies.	X					
51	Announces the measures taken along the value chain for the protection of groups vulnerable to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equality of opportunity.	X					
52	Reports developments regarding discrimination, inequality, human rights violations, forced labor and preventive and corrective practices.	X					
53	Announces the regulations for not employing child labor.	X					
54	Announces policies regarding investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management.	X					
55	Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution.	X					
56	Regularly announces the activities carried out to ensure employee satisfaction.	X					
57	Establishes occupational health and safety policies and declares to the public.	X					
58	Announces the occupational accidents, the measures taken to maintain health, and accident statistics.	X					
59	Establishes the policies of the Protection of Personal Data and Information Security, and announces to the public.	X					
60	Establishes an ethical policy (including works such as business, business ethics, compliance processes, advertising and marketing ethics, open information etc.) and declares to the public.	X					
61	Announces the activities within the scope of social investment,social responsibility, financial inclusion and access to finance.	X					
62	Organizes contact meetings and training programs for employees on ESG policies and practices.	X					

		Compliance Status					Explanation
		Yes	Partially	No	Exempt	Irrelevant	
C2. Stakeholders, International Standards and Initiatives		X					
63	Carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	X					
64	Regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	X					
65	Conducts stakeholders communication continuously and transparently; announces which stakeholders, for what purpose, on what issue and how often it communicates with, and the progress and developments in sustainability activities.	X					
66	Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	X					
67	Announces the international organizations or principles of which it is a signatory or member (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.);the international principles it has adopted (such as the International Capital Markets Association (ICMA) Green / Sustainable Bond Principles) to the public.	X					
68	Makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.)	X					
D. Corporate Governance Principles		X					
69	Exerts maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-171.	X					
70	Takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.	X					
71	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders.	X					
72	Applies to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	X					
73	Works on raising awareness about sustainability and its importance through social responsibility projects, awareness activities and trainings.	X					
74	Strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	X					
75	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	X					

A. General Principles	
A1. Strategy, Policies and Goals	
1	MATERIAL ISSUES,2020-2021 Material Sustainability Issues Matrix, 2020 Sustainability Report, Pages 27,28
	RISK MANAGEMENT, Risk Management Strategy, 2020 Sustainability Report, Page 37
	CORPORATE GOVERNANCE, Early Identification of Risks Committee, 2020 Sustainability Report, Page 35
	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
	C1.GOVERNANCE, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 5,6
	C2.RISKS AND OPPORTUNITIES, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 13-31
	https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
	FINANCIAL RISK MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 126
	Our policies are disclosed to the public both on the Turkish Airlines corporate website and on the Turkish Airlines Investor Relations website, under the Corporate Governance tab of the website, as well as our Sustainability and Annual Annual Reports.
	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
2	https://investorturkishairlines.com
	https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	Along with its general mission and strategy, our Incorporation determines its material issues by taking into account the legal regulations, global trends,the views and concerns of our stakeholders, broad social expectations and its effects on the supply chain. Our ways of doing business are constantly being revised as we look beyond today's gains and invest in the future, guided by a sustainability strategy built around seizing opportunities while mitigating potential risks that might arise from economic, environmental and social developments. We will continue to work for a better future for younger generations with our agile and dynamic organization and a business approach that is based on integrity, transparency and accountability. In the coming years, we will continue to update our material issues in line with global developments and feedback from our stakeholders. All the work we have carried out in the light of our sustainability policies and material issues will be discussed in detail in our 2021 Sustainability Report.
	While the responsibility for Turkish Airlines' impacts on the economy, environment and society rests with the Board of Directors and the Executive Committee, a Sustainability Committee was established in 2021, the members of which are Turkish Airlines Senior Executives. The Sustainability Committee carries out its activities in order to determine,review and continuously improve the sustainability management strategy, sustainability policy, short, medium and long-term sustainability targets, and to decide on improvement projects that will increase the sustainability performance of Turkish Airlines. (CORPORATE SUSTAINABILITY MANAGEMENT, Turkish Airlines Sustainability Committee, 2020 Sustainability Report, Page 22)
	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
	Our Incorporation's policies in the field of ESG are publicly available on the Corporate Governance tab of our Investor Relations page on the Turkish Airlines corporate website in addition to our Sustainability and Annual Reports. In order to effectively implement and support the published policies within the Incorporation, in-house procedures, instructions and announcements are prepared and announced to all employees of the Incorporation.
	OUR POLICIES:
	Sustainability Policy: https://investorturkishairlines.com/documents/sustainability/sustainability-policy-eng(1).pdf
	Environmental Policy: https://investorturkishairlines.com/en/corporate-governance/environmental-policy
	Public Disclosure Policy: https://investorturkishairlines.com/en/corporate-governance/public-disclosure-policy
3	Human Resources Policy: https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf
	Code of Ethics: https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf
	Dividend Policy: https://investorturkishairlines.com/en/corporate-governance/dividend-policy
	Donation Policy: https://investorturkishairlines.com/en/corporate-governance/donation-policy
	Remuneration Policy: https://investorturkishairlines.com/en/corporate-governance/remuneration-policy
	Quality Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	Security Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	Occupational Health and Safety Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	Training Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	Customer Satisfaction Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
3	Energy Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	Information Security Policy: https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html
	A roadmap of our sustainability strategy has been created by evaluating our long-term goals and the risks and opportunities in achieving these goals, within the framework of material issues that we have determined in line with the mission, vision and core values of our partnership, taking into account the expectations of our stakeholders. With this roadmap, four focal points have been determined as People, Planet, Prosperity and Governance Function. We consider a holistic view to our possible impacts regarding People, Planet, Prosoerity and Governance Function. We work to satisfy the expectations of our employees, customers, suppliers, affiliates, all business partners and shareholders with an effective risk management. We aim to create a value for the future by passing through beyond today's achievements with our understanding of business excellence and innovativeness in light of the global trends.
	SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110
	MATERIAL ISSUES, 2020 Sustainability Report, Page 27
	CORPORATE SUSTAINABILITY MANAGEMENT, 2020 Sustainability Report, Page 23
	MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS, 2020 Sustainability Report, Pages 6,7
	OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
	SUSTAINABILITY POLICY, 2020 Sustainability Report, Pages 25,26
	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
3	C3.BUSINESS STRATEGY, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 33-36
	https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
	OUR SUSTAINABILITY STRATEGY, Presentations, 9M'21 RESULTS SUMMARY, Page 29
3	https://investorturkishairlines.com/documents/sunumlar/ir-presentation-3q21tr.pdf

Sustainability Principles Information Form

4	Determines the short and long term goals in line with the Incorporation strategy and ESG policies and declares to the public.	C2.RISKS AND OPPORTUNITIES, C21a Short-, Medium- and Long-term Time Horizons, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 913-15
		C4.TARGETS AND PERFORMANCE, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 38-45
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		SHORT-TERM GOALS:
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Pages 50-51
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		FLEET MODERNIZATION, 2020 Sustainability Report, Page 73
		PERFORMANCE AND TARGETS, 2020 Sustainability Report, Pages 77-78
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		LONG-TERM GOALS:
		SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Pages 29,30
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		PROJECTIONS ABOUT THE INCORPORATION, 1 JULY – 30 SEPTEMBER 2021 BOARD ACTIVITY REPORT, Page 21
		https://investorturkishairlines.com/documents/boards-activity-report/board-activity-report-3q2021-eng-v3.pdf
We aim to develop and maintain our sustainability efforts in line with the United Nations Sustainable Development Goals, by integrating them into every field we operate. In addition to this, as a member, Turkish Airlines adopts The International Air Transport Association's (IATA) targets which are aimed to reduce carbon emissions from aviation and works with dedication to achieve these targets. Adopting the principles of transparency, justice, responsibility and accountability in all of its activities, our Incorporation will continue to work to ensure that brand targets and values are adopted by its stakeholders and will continue to develop collaborations in line with its vision of adding value to its stakeholders by continuing to develop good governance practices. Our targets, in the field of Environment 32th and 33rd and in the Social field are mentioned in Article 51st and detailed information will be disclosed in our 2021 Sustainability Report as open to public access.		
A2. Implementation / Monitoring		
5	Determines and publicly discloses the committees / units responsible for the implementation of ESG policies.	In order to leave a more livable world to future generations, we integrate our sustainability approach into our business models, and we work to extend the policies in this field to all units of our Incorporation, from the management level to the lowest level, with our in-house structuring. Focusing on a sustainable, transparent and accountable management approach, our Incorporation established the Sustainability Committee in 2021, composed of Turkish Airlines Senior Management. The Sustainability Committee, that hold the meetings at the helm of the General Manager, aims to create a value by ensuring the execution of the dimensions of economic, social and environmental sustainability within a linked loop which are run in different processes at our Incorporation.
		C1GOVERNANCE, C11b Board's oversight of climate-related issues, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 7
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		CORPORATE SUSTAINABILITY MANAGEMENT, Turkish Airlines Sustainability Committee, 2020 Sustainability Report, Page 22
		2020 DEVELOPMENTS, Budget For Sustainability Studies, 2020 Sustainability Report, Page 56
6	The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110
		Sustainability Committee convenes at least once every quarter of the year, additionally it reconvenes in the cases where important issues arise regardless of time. In general, it convenes at least 4 times a year and General Manager chairs the Sustainability Committee meetings. At Turkish Airlines, all environmental issues are managed by the Quality Assurance Department, which is directly affiliated with the General Manager. Environmental Management Review Meetings are held regularly with the participation of senior management and Vice President Quality Assurance.
		C1GOVERNANCE, C11b Board's oversight of climate-related issues, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 7
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
7	Forms implementation and action plans in line with the determined short and long term targets and declares to the public.	CORPORATE SUSTAINABILITY MANAGEMENT, Turkish Airlines Sustainability Committee, 2020 Sustainability Report, Page 22
		ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110
		C3.BUSINESS STRATEGY, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 33-36
7	Forms implementation and action plans in line with the determined short and long term targets and declares to the public.	C2.RISKS AND OPPORTUNITIES, C21a Short, Medium and Long-Term Time Horizons, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 14-15
		C2.RISKS AND OPPORTUNITIES, C2.2a Organization's Climate-Related Risk Assessments, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 19-22
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		CORPORATE SUSTAINABILITY MANAGEMENT, MATERIAL ISSUES MATRIX, 2020 Sustainability Report, Pages 23,28
		OUR STRATEGIC PRIORITIES, 2020 Sustainability Report, Pages 16,17
		SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Pages 29,30
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Pages 50,51
		OUR ACTIONS, 2020 DEVELOPMENTS, 2020 Sustainability Report, Pages 55,56
		RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 58
		OUR ACTIONS TO COMBAT WITH CLIMATE CHANGE, 2020 Sustainability Report, Page 68
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110
		Our targets and practices in the field of Environment 26th, 32nd, 34th and 35th; 51st, 61st and 73rd to our targets and practices in the Social field; our targets and practices in the field of Governance are mentioned in Articles 54th, 55th, 56, 63rd, 69th and 70th and detailed information regarding the activities carried out in line with these goals will be disclosed to the public in our 2021 Sustainability Report.

8	Determines the ESG Key Performance Indicators (KPI) and announces them on a yearly basis.	MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Pages 12-15
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Pages 50,51
		FUEL CONSUMPTION AND GREENHOUSE GAS EMISSION VALUES, 2020 Sustainability Report, Pages 77
		FUEL AND GREENHOUSE GAS SAVING AMOUNTS, 2020 Sustainability Report, Page 78
9	In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	2020 EMISSIONS, 2020 Sustainability Report, Page 79
		FINANCIAL PERFORMANCE, 2020 Sustainability Report, Page 41
		AVIATION ACADEMY FIGURES 2020, Training Hours Per Personnel, 2020 Sustainability Report, Page 105
		AVIATION ACADEMY, FIGURES 2020, 2020 Sustainability Report, Page 106
10	Announces the innovation activities that improve the sustainability performance for business processes or products and services.	2013-2020 PERFORMANCE, 2020 Sustainability Report, Page 108
		PERFORMANCE TABLES, 2020 Sustainability Report, Page 118
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Indicators of our environmental, social and governance performance are included in the Environmental, Social and Sustainability Management sections of our Sustainability Reports, and current data will be made available to the public in our 2021 Sustainability Report.
9	In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	COMBATING CLIMATE CHANGE, 2020 Sustainability Report, Page 66
		COMMITMENTS AND TARGETS, 2020 Sustainability Report, Page 67
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		MANAGEMENT OF GREEN HOUSE GAS EMISSIONS, Turkish Airlines 2021 Annual Report, Page 112
9	In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	CORSIA draft to which 107 countries participated as of January 1, 2022 adopts the approach of comparing the total amount of annual CO2 emission with the amount of emissions realized in the base year. In determining the offset requirement for the difference/gap after the comparison, sectoral and individual growth factors will be calculated as of 2021. The sectoral growth rates calculated by the International Civil Aviation Organization (ICAO) are determined by looking at the emissions of all operators that are parties to the CORSIA, the sectoral growth factor percentage changes every year depending on the growth rate of the sector. The individual growth factor calculated by the country authorities is calculated by taking the carbon emission value of only one operator as a reference. Implementation rules have been determined in accordance with the Implementation Instruction for International Aviation Carbon Equalization and Reduction Scheme (SHT-CORSIA) published by the T.R. Ministry of Transport and Infrastructure General Directorate of Civil Aviation.
		https://web.shgm.gov.tr/documents/sivilhavacilik/files/mevzuat/sektorel/talimatlar/2020/SHT-CORSIA.PDF
		Management of Green House Gas Emissions, Turkish Airlines 2021 Annual Report, Page 112
		FLEET MODERNIZATION- Turkish Airlines is the 9th largest airline company in terms of fleet size among airlines carrying passengers as of the end of 2021 with its 370 aircraft. Among the top 10 airlines in terms of fleet size, with an average fleet age of 8.5, Turkish Airlines is the 4th airline company. As of the end of 2021, Turkish Airlines has 75 new generation aircrafts which are fuel-efficient, more environmentally friendly, and save an average of 15% fuel compared to the equivalent aircraft, and regarding the fleet size, it is the airline with the highest rate of new generation aircraft among the 10 largest airline companies in the world.
9	In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	IEnvA- In line with the principle of "Continuous improvement" that we have adopted, we aim to go beyond compliance with the requirements while carrying out our activities. In this direction, We strengthened the ISO 14001 Environmental Management System, which we have been implementing since 2013, with a management model specific to the aviation industry in 2020, we participated to the IATA Environmental Assesment-IEnvA Management System Program, which was specially designed by the International Air Transport Association (IATA) for airline companies. We have successfully completed the audit conducted by an independent third-party organization authorized by IATA and have earned the IEnvA Program Stage 2 certification which is the highest level certificate of the program. Turkish Airlines became the first airline to directly obtain the "Stage 2 Certificate", which is the highest level certification in the IEnvA System (ENVIRONMENTAL MANAGEMENT SYSTEMS, Turkish Airlines 2021 Annual Report, Page 110)
		IEnvA Stage 2 certificate represents the highest level of IEnvA compliance. Airline companies with Stage 2 certification, implement all components of the environmental management system in addition to the basic components applied in Stage 1 and are subject to 3rd Party audits within the scope of all components. IEnvA Stage 2 requirements necessitate the airline company to continually improve its environmental performance. The list of airline companies with IEnvA Certificate is shared on IATA's website.
		https://www.iata.org/en/programs/environment/environmental-assessment/ienva/
		SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Pages 29,30
10	Announces the innovation activities that improve the sustainability performance for business processes or products and services.	TURKISH CARGO, TIACA Air Cargo Sustainability Program, 2020 Sustainability Report, Page 45
		INNOVATION AND ENTREPRENEURSHIP, 2020 Sustainability Report, Page 47
		DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT, 2020 Sustainability Report, Page 99
		WE INVEST IN NEW TECHNOLOGY, 2020 Sustainability Report, Pages 71-76
10	Announces the innovation activities that improve the sustainability performance for business processes or products and services.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		CORPORATE INNOVATION, Turkish Airlines Annual Report 2021, Page 92
		CORPORATE DEVELOPMENT AND INFORMATION TECHNOLOGIES, DIGITAL INNOVATION EFFORTS, Turkish Airlines 2021 Annual Report, Page 102
		As one of the biggest player in the air transportation sector, we have started the preparations for the "Innovative Ideas Based on Sustainability Solutions Competition" in 2021, where our employees can share their innovative ideas. We will launch our competition at our Corporate Innovation Platform with the cooperation and contributions of our divisions in 2022. We aim to further improve our current processes, to meet the expectations of our relevant parties, and to raise our sustainability performance even higher, with the projects we will implement as a result of our solution competition. This competition is a platform for our employees to share their suggestions and projects related with all components of sustainability. Our Corporate Innovation System is designed to process all internal and external innovation resources and turn them into output. This system is composed of the combination of many activities that complement each other. We will continue to implement projects along with our internal and external stakeholders to increase customer satisfaction, in addition to improving internal processes within the scope of digital transformation and innovation studies. Detailed information about our 2021 innovative projects, which reflect our responsibility towards nature and future generations regarding sustainability, will be available to the public via our 2021 Sustainability Report.

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A3. Reporting		
11	Reports its sustainability performance, goals and actions at least once a year and makes it public.	Our Incorporation shares its sustainability performance and future plans with its stakeholders through its annual Sustainability Reports each year. We consider the sustainability reporting as an essential tool to evaluate our activities including non-financial criteria and to present the value we create from a holistic perspective. From this point of view, our Incorporation regularly publishes the Sustainability Report, which it first published in 2015, each year to share its sustainability performance and future plans with its stakeholders. Besides, we participated in the Carbon Disclosure Project (CDP) Climate Change Program in 2021, the world's most respected reporting platform on climate change, which is a very important issue for our Company and the sector in which we operate. We have transparently reported our governance structure, strategy, risk and opportunity management methods, our budget for relevant actions and our metrics for carbon emissions in respect to climate change, to institutional investors and to the public. ABOUT THE REPORT, 2020 Sustainability Report, Page 3 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110 Turkish Airlines, one of the leading companies that shape sustainability in the aviation industry, will continue to systematically carry out its sustainability efforts in 2022 as well and will continue to publish its Sustainability performance, goals and actions through its Sustainability Report and the Carbon Disclosure Project (CDP) Report. Public access to the Sustainability Reports published by our Incorporation every year and Carbon Disclosure Project (CDP) Report published in 2021, is available at the link the link of the Turkish Airlines Investor Relations website. https://investor.turkishairlines.com/en/corporate-governance/sustainability
12	Announces the information on sustainability activities within the scope of the annual report.	SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110 SUSTAINABILITY APPROACH AND INCORPORATION'S SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 143 STATEMENT OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES, Sustainability Principles Compliance Report and Information Form, Turkish Airlines 2021 Annual Report, Page 143 Turkish Airlines Annual Report has been prepared based upon the "Comply or Explain" principle of the Sustainability Principles Compliance Framework, which entered into force on October 2, 2020 with the amendment made to the Corporate Governance Communiqué by the Capital Markets Board of Turkey. Incorporation refers to the explanations within the scope of the Sustainability Principles Compliance Framework at Annual Report and it includes whether the sustainability principles are applied or not, and if not, a justified statement regarding this is included.
13	It is essential to share information that is important for stakeholders in terms of understanding the position, performance and development of the Incorporation in a direct and concise manner.	Turkish Airlines uses various channels to engage with its internal stakeholders including shareholders/financial partners/investors and employees as well as external stakeholders including government, certification bodies, business partners, customers, suppliers, communities, NGOs and academic institutions. In addition to the key material topics, aspect boundaries and stakeholder engagement pathways as well as the frequency of our engagement and matters engaged upon are included in our Sustainability Reports. ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Page 32 COMMUNICATION WITH SHAREHOLDERS, 2020 Sustainability Report, Page 36 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf GENERAL ASSEMBLY MINUTES OF THE MEETINGS https://investor.turkishairlines.com/en/corporate-governance/general-assembly Our Sustainability Reports, Annual Reports, Financial Reports and Quarterly Final Disclosures on the Turkish Airlines Investor Relations page under the "Financial and Operational Data" and "Corporate Governance" tabs and Material Disclosures are publicly available through the Public Disclosure Platform. Important statements are shared with the public synchronously in Turkish and English via various channels. https://investor.turkishairlines.com/en
14	It can declare detailed information additionally and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders.	In addition to our Sustainability Reports, Annual Reports and Financial Reports on the Turkish Airlines Investor Relations Page, Investor Information Presentations, Information on Corporate Governance, Press Bulletins, Stock Market Disclosures, Stock Information and Policies are publicly disclosed. https://investor.turkishairlines.com/en
15	Takes maximum care in terms of transparency and reliability.	As Turkish Airlines, we adopt a transparent and participatory approach. We take into consideration the opinions and concerns of our stakeholders and broad-based public expectations while determining our material issues, which are basic constituents of our sustainability program. We share our objectives and actions, which are shaped within the axis of our material issues, and our annual progress, with all our stakeholders and the public through our reports. In this direction, we updated our 2020-2021 Material Sustainability Issues Matrix which was shaped by the opinions of all our internal and external key stakeholders. We present the MATERIAL SUSTAINABILITY ISSUES MATRIX and the THE PROCESS OF DETERMINING MATERIAL ISSUES in our Material Issues Section of our report, and we also present our activities during the reporting year and our objectives for the coming year in other relevant performance sections annually. Besides, Turkish Airlines is conducting transparent and effective 'Public Disclosure Policy' within the scope of Generally Accepted Accounting Principles(GAAP) and Capital Market Legislation(CML). In all of our actions we are fully aware of responsibilities that come along with being one of the biggest publicly traded company in Borsa Istanbul. The main purpose of 'Public Disclosure Policy' is to disclose the Company's performance and future expectations with the Capital Markets Participants accurately, fairly, in a punctual and an understandable manner. MATERIAL ISSUES, 2020 Sustainability Report, Pages 27,28 CORPORATE GOVERNANCE, COMMUNICATION WITH SHAREHOLDERS, 2020 Sustainability Report, Pages 34-36 ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Pages 31,32 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf TURKISH AIRLINES INC. PUBLIC DISCLOSURE POLICY https://investor.turkishairlines.com/en/corporate-governance/public-disclosure-policy STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES, Turkish Airlines 2021 Annual Report, Page 130 ADDING VALUE TO STAKEHOLDERS,Turkish Airlines 2021 Annual Report, Page 33 By participating in the CDP Climate Change Program in 2021, within the framework of the transparency, accountability and honesty principles we have adopted, we transparently reported our governance structure regarding climate change, strategy, risk and opportunity management methods, our budget for relevant actions and our metrics for carbon emissions to institutional investors and to the public. https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf

16	Announces detachedly all kinds of development on the priority issues in disclosures and reporting as part of balanced approach.	MATERIAL ISSUES, 2020 Sustainability Report, Page 28 MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Pages 12-15 SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Pages 29,30 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110 ASSESSMENT OF THE BOARD OF DIRECTORS ON 2021 RESULTS, Turkish Airlines 2021 Annual Report, Page 172 In the coming years, we will continue to update our material issues in line with global developments and feedback from our stakeholders and continue to share them publicly in our reports.
17	Gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Pages 29,30 MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Pages 12-15 PROSPERITY, 2020 Sustainability Report, Pages 41-47 PLANET, 2020 Sustainability Report, Pages 50-73 PEOPLE, 2020 Sustainability Report, Pages 82-114 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf The Sustainable Development Goals (SDG) Map which we will update by taking into account our material issues and activities in 2021 will be included in detail in our 2021 Sustainability Report.
18	Makes an explanation regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	Our Incorporation shares information about the important lawsuits against the company and their possible consequences in the Legal Disclosures and Documents section of the Annual Report every year. OTHER MATTERS, Turkish Airlines 2021 Annual Report, Page 174 In addition, findings of breaches of anti-bribery and anticorruption policy and information about administrative or judicial sanctions are shared in the Sustainability Reports every year in line with the principle of transparency. BUSINESS ETHICS, 2020 Sustainability Report, Page 39 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf In 2021, Turkish Airlines has not encountered any findings of breaches of anti-bribery and anticorruption policy nor it has been subject to any administrative and monetary sanctions with respect to bribery and corruption. In 2021, no evidence was detected against our Incorporation regarding violation of the competition rule in the country or abroad, administrative or judicial sanctions were not imposed on the issue and no lawsuits were filed against our Incorporation for damage to the environment.
A4. Verification		
19	If verified by independent third parties (independent sustainability assurance providers) declares its sustainability performance measurements to the public and endeavors to increase such verification processes.	Selected indicators in our 2020 Sustainability Report have been externally audited within the scope of limited assurance in accordance with ISAE 3000 and ISAE 3410 standards by PwC Turkey. The Independent Assurance Statement, which includes the list and scope of assured indicators, can be found on pages 124 and 125 of the 2020 Sustainability Report. PWC, Limited Assurance Report, 2020 Sustainability Report, Pages 124,125 ABOUT THE REPORT, 2020 Sustainability Report, Page 3 GREENHOUSE GAS VERIFICATION STATEMENT 2019, 2020 Sustainability Report, Page 120 GREENHOUSE GAS VERIFICATION STATEMENT 2020, 2020 Sustainability Report, Page 121 2020 DEVELOPMENTS, CORSIA, 2020 Sustainability Report, Page 56 https://investor.turkishairlines.com/documents/surdurulebilirlik/turk-hava-yollari-2020-surdurulebilirlik-raporu_21_12_2021.pdf C10VERIFICATION, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 83-86 https://investor.turkishairlines.com/documents/surdurulebilirlik/turk-hava-yollari-a_o.pdf SUSTAINABILITY MANAGEMENT, MANAGEMENT OF GREEN HOUSE GAS EMISSIONS, Turkish Airlines 2021 Annual Report, Page 110-112 Within the scope of the EU ETS, the scope of which is limited to flights taking off and landing within the borders of the European Economic Area in 2016 by the European Union, we directly monitor, calculate and have our emissions verified by an authorized independent certification body. Emissions Reports are verified annually by a third party independent verification body. The amount of offset emissions within the scope of EU ETS in 2020 is detailed in Article 44th. As every year, we reported our greenhouse gas emissions in line with the requirements of the CORSIA, EU ETS and TS EN ISO 14064-1 (Establishment Level Calculation of Greenhouse Gas Emissions and Removal) Standards, and our calculations were verified by third-party independent verifiers. It will be ensured that the data for 2021 will also be verified and all information regarding our sustainability performance is disclosed to the public in our Sustainability Reports published annually under the Corporate Governance tab on the Turkish Airlines Investor Relations page, and efforts will be made to increase the verification processes for sustainability performance measurements. https://investor.turkishairlines.com/en/corporate-governance/sustainability
B. Environmental Principles		
20	Announces the policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.	OUR ENVIRONMENTAL POLICY https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html https://investor.turkishairlines.com/en/corporate-governance/environmental-policy SUSTAINABILITY POLICY https://investor.turkishairlines.com/documents/sustainability/sustainability-policy-eng(1).pdf https://www.turkishairlines.com/en-tr/press-room/about-us/our-policy/index.html PLANET, 2020 Sustainability Report, Page 48-80 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf ENVIRONMENTAL MANAGEMENT SYSTEMS, Turkish Airlines 2021 Annual Report, Page 110 In line with the principle of "continuous improvement" that we have adopted, we aim to go beyond compliance with the requirements while carrying out our activities.In this direction; by strengthening the ISO 14001 Environmental Management System, which we have been implementing since 2013, with a management model specific to the aviation industry in 2020, we participated in the IEnvA (IATA Environmental Assesment) Management System Program, which was specially designed by IATA (International Air Transport Association) for airline companies.

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21	Complies with environmental laws and other relevant regulations and announces them.	ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 52
		OUR ACTIONS, 2020 Sustainability Report, Page 55
		2020 DEVELOPMENTS, 2020 Sustainability Report, Page 56,57
		ENERGY POLICY, 2020 Sustainability Report, Page 59
		WASTE MANAGEMENT, 2020 Sustainability Report, Page 61
		OUR IN-FLIGHT SUSTAINABILITY PRACTICES, 2020 Sustainability Report, Page 63
		BIODIVERSITY, 2020 Sustainability Report, Page 64
		SINGLE-USE PLASTICS, 2020 Sustainability Report, Page 64
		COMBATING CLIMATE CHANGE, 2020 Sustainability Report, Page 66-69
		2020 EMISSIONS, 2020 Sustainability Report, Page 79
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		ENVIRONMENTAL MANAGEMENT SYSTEMS, Turkish Airlines 2021 Annual Report, Page 110
		MANAGEMENT OF GREEN HOUSE GAS EMISSIONS, Turkish Airlines 2021 Annual Report, Page 112
		COMBATING CLIMATE CHANGE, Turkish Airlines 2021 Annual Report, Page 112
		We carry out our activities in compliance with all relevant legal regulations and the requirements of our voluntary commitments. Periodically evaluates our compliance with legal requirements on environmental issues; In case of a legal change that will affect Turkish Airlines, we revise our related works regardless of the update period. We constantly follow national and international regulations on environmental issues. In case of a regulation change that will affect the activities of the Incorporation, we evaluate how the relevant changes may affect the operations of the Incorporation. We ensure the necessary coordination within the Incorporation regarding the changes. If there is an action to be taken, we plan these actions and complete the necessary work as soon as possible. Turkish Airlines is fully compliant with national and international regulations on environmental issues; There is no lawsuit or penal sanction brought against us within this scope.
		In order to go beyond compliance with legal requirements and take the environmental management system of the Incorporation one step further every year, we follow global trends, successful sectoral practices, plan and design new practices to add value. We aim to further strengthen our Environmental Management System, which we have been carrying out in line with the requirements of ISO 14001 Environmental Management System since 2013, with the IEnvA (IATA Environmental Assessment) System specially designed for airline companies.
		In order to achieve the goal of reducing carbon emissions in the fight against climate change; We cooperate with various research institutions to produce biofuels as an alternative to jet fuel. Together with Boğaziçi University, we are running the "Microalgae Based Sustainable Bio-Jet Fuel Project (MICRO-JET)" supported by TUBITAK. Within the scope of the project, it is aimed to pilot production of synthetic bio-kerosene from microalgae using hydrotreated fatty acids and hydrothermal liquefaction methods. We will use this biofuel, which will be obtained from sustainable sources in 2022, in our flights after the engine tests to be carried out by Turkish Technic. With the biofuel to be obtained in this project, our Incorporation will be one of the rare global companies that use the cleanest type of biofuel accepted by IATA (International Air Transport Association). The refinery, where the biojet fuel to be obtained in this project will be produced, will be the first carbon-negative integrated bio refinery in Turkey and Europe when it starts operating at full capacity.
		With the awareness that Sustainable Aviation Fuel plays a key role in reducing carbon emissions caused by the aviation industry, we are starting to use a sustainable biofuel blend in our Istanbul-Paris route. This environmentally friendly fuel obtained from sustainable sources will contribute to the reduction of our carbon footprint and global greenhouse gas emissions with its high energy content and emission reduction. We plan to expand this fuel, which we will use once a week in the first stage, to increasing frequencies and different destinations in the following processes. Thanks to the clean combustion realized with the use of sustainable aviation fuel; Up to 87% reduction in greenhouse gas emissions can be achieved compared to the same amount of traditional kerosene fuel.
		We report our greenhouse gas emissions in line with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), European Union Emissions Trading System (EU-ETS), United Kingdom Emission Trading System (UK-ETS) and ISO 14064-1 Guidance and Specifications Standard for Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level requirements. Our greenhouse gas calculations are verified annually by third-party independent verifiers.
		We aim to implement the Voluntary Carbon Offsetting Project, which we carry out to reduce our carbon emissions, in 2022. With this project, our passengers will be able to balance the emissions that will arise from their flights with various offset projects that we will present on our website.
		Within the scope of our technical maintenance practices, we use surface preparation chemicals that are relatively light and less harmful to the environment, do not contain heavy metals and contain less volatile compounds, with the Base Coat & Clear Coat system applied in our aircraft.
22	Announces the constraints regarding the boundary of the environmental report, reporting period, reporting date, data collection process and reporting conditions that is going to be included in the report to be prepared within the scope of Sustainability principles.	ABOUT THE REPORT, 2020 Sustainability Report, Page 3
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		In our Sustainability Reports; Information on subjects such as the report's limit, reporting period and reporting standard is shared under the "ABOUT THE REPORT" heading of our Sustainability Report.

23	Announces the senior responsible individual, relevant committee and their duties in the Incorporation on the issue of environment and climate change.	CORPORATE SUSTAINABILITY MANAGEMENT, 2020 Sustainability Report, Page 22
		ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53
		FIGHT AGAINST CLIMATE CHANGE, 2020 Sustainability Report, Page 66
		FUEL EFFICIENCY AND REDUCTION OF OUR GREENHOUSE GAS EMISSIONS, 2020 Sustainability Report, Page 70
		https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C1 GOVERNANCE,Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 4-10
		https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110
		While the responsibility for Turkish Airlines' impacts on the economy, environment and society rests with the Board of Directors and the Executive Committee, a Sustainability Committee was established in 2021, whose members are Turkish Airlines Senior Executives. The Sustainability Committee carries out its activities in order to determine, review and continuously improve the sustainability management strategy, sustainability policy, short, medium and long-term sustainability targets, and to decide on improvement projects that will increase the sustainability performance of Turkish Airlines. Within the framework of the decisions taken at the Sustainability Committee meetings chaired by the General Manager, all our relevant units plan their necessary work and carry out their work in line with this plan.
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ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53		
OUR ACTIONS, 2020 Sustainability Report, Page 55		
2020 DEVELOPMENTS, 2020 Sustainability Report, Page 56,57		
RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 58,60		
WASTE MANAGEMENT, 2020 Sustainability Report, Page 61,62		
OUR IN-FLIGHT SUSTAINABILITY PRACTICES, 2020 Sustainability Report, Page 63		
BIODIVERSITY, 2020 Sustainability Report, Page 64		
SINGLE-USE PLASTICS, 2020 Sustainability Report, Page 64		
FIGHT AGAINST CLIMATE CHANGE, 2020 Sustainability Report, Page 66-69		
FUEL EFFICIENCY AND REDUCTION OF OUR GREENHOUSE GAS EMISSIONS, 2020 Sustainability Report, Page 70,71		
SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72		
FLEET MODERNIZATION, 2020 Sustainability Report, Page 73		
WE CONTINUE TO OPTIMIZE OUR OPERATIONS, 2020 Sustainability Report, Page 74,75,76		
PERFORMANCE AND TARGETS, 2020 Sustainability Report, Page 77,78		
2020 EMISSIONS, 2020 Sustainability Report, Page 79		
DEVELOPMENT OF INNOVATION CULTURE ANDPROMOTION OF EMPLOYEE ENGAGEMENT, 2020 Sustainability Report, Page 99		
https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf		
Turkish Airlines' incentives for the management of climate-specific issues are shared in the Carbon Disclosure Project 2021 Report.		
C1 GOVERNANCE, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 10-13		
https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf		
Conscious of the importance of stakeholder participation in improving our sustainability performance, we evaluate the suggestions submitted through the Individual Suggestion System, which allows employees to share their suggestions and we implement projects that are feasible. In addition to this, in order to activate the creative potential of our employees, which is the greatest value of our Incorporation, in sustainability issues and to increase their participation in innovation activities, we launched the "Innovative Ideas Focused on Sustainability" solution competition in January 2022. In this way, we aim to give our employees the opportunity to present, project and implement their valuable ideas.		
Among the suggestions submitted by our employees, the ones that can be implemented will be determined by a jury including the process responsible within the scope of the proposal, and the project will be designed without any limit on the number and will be awarded.		

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25	Announces how environmental issues are integrated into business targets and strategies.	MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS, 2020 Sustainability Report, Page 6-7
		CORPORATE SUSTAINABILITY MANAGEMENT, 2020 Sustainability Report, Page 22,23
		OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
		SUSTAINABILITY POLICY, 2020 Sustainability Report, Page 25
		MATERIAL ISSUES MATRIX, 2020 Sustainability Report, Page 28
		SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Page 29,30
		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
		RESPONSIBLE SUPPLY CHAIN MANAGEMENT, 2020 Sustainability Report, Page 46
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Page 50,51
		ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53
		OUR ACTIONS, 2020 Sustainability Report, Page 55
		2020 DEVELOPMENTS, 2020 Sustainability Report, Page 56,57
		RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 58,60
		WASTE MANAGEMENT, 2020 Sustainability Report, Page 61,62
		OUR IN-FLIGHT SUSTAINABILITY PRACTICES, 2020 Sustainability Report, Page 63
		BIODIVERSITY, 2020 Sustainability Report, Page 64
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		FIGHT AGAINST CLIMATE CHANGE, 2020 Sustainability Report, Page 66-69
		FUEL EFFICIENCY AND REDUCTION OF OUR GREENHOUSE GAS EMISSIONS, 2020 Sustainability Report, Page 70,71
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		FLEET MODERNIZATION, 2020 Sustainability Report, Page 73
		WE CONTINUE TO OPTIMIZE OUR OPERATIONS, 2020 Sustainability Report, Page 74,75,76
		PERFORMANCE AND TARGETS, 2020 Sustainability Report, Page 77,78
		2020 EMISSIONS, 2020 Sustainability Report, Page 79
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 110
		MANAGEMENT OF GREEN HOUSE GAS EMISSIONS, Turkish Airlines 2021 Annual Report, Page 112
26	Announces the sustainability performances for business processes or products and services and the activities to improve this performance.	COMBATING CLIMATE CHANGE, Turkish Airlines 2021 Annual Report, Page 112
		Turkish Airlines has detailed its management strategy, targets, plans, actions and projects realized regarding the problem of climate change in its Carbon Disclosure Project (CDP) report.
		Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Page 12,13
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Page 50,51
		ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53
		OUR ACTIONS, 2020 Sustainability Report, Page 55
		2020 DEVELOPMENTS, 2020 Sustainability Report, Page 56,57
		RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 58,60
		WASTE MANAGEMENT, 2020 Sustainability Report, Page 61,62
		OUR IN-FLIGHT SUSTAINABILITY PRACTICES, 2020 Sustainability Report, Page 63
		BIODIVERSITY, 2020 Sustainability Report, Page 64
		SINGLE-USE PLASTICS, 2020 Sustainability Report, Page 64
		FIGHT AGAINST CLIMATE CHANGE, 2020 Sustainability Report, Page 66-69
		FUEL EFFICIENCY AND REDUCTION OF OUR GREENHOUSE GAS EMISSIONS, 2020 Sustainability Report, Page 70,71
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		FLEET MODERNIZATION, 2020 Sustainability Report, Page 73
		WE CONTINUE TO OPTIMIZE OUR OPERATIONS, 2020 Sustainability Report, Page 74,75,76
		PERFORMANCE AND TARGETS, 2020 Sustainability Report, Page 77,78
		2020 EMISSIONS, 2020 Sustainability Report, Page 79
		DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT,2020 Sustainability Report, Page 99
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		In 2021, we were also entitled to be included in the BIST Sustainability Index, which includes companies traded on Borsa Istanbul with a high level of corporate sustainability performance, and which aims to increase knowledge and practices on sustainability, and we aim to be in the Index in the coming periods.
		In addition, international indices and sustainability rating agencies that we voluntarily participate in are included in Article 68, and detailed information on the subject will be included in our 2021 Sustainability Report, open to public access.

27	Not only in terms of direct operations, it also announces how it manages environmental issues throughout the chain of partnership and how it integrates suppliers and customers into their strategies.	MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Page 13,15
		OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
		CORPORATE SUSTAINABILITY MANAGEMENT, 2020 Sustainability Report, Page 25
		MATERIAL ISSUES, 2020 Sustainability Report, Page 27
		ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Page 31
		RESPONSIBLE SUPPLY CHAIN MANAGEMENT, 2020 Sustainability Report, Page 46
		SUSTAINABLE CATERING SERVICE, 2020 Sustainability Report, Page 92
		TRAINING, 2020 Sustainability Report, Page 106
		HUMAN RIGHTS, 2020 Sustainability Report, Page 114,115
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
28	Whether it is involved in policy-making processes in environmental issues (sectoral, regional, national and international), announces the cooperations it has made with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment and if any, the duties it has taken and the activities it supports.	With the PressReader application, we offer our passengers digital access to over 7000 newspapers and magazines in more than 60 languages. Our passengers are directed to the application by e-mail and website 1 day before their flight, and they can benefit from the application free of charge for an additional 48 hours to the flight time. The application, which our passengers using our private lounges can access unlimitedly during their stay in the lounge, is also offered to Turkish Airlines personnel without limits.This digital and environmentally friendly service we offer as an alternative to printed publications; While it eased the cabin service process, it also increased the availability of overhead lockers.
		With this; The contracts of Turkish Airlines contain the Environmental Requirements that our Incorporation expects from its suppliers, and our suppliers are expected to fulfill these requirements.
		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
		ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C12 ENGAGEMENT, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 91,92
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		Turkish Airlines 2021 Annual Report
		OUR SOCIAL RESPONSIBILITY PROJECTS
		https://www.turkishairlines.com/en-tr/press-room/our-social-responsibility-projects/index.html
29	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) reports periodically comparable information on its environmental impacts.	We carry out the priority issues we have determined in cooperation with local and foreign non-governmental organizations and industrial organizations. As Turkish Airlines, we adopt the targets set by the International Air Transport Association (IATA), of which we are a member, to reduce aviation-related carbon emissions, and we work devotedly to achieve this target. We support sustainable aviation fuel research and development studies in order to reduce and eliminate the factors that may have an impact on climate change. Together with Boğaziçi University, we are running the "Microalgae Based Sustainable Bio-Jet Fuel Project (MICRO-JET)" supported by TUBITAK. Within the scope of the project, it is aimed to pilot production of synthetic bio-kerosene using hydrotreated fatty acids from microalgae and hydrothermal liquefaction methods. We will use this biofuel, which will be obtained from sustainable sources in 2022, in our flights after the engine tests to be carried out by Turkish Technic. With the biofuel to be obtained in this project, Turkis Airlines will be one of the rare global companies that use the cleanest type of biofuel accepted by IATA. The refinery, where the biojet fuel to be obtained in this project will be produced, will be the first carbon-negative integrated bio refinery in Turkey and Europe when it starts operating at full capacity.
		With the awareness that Sustainable Aviation Fuel plays a key role in reducing carbon emissions caused by the aviation industry, we started to use a sustainable biofuel blend in our Istanbul-Paris route. This environmentally friendly fuel obtained from sustainable sources will contribute to the reduction of our carbon footprint and global greenhouse gas emissions with its high energy content and emission reduction. We plan to expand this fuel, which we will use once a week in the first stage, to increasing frequencies and different destinations in the following processes.
		MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Page 12,13
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Page 50,51
		RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 60
		WASTE MANAGEMENT, 2020 Sustainability Report, Page 62
		SINGLE-USE PLASTICS, 2020 Sustainability Report, Page 64
		FLEET MODERNIZATION, 2020 Sustainability Report, Page 73
		PERFORMANCE AND TARGETS, 2020 Sustainability Report, Page 77,78
		2020 EMISSIONS, 2020 Sustainability Report, Page 79
30	Describes the standard, protocol, methodology and base year details that it uses in order to collect and calculate its data.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		The cross-reference table regarding the Global Reporting Initiative (GRI) standards, which was referenced in the preparation of the 2021 Sustainability Report, is included in the report in detail.
		GRI CONTENT INDEX, 2020 Sustainability Report, Page 126-131
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Detailed explanations on the calculation methodologies and verifications carried out in the emissions management body are included in the CDP Report.
		C2 RISK AND OPPORTUNITIES, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 18;19,20
		C10 VERIFICATION, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 83-87
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf

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31	Describes the status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	MATERIAL ISSUES PERFORMANCE TABLE, 2020 Sustainability Report, Page 1213 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
32	Sets short and long-term goals to reduce their environmental impact and announces these goals. It is recommended that these goals should be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change.	Due to the fact that the aviation industry is a sector highly related to regulations and requires more time than other sectors to implement investments and technological developments, Turkish Airlines has a short term of 0 to 3 years, medium term 10 years and long term more than 10 years. The process is determined as long-term. Short, medium and long-term targets determined by Turkish Airlines in this direction are stated in the CDP Report; short-term goals and their realization status are included in the Sustainability Report every year.
		C2.RISK AND OPPORTUNITIES, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 14;15
		https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Page 50;51
		PERFORMANCE AND TARGETS, 2020 Sustainability Report, Page 77;78 https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
33	If there is progress in the reporting year according to the targets set before, it provides information on the subject.	"2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS" table indicates the rate of compliance with the 2021 targets. (2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS, 2020 Sustainability Report, Page 50-51) https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Comprehensive information about the actions we take to reduce our environmental impacts, the projects and initiatives we carry out, and environmental performance indicators are included in the graphics in the Environment Section of our Sustainability Reports and in the "2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS " table. The 2021 targets of preventing 78,750 tons of CO ₂ emissions by saving 25,000 tons of fuel and reducing kg/ATK by 5% by 2025 compared to 2016 have been achieved by 100%. Also, in 2021, The targets for the amount of avoided waste and amount of hazardous waste per capita have been achieved by 100%, and the targets for natural gas, electricity per capita and water consumption per capita could not be reached in 2021 due to the change in the buildings included in the calculation compared to 2020 and the different consumption characteristics. Considering the new scope situation, the current targets for 2022, which are determined as 2% reduction over the 2021 realization values, and the compliance rates with the 2021 targets will be included in our 2021 Sustainability Report in detail.
		It is explained in detail in the "COMBATING CLIMATE CHANGE" section of our 2020 Sustainability Report and in the "C3. Business Strategy" and "C4. Targets and performance" sections of our 2021 Carbon Disclosure Project (CDP) Report.
		COMBATING CLIMATE CHANGE, 2020 Sustainability Report, Pages 66-79
		https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C3.BUSINESS STRATEGY, Pages 31-38, C4. TARGETS AND PERFORMANCE, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 38-53
		https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		As Turkish Airlines, we adopt the targets set by the International Air Transport Association (IATA), of which we are a member, to reduce aviation-related carbon emissions, and we work devotedly to achieve this target.
		While our efforts to combat climate change are followed at the highest level in our Incorporation, the Sustainability Committee, whose members are Turkish Airlines Senior Managers, was established in 2021. While the responsibility of Turkish Airlines' impacts on the economy, environment and society rests with the Board of Directors and the Executive Committee, in line with the activities of the Sustainability Committee; We determine the sustainability strategy, policy, short, medium and long-term sustainability targets. We monitor and review climate-related risks and opportunities and take necessary actions.
		In 2021, we participated in the Carbon Disclosure Project (CDP) Climate Change Program, the world's most respected reporting platform on climate change, which is a very important priority for our company and the sector in which we operate. We report transparently our metrics related to our governance structure, strategy, risk and opportunity management methods, budget and carbon emissions related to climate change, to institutional investors and the public, and we aim to continue our work in a way that will take it further in the future.
34	Announces the strategy and actions to combat the climate crisis.	Our fleet is one of the youngest in Europe with 370 aircraft and an average fleet age of 8.5 years. By the end of 2021, our Incorporation is the airline with the highest rate of new generation aircraft among the 10 largest airline companies in the world in terms of fleet size, with 75 new generation aircraft that are more fuel efficient, more environmentally friendly and save an average of 15% fuel compared to equivalent aircraft. In 2021, our new generation narrow body A321 NEO and B737 MAX aircraft, which were ordered in 2013 and provide an average of 15% fuel savings compared to equivalent aircraft, continued to join our fleet. In addition to narrow-body aircraft, the fuel consumption per seat of the new generation wide-body aircraft, which were ordered in 2018 and will be delivered by the end of 2027, is expected to be 13% lower on average compared to the current wide-body fleet. In addition to passenger transportation, our partnership aims to keep the environmental impacts to a minimum in cargo transportation. In line with this commitment; Compared to our B777F type aircraft, which joined our fleet in the past years, and the old generation cargo aircraft with similar capacity and range; 20% less emissions, 20% less environmental noise and up to 20% fuel savings are achieved.
		Supporting initiatives related to fuel efficiency, taking measures to reduce natural resource consumption and greenhouse gas emissions are some of our works within the scope of combating climate change. We continuously measure and monitor fuel efficiency with the comprehensive fuel saving policy we have established, and we review our action plans within the framework of the Fuel Efficiency Program, within the Fuel Executive Board, which consists of key departments and meets regularly. In addition to these, the measures taken by international aviation authorities against climate change are supported by our Incorporation and their requirements are fulfilled. While the work we have carried out within the scope of combating climate change is detailed in Article 35, developments for 2021 will be made available to the public in detail in our Sustainability and Carbon Disclosure Project (CDP) Reports.

35	Describes the program or procedures for preventing or minimizing the potential negative impact of the products and / or services it offers; announces the actions of third parties for reducing greenhouse gas emissions.	FUEL EFFICIENCY AND REDUCTION OF OUR GREENHOUSE GAS EMISSIONS, 2020 Sustainability Report, Pages 70-71.75-76
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		WASTE MANAGEMENT, OUR WASTE MANAGEMENT APPLICATIONS AND DISPOSABLE PLASTICS, OUR IN-FLIGHT SUSTAINABILITY PRACTICES, SINGLE-USE PLASTICS, 2020 Sustainability Report, Pages 61-64
		TURMEPA COOPERATION, 2020 Sustainability Report, Page 113
		SUSTAINABLE CATERING SERVICE, 2020 Sustainability Report, Page 92
		RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 58-60
		2020 DEVELOPMENTS, GREEN BUILDING CERTIFICATION, 2020 Sustainability Report, Page 56
		https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C4.5 Goods and/or services as low-carbon products, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 49-53
		https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		Turkish Airlines adopts a systematic approach that manages its environmental impacts in all its operations, takes care of the use of environmentally friendly technologies, ensures the health and safety of all its stakeholders, manages risks by being aware of its risks, and can take precautions by predicting emergencies that may occur. In this direction, the Incorporation;
		• Determines the environmental dimension and environmental impacts arising from its activities; in this direction, by defining the actions to be taken in order to minimize or, if possible, eliminate the negative environmental effects, the method it has been applied in PR.10.18.035 Environmental Aspect and Environmental Impact Assessment Procedure,
		• The method used by the Incorporation to identify, define and prioritize environmental risks and opportunities, to appoint those responsible for risks and opportunities, to identify existing measures and additional measures that can be taken to improve risks, is described in PR.10.18.059 Environmental Risks and Opportunities Management Procedure.
		Our Incorporation's Environmental Aspects and Impacts List is updated every year and shared publicly with all our stakeholders: https://investor.turkishairlines.com/documents/thy-a_o-cevre-boyutlari-listesi_2021.pdf
		We strengthened the ISO 14001 Environmental Management System, which we have been implementing since 2013, with a management model specific to the aviation industry in 2020. In this direction, we participated to the IATA Environmental Assessment- IEnvA Management System, which was specially designed by the International Air Transport Association (IATA) for airline companies. We have successfully completed the audit conducted by an independent third-party organization authorized by IATA and have earned the IEnvA Program Stage 2 certification which is the highest level certification of the program. Thus, our Incorporation became the first airline to be directly involved in the program by obtaining Stage 2 certification.
35		In addition to the emissions we aim to prevent with the projects we have developed and implemented, the management of emissions resulting from our activities is also important. In line with the requirements of The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), European Union Emissions Trading System (EU-ETS), United Kingdom Emission Trading System (UK-ETS) and TS EN ISO 14064-1 Calculation of Greenhouse Gas Emissions and Removal at Enterprise Level and Report, Guidance and Specifications Standard we report our greenhouse gas emissions. Our greenhouse gas calculations are verified annually by third-party independent verifiers.
		Since 2008, we have successfully implemented more than 100 operational optimization projects to reduce our carbon footprint. Some of these projects include: Optimizing the use of auxiliary power unit, introducing the new optimized flight planning system, optimizing routes and aircraft speed, applications to reduce aircraft weight (fly away kits, magazines, containers, drinking water, catering equipment) and winglet and aircraft modifications such as sharklet. Thanks to these practices, our Incorporation saved 37,082 tons of fuel in 2021 and prevented 116,809 tons of CO ₂ emissions.
		We support sustainable aviation fuel research and development studies in order to reduce and eliminate the factors that may have an impact on climate change. Together with Boğaziçi University, we are running the Microalgae Based Sustainable Bio-Jet Fuel Project (MICRO-JET) supported by TÜBİTAK. Within the scope of the project, it is aimed to pilot production of synthetic bio-kerosene from microalgae using hydrotreated fatty acids and hydrothermal liquefaction methods. We will use this biofuel, which will be obtained from sustainable sources in 2022, in our flights after the engine tests to be carried out by Turkish Technic. With the biofuel to be obtained in this project, our Incorporation will be one of the rare global companies that use the cleanest type of biofuel accepted by IATA. The refinery, where the biojet fuel to be obtained in this project will be produced, will be the first carbon-negative integrated biorefinery in Turkey and Europe when it starts operating at full capacity.
		Detailed information about the project is provided in Article 39 and on the website https://independent.boun.edu.tr/index.php .
		While continuing the Microalgae Based Sustainable Bio-Jet Fuel Project (MICRO-JET), we used a sustainable biofuel mixture between Istanbul Airport and Paris Charles De Gaulle Airport in 2022 in order to contribute to the reduction of global greenhouse gas emissions. We plan to expand this fuel, which we used once a week in the first stage, to increasing frequencies and different destinations in the following processes. In addition to the reduction we aim for in harmful particles of SO _x and NO _x emissions, thanks to the clean combustion realized with the use of sustainable aviation fuel; With the Base Coat & Clear Coat system applied on our aircraft as part of our technical maintenance practices, we use surface preparation chemicals that are relatively light and less harmful to the environment, do not contain heavy metals, and contain less volatile compounds. In addition to these efforts, we plan to implement the Voluntary Carbon Offset Project in 2022 in order to offer our passengers the option to offset the emissions arising from their flights and to offset the emissions arising from the duty flights of our employees by our Incorporation.
35		With the awareness that our natural resources are not endless, we prioritize energy and resource efficiency, design our buildings to be energy efficient and water efficient, healthy and high-performance compared to conventional buildings, and pay attention to energy and environmental friendliness. In this context, our 9 buildings at Istanbul Airport have been certified with LEED certification, considering location and transportation, sustainability level of building lands, water efficiency, materials and resources used, energy and atmosphere, and indoor quality. In addition, by recording the refrigerant gas charge amounts on a monthly basis in cooler devices, consumptions are kept under control and thus greenhouse gas emission values are reduced. Other information regarding the energy efficiency studies of our Incorporation is given in Article 41.

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36	Announces the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out and the environmental benefits / profits and cost savings they provide.	We adopt the principle of "Zero Waste" based on the awareness that it is an inevitable responsibility for organizations to implement action plans that do not disrupt the resource balance in the world. With our work within the scope of the Zero Waste Project, we have become one of the leading organizations that have been awarded the Zero Waste Basic Level certificate for the campuses of our Incorporation. Our goal is to take this document we have to the next level every year and to add new ones to the work areas where we carry out our work within the scope of the Zero Waste Project.
		In 2021, 98 tons of hazardous waste was sent to companies with relevant environmental permits and licenses, 948 tons of non-hazardous waste and 403 tons of packaging waste were sent for recycling, and the formation of 1449 tons of waste was prevented. Within the scope of flight operations, masks, gloves, etc. used by the passenger / cabin crew in all flights in line with the DK.22.194 UOD-2020/3G COVID-19 MEASURES DURING FLIGHT OPERATIONS. Disposable protective equipment is segregated. The sorted materials are delivered to the ground personnel in the first possible square, and to the personnel of TGS/Handling company upon arrival in Turkey.
		In-cabin waste separation, which we carried out within the scope of our waste management studies in flight operations, could be implemented in the first two months of 2020 because of the suspension of flights due to the pandemic and Covid-19 measures. Waste segregation has started to be implemented again on all ER return flights as of June 2021 and on outbound flights of the relevant lines, with the start of catering loading at some external stations as of 2021. Thus, the total number of flight points where in-flight segregation was applied in 2021 became 73.
		Our projects consisting of biodegradable packaging and nature-friendly toys that we offer to our passengers are in the Travel Plus 2021 Amenities Initiatives competition; Our environmentally friendly biodegradable packaging was awarded the "Best of Onboard Sustainability" award in the "2021 Onboard Hospitality" awards. 73,391 kg in 2021 thanks to the use of biodegradable packaging; With the removal of combs and shoe horns from travel kits, the use of 26,594 kg of plastic waste was prevented. With all travel and toy sets being presented without any plastic packaging, the use of 17935,026 plastic bags weighing 13,298.01 kg in total in 2020 and 2021 was prevented.
		Within the scope of catering services, our Incorporation not only supports the promotion of our local products, but also reduces carbon (CO ₂) emissions by saving fuel, as it shortens the distance traveled by the raw materials until they reach us. In addition, with the life cycle approach, priority is given to sustainable product use and recycling, measures are taken to minimize waste and, if possible, to prevent it. Along with these efforts, our Incorporation also motivates its suppliers and subsidiaries in line with this approach, and aims to expand its corporate understanding of the environment through its commercial partners.
		As a result of our efforts to keep up with the digitalizing world and to reduce our environmental impact, we have stopped sending Miles&Smiles cards. The Miles&Smiles digital card, where our customers can use all the advantages and features of the physical card, can be accessed through our mobile application. The use of 2.35 million ecological cards, 192 million ecological envelopes and 192 million ecological papers was prevented, with the complete termination of Miles&Smiles shipments, which are produced using environmentally friendly materials that can dissolve in nature in a shorter time and can be recycled.
		https://www.turkishairlines.com/en-tr/any-questions/how-do-i-get-my-miles-smiles-card/index.html
		We are aware of the importance of stakeholder participation in improving our sustainability performance. We evaluate the suggestions submitted through the Individual Suggestion System, which allows employees to share their suggestions, and implement the projects that are applicable. In addition, in order to activate the creative potential of our employees, which is the greatest value of our Incorporation, in sustainability issues and to increase their participation in innovation activities, we launched the "Innovative Ideas Focused on Sustainability" solution competition in January 2022. In this way, we aim to give our employees the opportunity to present, project and implement their valuable ideas. Among the suggestions submitted by our employees, those that can be implemented will be determined by a jury including the process responsible within the scope of the proposal, the project will be designed without any limit on the number and will be awarded on the World Environment Day on June 5 th .
		The World Class award, presented for the first time as a result of independent audits conducted by APEX under the consultancy of YATES+, based on health safety, service quality and sustainability criteria, was given to seven global airlines, including Turkish Airlines, in 2022. This category, in which international security, welfare, service and inclusion standards are evaluated through comprehensive audits by industry professionals, indicates that standards have been reached in all these areas. We are very happy to be deemed worthy of this award, which was given for the first time this year, with our understanding that prioritizes harmony and respect for the environment while growing, and does not compromise on service quality.
		https://www.turkishairlines.com/en-tr/turkish-airlines-apex-world-class-award/index.html
37	Reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	In the environmental field in 2021; Detailed information on our work on fuel efficiency, sustainable aviation fuels, noise management, emission management, climate change, technical service and catering with reduced negative environmental impacts (sustainable catering), waste management and natural resource use 2021 Sustainability and Carbon Disclosure Project (CDP) reports will also be made available to the public.
		OUR ACTIONS, 2020 DEVELOPMENTS, 2020 Sustainability Report, Pages 55,56
		OUR ACTIONS TO COMBAT WITH CLIMATE CHANGE, 2020 DEVELOPMENTS, 2020 Sustainability Report, Pages 68-69
		ENVIRONMENTAL BENEFITS/ SAVINGS, 2020 Sustainability Report, Page 65
		BUDGET FOR SUSTAINABILITY STUDIES, 2020 Sustainability Report, Page 57
		https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C2.4Climate-related opportunities with the potential to have a substantive financial or strategic impact, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 27-31
		C3.3Influence of the climate-related risks and opportunities on the company's strategy.Investment in R&D, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 35
		C3.4Influence of the climate-related risks and opportunities on financial planning, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 36-38
		C4.3c.Investment in emissions reduction activities, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 47
38	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	https://investor.turkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		As Turkish Airlines, we evaluate the environmental impact of all our activities with a sense of responsibility. First of all, we eliminate the negative effects, if we cannot eliminate them, we create action plans to minimize them.
		The Corporate Sustainability Management Department, which works one-on-one to implement the sustainability strategy of the Incorporation, carries out the necessary service and product purchases in this direction. The 2021 budget of the Corporate Sustainability Department, including employee remuneration and services related to sustainability management, is 385,227 USD (USD). Since almost all of our greenhouse gas emissions originate from jet fuel, we also have a separate business unit focusing on fuel oil and emission reduction, with a 2021 budget of 533,180 USD (USD). However, within the scope of innovation and R&D studies, the 2021 budget of the DIR.Corporate Innovation and Projects is 993,464 USD (USD) and the R&D Projects budget is 501,627 USD (USD).
		Our programs to prevent or minimize the potential negative impact of the products and/or services we offer in 2021 are explained in Article 35, and detailed information on the subject will be made available to the public in our Sustainability and Carbon Disclosure Project (CDP) Reports.
39	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	RESOURCE EFFICIENCY, 2020 PERFORMANCE, 2020 Sustainability Report, Page 60
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS TABLE, 2020 Sustainability Report, Page 50-51
		2020 EMISSIONS, 2020 Sustainability Report, Page 79, 119-121
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C8. ENERGY, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 68-76
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		In 2021, 5,168,051 sm ³ of natural gas and 42,468,046 kWh of electricity were consumed. In addition, fuel consumption, which constitutes more than 99% of our carbon footprint, and greenhouse gas emissions due to fuel use are declared in our sustainability reports, including the trend of previous years, and 4.3 million tons of fuel was consumed in 2021. Within the scope of Greenhouse Gas Verification Studies, the details of the information on Scope 1 and Scope 2 energy consumptions for 2021 will be included in our Sustainability and Carbon Disclosure Project (CDP) Reports.
		RESOURCE EFFICIENCY, 2020 PERFORMANCE, 2020 Sustainability Report, Page 60
		2020 EMISSIONS, 2020 Sustainability Report, Page 79, 119-121
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
40	Announces the renewable generation of energy and the usage data.	C8.2d The details on the electricity, heat, steam, and cooling, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 73
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		We produce electricity from natural gas at the trigeneration facility located in our cargo campus. With the electricity we obtain, we meet the electricity needs of our Cargo and Headquarters campuses. In addition, we transform the cooling water and flue gas heat arising from the production process into efficiency with our absorption chiller device in our facility. The total amount of electricity produced in our trigeneration facility in 2020 was 10,845,220 kWh, and the data for 2021, verified by a third-party independent institution, will be included in our Sustainability and Carbon Disclosure Project (CDP) Reports.
		RESOURCE EFFICIENCY, 2020 PERFORMANCE, 2020 Sustainability Report, Page 58
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS TABLE, 2020 Sustainability Report, Page 50
		ELECTRICITY GENERATION, 2020 Sustainability Report, Page 58
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C3.3Influence of the climate-related risks and opportunities on the company's strategy.Investment in R&D, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 35
		C8.2cTrigeneration, TURKISH AIRLINES Carbon Disclosure Project (CDP) 2021 Report, Page 71

37	Reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	RESOURCE EFFICIENCY, 2020 PERFORMANCE, 2020 Sustainability Report, Page 60
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS TABLE, 2020 Sustainability Report, Page 50-51
		2020 EMISSIONS, 2020 Sustainability Report, Page 79, 119-121
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C8. ENERGY, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 68-76
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		In 2021, 5,168,051 sm³ of natural gas and 42,468,046 kWh of electricity were consumed. In addition, fuel consumption, which constitutes more than 99% of our carbon footprint, and greenhouse gas emissions due to fuel use are declared in our sustainability reports, including the trend of previous years, and 4.3 million tons of fuel was consumed in 2021. Within the scope of Greenhouse Gas Verification Studies, the details of the information on Scope 1 and Scope 2 energy consumptions for 2021 will be included in our Sustainability and Carbon Disclosure Project (CDP) Reports.
		RESOURCE EFFICIENCY, 2020 PERFORMANCE, 2020 Sustainability Report, Page 60
		2020 EMISSIONS, 2020 Sustainability Report, Page 79, 119-121
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
38	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	C8.2d The details on the electricity, heat, steam, and cooling, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 73
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		We produce electricity from natural gas at the trigeneration facility located in our cargo campus. With the electricity we obtain, we meet the electricity needs of our Cargo and Headquarters campuses. In addition, we transform the cooling water and flue gas heat arising from the production process into efficiency with our absorption chiller device in our facility. The total amount of electricity produced in our trigeneration facility in 2020 was 10,845,220 kWh, and the data for 2021, verified by a third-party independent institution, will be included in our Sustainability and Carbon Disclosure Project (CDP) Reports.
		RESOURCE EFFICIENCY, 2020 PERFORMANCE, 2020 Sustainability Report, Page 58
		2020 ENVIRONMENTAL PERFORMANCE AND FUTURE TARGETS TABLE, 2020 Sustainability Report, Page 50
		ELECTRICITY GENERATION, 2020 Sustainability Report, Page 58
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		https://investor.turkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C3.3Influence of the climate-related risks and opportunities on the company's strategy.Investment in R&D, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 35
		C8.2cTrigeneration, TURKISH AIRLINES Carbon Disclosure Project (CDP) 2021 Report, Page 71
39	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		The most important cause of climate change, which is one of the leading global problems today, is greenhouse gas emissions. Accordingly, the aviation industry is the first to take action globally and set comprehensive targets to reduce CO ₂ emissions. One of the key elements in achieving these goals is Sustainable Aviation Fuels (SAF). In this direction, Turkish Airlines accordingly has taken strategic steps to support the use of SAF in the sector with the sustainable aviation fuel and plans to use in its flights, and to encourage investments made in this context with its cooperation with the Microalgae-Based Sustainable Bio-Jet Fuel Project (MIKRO-JET). Within the scope of the project, it is aimed to pilot production of synthetic bio-kerosene from microalgae using hydrotreated fatty acids and hydrothermal liquefaction methods. With this project, our Incorporation will be one of the rare global companies that can produce and use the cleanest type of biofuel accepted by IATA. Within the scope of the INDEPENDENT Project, which also includes the MIKRO-JET Project, a total of 11 products will be produced and one of these products will be pure fuel. The refinery consists of an R&D area of 2500 square meters and an 80 cubic meter open pool and 30 cubic meter closed production reactors established in the production site. The zero-waste facility, when operating at full capacity, will provide an annual carbon dioxide capture and use capacity of approximately 1200 tons and will be the first carbon-negative integrated biorefinery in Turkey and Europe. While the INDEPENDENT project site runs on 100% renewable wind energy, it already supports the EU and Turkey's Green Agreement goals with its zero-waste-based bioenergy practices, and directly contributes to nine of the United Nations Sustainable Development Goals.
		In addition to our Microalgae Based Sustainable Bio-Jet Fuel Project, we started to use a sustainable biofuel blend in our Istanbul-Paris route with the awareness that Sustainable Aviation Fuel plays a key role in reducing carbon emissions caused by the aviation industry. This environmentally friendly fuel obtained from sustainable sources will contribute to the reduction of our carbon footprint and global greenhouse gas emissions with its high energy content and emission reduction. We plan to use Sustainable Aviation Fuel once a week in the first stage, and to increasing frequencies and different destinations in the following processes.
		We consider using this fuel, which has a higher price band compared to traditional aviation fuel, as a move worthy of our Incorporation's national flag carrier mission and we believe that it will set an example for other organizations in the sector.
		https://independent.boun.edu.tr/en/
		Along with these studies, as we have committed in our environmental policy; We prioritize energy and resource efficiency, and by working to reduce our electricity and natural gas consumption, we aim to meet at least 5% of the energy in our new buildings from renewable sources. Although there is currently no renewable energy production in our partnership, it is envisaged to initiate an I-REC certification process indicating that the electricity supplied is obtained from renewable sources.
		SUSTAINABLE BIO-FUELS, 2020 Sustainability Report, Page 72
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C3.3The influence of climate-related risks and opportunities on the strategy, Investment in R&D, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 35
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
40	Announces the renewable generation of energy and the usage data.	Within the scope of the Microalgae-Based Sustainable Bio-Jet Fuel Project (Microjet), the details of which are given in Article 39, sustainable biofuel, which will be produced entirely from sustainable sources in 2022, will be produced by Turkish Technic and it will be used in our flights after the completion of the engine tests.

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41	Runs energy efficiency projects and announces the amount of energy consumption and emission reduction by means of these studies.	SOME FUEL SAVING PRACTICES OF TURKISH AIRLINES, 2020 Sustainability Report, Pages 75,76
		FUEL EFFICIENCY AND REDUCTION OF OUR GREENHOUSE GAS EMISSIONS, 2020 Sustainability Report, Pages 70,71
		RESOURCE EFFICIENCY, 2020 Sustainability Report, Page 58
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C1.3a. The details on the incentives provided for the climate-related issues, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 10-13
		C3.3 The influence of climate-related risks and opportunities on the strategy, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 35,36
		C12.3a. Issues on engaging directly with policy makers, Energy Efficiency, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Page 97
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		Since 2008, we have been successfully running a comprehensive fuel efficiency program that will contribute to the collective effort of the aviation industry against climate change. When 2008 is accepted as the "reference/baseline" at the end of 2021, it is seen that the transportation performance has increased by 814 percent as of 2021, while the corresponding fuel consumption has increased by 487 percent. In other words, thanks to the fuel efficiency projects that have been successfully implemented since 2008, the amount of fuel consumed for unit transportation activities is gradually decreasing, and our efficiency performance is increasing year by year.
		Within the scope of our energy efficiency studies at our Incorporation's campuses:
42	Reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water sources affected by water withdrawal, percentage and total volume of recycled and reused water, etc.).	* During the remote working process in the pandemic period, when there are few employees in the buildings, common working areas have been arranged and electricity and heating-cooling consumptions have been optimized.
		*The natural gas, electricity and water consumptions provided to our buildings at Istanbul Airport, where the employee density is high, through our Energy Centers, were monitored and controlled through the automation system, thus reducing the losses and preventing technical problems with the rapid intervention provided.
		*With the commissioning of the Chiller Optimization System of the chiller devices used as the central cooling system in the Istanbul Airport Region C Energy Center Facility, an improvement in energy efficiency is achieved.
		Although studies on energy efficiency are also included in Article 35, detailed information about 2021 will be made available to the public in our Sustainability and Carbon Disclosure Project (CDP) Reports.
		Water mains system is used for clean water supply and wastewater discharge in our Incorporation, and the actual water consumption amounts are included in the Environment sections of our Sustainability Reports.
		(2020 Sustainability Report, Page 60)
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
43	Announces whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	COMMITMENTS AND TARGETS, 2020 Sustainability Report, Page 67
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C11. CARBON PRICING, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 87-91
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		In addition to the emissions we aim to prevent with the projects we have developed and implemented, the management of emissions resulting from our activities is also important. In line with the requirements of The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), European Union Emissions Trading System (EU-ETS), United Kingdom Emission Trading System (UK-ETS) and TS EN ISO 14064-1 Calculation of Greenhouse Gas Emissions and Removal at Enterprise Level and Report, Guidance and Specifications Standard we report our greenhouse gas emissions. Our greenhouse gas calculations are verified annually by third-party independent verifiers. Our greenhouse gas calculations are verified annually by third-party independent verifiers. We offset our greenhouse gas emissions from our EU-ETS and UK-ETS flights with the carbon credits we receive from carbon credit institutions. In addition, within the scope of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was implemented by the International Civil Aviation Organization (ICAO) and which we have voluntarily committed to implement from the pilot phase. Our emissions remaining above the base year emission values will be offset by our Incorporation in accordance with the CORSIA timetable in the coming years.
44	Announces the carbon credit information accumulated or purchased during the reporting period.	2020 DEVELOPMENTS, 2020 Sustainability Report, Page 69
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Within the scope of the EU ETS, the scope of which was limited to flights taking off and landing within the borders of the European Economic Area in 2016 by the European Union, we directly monitor and calculate our emissions and have them verified by an authorized independent certification body. In 2020, all 13,883 tons of confirmed carbon emissions were offset, using the balance from the previous year to make a total of 12,771 EU General Allowance (EUA) payments. However, our Incorporation has been included in the scope of the UK ETS, which became operational on January 1, 2021, as of 2021, after the UK left the European Union.
		Confirmed emission data from our flights within the European Economic Area in 2021 will be publicly available in our Sustainability and Carbon Disclosure Project (CDP) Reports.
45	Announces the details if carbon pricing is applied within the Incorporation.	CARBON PRICING, 2020 Sustainability Report, Page 69
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		C11.CARBON PRICING, Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report, Pages 87-91
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		Our Incorporation is closely following the current situation and innovations regarding carbon markets and carbon taxes, which are based on carbon pricing, however, carbon pricing is not yet implemented within the Incorporation.

46	Announces all compulsory and voluntary platforms where it discloses environmental information.	Since 2014, we have been publicly sharing our performance in corporate governance, environmental, economic and social areas with all our stakeholders through our sustainability reports.
		https://investorturkishairlines.com/en/corporate-governance/sustainability
		We participate in the Carbon Disclosure Project (CDP) Climate Change Program, the world's most respected reporting platform on climate change, which is a very important priority for our company and the sector in which we operate. We report transparently our metrics regarding our climate change governance structure, strategy, risk and opportunity management methods and carbon emissions to institutional investors and the public.
		https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		SUSTAINABILITY ASSESSMENTS, 2020 Sustainability Report, Page 57
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Although the platforms on which our Incorporation's environmental information is disclosed are listed in Article 35, our Incorporation was also entitled to be included in the BIST Sustainability Index in 2021, which aims to increase knowledge and practices on sustainability, which includes companies traded on Borsa Istanbul with a high level of corporate sustainability performance.
		The international indices and sustainability rating institutions that we voluntarily participate in are included in Article 68, and detailed information on the subject will be included in our 2021 Sustainability Report, open to public access.

C. Social Principles

C1. Human Rights and Employee Rights

47	Establishes the Corporate Human Rights and Labor Rights Policy in which full compliance with the legal framework and legislation regulating the human rights and business life in Turkey, ILO Conventions that are ratified by Turkey and the Universal Declaration of Human Rights is committed.	Our 2020 Sustainability Report included our commitment to " Creating decent employment, implementing equal pay for equal work policy, complying with the international principles set forth in the Universal Declaration of Human Rights, the International Labor Organization's (ILO) Declaration of Fundamental Principles and Rights at Work, and the UNGP (United Nations Guiding Principles on Business and Human Rights) as well as labor rights based on national legislation".
		MATERIAL ISSUES, SUSTAINABLE DEVELOPMENT GOALS (SDG) MAP, 2020 Sustainability Report, Page 30
		Our Board of Directors has prepared a "Code of Ethics" and a related handbook, which is also published on our website, within the framework of Corporate Governance Principles. Turkish Airlines defines its 'Code of Ethics' as the fundamental policies, procedures and rules that all executives and employees are obligated to comply with.
		BUSINESS ETHICS, 2020 Sustainability Report, Page 38,39
		As the flag carrier of the Republic of Turkey and a global value, we go beyond our responsibility to respect human rights where applicable, by integrating our responsibility to respect human rights in all our activities, including passenger transportation, cargo transportation and education in all countries where we operate. In this context, we act in accordance with the international principles set forth in the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights, and within the framework of national legislation regulating human rights and working life.
		HUMAN RIGHTS,2020 Sustainability Report, Page 114,115
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		HUMAN RESOURCES POLICY, Turkish Airlines 2021 Annual Report, Page 104
		HUMAN RESOURCES POLICY, 1 JANUARY – 31 DECEMBER 2020 BOARD ACTIVITY REPORT, Page 28,29
		https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf
48	Discloses the policy in question and the roles and responsibilities associated with its implementation.	The preparation process of our Human Rights Policy has been completed and it is planned to be published in 2022. Our Policy is going to include the topics of Respect for Human Rights, Diversity and Equal Opportunity, Forced Labor, Modern Slavery, Human Trafficking, Child Labor, Combating Bribery and Corruption, Working Conditions and Work-Private Life Balance, Remuneration, Education and Development Opportunities, Social Rights, Collective Bargaining And it will include the titles of Right to Organize, Protection of Personal Data, Safety and Trust Culture, Safe and Healthy Workplace, Environmental Awareness and Implementation Principles.
		Our Code of Ethics is publicly available on the Turkish Airlines Investor Relations website under the Corporate Governance tab, under the heading "Code of Ethics" in the Sustainability section.
		CODE OF ETHICS: https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf
		Turkish Airlines defines its 'Code of Ethics' as the fundamental policies, procedures and rules that all executives and employees are obligated to comply with.
		BUSINESS ETHICS, 2020 Sustainability Report, Page 38,39
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		The task definitions of the employees are regularly published on the intranet page of Turkish Airlines. All employees can access the task definition via the intranet page of Turkish Airlines.
		HUMAN RESOURCES POLICY, 1 JANUARY – 31 DECEMBER 2020 BOARD ACTIVITY REPORT, Page 28,29
		https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf
		The human resources policy covers key areas, including human resources planning, determination of job descriptions, shaping corporate culture and awareness, staff employment, feedback system, training and development, personnel affairs, social and economic rights, ensuring employee satisfaction, and establishing work order, discipline and awards. In addition, all Turkish Airlines personnel are obliged to comply with the applicable laws, rules, and regulations, under the scope of their job description within the organizational structure.

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49	Provides equal opportunity in recruitment processes.	The Incorporation has in place a Human Resources Policy, which has been approved by the Board of Directors and any and all actions for sub-departments and all personnel, which are organized based on the processes, are carried out in accordance with the regulations. The principle for equal opportunities for the persons with equal requirements is adopted during recruitment and career planning processes. The procedures and principles of recruitment processes of our Incorporation are specified under the Employment Procedure of the Incorporation and in the employment process charts. All measures are taken in order not to discriminate based on race, religion, nationality and gender and in order to protect the employees against any physical, mental and emotional abuses. HUMAN RESOURCES POLICY, 1 JANUARY – 31 DECEMBER 2020 BOARD ACTIVITY REPORT, Page 28,29 https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf It is the Company's policy to provide equal employment opportunities and to treat applicants and employees in all interactions with the Company without regard to personal characteristics such as race, color, religion, gender, sexual orientation, age, sex, creed, citizenship status, national origin, marital status, pregnancy, disability, or veteran status. CODE OF ETHICS, 51.Fair and Equitable Treatment, Page 14 https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf HUMAN RIGHTS, 2020 Sustainability Report, Page 114,115 DIVERSITY AND GENDER EQUALITY, 2020 Sustainability Report, Page 103,104 PERFORMANCE TABLES, Breakdown of new employee hires by age group, gender and geographic region, 2020 Sustainability Report, Page 118 MATERIAL ISSUES, SUSTAINABLE DEVELOPMENT GOALS (SDG) MAP, 2020 Sustainability Report, Page 30 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf Turkish Airlines signed the voluntary IATA initiative "25by2025", which was created to increase by 25% the representation of women in high-level or under-represented roles in the industry until 2025; thus, it has added a new one to its efforts to improve gender balance. Within the scope of the "25by2025" initiative, our Incorporation has reported data on the ratio of female-male employees to IATA. We are planning to develop an employment and assignment strategy to achieve the target. Diversity and Equal Opportunity is one of the main topics in our Human Rights Policy, which is planned to be published in 2022.
		Our partnership contributes to the commercial and economic development of supplier companies through the purchase of goods and services. In the service contracts signed with the suppliers, articles regarding the protection of the social rights of the employees and the environment are included. Thus, our Incorporation aims to spread its corporate understanding in the environmental and social fields through its commercial partners. RESPONSIBLE SUPPLY CHAIN MANAGEMENT, 2020 Sustainability Report, Page 46 CORPORATE SUSTAINABILITY MANAGEMENT, 2020 Sustainability Report, Page 22,23 DIVERSITY AND GENDER EQUALITY, 2020 Sustainability Report, Page 103,104 HUMAN RIGHTS, 2020 Sustainability Report, Page 114,115 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf OCCUPATIONAL HEALTH AND SAFETY, Turkish Airlines 2021 Annual Report, Page 106 A SUSTAINABLE QUALITY APPROACH WITH THE COMPLIANCE MONITORING SYSTEM, Turkish Airlines 2021 Annual Report, Page 108 CODE OF ETHICS: https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf During 2021, working to prepare of the "Supplier Code of Conduct" document continued. It is going to be published in 2022 and shared with suppliers. The preparation process of our Human Rights Policy has been completed and it is planned to be published in 2022. Our Policy is going to include the topics of Respect for Human Rights, Diversity and Equal Opportunity, Forced Labor, Modern Slavery, Human Trafficking, Child Labor, Combating Bribery and Corruption, Working Conditions and Work-Private Life Balance, Remuneration, Education and Development Opportunities, Social Rights, Collective Bargaining And it will include the titles of Right to Organize, Protection of Personal Data, Safety and Trust Culture, Safe and Healthy Workplace, Environmental Awareness and Implementation Principles.
		Our partnership contributes to the commercial and economic development of supplier companies through the purchase of goods and services. In the service contracts signed with the suppliers, articles regarding the protection of the social rights of the employees and the environment are included. Thus, our Incorporation aims to spread its corporate understanding in the environmental and social fields through its commercial partners. RESPONSIBLE SUPPLY CHAIN MANAGEMENT, 2020 Sustainability Report, Page 46 DIVERSITY AND GENDER EQUALITY, 2020 Sustainability Report, Page 103,104 ACCESSIBILITY, 2020 Sustainability Report, Page 95,96 HEALTH, SAFETY AND WELL-BEING-COVID-19 MEASURES AND ENSURING HEALTHY AND SAFE FLIGHT CONDITIONS, 2020 Sustainability Report, Page 111 MATERIAL ISSUES, SUSTAINABLE DEVELOPMENT GOALS (SDG) MAP, 2020 Sustainability Report, Page 29,30 CONTRIBUTION TO LOCAL DEVELOPMENT AT OUR DESTINATIONS, 2020 Sustainability Report, Page 46 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf CODE OF ETHICS: https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf OCCUPATIONAL HEALTH AND SAFETY, Turkish Airlines 2021 Annual Report, Page 106 A SUSTAINABLE QUALITY APPROACH WITH THE COMPLIANCE MONITORING SYSTEM, Turkish Airlines 2021 Annual Report, Page 108 Turkish Airlines signed the voluntary IATA initiative "25by2025", which was created to increase by 25% the representation of women in high-level or under-represented roles in the industry until 2025; thus, it has added a new one to its efforts to improve gender balance. Within the scope of the "25by2025" initiative, our Incorporation has reported data on the ratio of female-male employees to IATA. We are planning to develop an employment and assignment strategy to achieve the target. Diversity and Equal Opportunity is one of the main topics in our Human Rights Policy, which is planned to be published in 2022. During 2021, working to prepare of the "Supplier Code of Conduct" document continued. It is going to be published in 2022 and shared with suppliers.
50	Considering the supply and value chain effects, it includes fair workforce, improvement of labor standards, women's employment and inclusion (such as non-discrimination on women, men, gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policies.	
51	Announces the measures taken along the value chain for the protection of groups vulnerable to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equality of opportunity.	

52	Reports developments regarding discrimination, inequality, human rights violations, forced labor and preventive and corrective practices.	Ethical Way", an Ethics Reporting Line, a whistleblowing system has been established to enable Turkish Airlines' employees to anonymously report on any breach of our corporate principles or ethical issues including discrimination, bribery, conflict of interest or anti- competition practices. Ethical Way is managed by a completely independent third party company and is dedicated to Turkish Airlines employees' questions and/or reporting about ethical concerns. BUSINESS ETHICS, 2020 Sustainability Report, Page 38,39 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf In 2021, 179 applications made to the Ethics Reporting Line were evaluated. These notifications were mainly related to the issues of "act that disrupts the labor peace" and "action against business discipline". All of these issues were considered in detail by Turkish Airlines Ethics Board and it was decided to inform the concerned employees and departments to ensure that necessary actions are taken and administrative sanctions were imposed on behaviors contrary to work discipline.
		In all our activities and under the umbrella of our Incorporation, national and international legal and other conditions regarding the use of child labor are complied with, and child labor is strictly not used. The supply chain and stakeholders are expected to comply with this clause. The requirement of "to be over the age of 18 on the date of starting the job" in the Human Resources Procedure is not required for the title of Vocational Student only in the recruitment of foreign local personnel. In all other employment processes, this condition is applied without exception. HUMAN RIGHTS, 6.We do not use child labor, 2020 Sustainability Report, 114, 115 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf HUMAN RESOURCES POLICY, 1 JANUARY – 31 DECEMBER 2020 BOARD ACTIVITY REPORT, Page 28,29 https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf HUMAN RESOURCES POLICY, Turkish Airlines 2021 Annual Report, Page 104 https://investorturkishairlines.com/documents/faaliyet-raporlari/thy_annual-report_2020.pdf "Non-Use of Child Labor" is one of the main issues in our Human Rights Policy, which has been prepared and is planned to be published in 2022.
		Our priority is the development of our employees, who are the essential power lying behind all our achievements, as well as to enable them to work in a motivated and contented manner. We will continue to add value to our employees through the working environment, social facilities, career opportunities and trainings we offer jointly with domestic and international institutions. OUR STRATEGIC PRIORITIES, CREATING VALUE FOR EMPLOYEES, 2020 Sustainability Report, Page 17 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING, 2020 Sustainability Report, Page 98 EMPLOYEE ENGAGEMENT AND SATISFACTION, IMPROVING THE EMPLOYEE EXPERIENCE, Page 100,101 DIVERSITY AND GENDER EQUALITY, 2020 Sustainability Report, Page 103,104 CAREER DEVELOPMENT, 2020 Sustainability Report, Page 104 TRAINING, 2020 Sustainability Report, Page 105-108 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf TRAINING POLICY: https://www.turkishairlines.com/en-int/press-room/about-us/our-policy/index.html HUMAN RESOURCES POLICY, 1 JANUARY – 31 DECEMBER 2020 BOARD ACTIVITY REPORT, Page 28,29 https://investorturkishairlines.com/documents/boards-activity-report/4q2020-boards-activity-report-06012022.pdf We, as Turkish Airlines, comply with national regulations about freedom of association and rights of collective bargaining. In 2021, 87% of the Incorporation's employees are members of Hava-İş Union. We take various actions to support the career development of our employees and to meet our workforce needs with our existing human resources. We have a website where we publish our internal advertisements; Employees can participate in the selection and evaluation processes by applying for positions that are suitable for them. Work on adding a tab to this website where employees can submit their unit change requests, even when the posting is not open, was completed in 2021 to a large extent, and it is planned to go live in 2022. In addition to these, programs are opened for our employees who want to continue their careers in our offices abroad. The selection and evaluation process of the first of these, the Foreign Accounting Chief Candidate School, continues. It is planned to expand these programs.
		"Ethical Way", an Ethics Reporting Line, a whistleblowing system has been established to enable Turkish Airlines' employees to anonymously report on any breach of our corporate principles or ethical issues including discrimination, bribery, conflict of interest or anti- competition practices. Ethical Way is managed by a completely independent third party company and is dedicated to Turkish Airlines employees' questions and/or reporting about ethical concerns. BUSINESS ETHICS, 2020 Sustainability Report, Page 38,39 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf In 2021, 179 applications made to the Ethics Reporting Line were evaluated. These notifications were mainly related to the issues of "act that disrupts the labor peace" and "action against business discipline". All of these issues were considered in detail by Turkish Airlines Ethics Board and it was decided to inform the concerned employees and departments to ensure that necessary actions are taken and administrative sanctions were imposed on behaviors contrary to work discipline. ETHICAL RULES AND SOCIAL RESPONSIBILITY, Turkish Airlines 2021 Annual Report, Page 133
54	Announces policies regarding investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management.	
55	Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution.	
56	Regularly announces the activities carried out to ensure employee satisfaction.	EMPLOYEE ENGAGEMENT AND SATISFACTION, IMPROVING THE EMPLOYEE EXPERIENCE, 2020 Sustainability Report, Page 100,101 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf Activities, trainings and voluntary trainings for the career development of our employees are mentioned in Article 62.
57	Establishes occupational health and safety policies and declares to the public.	HEALTH, SAFETY AND WELL-BEING, 2020 Sustainability Report, Page 109,111 https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf OCCUPATIONAL HEALTH AND SAFETY, Turkish Airlines 2021 Annual Report, Page 106 OCCUPATIONAL HEALTH AND SAFETY POLICY: https://www.turkishairlines.com/en-int/press-room/about-us/our-policy/index.html

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58	Announces the occupational accidents, the measures taken to maintain health, and accident statistics.	Our injury weight rate in 2021 is 7.46. Thus, We have achieved our aim of keeping the injury weight rate below 9.
		HEALTH, SAFETY AND WELL-BEING, 2020 Sustainability Report, Page 109, 111
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		OCCUPATIONAL HEALTH AND SAFETY, Turkish Airlines 2021 Annual Report, Page 106
59	Establishes the policies of the Protection of Personal Data and Information Security, and announces to the public.	FLIGHT OPERATIONS, Turkish Airlines 2021 Annual Report, Page 86
		As in 2020, efforts to meticulously implement hygiene rules in all our activities continued in accordance with the contents of the Ministry of Health's COVID-19 guidelines; contact tracing and filiation studies continued. HES Code, risky/risk-free information checks are carried out by the SAP system integrated with the Ministry of Health for all personnel during entry and exit to the buildings of our Incorporation. In addition, HES Code inquiries are made for visitors at the entrance to the building. The number of PCR test centers, which was 2 in 2020, was increased to 5 in 2021. Some improvements have been achieved in the delivery of services.
		Due to the pandemic, face-to-face Occupational Health and Safety trainings could not be given in 2021, but online trainings continued. Basic OHS Virtual Classroom Training was provided to 297 employees, OHS Online Training to 3583 employees, Search-Rescue-Evacuation Teams Virtual Classroom Training to 220 employees, and Fire Fighting Virtual Classroom Training to 153 employees.
		INFORMATION SECURITY POLICY: https://www.turkishairlines.com/en-int/press-room/about-us/our-policy/index.html
60	Establishes an ethical policy (including works such as business, business ethics, compliance processes, advertising and marketing ethics, open information etc.) and declares to the public.	INFORMATION SECURITY, Turkish Airlines 2021 Annual Report, Page 110
		CUSTOMER SOLUTIONS APPLICATIONS, Turkish Airlines 2021 Annual Report, Page 103
		BUSINESS ETHICS, 2020 Sustainability Report, Page 38,39
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
61	Announces the activities within the scope of social investment, social responsibility, financial inclusion and access to finance.	Turkish Airlines defines its 'Code of Ethics' as the fundamental policies, procedures and rules that all executives and employees are obligated to comply with. These rules have been established to ensure that Turkish Airlines' executives and employees show high standards of ethical conduct, that they are aware of the impact of their acts and attitudes on the Incorporation, and that they exhibit highly qualified behaviors. Our Code of Ethics is publicly available on the Turkish Airlines Investor Relations website under the Corporate Governance tab, under the heading "Code of Ethics" in the Sustainability section.
		CODE OF ETHICS: https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf
		DONATION POLICY: https://investorturkishairlines.com/en/corporate-governance/donation-policy
		OUR CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT, 2020 Sustainability Report, Page 44,45
62	Organizes contact meetings and training programs for employees on ESG policies and practices.	OUR STRATEGIC PRIORITIES, 2020 Sustainability Report, Page 16, 17
		SUSTAINABLE DEVELOPMENT GOALS (SDG) MAP, 2020 Sustainability Report, Page 29, 30
		ADDING VALUE TO THE SOCIETY, 2020 Sustainability Report, Page 112
		ACCESSIBILITY, 2020 Sustainability Report, Page 95,96
63	Carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Our corporate social responsibility focus areas are "Education, Science and Technology, Culture and Art, Sports, Employee Engagement, Humanitarian Aid and Equal Opportunity". In this direction, we often collaborate with disadvantaged individuals/groups, NGOs working for children, various associations/foundations, universities, humanitarian aid organizations, associations and foundations working in the field of disaster and poverty, official institutions, and organizations such as sports clubs and federations.
		Our social responsibility projects can be seen with details in the following link.
		https://www.turkishairlines.com/en-us/press-room/our-social-responsibility-projects/index.html
64	Regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Our sponsorships can be seen in the following link.
		https://www.turkishairlines.com/en-us/press-room/sponsorships/
		ENVIRONMENTAL TRAININGS, 2020 Sustainability Report, Page 56
		ETHICS TRAININGS, 2020 Sustainability Report, Page 38
65	Conducts stakeholder communication continuously and transparently; announces which stakeholders, for what purpose, on what issue and how often it communicates with, and the progress and developments in sustainability activities.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		The total training hours given to our employees on Ethics, Bribery and Corruption during 2021 are 5,945. 1373 of our employees received "Greenhouse Gas Awareness Training" and 2989 of our employees received "ISO 14001 Environmental Management System and Waste Management". Online Occupational Health and Safety Training was provided to 150,910 employees.
		Turkish Airlines has focused on training activities from the beginning of the pandemic process to make the best use of the remote working period and to ensure that our employees are stronger and prepared for the post-pandemic period. The trainings that all our employees can attend are offered in a virtual environment and easy access is provided. 42605 virtual classroom training sessions were conducted with various contents shaped according to the demands of our more than 30,000 employees. In interactive trainings, both the advantage of live narration was gained and the opportunity of one-to-one communication between trainees and trainers was provided. In the "Live Broadcast Youtube Seminars" launched on the Aviation Academy Youtube Channel, 13 live broadcasts were made throughout 2021. In this way, our employees were provided with guidance on how to manage psychology during the pandemic process and tips that will enable efficient remote working through experts in their fields. In addition, a Youtube Seminar on "Climate Change and Sustainable Future" was held by Disaster Management Lecturer Prof.Mikdat KADIOĞLU. Thus, our employees were helped to raise awareness about climate change.
		In order to contribute to the professional development of our colleagues, 10 different certificate programs have been prepared for the 2021-2022 period. One of these certificate programs is the "Sustainable Growth and Quality Management Certificate Program" and there are 11 different training modules in the related program and the program lasts for 2 months.
66	Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	The total training hours completed by our employees in 2021 is 330,088 hours.
		It is planned that our training on "Sustainability", which is currently in the design phase, will be offered to all our employees online in 2022.
		ABOUT THE REPORT, 2020 Sustainability Report, Page 3
		GRI CONTENT INDEX, 2020 Sustainability Report, Pages 126-131
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	In our reporting process for 2020, we received the opinions of our investors on material issues through survey method. In addition, we have taken into consideration the material issues stated by the Sustainability Accounting Standards Board (SASB) for our industry as well as the expectations of the Task Force on Climate-related Financial Disclosure (TCFD) and our national and international aviation sector stakeholders, the General Directorate of Civil Aviation (SHGM), the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA).
		MATERIAL ISSUES, 2020 Sustainability Report, Page 27
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		Turkish Airlines Carbon Disclosure Project (CDP) 2021 Report
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
		SUSTAINABILITY POLICY, 2020 Sustainability Report, Page 25,26
		MATERIAL ISSUES, 2020 Sustainability Report, Page 27,28
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Page 29
		ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Page 31,32
		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
		COMMUNICATION WITH SHAREHOLDERS, 2020 Sustainability Report, Page 36
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	OUR CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT, 2020 Sustainability Report, Page 44,45
		CONTRIBUTION TO LOCAL DEVELOPMENT AT OUR DESTINATIONS, 2020 Sustainability Report, Page 46
		CUSTOMER SATISFACTION, 2020 Sustainability Report, Page 89
		DIALOG WITH OUR PASSENGERS, 2020 Sustainability Report, Page 90
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	CUSTOMER SATISFACTION MEASUREMENT AND SURVEY, 2020 Sustainability Report, Page 91
		ACCESSIBILITY, 2020 Sustainability Report, Page 95
		EMPLOYEE AND MANAGEMENT RELATIONS, 2020 Sustainability Report, Page 95
		DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT, 2020 Sustainability Report, Page 99
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	IMPROVING THE EMPLOYEE EXPERIENCE, 2020 Sustainability Report, Page 101
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
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		THE PROCESS OF DETERMINING MATERIAL ISSUES, 2020 Sustainability Report, Pages 27, 28
		ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Pages 31,32
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
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		ABOUT THE REPORT, 2020 Sustainability Report, Page 3
		GRI CONTENT INDEX, 2020 Sustainability Report, Pages 126-131
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		MATERIAL ISSUES, 2020 Sustainability Report, Page 27
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
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66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	https://investorturkishairlines.com/documents/sustainability/turk-hava-yollari-inc.pdf
		OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
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		MATERIAL ISSUES, 2020 Sustainability Report, Page 27,28
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Page 29
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		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
		COMMUNICATION WITH SHAREHOLDERS, 2020 Sustainability Report, Page 36
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	OUR CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT, 2020 Sustainability Report, Page 44,45
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		CUSTOMER SATISFACTION, 2020 Sustainability Report, Page 89
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66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	CUSTOMER SATISFACTION MEASUREMENT AND SURVEY, 2020 Sustainability Report, Page 91
		ACCESSIBILITY, 2020 Sustainability Report, Page 95
		EMPLOYEE AND MANAGEMENT RELATIONS, 2020 Sustainability Report, Page 95
		DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT, 2020 Sustainability Report, Page 99
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	IMPROVING THE EMPLOYEE EXPERIENCE, 2020 Sustainability Report, Page 101
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66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
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		OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
		SUSTAINABILITY POLICY, 2020 Sustainability Report, Page 25,26
		MATERIAL ISSUES, 2020 Sustainability Report, Page 27,28
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Page 29
		ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Page 31,32
		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
		COMMUNICATION WITH SHAREHOLDERS, 2020 Sustainability Report, Page 36
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	OUR CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT, 2020 Sustainability Report, Page 44,45
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		CUSTOMER SATISFACTION, 2020 Sustainability Report, Page 89
		DIALOG WITH OUR PASSENGERS, 2020 Sustainability Report, Page 90
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	CUSTOMER SATISFACTION MEASUREMENT AND SURVEY, 2020 Sustainability Report, Page 91
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		EMPLOYEE AND MANAGEMENT RELATIONS, 2020 Sustainability Report, Page 95
		DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT, 2020 Sustainability Report, Page 99
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	IMPROVING THE EMPLOYEE EXPERIENCE, 2020 Sustainability Report, Page 101
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66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
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66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	SUSTAINABLE DEVELOPMENT GOALS (SDGS) MAP, 2020 Sustainability Report, Page 29
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		COMMUNICATION WITH SHAREHOLDERS, 2020 Sustainability Report, Page 36
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	OUR CONTRIBUTIONS TO ECONOMIC AND SOCIAL DEVELOPMENT, 2020 Sustainability Report, Page 44,45
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		DIALOG WITH OUR PASSENGERS, 2020 Sustainability Report, Page 90
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	CUSTOMER SATISFACTION MEASUREMENT AND SURVEY, 2020 Sustainability Report, Page 91
		ACCESSIBILITY, 2020 Sustainability Report, Page 95
		EMPLOYEE AND MANAGEMENT RELATIONS, 2020 Sustainability Report, Page 95
		DEVELOPMENT OF INNOVATION CULTURE AND PROMOTION OF EMPLOYEE ENGAGEMENT, 2020 Sustainability Report, Page 99
66	Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	IMPROVING THE EMPLOYEE EXPERIENCE, 2020 Sustainability Report, Page 101
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		Our customer satisfaction policy on the corporate website of Turkish Airlines is open to public access at https://www.turkishairlines.com/en

Sustainability Principles Information Form

67	Announces the international organizations or principles of which it is a signatory or member (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.),the international principles it has adopted (such as the International Capital Markets Association (ICMA) Green / Sustainable Bond Principles) to the public.	ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Pages 52,53
		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
68	Makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.)	"United for Wildlife Buckingham Palace Declaration (UFW)": Turkish Airlines signed the "United for Wildlife Buckingham Palace Declaration (UFW)", which aims to prevent the illegal trade of wild animals supported by IATA and raise sectoral awareness on this issue, to prevent illegal trade of wild animal parts such as ivory, rhino horn, tortoiseshell and raise awareness. (BIODIVERSITY, 2020 Sustainability Report, Page 64)
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
69	Exerts maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-171.	SUSTAINABILITY ASSESSMENTS, 2020 Sustainability Report, Page 57
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
70	Takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.	SUSTAINABILITY APPROACH AND INCORPORATION'S SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 143
		Our Incorporation is entitled to be included in the BIST Sustainability Index during December 2020 - October 2021 also, in which companies with high level performances on corporate sustainability and traded on Borsa Istanbul.
71	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders.	https://borsaistanbul.com/en/duyuru/3221/bist-sustainability-index-constituents-for-december-2020-october-2021-index-period-have-been-determined
		In 2021, THY A.O voluntarily participated in the performance evaluations of international indices and sustainability rating organizations such as DJSI, FTSE4Good, MSCI, EcoVadis, Sustainalytics, CDP and TPI, and information related to the subject will be publicly available in our 2021 Sustainability Report.
72	Applies to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES, Turkish Airlines 2021 Annual Report, Page 130
		CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT, Turkish Airlines 2021 Annual Report, Page 131
73	Works on raising awareness about sustainability and its importance through social responsibility projects, awareness activities and trainings.	OUR STRATEGIC PRIORITIES, 2020 Sustainability Report, Page 16,17
		CORPORATE SUSTAINABILITY MANAGEMENT, 2020 Sustainability Report, Page 22, 23
74	Strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	OUR SUSTAINABILITY STRATEGY, 2020 Sustainability Report, Page 24
		SUSTAINABILITY POLICY, 2020 Sustainability Report, Page 25
75	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	MATERIAL ISSUES, MATERIAL ISSUES MATRIX, 2020 Sustainability Report, Page 27,28
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
76	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	A roadmap of our sustainability strategy has been created by evaluating our long-term goals and the risks and opportunities in achieving these goals, within the framework of material issues that we have determined in line with the mission, vision and core values of our partnership, taking into account the expectations of our stakeholders. With this roadmap, four focal points have been determined as people, planet, prosperity and governance function. Our Sustainability Strategy. To consider all the emergent impacts of environmental, social, and economic in a holistic manner and together with efficient risk management; is to create value in the future as well by going beyond today's achievements with our understanding of business excellence and innovativeness in the light of expectations of employees, customers, suppliers, subsidiaries all business partners, and shareholders along with global trends.
		CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT, CORPORATION'S POLICY ON STAKEHOLDERS, Turkish Airlines 2021 Annual Report, Page 137
77	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT, SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 137

78	Applies to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	At the core of our sustainability approach are our stakeholders. Our success goes in pair with satisfaction of and value creation for our stakeholders.
		ENGAGING WITH STAKEHOLDERS, 2020 Sustainability Report, Page 30, 31, 32
79	Works on raising awareness about sustainability and its importance through social responsibility projects, awareness activities and trainings.	By improving our sustainability strategy day by day with new practices, we continue to focus on the material issues that our stakeholders attach importance to and that may affect our operations. While determining these material issues, we take into account the general mission and strategy of our Incorporation, legal regulations, global trends, the views and concerns of our stakeholders, broad social expectations and our impact on the supply chain. In our reporting process for 2020, we received the opinions of our investors on material issues through survey method. In addition, we have taken into consideration the material issues stated by the Sustainability Accounting Standards Board (SASB) for our industry as well as the expectations of the Task Force on Climate-related Financial Disclosure (TCFD) and our national and international aviation sector stakeholders, the General Directorate of Civil Aviation (SHGM), the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA). In addition, national and international trends, risks and opportunities, feedback from ESG evaluation companies are taken into consideration in our material issue determination process. In the coming years, we will continue to update our material issues in line with global developments and feedback from our stakeholders.
		MATERIAL ISSUES, THE PROCESS OF DETERMINING MATERIAL ISSUES, 2020 Sustainability Report, Page 27, 28
80	Strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		OUR STRATEGIC PRIORITIES, 2020 Sustainability Report, Page 17
81	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	2020 DEVELOPMENTS, 2020 Sustainability Report, Page 56
		BUSINESS ETHICS, ETHICS TRAININGS, 2020 Sustainability Report, Page 38
82	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		CORPORATE SOCIAL RESPONSIBILITY,Turkish Airlines 2021 Annual Report, Page 32
83	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	CARGO, Turkish Airlines 2021 Annual Report, Page 54
		While our social responsibility projects are detailed in Article 61, the details of our projects are available to the public on the Turkish Airlines corporate website at https://www.turkishairlines.com/en-us/press-room/our-social-responsibility-projects/index.html
84	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	Although the trainings given in this context in our partnership are mentioned in article 62, detailed information on the activities carried out will be included in our 2021 Sustainability Report.
		GRI, ABOUT THE REPORT, 2020 Sustainability Report,Page 3
85	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	ISAE 3000 & ISAE 3410 Standarts, ABOUT THE REPORT, 2020 Sustainability Report,Page 3
		ISO14001:2015 & IEnvA, ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 52
86	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	COMMITTEES, ENVIRONMENTAL MANAGEMENT, 2020 Sustainability Report, Page 53
		COLLABORATIONS WITH ORGANIZATIONS & ASSOCIATIONS, 2020 Sustainability Report, Page 33
87	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
		COMPLIANCE MONITORING AND SUSTAINABILITY MANAGEMENT, Turkish Airlines 2021 Annual Report, Page 108
88	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	The employees of our Incorporation have been selected by the national and international aviation authorities to take part in the implementation, continuity and improvement of sustainability studies in the Sustainability Committees of the unions of which we are members, taking into account their competencies and experiences, and they take an active role in these groups.
		• IATA EOC (Environmental Oversight Council) Group
89	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	• IATA Sustainability Environmental Advisory Council
		• TIACA (The International Air Cargo Association) Sustainability Working Group
90	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	• IATA Sustainability Environmental Advisory Council, Environmental Data Working Group
		• IATA Sustainability Environmental Advisory Council, Single Use Plastics Working Group
91	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	• Star Alliance Sustainability Committee
		• TSHA (Turkish Civil Aviation Academy)
92	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	• CAE Inc. Consultant
		• SHGM (General Directorate of Civil Aviation), Cabin Safety Group)
93	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	• IATA Cabin Operations Safety Task Force
		Our Code of Ethics, which include Bribery, Corruption and Fair Marketing Practices, are accessible to the public via the link https://investorturkishairlines.com/documents/sustainability/etik_degerler_en.pdf under the Sustainability section of the Corporate Governance Tab of the Turkish Airlines Investor Relations Page.
94	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	Public access to our Public Disclosure Policy is available through the link https://investorturkishairlines.com/en/corporate-governance/public-disclosure-policy under the Corporate Governance Tab of the Turkish Airlines Investor Relations Page.
		Public access to our Dividend Policy is available through the link https://investorturkishairlines.com/en/corporate-governance/dividend-policy under the Corporate Governance Tab of the Turkish Airlines Investor Relations Page.
95	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	BUSINESS ETHICS, 2020 Sustainability Report, Pages 38-39
		https://investorturkishairlines.com/documents/sustainability/turkish-airlines-2020-sustainability-report_21_12_2021.pdf
96	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	Corporate Governance Principles Compliance Report, Turkish Airlines 2021 Annual Report, Page 130
		Continuing its activities in line with its flag carrier identity, our Incorporation adheres to its social responsibilities to the utmost in its activities and directs and supports its subsidiaries accordingly. Our Incorporation's Code Of Ethics has been prepared by our Board of Directors within the framework of the Corporate Governance Principles and published on the Incorporation's website. The Code of Ethics covers various issues such as compliance with the legislation, bribery and corruption, anti-competitive behavior, as well as our basic principles and values. In order to prevent possible risks that may arise in related matters, awareness raising activities are carried out for corporate governance bodies, business partners and our employees. Internal control measures have been introduced within our Incorporation in order to monitor these issues and ensure compliance with the rules. Within the framework of anti-corruption principles, our Incorporation adopts an established approach towards monitoring and developing anti-corruption systems, as well as detecting and preventing corruption and disciplinary actions. Our Incorporation conducts evaluations throughout the Incorporation, including the role of its senior management, DIR. Inspection Board, DIR. Security, Audit Committee, Ethics Committee, Disciplinary Committee, Human Resources and each of our employees.
97	Announces the policies and programs for anti-bribery and anti-corruption in terms of the principle of tax integrity.	

Assessment of the Board of Directors on 2021 Results

Taking hold around the world, the Covid-19 outbreak has deeply impacted the aviation industry as well as our lives in 2020. In this period, source management, capacity management and risk management in aviation industry have become more challenging than ever before. Despite all these negative conditions, Turkish Airlines has succeeded to manage adversities and uncertainties and distinguished from its competitors with its relatively better traffic and financial results.

In 2021, as vaccination campaigns accelerated both in the world and in our country, travel restrictions eased and global aviation industry has entered recovery stage. Turkey has been one of the countries, achieved rapid normalization in aviation. Turkish Airlines has displayed faster recovery than the industry has therefore left behind its competitors with its better traffic and financial results and completed the race at the forefront.

Being one of the most important global players in the recovery of aviation industry, Turkish Airlines recorded the highest number of the flights among network carriers in Europe according to Eurocontrol data over the course of 2021, as in 2020. Among cargo carriers, Turkish Cargo has secured its position among the fastest growing global air cargo carriers. Carrying medicine, vaccine, medical equipment, humanitarian aid and food uninterruptedly all around the globe, Turkish Cargo has managed to increase its global market share by utilizing passenger aircraft and chosen as the fastest growing cargo carrier brand.

According to data revealed by The International Air Transport Association (IATA), while capacity in global aviation industry reached 51% of 2019 level, Turkish Airlines reached 68% of 2019 capacity level and succeed to display faster recovery than industry did. In 2021, Turkish Airlines carried 45 million passengers and reached 60% of 2019 level.

Outperforming from its competitors with relatively better traffic and financial results, in 2021, Turkish Airlines recorded 10.7 billion USD total revenue with increase of 69% in passenger revenues and 48% in cargo revenues compared to last year. Turkish Airlines succeeded the above-average industry profitability with 1.4 billion USD operating profit and 13.2% operating profit margin.

Establishing effective cash management and cost cutting policy are the top priorities of Turkish Airlines. Cost cutting measures were implemented rapidly at the beginning of the pandemic and has continued partially in 2021. As a result of cost cutting measures, approximately 700 million USD was saved in 2021. Turkish Airlines reached 2.7 million cash reserve thanks to cost cutting actions and operational recovery.

In September 2020, wage of all Turkish Airlines' employees was scaled down at varying rates in order to protect employment of all employees during the pandemic. Board of Directors made number of reassessments taking financial and operational performance of Turkish Airlines and easing pandemic restrictions all around the world into consideration. According to these reassessments, first wage increase mas made in July 2021. Second wage increase was made in October 2021 and finally wage and social rights were rearranged with the 27th Term Collective Bargaining Agreement covering 2 year-period starting from January 1st, 2022.

With over 60 thousand employments including its subsidiary and joint ventures, Turkish Airlines steered the industry as it proudly carries our flag alongside the leaders of aviation with its unparalleled flight network, modern fleet, outstanding cargo performance and successful crisis management. In the forthcoming period, in order to continue the sustainable growth of our Incorporation in line with our country's development targets, we aim to fly further with new success stories.

Assessment of the Board of Directors on the Effectiveness of Board Committees

The Corporate Governance Committee, the Audit Committee and the Early Identification of Risks Committee, which exist within the Board of Directors of the Incorporation, carry out activities within the framework of the relevant legislation and the duties and working principles set forth by the Board of Directors. In 2021, the specified committees continued to carry out their duties in the fields they were assigned and reported to the Board of Directors.

The duties of the Corporate Governance Committee are set out in the Corporate Governance Communiqué No: II-17.1 of the Capital Markets Board. To this end, the Committee determines whether the Incorporation complies with the Corporate Governance Principles and, if not, to identify the reasons thereof and the conflicts of interest caused by such incompliance, to give advice to the Board of Directors on improving the Corporate Governance Practices, and to oversee the activities carried out by the Investor Relations department. Besides, since no separate Nomination Committee and Remuneration Committee have been established within the Board of Directors, the Corporate Governance Committee fulfills the duties of these committees as well.

The Corporate Governance Committee, convened in 2021 in order to nominate the candidates for independent board members and evaluated whether the said candidates meet the independence criteria stipulated in the Corporate Governance Principles within the annex of the Corporate Governance Communiqué of the Capital Markets Law. As a result of the evaluations and assessments made, The Committee informed the Board that the there is no obstacle to the independence of the candidates for independent board membership. Following the approval of the Capital Markets Board regarding the issue, the election of the candidates to Independent Board Members was submitted for

approval of and accepted by the General Assembly at the Ordinary General Assembly dated March 26, 2021.

The Audit Committee convened prior to the disclosure of the quarterly financial results and assured that the publicly disclosed consolidated financial results disclosed to the public are sufficiently transparent and comprehensible, and that all the necessary precautions have been taken to conduct independent external audits transparently and efficiently. The Committee has also supervised the operation and effectiveness of the internal control and internal audit system of the Incorporation. The Audit Committee presented four written reports to the Board of Directors in 2021.

The Early Detection of Risk Committee convened six times in 2021 to identify risks in the areas in which the Incorporation operates and to review the risk management systems by informing the Board of Directors in writing. In addition to evaluations of the Incorporation's 2021 budget, the Committee assessed the impacts of the coronavirus pandemic on the aviation industry and our Incorporation, along with the geopolitical risks and developments affecting the aviation industry. The Committee reviewed the financial and operational results of the Incorporation; findings and suggestions were presented to the Board of Directors regarding the cash projection by considering the financing needs of the aircraft that are planned to be delivered and the debt service of the existing aircraft and commercial loans.

As a result of the mentioned activities, the Committees fulfilled their fundamental tasks by paying utmost attention and contributed significantly to the activities of the Board of Directors, ensuring that the Board can display an effective management.

Other Matters

Information regarding to lawsuits against the Incorporation and any probable outcomes

None

Information about legislative amendments that may have a significant impact on Incorporation's operations

None

Information on conflicts of interest with organizations from whom the Incorporation obtains investment consultancy, rating or similar services and measures taken by the Incorporation to prevent such conflicts of interest

None

Information on administrative or judicial sanctions imposed on the Incorporation and its management due to practices in violation of legislative provisions

There were no administrative or judicial sanctions imposed on the Incorporation and its management due to practices in violation of legislative provisions.

Incorporation's Efforts on Research and Development Activities

Incorporation's R&D activities are carried out by our subsidiary THY Teknoloji ve Bilişim A.Ş.

Information about amendment on Articles of Association during the reporting period.

There is no amendment on Articles of Association during the reporting period.

Information on the Incorporation's Acquisition of Own Share

The Incorporation does not have acquisition of own share.

Statement of Independency

I hereby declare that I run for the office of "Independent Member" of the Board of Directors of Turkish Airlines Inc. in accordance with the criteria stipulated by applicable regulations, the Articles of Association and the Capital Markets Board's Corporate Governance Principles, and accordingly that;

a) no employment-related relationship in respect of any managerial position, whereby any substantive duties and responsibilities may be assumed, has been established between the Incorporation and any affiliates, who either hold the control of or have any significant influence on the management of the Incorporation, or any shareholders who hold the control of the management of the Incorporation, or have a significant influence on the Incorporation, or any legal persons, who hold the control of the management of such shareholders, and myself, my spouse and any of my relatives by blood and by marriage up to the second degree, within the last five years; and also that I have not held more than 5% of the capital or the voting rights or the privileged shares of the Incorporation, either collectively or individually, or any commercial relationship which is of substantial nature has not been established; and also that;

b) within the last five years, particularly in respect of the auditing, rating and consulting activities for the Incorporation (including tax inspection, legal inspections and internal inspections); I have not been a shareholder (holding 5% or more of the shares), or any employee serving at any managerial positions whereby any substantial duties and responsibilities may be assumed, or a member of the Board of Directors, of any such incorporation, from which the Incorporation has procured any services or products or to which the Incorporation has sold any services or products to a material extent in accordance with the agreements executed for such purpose; and also that;

c) I enjoy the professional educational background, knowledge and experience to properly and duly fulfill my duties as an independent member of the Board of Directors, and also that;

ç) I will not hold any full time roles at any public institutions or agencies after I was elected as a member, excluding as a faculty member at a university to the extent that it is in compliance with the applicable regulations,

d) I am resident in Turkey according to the Income Tax Law numbered 193 dated 31/12/1960,

e) I am strongly bound by ethical standards, and enjoy the professional reputation and experience to positively contribute to the operations of the Incorporation, maintain my impartiality in any potential case of conflict of interest amongst the shareholders of the Incorporation, and to make decisions freely with due consideration of the rights and benefits of the stakeholders, and also that;

f) I will be able to allocate time for the affairs of the Incorporation to such an extent that I would be able to fully perform and carry out the duties and tasks which I have assumed, and to follow up the functioning of the activities and operations of the Incorporation, and also that;

g) I have not held the office of a member of the Board of Directors at the Board of Directors of the Incorporation for a period longer than six years within the last decade, and also that;

ğ) I have not held office as an independent member of the Board of Directors of more than three of the companies which hold the control of management of the Incorporation or the shareholders who hold the control of management of the same, and at more than five of the listed companies in total; and also that;

h) I have not been registered and announced for the legal person which has been elected as a member of the Board of Directors.

Respectfully,



FATMANUR ALTUN

Statement of Independency

I hereby declare that I run for the office of "Independent Member" of the Board of Directors of Turkish Airlines Inc. in accordance with the criteria stipulated by applicable regulations, the Articles of Association and the Capital Markets Board's Corporate Governance Principles, and accordingly that;

a) no employment-related relationship in respect of any managerial position, whereby any substantive duties and responsibilities may be assumed, has been established between the Incorporation and any affiliates, who either hold the control of or have any significant influence on the management of the Incorporation, or any shareholders who hold the control of the management of the Incorporation, or have a significant influence on the Incorporation, or any legal persons, who hold the control of the management of such shareholders, and myself, my spouse and any of my relatives by blood and by marriage up to the second degree, within the last five years; and also that I have not held more than 5% of the capital or the voting rights or the privileged shares of the Incorporation, either collectively or individually, or any commercial relationship which is of substantial nature has not been established; and also that;

b) within the last five years, particularly in respect of the auditing, rating and consulting activities for the Incorporation (including tax inspection, legal inspections and internal inspections); I have not been a shareholder (holding 5% or more of the shares), or any employee serving at any managerial positions whereby any substantial duties and responsibilities may be assumed, or a member of the Board of Directors, of any such incorporation, from which the Incorporation has procured any services or products or to which the Incorporation has sold any services or products to a material extent in accordance with the agreements executed for such purpose; and also that;

c) I enjoy the professional educational background, knowledge and experience to properly and duly fulfill my duties as an independent member of the Board of Directors, and also that;

ç) I will not hold any full time roles at any public institutions or agencies after I was elected as a member, excluding as a faculty member at a university to the extent that it is in compliance with the applicable regulations,

d) I am resident in Turkey according to the Income Tax Law numbered 193 dated 31/12/1960,

e) I am strongly bound by ethical standards, and enjoy the professional reputation and experience to positively contribute to the operations of the Incorporation, maintain my impartiality in any potential case of conflict of interest amongst the shareholders of the Incorporation, and to make decisions freely with due consideration of the rights and benefits of the stakeholders, and also that;

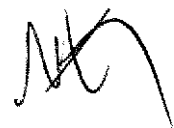
f) I will be able to allocate time for the affairs of the Incorporation to such an extent that I would be able to fully perform and carry out the duties and tasks which I have assumed, and to follow up the functioning of the activities and operations of the Incorporation, and also that;

g) I have not held the office of a member of the Board of Directors at the Board of Directors of the Incorporation for a period longer than six years within the last decade, and also that;

ğ) I have not held office as an independent member of the Board of Directors of more than three of the companies which hold the control of management of the Incorporation or the shareholders who hold the control of management of the same, and at more than five of the listed companies in total; and also that;

h) I have not been registered and announced for the legal person which has been elected as a member of the Board of Directors.

Respectfully,



MELİH ŞÜKRÜ ECERTAŞ

I hereby declare that I run for the office of "Independent Member" of the Board of Directors of Turkish Airlines Inc. in accordance with the criteria stipulated by applicable regulations, the Articles of Association and the Capital Markets Board's Corporate Governance Principles, and accordingly that;

a) no employment-related relationship in respect of any managerial position, whereby any substantive duties and responsibilities may be assumed, has been established between the Incorporation and any affiliates, who either hold the control of or have any significant influence on the management of the Incorporation, or any shareholders who hold the control of the management of the Incorporation, or have a significant influence on the Incorporation, or any legal persons, who hold the control of the management of such shareholders, and myself, my spouse and any of my relatives by blood and by marriage up to the second degree, within the last five years; and also that I have not held more than 5% of the capital or the voting rights or the privileged shares of the Incorporation, either collectively or individually, or any commercial relationship which is of substantial nature has not been established; and also that;

b) within the last five years, particularly in respect of the auditing, rating and consulting activities for the Incorporation (including tax inspection, legal inspections and internal inspections); I have not been a shareholder (holding 5% or more of the shares), or any employee serving at any managerial positions whereby any substantial duties and responsibilities may be assumed, or a member of the Board of Directors, of any such incorporation, from which the Incorporation has procured any services or products or to which the Incorporation has sold any services or products to a material extent in accordance with the agreements executed for such purpose; and also that;

c) I enjoy the professional educational background, knowledge and experience to properly and duly fulfill my duties as an independent member of the Board of Directors, and also that;

d) I am resident in Turkey according to the Income Tax Law numbered 193 dated 31/12/1960,

e) I am strongly bound by ethical standards, and enjoy the professional reputation and experience to positively contribute to the operations of the Incorporation, maintain my impartiality in any potential case of conflict of interest amongst the shareholders of the Incorporation, and to make decisions freely with due consideration of the rights and benefits of the stakeholders, and also that;

f) I will be able to allocate time for the affairs of the Incorporation to such an extent that I would be able to fully perform and carry out the duties and tasks which I have assumed, and to follow up the functioning of the activities and operations of the Incorporation, and also that;

g) I have not held the office of a member of the Board of Directors at the Board of Directors of the Incorporation for a period longer than six years within the last decade, and also that;

ğ) I have not held office as an independent member of the Board of Directors of more than three of the companies which hold the control of management of the Incorporation or the shareholders who hold the control of management of the same, and at more than five of the listed companies in total; and also that;

h) I have not been registered and announced for the legal person which has been elected as a member of the Board of Directors.

Respectfully,



ŞEKİB AVDAĞ

Related Party Transactions

The conclusion section of the "Common and Continuous Related Party Transactions Report" prepared by the Board of Directors as per Article 10 of the Capital Markets Board's Communiqué No.II-17.1 on Corporate Governance is provided below for the information of our shareholders.

Conclusion Section of the Report on Related Party Transactions:

Due to the fact that the rate of the amount of common and continuous fuel supply /purchasing transactions executed between Turkish Airlines and TFS Akaryakıt Hizmetleri A.Ş. exceeded 10%, compared to the cost of sales in 2021 financial statements disclosed to public; and that it is also foreseen that transactions with similar features will continue in 2022, in accordance with the determined principles. These transactions mentioned in the aforementioned report are considered to be made consistent with the transactions of previous years and at-arm's length when compared with market conditions.

Statement of Responsibility

RESOLUTION NUMBER : TK2022021706
SUBJECT : Statement of Responsibility Prepared in Accordance with Article 9 of the II-14.1. Principles of Financial Reporting in Capital Markets Communiqué by the Capital Markets Board

ISTANBUL
28.02.2022

BORSA ISTANBUL 34467 Emirgan/Istanbul

The consolidated financial statement, the board of directors' annual report, Corporate Governance Compliance Report and Corporate Governance Information Form dated December 31, 2021 approved by the Board's resolution dated 28.02.2022, numbered 61 are provided attached. Accordingly, we hereby declare that:

- The financial statements, Annual Report, Corporate Governance Compliance Report and Corporate Governance Information Form were reviewed by us,
- The financial statements and the annual report of the board of directors do not contain any misrepresentation on material issues or any material deficiency as of the date on which such representation is made, which might cause the report to be misleading, to the best of our knowledge with respect to our duties and responsibilities;
- The consolidated financial statements, drawn up in accordance with the financial reporting standards, that are currently in force, reflect the truth with respect to the assets and liabilities of the Incorporation as well as its financial state and profits and losses honestly and that the annual report, together with consolidated statements, truthfully reflect the course of progress and performance of the business of the Incorporation as well as the financial state of the Incorporation, including significant risks and uncertainties encountered by the Incorporation, to the best of our knowledge with respect to our duties and responsibilities;

Sincerely,

TURKISH AIRLINES A.O.

DR. ZEKERİYA DEMİR
SVP, Accounting and
Financial Control

ASSOC. PROF. MURAT ŞEKER
Chief Financial Officer

BİLAL EKŞİ
General Manager

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS AT
AND FOR THE YEAR ENDED 31 DECEMBER 2021
WITH INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Türk Hava Yolları Anonim Ortaklığı

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türk Hava Yolları Anonim Ortaklığı (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Impacts of Covid-19 pandemic

Negative impacts of COVID-19 over aviation industry have continued in 2021. We draw attention to Note 2.8 to the consolidated financial statements, which describes the Group's assessments regarding the effects of the Covid-19 pandemic. Our opinion is not qualified in respect of this matter.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
The recognition of the revenue, passenger flight liabilities and the frequent flyer program liabilities	
<i>Revenue and passenger flight liabilities (Please refer to Note 2.3.1, 14 and 26)</i> The major part of the Group's revenue consists of the passenger revenue. The passenger revenue is recognized when the transportation service is completed. Total passenger revenue recognized in the consolidated financial statements of the Group amounted to USD6,390 million for the year ended 31 December 2021. Unused tickets are recognized as passenger flight liabilities, until the flights are completed. Total passenger flight liabilities amounted to USD1,018 million as of 31 December 2021. We focused on this area in our audit due to the following reasons: - Significant estimates and judgments based on historical data and trends are used in calculation of revenue from unused tickets which are accounted for passenger revenue in the consolidated financial statements, - Recognition of passenger revenue upon completion of the services includes complex and different integrated information technology ("IT") systems which processes high volume of transactions and data, - The necessity for our IT experts to be involved in the audit process due to the complexity of the systems.	The following procedures were performed to audit of the revenue and passenger flight liabilities: - Through involvement of our IT experts, we have tested the effectiveness of internal controls on IT systems that are designed to account passenger revenue. Additionally, we have tested accuracy and completeness of the reconciliations among IT systems which have been determined as key systems by us. - We have understood the business processes and controls over accounting of the passenger revenue. - We have tested key controls over accounting of the passenger revenue processes. - We have tested unredeemed tickets through sampling method. - We have tested consistency and mathematical accuracy of the methods used in calculation of unused ticket revenue which are estimated based on historical data.

Key audit matters	How our audit addressed the key audit matter
The recognition of the revenue, passenger flight liabilities and the frequent flyer program liabilities	
<i>Frequent flyer program liabilities</i> (Please refer to Note 2.3.19 and 14) The Group provides a frequent flyer program named “Miles and Smiles” in the form of free travel award to its members on accumulated mileage earned from flights. Miles are recognized as a separately identifiable component of each sales transactions. Frequent flyer program liabilities amounted to USD198 million in the consolidated financial statements as of 31 December 2021. The amount deferred as a liability is measured based on the fair value of the awarded miles. The fair value is measured on the basis of the value of the awards for which they could be redeemed. The amount deferred is recognized as revenue when Miles and Smiles members fly using their miles or when the Group does not expect that the miles to be redeemed by its customers (“breakage”). We focused on this area in our audit due to the following reasons: - Breakage estimate (“the estimate of miles earned that will not be redeemed”) are complex and highly judgmental due to the significant assumptions used in the estimate, - Complex calculations are performed in determination of the value of the awards for which they could be redeemed, - The necessity for our IT experts to be involved in the audit process due to the complexity of the systems.	The following procedures were performed to audit of the frequent flyer program liabilities: - We have understood the business processes and controls over accounting of the frequent flyer program liabilities. - Through involvement of our IT experts, we have tested the effectiveness of internal controls on IT systems and internal controls that are designed to account frequent flyer program liabilities. - We have tested consistency and mathematical accuracy of the methods used in calculation of frequent flyer liabilities which are estimated based on historical data. - We have controlled consistency of frequent flyer program liabilities calculated at the end of the reporting period with frequent flyer program. - We have controlled breakage estimates through comparing the ratio with the historical usage data.

Key audit matters	How our audit addressed the key audit matter
The Component accounting of aircrafts (Please refer to Note 2.3.3, 2.3.4 and 15)	
The carrying values of aircrafts’ components accounted for property, plant and equipment and right of use assets amounted to USD16,455 million in the consolidated financial statements as of 31 December 2021. The Group accounts for the cost of aircrafts which are acquired directly or through leases separating into the components (fuselage, engine, fuselage overhaul and engine overhaul). Useful lives of these components are determined separately and each components are amortized during their useful lives. We focused on this area in our audit due to the following reasons: - The impacts to the consolidated financial statements as of 31 December 2021 is significant, - The assessment of determination of components involves significant level of management’s estimates, - The assessment of determination of useful lives of each components and residual values involves managements’ significant estimates.	- The following procedures were performed to audit of the component accounting of aircrafts: - We have inquired with the management to understand the accounting policies applied and how they meet the provisions of IAS 16, “Property, plant and equipment”. - The useful life and residual value estimates were controlled by comparing the fleet plan of the Group and the contracts of the aircraft purchases and leasing transactions recently made. - We have compared the consistency of the components and their useful lives with the sectoral applications. - We have recalculated current year’s depreciation expenses.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Baki Erdal, SMMM
Partner

Istanbul, 1 March 2022

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Balance Sheet as at 31 December 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

ASSETS	Notes	31 December 2021	31 December 2020
Non-Current Assets			
Financial Investments	6	88	75
Other Receivables			
-Third Parties	12	866	1,200
Investments Accounted for Using Equity Method	3	237	256
Property and Equipment	15	4,364	4,145
Right of Use Assets	15	15,110	14,777
Intangible Assets			
- Other Intangible Assets	16	82	89
- Goodwill	17	12	12
Prepaid Expenses	14	839	798
Deferred Tax Asset	32	1	-
TOTAL NON-CURRENT ASSETS		21,599	21,352
Current Assets			
Cash and Cash Equivalents	5	2,677	1,811
Financial Investments	6	5	18
Trade Receivables			
-Related Parties	9	24	18
-Third Parties	10	901	619
Other Receivables			
-Related Parties	9	6	6
-Third Parties	12	791	1,095
Derivative Financial Instruments	34	59	2
Inventories	13	261	305
Prepaid Expenses	14	114	141
Current Income Tax Assets	32	20	38
Other Current Assets	24	80	125
TOTAL CURRENT ASSETS		4,938	4,178
TOTAL ASSETS		26,537	25,530

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Balance Sheet as at 31 December 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

LIABILITIES AND EQUITY	Notes	31 December 2021	31 December 2020
Equity			
Share Capital	25	1,597	1,597
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial Losses on Retirement Pay Obligation	25	(71)	(48)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	25	(275)	(201)
-Fair Value Losses on Hedging Instruments Entered into for Cash Flow Hedges	25	151	(450)
-(Losses) / Gains on Remeasuring FVOCI		(7)	2
Restricted Profit Reserves		76	72
Previous Years Profit	25	4,406	5,246
Net Profit / (Loss) for the Year		959	(836)
Equity of the Parent		6,836	5,382
Non-Controlling Interests		1	1
TOTAL EQUITY		6,837	5,383
Non- Current Liabilities			
Long-Term Borrowings	7 and 18	2,333	2,681
Long-Term Lease Liabilities	7 and 18	8,574	9,579
Other Payables			
-Third Parties		55	22
Deferred Income	14	92	109
Long-Term Provisions			
-Provisions for Employee Benefits	22	113	134
-Other Provisions		46	49
Deferred Tax Liability	32	1,714	1,119
TOTAL NON-CURRENT LIABILITIES		12,927	13,693
Current Liabilities			
Short Term Borrowings	7	883	1,527
Short-Term Portion of Long-Term Borrowings	7 and 18	1,443	1,186
Short-Term Portion of Lease Liabilities	7 and 18	1,670	1,728
Other Financial Liabilities	8	8	17
Trade Payables			
-Related Parties	9	167	141
-Third Parties	10	724	720
Payables Related to Employee Benefits	11	105	90
Other Payables			
-Related Parties	9	5	-
-Third Parties	12	169	88
Derivative Financial Instruments	34	28	64
Deferred Income	14	1,264	614
Current Tax Provision	32	16	-
Short-Term Provisions			
-Provisions for Employee Benefits	20	18	16
-Other Provisions	20	8	10
Other Current Liabilities	24	265	253
TOTAL CURRENT LIABILITIES		6,773	6,454
TOTAL LIABILITIES AND EQUITY		26,537	25,530

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

	Notes	31 December 2021	31 December 2020
PROFIT OR LOSS			
Revenue	26	10,686	6,734
Cost of Sales (-)	27	(8,322)	(6,378)
GROSS PROFIT		2,364	356
General Administrative Expenses (-)	28	(254)	(219)
Selling and Marketing Expenses (-)	28	(835)	(667)
Other Operating Income	29	174	330
Other Operating Expenses (-)	29	(35)	(55)
OPERATING PROFIT / (LOSS) BEFORE INVESTMENT ACTIVITIES		1,414	(255)
Income from Investment Activities	30	207	190
Expenses for Investment Activities	30	(7)	(11)
Share of Investments' Profit / (Loss) Accounted for Using The Equity Method	3	75	(87)
OPERATING PROFIT / (LOSS)		1,689	(163)
Financial Income	31	101	72
Financial Expenses (-)	31	(767)	(835)
PROFIT / (LOSS) BEFORE TAX		1,023	(926)
Tax (Expense) / Income		(64)	90
Current Tax Expense	32	(28)	-
Deferred Tax (Expense) / Income	32	(36)	90
NET PROFIT / (LOSS) FOR THE YEAR		959	(836)
OTHER COMPREHENSIVE INCOME			
Items That May Be Reclassified Subsequently To Profit or Loss		518	(635)
Currency Translation Adjustment		(74)	(17)
(Losses) / Gains on Remeasuring FVOCI		(11)	4
Fair Value Gains / (Losses) on Hedging Instruments Entered into for Cash Flow Hedges		738	(766)
Fair Value Gains / (Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		13	(11)
Related Tax of Other Comprehensive Income		(148)	155
Items That Will Not Be Reclassified Subsequently To Profit or Loss		(23)	(10)
Actuarial Losses on Retirement Pay Obligation		(29)	(13)
Related Tax of Other Comprehensive Income		6	3
OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		495	(645)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		1,454	(1,481)
Basic Earnings / (Losses) Per Share (Full US Cents)	33	0.69	(0.61)
Diluted Earnings / (Losses) Per Share (Full US Cents)	33	0.69	(0.61)

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss		Retained Earnings			Non-controlling Interests	Total Equity
		Foreign Currency Translation Differences	Fair Value / (Losses) / Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Gains / (Losses) on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net (Loss) / Gain for The Year	Equity Holders of the Parent
As of 1 January 2021	1,597	(48)	(450)	2	72	5,246	(836)	5,382
Transfers	-	-	-	-	-	(836)	836	-
Total comprehensive income	-	(23)	601	(9)	4	(4)	959	1,454
As of 31 December 2021	1,597	(71)	151	(7)	76	4,406	959	6,836

	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss		Retained Earnings			Non-controlling Interests	Total Equity
		Foreign Currency Translation Differences	Fair Value Gains / (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges	Gains / (Losses) on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Gain / (Loss) for The Year	Equity Holders of the Parent
As of 1 January 2020	1,597	(38)	171	(1)	67	4,463	788	6,863
Transfers	-	-	-	-	-	788	(788)	-
Total comprehensive income	-	(10)	(621)	3	5	(5)	(836)	(1,481)
As of 31 December 2020	1,597	(48)	(450)	2	72	5,246	(836)	5,382

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

	Notes	31 December 2021	31 December 2020
Net Profit / (Loss) for the year		959	(836)
Adjustments to Reconcile Loss			
Adjustments for Depreciation and Amortisation Expense	15 and 16	1,740	1,659
Adjustments for Provisions Related to Employee Benefits	20 and 22	27	5
Adjustments for Provisions for Other Accruals	20	3	-
Adjustments for Reversal of Probable Risks		(10)	21
Adjustments for Interest Income	30 and 31	(75)	(77)
Adjustments for Interest Expense	22 and 31	343	285
Adjustments For Unrealised Foreign Exchange (Gains) / Loss		(75)	471
Adjustments for Fair Value (Gains) / Losses on Derivative Financial Instruments	31	(33)	21
Adjustments for Undistributed (Gains) / Losses of Associates	3	(75)	87
Adjustments for Tax Expense / (Income)	32	52	(90)
Adjustments for Gains Arised From Sale of Tangible Assets	30	(1)	(4)
Adjustments for Losses Arised from Sale of Other Non-Current Assets	15	53	39
Operating Profit Before Changes in Working Capital		2,908	1,581
Increase in Trade Receivables from Related Parties	9	(6)	(18)
Increase in Trade Receivables from Third Parties	10	(274)	(93)
Decrease in Other Receivables from Related Parties	12	-	22
Decrease / (Increase) in Other Receivables from Third Parties	12	217	(259)
Adjustments for Decrease / (Increase) in Inventories	13	44	(15)
Adjustments for (Increase) / Decrease in Prepaid Expenses	14	(14)	74
Increase / (Decrease) in Trade Payables to Related Parties	9	26	(31)
Increase / (Decrease) in Trade Payables to Third Parties	10	4	(238)
Adjustments for Increase / (Decrease) in Payables Due to Employee Benefits	11	15	(70)
Increase in Other Payables to Related Parties	12	5	-
Increase / (Decrease) in Other Payables to Third Parties	12	114	(89)
Increase / (Decrease) in Deferred Income	14	643	(471)
Decrease in Other Assets	24	45	15
Cash Flows From Operations		3,727	408
Payments for Provisions Related with Employee Benefits	22	(6)	(14)
Income taxes (paid)	32	(18)	(5)
Net Cash From Operating Activities		3,703	389
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant and Equipment		81	14
Payments For Purchasing of Property, Plant and Equipment	15 and 16	(850)	(1,153)
Proceeds From Sales of Other Long-term Assets	6	-	397
Other Cash Advances and Loans	12	222	293
Dividends Received		29	3
Interest Received	30	7	9
Net Cash Flows Used In Investing Activities		(511)	(437)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds From Loans	7	2,790	3,963
Repayments of Loans	7	(3,071)	(2,463)
Payments of Lease Liabilities	7	(1,786)	(1,541)
Interest Paid		(318)	(241)
Interest Received	31	68	68
Other Cash Outflows	8	(9)	(2)
Net Cash Used in Financing Activities		(2,326)	(216)
Net Change in Cash and Cash Equivalents		866	(264)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,811	2,075
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	2,677	1,811

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

1. GROUP ORGANIZATION AND ITS OPERATIONS

Türk Hava Yolları Anonim Ortaklığı (the “Company” or “THY”) was incorporated in Turkey in 1933. As of 31 December 2021 and 2020, the shareholders and their respective shareholdings in the Company are as follows:

	31 December 2021	31 December 2020
Turkey Wealth Fund	49.12 %	49.12 %
Republic of Turkey Treasury and Finance Ministry Privatization Administration	-	-
Other (publicly held)	50.88 %	50.88 %
Total	100.00 %	100.00 %

The Company is controlled by Turkey Wealth Fund.

The number of employees working for the Group as of 31 December 2021 is 37,394 (31 December 2020: 37,896). The average number of employees working for the Group for the year ended 31 December 2021 and 2020 are 37,561 and 38,648 respectively. The Group is registered in İstanbul, Turkey and its head office address is as follows:

Türk Hava Yolları A.O. Genel Yönetim Binası, Yeşilköy Mahallesi, Havaalanı Caddesi No: 3/1
34149 Yeşilköy İSTANBUL.

The Company’s shares have been traded on Borsa İstanbul (“BIST”) since 1990. The Company and its subsidiaries will be referred as “Group”.

Subsidiaries and Joint Ventures

The table below sets out the consolidated subsidiaries of the Group as of 31 December 2021 and 2020:

Name of the Company	Principal Activity	Ownership Rate		Country of Registration
		31 December 2021	31 December 2020	
THY Teknik A.Ş.	Aircraft Maintenance Services	100%	100%	Turkey
(THY Teknik)				
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	Training & Airport Operations	100%	100%	Turkey
THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	Airport Investment	100%	100%	Turkey
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	Cargo and Courier Transportation	100%	100%	Turkey
Cornea Havacılık Sistemleri San. Ve Tic. A.Ş.	Software System Maintenance Services	80%	80%	Turkey
THY Teknoloji ve Bilişim A.Ş.	Information Technologies and Consulting	100%	100%	Turkey
THY Hava Kargo Taşımacılığı A.Ş. (*)	Cargo Transportation	100%	-	Turkey

(*) THY Hava Kargo Taşımacılığı A.Ş. was established in 2021 using the partial demerger method.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

1. GROUP ORGANIZATION AND ITS OPERATIONS (cont'd)

Subsidiaries and Joint Ventures (cont'd)

The table below sets out joint ventures of the Group as 31 December 2021 and 2020:

Company Name	Country of Registration and Operations	<u>Ownership Share and Voting Power</u>		Principal Activity
		31 December 2021	31 December 2020	
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Turkey	50%	50%	Aircraft Transportation
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Turkey	50%	50%	Catering Services
P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC)	Turkey	49%	49%	Maintenance Services
TGS Yer Hizmetleri A.Ş. (TGS)	Turkey	50%	50%	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Turkey	50%	50%	Aviation Fuel Services
Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (TNC) (Goodrich)	Turkey	40%	40%	Maintenance Services
Uçak Koltuk Sanayi ve Ticaret A.Ş. (Uçak Koltuk)	Turkey	50%	50%	Cabin Interior Products
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI)	Turkey	50%	50%	Cabin Interior Products
Vergi İade Aracılık A.Ş.	Turkey	30%	30%	VAT Return and Consultancy
Air Albania	Albania	49%	49%	Aircraft Transportation
We World Express Ltd.	Hong Kong	45%	45%	Cargo and Courier Transportation
TFS Akaryakıt Hizmetleri A.Ş.	Turkey	25%	25%	Aviation Fuel Services

The Group owns 49%, 49%, 45%, 40%, 30% and 25% equity shares of TEC, Air Albania, We World Express Ltd., Goodrich, Vergi İade Aracılık A.Ş. and TFS Akaryakıt Hizmetleri A.Ş. respectively. However, based on the contractual arrangements between the Group and the other respective investors, decisions about the relevant activities of the arrangements require both the Group and the other respective investor agreement. Thus, the Group concluded that it has joint control over TEC, Air Albania, We World Express, Goodrich, Vergi İade Aracılık A.Ş. and TFS Akaryakıt Hizmetleri A.Ş..

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

Board of Directors has approved the consolidated financial statements as of 31 December 2021 on 28 February 2022. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Preparation

The consolidated financial statements, except for derivative financial instruments, have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Functional and Reporting Currency

Functional currency

The consolidated financial statements of the Group are presented in USD, which is the functional currency of the Group.

Although the currency of the country in which the Group is domiciled is Turkish Lira (TL), the Group's functional currency is determined as USD. USD is used to a significant extent in, and has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group. Therefore, the Group uses the USD in measuring items in its financial statements and as the functional currency. All currencies other than the currency selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in USD have been remeasured in USD in accordance with the relevant provisions of IAS 21 *the Effects of Changes in Foreign Exchange Rates*.

Except where otherwise indicated, all amounts disclosed in financial statements and notes are rounded the nearest million (USD 000,000).

Basis of Consolidation

- The consolidated financial statements include the accounts of the parent company, THY, its subsidiaries and its joint ventures on the basis set out in sections (b) below. Financial statements of the subsidiaries and joint ventures are adjusted where applicable in order to apply the same accounting policies. All transactions, balances, profit and loss within the Group are eliminated during consolidation.
- The Group has twelve joint ventures (Note: 1). These joint ventures are economical activities whereby decisions about strategic finance and operating policy are jointly made by the consensus of the Group and other investors. The joint ventures are controlled by the Group and other shareholders jointly, and are accounted for using the equity method. Under the equity method, joint ventures are initially recognized at cost and adjusted to recognize any distributions received, impairments in the joint ventures and the Group's share of the profit or loss after the date of acquisition. Joint ventures' losses that exceed the Group's share are not recognized, unless the Group has incurred legal or constructive obligations on behalf of the joint venture.
- The non-controlling share in the assets and results of subsidiaries for the year are separately classified as "non-controlling interest" in the consolidated statements of financial position and consolidated statements of profit or loss.

2.2 Changes and Errors in Accounting Policies Estimates

The significant estimates and assumptions used in preparation of these consolidated financial statements as at and for the year ended 31 December 2021 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2020.

As explained in the accounting policy in Note 2.3.3, the Group accounts the overhaul maintenance for the fuselage and overhaul engine repair parts are depreciated over the shorter of the remaining period to the next maintenance or the remaining period of the aircraft's useful life.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Changes and Errors in Accounting Policies Estimates (cont'd)

As of January 1, 2020, maintenance costs with a net book value of 0 USD, which are included in the "Airplanes" and "Spare Engines" items in the movement table of "Property and Equipment" in Note 15, have been reviewed. The cost and accumulated depreciations of 310 USD, which have completed their useful lives, are presented by deducting from the opening balances of 2020.

2.3 Summary of Significant Accounting Policies

2.3.1 Revenue

IFRS 15 Revenue from contracts with customers

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Group can identify each party's rights regarding the goods or services to be transferred,
- (c) Group can identify the payment terms for the goods or services to be transferred;
- (d) The contract has commercial substance,
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Rendering of services:

Revenue is measured at the fair value of the consideration received or to be received. Passenger fares and cargo revenues are recognized as operating revenue when the transportation service is provided. Tickets sold but not used (unflown) yet are recognized as passenger flight liabilities in deferred income as a contract liability in accordance with IFRS 15 *Revenue from Contracts with Customers*.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.1 Revenue (cont'd)

IFRS 15 Revenue from contracts with customers (cont'd)

Rendering of services (cont'd):

The Group uses estimates based on historical statistics and data for unredeemed tickets. Total estimated amount of unredeemed tickets are recognized as revenue. Agency commissions relating to the passenger revenue are recognized as expense when the transportation service is provided.

Aircraft maintenance and infrastructure support services are recognized on accrual basis at the fair value of the amount collected or to be collected based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable.

a) Expired Ticket Revenue

Tickets for which the passenger is not expected to exercise their rights under the ticket contract with the Group will expire. Tickets that expire unused represent unexercised passenger rights and are often referred to as passenger ticket breakage. The Group recognizes breakage (or unexercised rights) as revenue. Since the break date of these specific tickets can not be identified ultimately, the Group estimates and recognizes the expected breakage amount by using historical data and trends. The data used for the estimation for the amount of unredeemed tickets is revised under the IFRS 15 and provisional ticket breakage revenue is calculated with the tickets not flown on their scheduled flight date.

b) Ticket Reissue Revenue

Each fare type provided by the Group have its own conditions attached, which may include it being restricted, non-upgradeable or non-refundable. A change fee may apply if passengers need to make a change to their booking, cancel flights or buy replacement tickets. The change service is not considered distinctly because the customer cannot benefit from it without taking the flight. Although the change service is provided in advance of the flight, the benefit from it is not provided until the customer takes the flight. As a result, the change fee is recognized as revenue together with the original ticket sale on the date of travel.

Dividend and interest income:

Dividend income generated from equity investments is recognized in the period when they are declared.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.3.2 Inventories

Inventories consist of non-repairable spare parts, consumables and supplies such as flight equipment and purchased merchandises.

Inventories are valued at the lower of cost and net realizable value. The cost of inventories consist of costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Average cost method is applied in the calculation of cost of inventories. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.3 Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction are carried at their costs. Legal fees are also included in cost. Borrowing costs are capitalized for assets that need substantial time to prepare the asset for its intended use or sale. As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Property and equipment other than land and properties under construction depreciated over their estimated useful lives, using the straight-line method. Expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and they are recognized prospectively if there are any changes in estimates.

The Group allocates the cost of assets that are acquired directly or through finance leases into the following parts, by considering the renewal of significant parts of the aircrafts identified during the overhaul maintenance and overhaul of aircraft fuselage and engine; a) fuselage, b) overhaul maintenance for the fuselage, c) engine and d) overhaul maintenance for the engines. Overhaul maintenance for the fuselage and overhaul engine repair parts are depreciated over the shorter of the remaining period to the next maintenance or the remaining period of the aircraft's useful life.

The gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The useful lives and residual values used for property and equipment are as follows:

	<u>Useful Life (Years)</u>	<u>Residual Value</u>
- Buildings	25 and 50	-
- Aircrafts and Engines	25	10%
- Cargo Aircraft and Engines	25	10%
- Overhaul Maintenance for Airframe	6	-
- Overhaul Maintenance for Engines	3-8	-
- Overhaul Maintenance for Spare Engines	3-13	-
- Components	3-18	-
- Repairable Spare Parts	3-7	-
- Simulators	25	10%
- Machinery and Equipment	3-20	-
- Furniture and Fixtures	3-15	-
- Motor Vehicles	4-15	-
- Other Equipment	4-15	-
- Leasehold Improvements	Lease period/5 years	-

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.4 Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, If the supplier has a substantive substitution right, the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset:

- After netting-off depreciation and reducing impairment losses from right of use asset.
- Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS16 “Property, Plant and Equipment” to amortize the right of use asset and to asses for any impairment.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.4 Leases (cont'd)

Aircraft;

For operating lease agreements of aircrafts, the lease term corresponds to the non-cancellable duration of the agreements signed except in cases where the Group is reasonably certain of exercising either an extension option or an early termination option which is included in the agreement. Lease liabilities are discounted to present value by using the Group's incremental borrowing rates for each currency. IFRS 16 requires including maintenance costs in the right of use asset. According to that, the Group decides whether the maintenance cost is capitalized to the right of use asset by analyzing whether the maintenance cost is avoidable or unavoidable. The Group is obliged to return leased aircraft and their engines according to the redelivery condition which is set in the lease agreement. The Group needs to either maintain the aircraft so that it meets the agreed redelivery condition or settle the difference in cash to the lessor if the condition of the aircraft and its engines differs from the agreed redelivery condition. Maintenance costs can be divided into two groups; costs that incur independent of the usage of the aircraft / leasing period and costs that incur dependent on the usage of the aircraft / leasing period. Costs depending on the usage of the aircraft are not included as part of the right of use asset cost.

Real estate and other leases;

For lease agreements, the lease term corresponds to the non-cancellable duration of the agreements signed except in cases where the Group is reasonably certain of exercising either an extension option or an early termination option which is included in the agreement. Lease liabilities are discounted to present value by using the Group's incremental borrowing rates for each currency. Service agreements which relate to the usage of airports and terminals do not qualify as lease arrangements under IFRS 16. Lease agreements in which the lessor has the right to substitute the leased area with another area, do not qualify as lease contract under IFRS 16. As an exception to this, there are specific lounge areas which are dedicated for the use of the Group and therefore, these are included in the lease agreements.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.4 Leases (cont'd)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.3.5 Intangible Assets

Intangible assets include rights, information systems and software. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Rights and other intangible assets are depreciated over their useful life of 3 and 5 years, on a straight-line basis. Slot rights are assessed as intangible assets with indefinite useful life, as there are no time restrictions on them.

Goodwill

Goodwill that arises upon acquisition of subsidiaries is presented in intangible assets. For the measurement of goodwill at initial recognition, refer to Note 2.1. Goodwill is measured at cost less accumulated impairment losses.

2.3.6 Impairment on Assets

The carrying amounts of the Group's assets are reviewed at each reporting date and (for assets with indefinite useful lives, whenever there is an indication of impairment) to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amounts are estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is the present value of estimated future cash flows resulting from continuing use of an asset and from disposal at the end of its useful life. Impairment losses are accounted in profit or loss.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount is recognized as income in the consolidated financial statements and cannot exceed the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

Group considers aircrafts, spare engines and simulators together ("Aircrafts") as cash generating unit subject to impairment and impairment calculation was performed for Aircrafts collectively. In the examination of whether net book values of aircrafts, spare engines and simulators exceed their recoverable amounts, the higher value between value in use and sale expenses deducted net selling prices in USD is used for determination of recoverable amounts. Net selling price for the aircrafts is determined according to second hand prices in international price guides. The differences between net book values of these assets and recoverable amounts are recognized as impairment gains or losses under income and expenses from investment activities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.3.8 Financial Instruments

(a) Financial assets

Financial assets and liabilities are recognized in the consolidated financial statements when the Group is a legal party to these financial instruments. Financial investments are recognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Investments are recorded or deleted from records on the date of trading activity based on an agreement providing a requirement for investment instrument delivery in compliance with the duration determined by related market.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.8 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The corporate debt securities categorized as available-for-sale under IAS 39 are held by the Group's treasury unit in a separate portfolio to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. The Group considers that these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities. The corporate debt securities mature in one to two years and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under IFRS 9. The fair value differences of government debt securities and corporate debt securities are classified into financial assets recognized in other comprehensive income.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.8 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with their maturities equal or less than three months from date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Loans and receivables

Trade, loan and other receivables are initially recorded at fair value less any transaction costs. At subsequent periods, loans and receivables are measured at amortized cost using the effective interest method.

Impairment of Financial Assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs. The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.8 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

(b) Financial liabilities

The Group’s financial liabilities and equity instruments are classified in accordance with the contractual arrangements and recognition principles of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The significant accounting policies for financial liabilities and equity instruments are described below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or loans, borrowings and payables.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value, and at each reporting period revalued at fair value as of balance sheet date. Changes in fair value are recognized in profit and loss.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.8 Financial Instruments (cont'd)

(b) *Financial liabilities (cont'd)*

Derivative financial instruments and hedge accounting

The Group uses various derivative financial instruments such as currency forwards, currency options, interest rate options, oil options and oil swaps are used to protect against currency, fuel price and interest rate risks arising from its ordinary business activities in accordance with IFRS 9.

The Group applies hedge accounting since 2009 to these transactions, as they are designated to hedge against cash flow risks arising from fluctuations in interest rates. The major source of interest rate risk is finance lease liabilities. In order to keep interest costs at an affordable level, the Group has hedged a part of floating rate USD, JPY and Euro denominated liabilities arising from financial leasing activities. Effective part of the change in the fair values of those derivative instruments for cash flows risks of floating-rate finance lease liabilities are recognized in other comprehensive income and presented in cash flow hedge reserve under the shareholders' equity, in accordance with hedge accounting.

The Group also enters into derivative financial instruments to hedge against jet fuel price risks since 2009. The Group applies hedge accounting to these transactions, as they are designated to hedge against cash flow risks arising from fluctuations in jet fuel prices. In accordance with the Group's latest BOD resolution issued on 14 July 2017, hedging transactions are executed for the tenor of at most 24 months and up to 60% of the forecasted fuel consumption of the following month. Also with this resolution, premium paid options have been included to the instrument list for the first time, in addition to formerly used swap and 2 way, 3way and 4way zero-cost option structures.

In order to manage this risk resulted from the fluctuations of the FX market, the Group started to implement exchange rate risk hedging in 2013. Since the Group is long in EUR and short in USD and TRY, strategy mainly aims to decrease the amount of short position in USD and TRY with the long position in EUR via the derivative instruments. On EUR USD currency hedging, it is decided to execute the transactions in at most 24 months and up to 60% of the forecasted short position of the next month by using forward and 2way, 3way, 4way zero-cost collar option structures. In addition, on EUR/TRY maximum tenor and hedge ratio are 18 months and 50% by using only forward contracts.

Since 2018 The Group, financial lease liabilities for investment financing are designated as cash flow hedge against exchange rate risk due to highly probable future same foreign currency revenues.

Use of derivative financial instruments is managed according to the Group policy approved by the Board of Directors and compliant with the risk management strategy.

The Group does not use derivative financial instruments for speculative purposes.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

Derivative financial instruments are calculated according to the fair value at contract date and again are calculated in the following reporting period at fair value base. The effective portions of changes in the fair value of derivatives which are designated as cash flow hedge are recognized in other comprehensive income. Any ineffective portion of changes in the fair value of the derivatives is recognized in profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.9 Foreign Currency Transactions

Transactions in foreign currencies are translated into US Dollar at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated the rates prevailing at the date when fair value determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on settlement and translation of foreign currency items are included in profit or loss.

The closing and average US Dollar-TL and US Dollar-EUR exchange rates as at 31 December 2021, 2020 and 2019 are as follows:

	<u>Closing Rate</u>	<u>Average Rate</u>
Year ended 31 December 2021	13.329	8.8719
Year ended 31 December 2020	7.3405	7.0034
Year ended 31 December 2019	5.9402	5.6712

	<u>Closing Rate</u>	<u>Average Rate</u>
Year ended 31 December 2021	1/ 1.1319	1/ 1.1787
Year ended 31 December 2020	1/ 1.2272	1/ 1.1443
Year ended 31 December 2019	1/ 1.1196	1/ 1.1194

2.3.10 Earnings per Share

Earnings per share are calculated by dividing net profit by weighted average number of shares outstanding in the relevant period. In Turkey, companies are allowed to increase their capital by distributing free shares to shareholders from accumulated profits. In calculation of earnings per share, such free shares are considered as issued shares. Therefore, weighted average number of shares in the calculation of earnings per share is found by applying distribution of free shares retrospectively.

2.3.11 Events After the Reporting Date

Events after the balance sheet date are those events, which occur between the balance sheet date and the date when the consolidated financial statements are authorized for issue.

If adjustment is necessary for such events, the Group's consolidated financial statements are adjusted to reflect such events.

2.3.12 Provisions, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.12 Provisions, Contingent Liabilities, Contingent Assets (cont'd)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous Contracts

Present liabilities arising from onerous contracts are calculated and accounted for as provision. It is assumed that an onerous contract exists if Group has a contract which unavoidable costs to be incurred to settle obligations of the contract exceed the expected economic benefits of the contract.

2.3.13 Segmental Information

There are two main operating segments of the Group, air transportation and aircraft technical maintenance operations; these include information for determination of performance evaluation and allocation of resources by the management. The Group management uses the operating profit calculated according to IFRS while evaluating the performance of the segments.

2.3.14 Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the current tax and deferred tax expenses.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.14 Taxation and Deferred Tax (cont'd)

Deferred Tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, where the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

2.3.15 Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.16 Employee Benefits / Retirement Pay Provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. Actuarial gains and losses are accounted as other comprehensive income.

2.3.17 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.3.18 Maintenance and Repair Cost

Regular maintenance and repair costs for owned and leased assets are charged to operating expense as incurred. Aircraft and engine overhaul maintenance checks for owned and leased aircrafts are capitalized and depreciated over the shorter of the remaining period to the following overhaul maintenance checks or the remaining useful life of the aircraft. For aircraft held under operating leases the Group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor upon return of the aircraft. The estimated airframes and engine maintenance costs are accrued and charges to profit or loss over the lease term, based on the present value of the estimated future cost of the major airframe overhaul, engine maintenance calculated by reference to hours or order operated during the year.

2.3.19 Frequent Flyer Program

The Group provides a frequent flyer program (FFP) named "Miles and Smiles" in the form of free travel award to its members on accumulated mileage. Miles earned by flights are recognized as a separately identifiable component of the sales transaction(s).

The amount deferred as a liability is measured based on the fair value of the awarded miles. The fair value is measured on the basis of the value of the awards for which they could be redeemed. The amount deferred is recognized as revenue on redemption of the points including a portion of the points that the Group does not expect to be redeemed by the customers ("breakage").

The Group also sells mileage credits to participating partners in "Miles and Smiles" program. Revenue is recognized when transportation is provided.

2.4 Critical Accounting Estimates and Judgements

Preparation of the financial statements requires the amounts of assets and liabilities being reported, explanations of contingent liabilities and assets and the uses of accounting estimates and assumptions which would affect revenue and expense accounts reported during the accounting period. Group makes estimates and assumptions about the future periods. Actual results could differ from those estimations.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Critical Accounting Estimates and Judgements (cont'd)

Accounting estimates and assumptions which might cause material adjustments on the book values of assets and liabilities in future financial reporting period are given below:

The Determination of Impairment on Long Term Assets:

Basic assumptions and calculation methods of the Group relating to impairment on assets are explained in Note 2.3.6.

Calculation of the Liability for Frequent Flyer Program:

As explained in Note 2.3.19, Group has a FFP program called "Miles and Smiles" for its members. In the calculation of the liability historical statistics are used for miles earned from flights.

Useful Lives and Residual Values of Tangible Assets:

Group has allocated depreciation over tangible assets by taking into consideration the useful lives and residual values explained in Note 2.3.3.

Deferred Tax:

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. There are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future in the Group. Based on available evidence, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized.

Corporate Tax Law 32/A and the effects of Resolution issued on "Government Assistance for Investments" by the Council of Ministers:

An incentive standard that reconstitutes government assistance for investments initiated effective from 28 February 2009 with the clause 32/A of the Corporate Tax Law by the 9th article of the 5838 numbered Law in order to support investments through taxes on income.

The new investment system becomes effective upon the issuance of the Council of Ministers' resolution "Government Assistance for Investments" No: 2009/15199 on 14 July 2009. Apart from the previous "investment incentive" application, which provides the deduction of certain portion of investment expenditures against corporate tax base, the new support system aims to provide incentive support to companies by deducting "contribution amount", which is calculated by applying the "contribution rate" prescribed in the Council of Ministers' resolution over the related investment expenditure, against the corporate tax imposed on the related investment to the extent the amount reaches to the corresponding "contribution amount".

The Group has right to benefit from some incentives in "Investment Incentive System" due to airline cargo and passenger transportation activities. As a result of the applications within this scope, Investment Incentive Certificates are obtained for supply of aircraft and ground handling services.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Critical Accounting Estimates and Judgements (cont'd)

Corporate Tax Law 32/A and the effects of Resolution issued on “Government Assistance for Investments” by the Council of Ministers (cont'd):

The information on the Investment Incentive Certificates that may have an impact on the current or future financial reports of the Incorporation and the incentives utilized are listed below:

Date of Cabinet Decree	Number of Cabinet Decree	Date of Inv. Incentive Certificate	Investment Status	Tax Reduction	Total Amount of Investment USD: (*)	Utilized Contribution Amount of Investment USD: (**)
20.01.2018	2017/11133	9.08.2018	Continue	Tax Reduction %90 / Contribution rate to Investment %50	4,017	-
15.06.2012	2012/3305	18.12.2014	Completed	Tax Reduction %50 / Contribution rate to Investment %15	1,273	-
14.07.2009	2009/15199	28.12.2010	Completed	Tax Reduction %50 / Contribution rate to Investment %20	995	1
20.01.2018	2017/11133	11.09.2018	Continue	Tax Reduction %50 / Contribution rate to Investment %25	189	-
15.06.2012	2012/3305	1.03.2018	Continue	Tax Reduction %50 / Contribution rate to Investment %15	167	45
15.06.2012	2012/3305	11.07.2017	Continue	Tax Reduction %50 / Contribution rate to Investment %15	-	-
15.06.2012	2012/3305	18.09.2017	Continue	General Investment Incentive	-	-

(*) Because the investments are realized in foreign currency and revisions made on investments, the amount of investment at the time of application and the amount of investment at the time of completion may vary.

(**) The contribution amount of investment, which is not utilizable when there is no tax base, is transferrable by indexing with revaluation rate in accordance with the provisions of the relevant legislation.

There is no clear guidance in regards to the accounting for government tax incentives on investments in IAS 12 “Income Tax” and IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”. Since the use of “contribution amount” depends on future earnings from the related investment for aircrafts over many years, the Group management considers that the accounting for the related investment contribution will be more appropriate if the grant is classified as profit or loss on a systematic and rational basis over the useful life of the related assets. In addition, investments on other tangible assets, the Group management considers that the accounting of grant contribution in a shorter period of time and as profit or loss will be more appropriate for the nature of investment support in the period when it is possible to benefit from the incentive.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 New and Revised Standards and Interpretations

a) Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments IFRS 4, ‘Insurance contracts’, deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

IFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 New and Revised Standards and Interpretations (cont'd)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021 (cont'd):

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. These amendments do not have a significant impact on the financial position and performance of the Group.

2.6 Determination of Fair Values

Various accounting policies and explanations of the Group necessitate to determinate the fair value of both financial and non-financial assets and liabilities. If applicable, additional information about assumptions used for determination of fair value are presented in notes particular to assets and liabilities.

Evaluation methods in terms of levels are described as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and obligations.
- Level 2: Variables obtained directly (via prices) or indirectly (by deriving from prices) which are observable for similar assets and liabilities other than quoted prices mentioned in Level 1.
- Level 3: Variables, which are not related to observable market variable for assets and liabilities (unobservable variables).

2.7 Going Concern

The Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern. The Group's current liabilities exceed its current assets by USD 1,835 as of 31 December 2021.

The Group generated USD 389 net cash from its operating activities for the period ending 31 December 2020, whereas it increased to USD 3,703 for the period ending 31 December 2021. In addition, current liabilities exceeding current assets decreased by USD 441 compared to 2020. The Group expects cash flows from operations will be positively affected in 2022 thanks to the deferred demand and the proactive actions taken by the management.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Going Concern (cont'd)

The Group maintains its available credit lines to use when necessary. Bank loans in 2021 decreased by USD 735 compared to 2020. The Group's available bank loan limits are USD 3,166 as of 31 December 2021 (31 December 2020: USD 2,356).

2.8 Impact of Covid-19 Pandemic on Group Activities

The COVID-19 pandemic has significantly affected global air traffic. Stringent measures have been taken around the world to prevent the spread of the pandemic. As of December 2021, travel restrictions were loosened and demand for travel expanded with the increase in vaccination rates in Turkey and around globe.

As the effects of the pandemic diminished, THY has taken several actions to meet the increasing demand and constantly assesses further developments. The actions taken are listed below:

Passenger business

While Covid-19 vaccine booster shots are administered around the world, Omicron variant has emerged in the last quarter of the year. While some countries have begun to lift Covid-19 restrictions, relatively weaker restrictions in most countries have been continuing. The Grup continued to implement flexible and effective capacity management according to the developments regarding the pandemic. The Group, adopted quickly to precautions brought on health and fully cooperated with local authorities resulting in closer available capacity to 2019 levels. In the last quarter of 2021, the Group reached 84% of its capacity supplied in the same period of 2019. While domestic capacity was 10% below the 2019 level, international capacity reached 83% of 2019. In the last quarter of 2021, the Group reached 81% of the number of passengers carried domestically, 74% internationally and 77% in total in the same period of 2019. Thanks to the advantage it has on the cost side, wide flight network, effective capacity management, rapid recovery in diversified passenger segments and successful cargo operations, the Group showed a faster recovery than its competitors in both financial and operational results.

Cargo business

Cargo operations are continuing at full capacity with freighters and about 15 wide body passenger aircraft are being utilized for cargo operations. As a result, 47% increase was recorded in 2021 fiscal year cargo revenues, the contribution of cargo operations to total revenue and profit increased significantly compared to 2020 fiscal year. Recovery in passenger operations leads to rising supply of belly cargo capacity which in turn positively impacts total cargo capacity.

Cost controls

Group is taking actions to decrease the operational expenses and secure the financial liquidity of the Group. Cost saving actions taken in other fixed or operational costs to minimize COVID-19's adverse financial effects resulted approximately in an amount of USD 700 total cost savings in 2021. Discretionary capital expenditures are postponed. Aircraft delivery plans determined before the pandemic for 2020-2021 are discussed together with OEMs and aircraft deliveries are postponed.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.8 Impact of Covid-19 Pandemic on Group Activities (cont'd)

Asset valuation

Related to the COVID-19 pandemic, Group paid attention to the recoverability of fleet, right of use assets and deferred tax assets and conducted impairment tests under different scenarios. As a result, no impairment related to fleet and right of use assets was recognized.

Accounting estimates and assumptions

Due to COVID-19 pandemic, THY reviewed accounting estimates and assumptions.

According to IFRS 9, ECL estimations, especially historical loss rates, for trade receivables was reviewed to include forward-looking information with regard to COVID-19. In addition, estimates used in the calculation of provisions for receivables from pilots for flight training were reviewed to reflect current environment.

Discount rates and inflation rates used in calculations of provisions for employee benefits were revised to incorporate related COVID-19 impact.

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

The joint ventures accounted for using the equity method are as follows:

	31 December 2021	31 December 2020
Sun Express	84	64
TEC	57	59
Turkish DO&CO	29	47
THY Opet	21	28
TGS	19	34
TFS Akaryakıt	10	8
TCI	5	4
Goodrich	5	4
Uçak Koltuk	4	6
We World Express	3	2
Vergi İade Aracılık (*)	-	-
	237	256

(*) The Group's share in the shareholders' equity of Vergi İade Aracılık is less than USD 1.

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

Share of investments' profit / (loss) accounted by using the equity method are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Sun Express	17	(99)
THY Opet	17	3
TGS	16	3
TFS Akaryakıt	13	-
TEC	8	1
Turkish DO&CO	5	6
Goodrich	1	-
We World Express	-	-
TCI	-	(1)
Uçak Koltuk	(2)	-
	75	(87)

Financial information for Sun Express as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	1,838	1,728
Total liabilities	1,670	1,600
Shareholders' equity	168	128
Group's share in joint venture's shareholders' equity	84	64
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	880	564
Profit / (Loss) for the year	34	(198)
Group's share in joint venture's profit / (loss) for the year	17	(99)

Financial information for TEC as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	204	198
Total liabilities	87	77
Shareholders' equity	117	121
Group's share in joint venture's shareholders' equity	57	59
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	391	349
Profit for the year	17	3
Group's share in joint venture's profit for the year	8	1

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

Financial information for Turkish DO&CO as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	115	160
Total liabilities	58	65
Shareholders' equity	57	95
Group's share in joint venture's shareholders' equity	29	47
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	158	116
Profit for the year	11	11
Group's share in joint venture's profit for the year	5	6

Financial information for THY Opet as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	82	169
Total liabilities	40	113
Shareholders' equity	42	56
Group's share in joint venture's shareholders' equity	21	28
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	451	286
Profit for the year	33	6
Group's share in joint venture's profit for the year	17	3

Financial information for TGS as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	119	187
Total liabilities	81	119
Shareholders' equity	38	68
Group's share in joint venture's shareholders' equity	19	34
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	256	180
Profit for the year	31	5
Group's share in joint venture's profit for the year	16	3

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

Financial information for TFS Akaryakıt Hizmetleri as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	244	212
Total liabilities	204	182
Shareholders' equity	40	30
Group's share in joint venture's shareholders' equity	10	8
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	1,227	524
Profit / (Loss) for the year	54	(1)
Group's share in joint venture's profit / (loss) for the year	13	-

Financial information for TCI as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	15	15
Total liabilities	6	6
Shareholders' equity	9	9
Group's share in joint venture's shareholders' equity	5	4
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	6	3
Loss for the year	-	(3)
Group's share in joint venture's loss for the year	-	(1)

Financial information for Goodrich as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	15	12
Total liabilities	3	3
Shareholders' equity	12	9
Group's share in joint venture's shareholders' equity	5	4
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	21	16
Profit for the year	3	1
Group's share in joint venture's profit for the year	1	-

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

Financial information for Uçak Koltuk as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	25	33
Total liabilities	17	21
Shareholders' equity	8	12
Group's share in joint venture's shareholders' equity	4	6
	1 January -	1 January -
	31 December 2021	31 December 2020
Revenue	16	20
(Loss) / Profit for the year	(4)	1
Group's share in joint venture's (loss) / profit for the year	(2)	-

Financial information for We World Express as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total assets	21	8
Total liabilities	13	5
Shareholders' equity	8	3
Group's share in joint venture's shareholders' equity	3	2
	1 January -	1 January -
	31 December 2021	31 December 2020
Revenue	50	24
Profit for the year	1	1
Group's share in joint venture's profit for the year	-	-

Since 31 December 2019, the loss of Air Albania, which is exceeding the Group's total share in joint venture's shareholders' equity, has not been accounted in the consolidated financial statements. As of 31 December 2021, the amount is USD 5 (31 December 2020 USD 5).

Movement in investments accounted by using the equity method is as follows:

	31 December 2021	31 December 2020
Opening balance	256	369
Share of investments' income/(loss) accounted for using the equity method	75	(87)
Other expense and income recognized in equity	9	(11)
Capital reductions	-	(29)
Statement of changes in consolidation adjust	(1)	7
Dividends to shareholders	(29)	(3)
Foreign currency translation difference	(73)	10
Closing balance	<u>237</u>	<u>256</u>

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4. SEGMENT REPORTING

Group management makes decisions regarding resource allocation to segments based upon the results and the activities of its air transport and aircraft technical maintenance services segments for the purpose of segments' performance evaluation. The Group's main activities can be summarized as follows:

Air Transport ("Aviation")

The Group's aviation activities consist of mainly domestic and international passenger and cargo air transportation.

Technical Maintenance Services ("Technical")

The Group's technical activities consist of mainly aircraft repair and maintenance services and providing technical and infrastructure support related to aviation sector. The detailed information about the revenue of the Group is given in Note 26.

4.1 Total Assets and Liabilities

Total Assets	31 December 2021	31 December 2020
Aviation	26,504	25,425
Technical	1,615	1,547
Total	28,119	26,972
Less: Eliminations due to consolidation	(1,582)	(1,442)
Total assets in consolidated financial statements	<u>26,537</u>	<u>25,530</u>

Total Liabilities	31 December 2021	31 December 2020
Aviation	19,737	20,096
Technical	407	370
Total	20,144	20,466
Less: Eliminations due to consolidation	(444)	(319)
Total liabilities in consolidated financial statements	<u>19,700</u>	<u>20,147</u>

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4. SEGMENT REPORTING (cont'd)

4.2 Profit / (Loss) before Tax

Segment Results:

1 January - 31 December 2021	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	10,433	253	-	10,686
Inter-Segment Sales	63	792	(855)	-
Revenue	10,496	1,045	(855)	10,686
Cost of Sales (-)	(8,319)	(827)	824	(8,322)
Gross Profit	2,177	218	(31)	2,364
Administrative Expenses (-)	(192)	(96)	34	(254)
Selling and Marketing Expenses (-)	(827)	(9)	1	(835)
Other Operating Income	162	32	(20)	174
Other Operating Expenses (-)	(43)	(8)	16	(35)
Operating Profit Before Investment Activities	1,277	137	-	1,414
Income from Investment Activities	207	-	-	207
Expenses from Investment Activities	(7)	-	-	(7)
Share of Investments' Profit Accounted for Using The Equity Method	66	9	-	75
Operating Profit	1,543	146	-	1,689
Financial Income	135	1	(35)	101
Financial Expense (-)	(802)	0	35	(767)
Profit Before Tax	876	147	-	1,023

1 January - 31 December 2020	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	6,559	175	-	6,734
Inter-Segment Sales	30	702	(732)	-
Revenue	6,589	877	(732)	6,734
Cost of Sales (-)	(6,383)	(731)	736	(6,378)
Gross Loss	206	146	4	356
Administrative Expenses (-)	(143)	(80)	4	(219)
Selling and Marketing Expenses (-)	(662)	(6)	1	(667)
Other Operating Income	325	17	(12)	330
Other Operating Expenses (-)	(33)	(25)	3	(55)
Operating Loss Before Investment Activities	(307)	52	-	(255)
Income from Investment Activities	190	-	-	190
Expenses from Investment Activities	(11)	-	-	(11)
Share of Investments' Loss Accounted for Using The Equity Method	(88)	1	-	(87)
Operating Loss	(216)	53	-	(163)
Financial Income	81	1	(10)	72
Financial Expense (-)	(837)	(8)	10	(835)
Loss Before Tax	(972)	46	-	(926)

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4. SEGMENT REPORTING (cont'd)

4.3 Investment Operations

1 January - 31 December 2021	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	2,250	168	-	2,418
Current period depreciation and amortization charge	1,589	151	-	1,740
Investments accounted for using equity method	160	77	-	237
1 January - 31 December 2020	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	3,191	185	-	3,376
Current period depreciation and amortization charge	1,515	144	-	1,659
Investments accounted for using equity method	181	75	-	256

5. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	2	2
Banks – Time deposits	2,597	1,749
Banks – Demand deposits	78	60
	2,677	1,811

Details of the time deposits as of 31 December 2021 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2021
8,882	TL	5.00% - 24.70%	February 2022	671
265	USD	0.90% - 2.25%	March 2022	265
1,455	EUR	0.24% - 1.10%	March 2022	1,648
1,310	DZD	1.49% - 1.53%	February 2022	9
280	MZN	7.65%	January 2022	4
				2,597

Details of the time deposits as of 31 December 2020 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
6,230	TL	9.00% - 18.50%	March 2021	857
186	USD	1.80% - 2.85%	January 2021	186
565	EUR	1.88% - 2.35%	March 2021	693
1,180	DZD	1.89%	January 2021	9
295	MZN	5.20%	January 2021	4
				1,749

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6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	31 December 2021	31 December 2020
Fair value through profit and loss (FVTPL)		
- Equity securities	5	18

Long-term financial investments are as follows:

	31 December 2021	31 December 2020
FVOCI		
- Government debt securities	67	42
- Corporate debt securities	20	32
Other	1	1
	88	75

Contractual maturity dates of financial investments measured at FVOCI as of 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Less than 1 year	3	-
1 to 5 years	1	4
Over 5 years	83	70
	87	74

7. BORROWINGS

Short-term borrowings are as follows:

	31 December 2021	31 December 2020
Bank borrowings	883	1,527

Short-term portions of long-term borrowings are as follows:

	31 December 2021	31 December 2020
Lease liabilities (Note: 18)	1,670	1,728
Bank borrowings	1,443	1,186
	3,113	2,914

Long-term borrowings are as follows:

	31 December 2021	31 December 2020
Lease liabilities (Note: 18)	8,574	9,579
Bank borrowings	2,333	2,681
	10,907	12,260

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7. BORROWINGS (cont'd)

Details of bank borrowings as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Less than 1 year	2,326	2,713
Between 1 – 5 years	2,307	2,615
Over 5 years	26	66
	4,659	5,394

Amount	Currency	Interest Rate Type	Effective Interest Rate	Payment Period	31 December 2021
381	TRY	Floating	BIST TLREF(*) + 1.25% -	May 2022	29
2,333	EUR	Fixed	BIST TLREF(*) + 1.50%	January 2022 - March 2025	2,640
			0.20% - 4.00%		
			Euribor + 2.90% -		
1,758	EUR	Floating	Euribor + 5.50%	May 2023 - August 2026	1,990
					4,659

Amount	Currency	Interest Rate Type	Effective Interest Rate	Payment Period	31 December 2020
590	TRY	Fixed	8.50% - 9.25%	February 2021 - June 2021	80
1,652	EUR	Fixed	0.30% - 4.00%	January 2021 - March 2025	3,413
			Euribor + 2.45% -		
1,549	EUR	Floating	Euribor + 5.50%	August 2021 - August 2026	1,901
					5,394

(*) It is a floating interest rate calculated by using the current BIST TLREF Index announced by Borsa İstanbul A.Ş. The floating interest rate is calculated for each interest period of time.

Reconciliation of bank borrowings and lease liabilities arising from financing activities:

	31 December 2020	Payment	Interest	Non-cash Changes	Cash-in	31 December 2021
Bank Borrowings	5,394	(3,071)	(158)	(296)	2,790	4,659

	31 December 2019	Payment	Interest	Non-cash Changes	Cash-in	31 December 2020
Bank Borrowings	3,453	(2,463)	(81)	522	3,963	5,394

	31 December 2020	Payment	Interest	Non-cash Changes	New Leases	31 December 2021
Aircraft	11,259	(1,774)	(160)	(483)	1,364	10,206
Property	47	(10)	-	(2)	1	36
Other	1	(2)	-	(2)	5	2
	11,307	(1,786)	(160)	(487)	1,370	10,244

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7. BORROWINGS (cont'd)

Reconciliation of bank borrowings and lease liabilities arising from financing activities (cont'd):

	31 December				New	31 December
	2019	Payment	Interest	Non-cash Changes	Leases	2020
Aircraft	9,858	(1,527)	(160)	868	2,220	11,259
Property	58	(12)	-	-	1	47
Other	3	(2)	-	-	-	1
	<u>9,919</u>	<u>(1,541)</u>	<u>(160)</u>	<u>868</u>	<u>2,221</u>	<u>11,307</u>

As of 31 December 2021, there are two loan agreements with covenant breaches. The financial ratios in the loan agreements have been met.

In March 2021, it was announced that certain LIBOR settings would cease to be published after December 31, 2021 and the remainder of the LIBOR settings will continue to be published until end-June 2023. The publication of JPY LIBOR settings have ceased after December 31, 2021 and FCA (Financial Conduct Authority) designated temporary publication of “synthetic” JPY LIBOR settings until end-December 2022. Due to the cessation of Swiss franc and Japanese yen LIBOR settings on December 31, 2021, replacement reference rates are determined and agreed with the lenders for Swiss franc and Japanese yen LIBOR based finance leases maturing after this date with a total amount of USD 815. In addition, approximately USD 510 finance lease obligations will mature after the discontinuation of US dollar LIBOR settings on June 30, 2023. In total, USD 1,325 of LIBOR-based financing is to be affected. Discussions with the relevant finance lease lenders have been initiated in order to ensure all effected transactions include the necessary replacement rate and fallback mechanisms before the cessation date. The Group had no material LIBOR-related contract modifications during the year ended December 31, 2021. In addition, the Group expects no material modifications and impacts after the replacement of relevant rates.

8. OTHER FINANCIAL LIABILITIES

Short-term other financial liabilities of the Group are as follows:

	31 December 2021	31 December 2020
Other financial liabilities	<u>8</u>	<u>17</u>

Other financial liabilities consist of overnight interest-free borrowings from banks obtained for settlement of monthly tax and social security premium payments.

9. RELATED PARTIES

Short-term trade receivables from related parties are as follows:

	31 December 2021	31 December 2020
Air Albania	<u>22</u>	<u>14</u>
We World Express Ltd.	<u>2</u>	<u>4</u>
	<u>24</u>	<u>18</u>

Other short-term receivables from related parties are as follows:

	31 December 2021	31 December 2020
Air Albania	<u>6</u>	<u>6</u>

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9. RELATED PARTIES (cont'd)

Short-term trade payables to related parties that are accounted by using the equity method are as follows:

	31 December 2021	31 December 2020
TFS Akaryakıt Hizmetleri	<u>97</u>	<u>37</u>
Turkish DO&CO	<u>20</u>	<u>23</u>
TGS	<u>17</u>	<u>39</u>
TEC	<u>15</u>	<u>10</u>
THY Opet	<u>14</u>	<u>18</u>
Sun Express	<u>3</u>	<u>10</u>
Goodrich	<u>1</u>	<u>4</u>
	<u>167</u>	<u>141</u>

Other short-term payables from related parties are as follows:

	31 December 2021	31 December 2020
TFS Akaryakıt Hizmetleri	<u>5</u>	<u>-</u>

Transactions with related parties for the year ended 31 December 2021 and 2020 are as follows:

a) Sales to related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
Sun Express	<u>33</u>	<u>24</u>
TEC	<u>28</u>	<u>46</u>
We World Express Ltd.	<u>15</u>	<u>16</u>
PTT A.Ş. (PTT)	<u>9</u>	<u>5</u>
Air Albania	<u>5</u>	<u>5</u>
TGS	<u>3</u>	<u>3</u>
Goodrich	<u>3</u>	<u>2</u>
Uçak Koltuk	<u>1</u>	<u>-</u>
	<u>97</u>	<u>101</u>

b) Purchases from related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
TFS Akaryakıt Hizmetleri	<u>1,040</u>	<u>492</u>
THY Opet	<u>283</u>	<u>217</u>
TGS	<u>238</u>	<u>174</u>
TEC	<u>220</u>	<u>192</u>
Turkish DO&CO	<u>134</u>	<u>111</u>
Sun Express	<u>96</u>	<u>114</u>
Uçak Koltuk	<u>10</u>	<u>8</u>
Goodrich	<u>6</u>	<u>15</u>
Turkcell	<u>6</u>	<u>-</u>
TCI	<u>1</u>	<u>1</u>
Air Albania	<u>1</u>	<u>-</u>
PTT	<u>-</u>	<u>1</u>
	<u>2,035</u>	<u>1,325</u>

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9. RELATED PARTIES (cont'd)

Details of the financial assets and liabilities for related parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Banks - Time deposits	2,130	1,524
Financial assets	85	71
Banks - Demand deposits	18	12
Equity share	1	2
Bank borrowings	(1,673)	(1,854)
	<u>561</u>	<u>(245)</u>

As of 31 December 2021, the amount of letters of guarantees given to the related parties is USD 942. (31 December 2020: USD 1,236)

Details of the time deposits at related parties as of 31 December 2021 and 2020 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2021
7,882	TL	5.00% - 24.46%	February 2022	595
1,187	EUR	0.24% - 1.10%	March 2022	1,344
191	USD	0.92% - 1.81%	March 2022	191
				<u>2,130</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
4,905	TL	9.00% - 18.50%	March 2021	673
564	EUR	1.88% - 2.24%	March 2021	693
158	USD	2.28%	January 2021	158
				<u>1,524</u>

Details of the financial assets at related parties as of 31 December 2021 and 2020 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2021
85	USD	5.75% - 8.00%	January 2022 - June 2022	85
Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
71	USD	4.88% - 8.50%	January 2021 - June 2021	71

Details of the bank borrowings at related parties as of 31 December 2021 and 2020 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2021
1,478	EUR	2.55% - Euribor + 5.50%	March 2026	1,673
Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
1,499	EUR	2.55% - Euribor + 5.50%	December 2025	1,840
101	TRY	9.25%	June 2021	14
				<u>1,854</u>

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9. RELATED PARTIES (cont'd)

Interest income from related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
Türkiye Halk Bankası A.Ş. (Halk Bankası)	37	24
Türkiye Vakıflar Bankası T.A.O. (Türkiye Vakıflar Bankası)	21	13
T.C. Ziraat Bankası A.Ş. (Ziraat Bankası)	5	5
	<u>63</u>	<u>42</u>

Interest expense to related parties:

	1 January - 31 December 2021	1 January - 31 December 2020
Türkiye Vakıflar Bankası	46	17
Ziraat Bankası	29	13
	<u>75</u>	<u>30</u>

Transactions between the Group and THY Opet are related to the supply of aircraft fuel; transactions between the Group and Turkish DO&CO are related to catering services; transactions between the Group and Sun Express are related to wet lease, seat sales operations and maintenance services; transactions between the Group and TGS are related to ground services; transactions between the Group and TEC are related to engine maintenance services; transactions between the Group and PTT are related to cargo transportation; transactions between the Group and Halk Bankası, Ziraat Bankası and Türkiye Vakıflar Bankası are related to banking services, transactions between the Group and We World Express are related to cargo transportation and transactions between the Group and TFS Akaryakıt Hizmetleri A.Ş. are related to the supply of aircraft fuel. Receivables from related parties are not collateralized and maturity of trade receivables is 30 days.

The total amount of salaries and other short-term benefits provided for the Board Members, General Manager and Deputy General Managers are USD 2 for the period between 1 January-31 December 2021 (1 January- 31 December 2020: USD 3).

10. TRADE RECEIVABLES AND PAYABLES

Trade receivables from third parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Trade receivables	992	718
Allowance for doubtful receivables (-)	(91)	(99)
	<u>901</u>	<u>619</u>

Provision for doubtful receivables has been determined based on past experience for uncollectible receivables, and also ECL calculation in accordance with IFRS 9. Details for credit risk, foreign currency risk and impairment for trade receivables are explained in Note 35.

Trade payables to third parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Trade payables	724	720

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11. PAYABLES RELATED TO EMPLOYEE BENEFITS

Payables related to employee benefits as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Salary accruals	81	66
Social security premiums payable	24	24
	<u>105</u>	<u>90</u>

12. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from third parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Predelivery payments made for aircrafts	546	731
Receivables from technical purchases	97	223
Bank deposits with transfer limitations (*)	84	39
Value added tax receivables	30	30
Receivables from pilots for flight training	27	32
Others	7	40
	<u>791</u>	<u>1,095</u>

(*) As of 31 December 2021, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Republic of Cote D'ivoire, Burkina Faso, Eritrea, Mozambique, Bolivarian Republic of Venezuela, Republic of Angola, Republic of Cameroon, Republic of Chad, Republic of Sudan, Gabon, Somalia, Benin, Republic of Zimbabwe, Republic of Cuba, Republic of Lebanon, Democratic Republic of the Congo, Republic of Ghana, Sri Lanka and Iran. (As of 31 December 2020, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Republic of Cote D'ivoire, Burkina Faso, Eritrea, Mozambique, Bolivarian Republic of Venezuela, Republic of Angola, Republic of Cameroon, Republic of Chad, Republic of Sudan, Gabon, Somalia, Benin, Republic of Zimbabwe, Democratic Republic of the Congo, Republic of Cuba, Republic of Lebanon and Iran).

Other long-term receivables from third parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Receivables related to investment certificates (***)	349	409
Predelivery payments made for aircrafts	279	515
Receivables from pilots for flight training	193	199
Deposits and guarentees given	41	42
Bank deposits with transfer limitations (**)	4	4
Interest and commodity swap agreement deposits	-	31
	<u>866</u>	<u>1,200</u>

(**) As of 31 December 2021, the balance of this account includes bank deposits in Syria.

(***) This represents the accrued amount as of 31 December 2021. Total contribution of government incentives related to fleet investments amounts to USD 2,802. See note 2.3 for accounting policy.

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12. OTHER RECEIVABLES AND PAYABLES (cont'd)

Other short-term payables to third parties are as follows:

	31 December 2021	31 December 2020
Taxes and funds payable	50	39
Payables to insurance companies	7	-
Deposits and guarantees received	6	5
Payables to lessors	-	9
Other liabilities	106	35
	<u>169</u>	<u>88</u>

Other long-term payables to third parties are as follows:

	31 December 2021	31 December 2020
Interest and commodity swap agreement deposits	32	-
Deposits and guarantees received	23	22
	<u>55</u>	<u>22</u>

13. INVENTORIES

	31 December 2021	31 December 2020
Spare parts	200	231
Other inventories	75	83
	<u>275</u>	<u>314</u>
Provision for impairment (-)	(14)	(9)
	<u>261</u>	<u>305</u>

The change in the value of provision for impairment for the years ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the year	9	12
Release during the year	5	(3)
Provision at the end of the year	<u>14</u>	<u>9</u>

14. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses are as follows:

	31 December 2021	31 December 2020
Advances given for purchases	59	77
Prepaid sales commissions	13	10
Prepaid advertising expenses	10	12
Prepaid operating lease expenses	1	10
Other prepaid expenses	31	32
	<u>114</u>	<u>141</u>

14. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

Long-term prepaid expenses are as follows:

	31 December 2021	31 December 2020
Prepaid engine maintenance expenses	709	627
Advances given for property and equipment purchases	67	107
Prepaid aircraft financing expenses	58	60
Other prepaid expenses	5	4
	<u>839</u>	<u>798</u>

Deferred income is as follows:

	31 December 2021	31 December 2020
Passenger flight liabilities	1,216	580
Other short-term deferred income	48	34
	<u>1,264</u>	<u>614</u>

Passenger flight liability is as follows:

	31 December 2021	31 December 2020
Flight liability for ticket sales	1,018	381
Frequent flyer program liability	198	199
	<u>1,216</u>	<u>580</u>

Other short-term deferred income is as follows:

	31 December 2021	31 December 2020
Advances received	34	21
Unearned bank protocol income	8	2
Deferred finance income	6	11
	<u>48</u>	<u>34</u>

Long-term deferred income is as follows:

	31 December 2021	31 December 2020
Deferred finance income	83	109
Unearned bank protocol income	9	-
	<u>92</u>	<u>109</u>

15. PROPERTY AND EQUIPMENT

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PROPERTY AND EQUIPMENT										
	Technical equipment, simulator and vehicles			Other equipments, and fixtures		Components and repairable spare parts			Construction in progress	
Cost	Land improvements and buildings			Aircrafts	Spare engines					Total
Opening balance at 1 January 2021	1,175	636	250	3,853	657	688	179	587		8,025
Additions	129	73	11	118	79	102	3	22		537
Transfer (*)	346	28	-	2	11	-	18	(430)		(25)
Transfers between the account	-	-	-	631	12	-	-	-		643
Disposals	-	(3)	(2)	(263)	(62)	(98)	(4)	-		(432)
Closing balance at 31 December 2021	1,650	734	259	4,341	697	692	196	179		8,748
Accumulated Depreciation										
Opening balance at 1 January 2021	275	307	193	2,416	235	353	101	-		3,880
Depreciation charge	61	39	20	239	63	77	14	-		513
Transfers between the account	-	-	-	282	9	-	-	-		291
Disposals	-	(2)	(2)	(228)	(19)	(45)	(4)	-		(300)
Closing balance at 31 December 2021	336	344	211	2,709	288	385	111	-		4,384
Net book value at 31 December 2021	1,314	390	48	1,632	409	307	85	179		4,364
Net book value at 31 December 2020	900	329	57	1,437	422	335	78	587		4,145

(*) In total of USD 25 of construction in progress has been transferred to intangible fixed assets amounting to USD 7 and right-of-use assets amounting to USD 18.

USD 1,664 of depreciation and amortization expenses recognized in cost of sales (31 December 2020: USD 1,591), USD 69 of general administrative expenses (31 December 2020: USD 60) and USD 7 of marketing and sales expenses (31 December 2020: USD 8) in total of USD 1,740 as of 31 December 2021 (31 December 2020: USD 1,659).

The Group's construction in progress balances mainly consist of İstanbul Airport buildings, aircraft modifications, engine maintenance, backup engines and simulators.

Capitalization rates and amounts other than borrowings made specially for the purpose of acquiring and qualifying asset are 8% and 34% and USD 12 and 33 for the years ended 31 December 2021 and 2020 respectively.

15. PROPERTY AND EQUIPMENT (cont'd)

	Technical equipments		Other equipments, and fixtures		Spare engines		Components and repairable spare parts		Leasehold improvements	Construction in progress	Total
<u>Cost</u>	Land improvements and buildings	simulators and vehicles									
Opening balance at 1 January 2020	874	585	239	2,905	613	660	183	692	6,751		
Additions	92	22	12	75	39	103	4	202	549		
Transfer	210	31	2	4	19	-	1	(307)	(40)		
Transfers between the accounts	-	-	-	933	-	-	-	-	933		
Disposals	(1)	(2)	(3)	(45)	(14)	(75)	(9)	-	(149)		
Transfer to Assets held-for-sale	-	-	-	(19)	-	-	-	-	(19)		
Closing balance at 31 December 2020	1,175	636	250	3,853	657	688	179	587	8,025		
<u>Accumulated Depreciation</u>											
Opening balance at 1 January 2020	232	268	173	1,833	192	315	95	-	3,108		
Depreciation charge	44	41	22	190	57	74	15	-	443		
Transfers between the accounts	-	-	-	448	-	-	-	-	448		
Disposals	(1)	(2)	(2)	(45)	(14)	(36)	(9)	-	(109)		
Transfer to Assets held-for-sale	-	-	-	(10)	-	-	-	-	(10)		
Closing balance at 31 December 2020	275	307	193	2,416	235	353	101	-	3,880		
Net book value at 31 December 2020	900	329	57	1,437	422	335	78	587	4,145		

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15. PROPERTY AND EQUIPMENT (cont'd)

Right of use assets are as follows:

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2021	19,381	202	75	6	19,664
Additions	1,776	88	1	5	1,870
Transfer	7	11	-	-	18
Disposals	(173)	-	(1)	(2)	(176)
Transfers between the accounts (*)	(643)	-	-	-	(643)
Closing balance at 31 December 2021	20,348	301	75	9	20,733

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2021	4,813	48	21	5	4,887
Depreciation charge	1,176	14	10	2	1,202
Disposals	(173)	-	-	(2)	(175)
Transfers between the account (*)	(291)	-	-	-	(291)
Closing balance at 31 December 2021	5,525	62	31	5	5,623
Net book value at 31 December 2021	14,823	239	44	4	15,110

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2020	17,647	165	74	6	17,892
Additions	2,784	28	1	-	2,813
Transfers	15	11	-	-	26
Disposals	(132)	(2)	-	-	(134)
Transfers between the accounts (*)	(933)	-	-	-	(933)
Closing balance at 31 December 2020	19,381	202	75	6	19,664

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2020	4,222	39	10	3	4,274
Depreciation charge	1,171	11	11	2	1,195
Disposals	(132)	(2)	-	-	(134)
Transfers between the account (*)	(448)	-	-	-	(448)
Closing balance at 31 December 2020	4,813	48	21	5	4,887
Net book value at 31 December 2020	14,568	154	54	1	14,777

(*) Transfers are mainly consists of aircraft that lease payments have been acquired and ownership has been transferred to the Group.

The Group is still carrying out negotiations with the airport operator company (İGA Havalimanı İşletmesi A.Ş.) regarding the rental areas, rental fee, renting conditions and period for İstanbul Airport. As of 31 December 2021, no agreement is signed and there is no Board Decision about the above mentioned rental matters. Despite the fact that there is a PPP tariff issued by State Airports Authority (DHMI), it does not eliminate the uncertainties regarding rental areas, rental fee, renting conditions and period which are considered as material terms of a contract. Thus, it is not considered as appropriate to consider them under IFRS16 scope and no calculations for assets or liabilities are made concerning the İstanbul Airport rentals at December 2021 financial statements. However, the payments for the areas used at İstanbul Airport are made with reservation according to PPP tariff and they are recorded under rent expense accounts for the period.

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16. INTANGIBLE ASSETS

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
Cost				
Opening balance at 1 January 2021	44	221	5	270
Additions	-	11	-	11
Transfers	-	7	-	7
Closing balance at 31 December 2021	44	239	5	288
Accumulated Amortization				
Opening balance at 1 January 2021	-	178	3	181
Amortization charge	-	25	-	25
Closing balance at 31 December 2021	-	203	3	206
Net book value at 31 December 2021	44	36	2	82
Net book value at 31 December 2020	44	43	2	89

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
Cost				
Opening balance at 1 January 2020	44	193	5	242
Additions	-	14	-	14
Transfers	-	14	-	14
Closing balance at 31 December 2020	44	221	5	270
Accumulated Amortization				
Opening balance at 1 January 2020	-	157	3	160
Amortization charge	-	21	-	21
Closing balance at 31 December 2020	-	178	3	181
Net book value at 31 December 2020	44	43	2	89
Net book value at 31 December 2019	44	36	2	82

(*) The Group considers slot rights and licenses received through the acquisition of MNG Teknik and accounted such assets as intangible assets at an amount of USD 10 with indefinite useful lives as these assets do not have any expiry date and are usable in the foreseeable future.

17. GOODWILL

The goodwill amounting to USD 12 has been recognized due to acquisition of MNG Teknik.

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18. LEASING TRANSACTIONS

Maturities of lease obligations are as follows:

	Future Minimum Lease Payments		Interest		Present Values of Minimum Lease Payments	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Less than 1 year	1,844	1,934	(174)	(206)	1,670	1,728
Between 1 – 5 years	5,710	6,275	(396)	(455)	5,314	5,820
Over 5 years	3,401	3,931	(141)	(172)	3,260	3,759
	10,955	12,140	(711)	(833)	10,244	11,307

	31 December 2021	31 December 2020
Interest Range:		
Floating rate obligations	5,314	5,788
Fixed rate obligations	4,930	5,519
	10,244	11,307

The Group's assets which are acquired by leasing have average lease term of 1 to 45 years. The Group has options to purchase related assets for an insignificant amount at the end of lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased asset.

As of 31 December 2021, the US Dollars, Euro, JPY and Swiss Franc denominated lease obligations' weighted average interest rates are 3.77% (31 December 2020: 3.74%) for the fixed rate obligations and 1.56% (31 December 2020: 1.42%) for the floating rate obligations.

19. GOVERNMENT GRANTS AND INCENTIVES

Incentive certificates dated, 28 December 2010, 18 December 2014, 11 July 2017, 18 September 2017, 1 March 2018, 9 August 2018 and 11 September 2018 were obtained from Ministry of Industry and Technology for investment of aircrafts. These certificates provide the Group with certain advantages on reduction of corporate tax, customs duty exemption and support for insurance premium of employers. Please refer to Note: 2.4 for the accounting of corporate tax effect of these investment certificates.

There is no time limit for the use of incentives received in this scope. As of 31 December 2021, the Group has a discount and exemption amounting to USD 2,802, which can be used in the future within the scope of these incentives (31 December 2020: USD 3,469).

20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions as of 31 December 2021 and 2020 are as follows:

Short-term provision for employee benefits is as follows:

	31 December 2021	31 December 2020
Provisions for unused vacation	18	16

20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Changes in the provisions for the period ended 31 December 2021 and 2020 are set out below:

	1 January - 31 December 2021	1 January - 31 December 2020
Provisions at the beginning of the year	16	39
Provisions for the current year	204	293
Provisions released	(191)	(305)
Foreign currency translation differences	(11)	(11)
Provisions at the end of the year	<u>18</u>	<u>16</u>

The Group recognizes an obligation for unused vacation days based on salaries of employees at the end of each reporting period.

Other short-term provision is as follows:

	31 December 2021	31 December 2020
Provisions for legal claims	<u>8</u>	<u>10</u>

Changes in the provisions for legal claims for the period ended 31 December 2021 and 2020 are set out below:

	1 January - 31 December 2021	1 January - 31 December 2020
Provisions at the beginning of the year	10	13
Provisions for the current year	4	1
Provisions released	(1)	(1)
Foreign currency translation differences	(5)	(3)
Provisions at the end of the year	<u>8</u>	<u>10</u>

The Group provides with provisions for lawsuits initiated against itself due to its operations. The lawsuits initiated against the Group are usually reemployment lawsuits by former employees or related to damaged luggage or cargo. The estimates have been made on the basis of the legal advices.

21. COMMITMENTS

a) Guarantees/Pledges/Mortgages (“GPM”) given by the Group:

Amount of letters of guarantees given as of 31 December 2021 is USD 1,530 (31 December 2020: USD 1,956).

As of 31 December 2021, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

	31 December 2021		31 December 2020	
	Original currency amount	USD equivalent	Original currency amount	USD equivalent
A. Total amounts of GPM given on the behalf of its own legal entity	-	1,530	-	1,956
-Collaterals				
TL	62	5	52	7
EUR	1,295	1,466	1,511	1,854
USD	50	50	59	59
Other	-	9	-	36
B. Total amounts of GPM given on the behalf of subsidiaries that are included in full consolidation	-	-	-	-
C. Total amounts of GPM given in order to guarantee third party debts for routine trade operations	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of the Parent	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-	-	-
		<u>1,530</u>		<u>1,956</u>

The ratio of other GPM (“D”) given by the group to its equity is 0% as of 31 December 2021 (31 December 2020: 0%)

b) Aircraft purchase commitments:

To be delivered between the years 2021-2028, the Group signed an agreement for 93 aircrafts, (83 of aircrafts are contractual and 10 of them are optional) with a list price value of USD 13,211. The Group has made a predelivery payment of USD 836 relevant to these purchases as of 31 December 2021 (31 December 2020: USD 1,253).

22. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 31 December 2021 and 2020 is comprised of the following:

	31 December 2021	31 December 2020
Provision for retirement pay liability	113	134

Under Labor Law effective in Turkey, it is an obligation to make legal retirement pay to employees whose employment is terminated in certain ways. Also, according to Article 60 of Social Security Law numbered 506 which was revised by the laws 2422, dated 6 March 1981 and numbered 4447, dated 25 August 1999, it is an obligation to make legal retirement pay to those who entitled to receive retirement pay when leaving their work. Some transfer provisions related to employment conditions prior to retirement are removed from the Law by the revise made on 23 May 2002. Retirement pay liability assumptions and calculations are changed in line with the revise made on 8 May 2008, which altered age of retirement.

Retirement pay liability is subject to an upper limit of monthly USD 812 (full) (equivalent of TL 10,849 (full)) as of 31 December 2021. (31 December 2020: USD 970 (full) equivalent of TL 7,117 (full)).

Retirement pay liability is not subject to any funding legally. Provisions for retirement pay liability are calculated by estimating the present value of probable liability that will arise due to retirement of employees.

IAS 19 ("Employee Benefits") stipulates the progress of the Group's liabilities by use of actuarial valuation methods under defined benefit plans. Actuarial assumptions used in calculation of total liabilities are described as follows:

The key assumption is that maximum liability amount increases in accordance with the inflation rate for every service year. Provisions in the accompanying consolidated financial statements as of 31 December 2021 are calculated by estimating present value of liabilities due to retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 15.55% annual inflation rate (31 December 2020: 9%) and 20% interest rate (31 December 2020: 13.20%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.45% (31 December 2020: 2.53%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 812 (full) which is in effect since 31 December 2021 is used in the calculation of Group's provision for retirement pay liability.

Movement in the provisions for retirement pay liability is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the year	134	135
Actuarial loss	29	13
Service charge for the year	14	17
Interest charges	14	13
Payments	(6)	(14)
Foreign currency translation difference	(72)	(30)
Provision at the end of the year	113	134

23. EXPENSES BY NATURE

Expenses by nature for the year ended 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Fuel expenses	2,756	1,638
Depreciation and amortisation charges	1,740	1,659
Personnel expenses	1,298	1,097
Ground services expenses	680	485
Aircraft maintenance expenses	573	546
Airport expenses	508	315
Air traffic control expenses	455	296
Passenger services and catering expenses	271	217
Commissions and incentives	253	176
Wet lease expenses	190	224
Reservation systems expenses	162	84
Service expenses	78	67
Advertisement and promotion expenses	76	82
Insurance expenses	53	48
Rents	48	68
IT and communication expenses	46	41
Transportation expenses	43	37
Taxes and duties	37	41
Consultancy expenses	25	18
Systems use and associateship expenses	13	13
Aircraft rent expenses	7	20
Other	99	92
	9,411	7,264

24. OTHER ASSETS AND LIABILITIES

Other current assets as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deffered VAT	68	121
Personnel and business advances	12	3
Assets held-for-sale	-	1
	80	125

Other current liabilities as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Accruals for maintenance expenses of aircraft under operating lease	241	229
Accruals for other expenses	22	20
Other	2	4
	265	253

25. SHAREHOLDERS' EQUITY

The ownership structure of the Company's share capital is as follows:

(Millions of TL)	Class	%	31 December		31 December	
			2021	%	2020	
Turkey Wealth Fund (*)	A	49.12	678	49.12	678	
Republic of Turkey Treasury and Finance Ministry Privatization Administration (*)	C	-	-	-	-	
Other (publicly held)	A	50.88	702	50.88	702	
Paid-in capital (Turkish Lira)			1,380		1,380	
Inflation adjustment on share capital (Turkish Lira) (**)			1,124		1,124	
Share capital (Turkish Lira)			2,504		2,504	
Share capital (USD Equivalent)			1,597		1,597	

(*) 1,644 (full) shares belonging to various private shareholders were not taken into consideration when the Group was included to the privatization program in 1984. Subsequently, these shares were registered on behalf of Privatization Administration according to Articles of Association of the Company, approved by the decision of the Turkish Republic High Planning Board on 30 October 1990.

49.12% share of the Company and its subsidiaries (together the "Group") owned by Republic of Turkey Prime Ministry Privatisation Administiry has been transferred to Sovereign Wealth Fund of Turkey as of 3 February 2017.

(**) Inflation adjustment on share capital represents inflation uplift of historical capital payments based on inflation indices until 31 December 2004.

As of 31 December 2021, Registered paid-in share capital of the Company comprised 137,999,999,999 Class A shares and 1 Class C share, all with a par value of Kr 1 each. The Class C share belongs to the Republic of Turkey Treasury and Finance Ministry Privatization Administration and has the following privileges:

- Articles of Association 7: Positive vote of the board member representing class C share with Board's approval is necessary for transfer of shares issued to the name.
- Articles of Association 10: The Board of Directors consists of nine members of which one member has to be nominated by the class C shareholder and the rest eight members has to be elected by class A shareholders.
- Articles of Association 14: The following decisions of the Board of Directors are subject to the positive vote of the class C Shareholder:
 - a) Decisions that will negatively affect the Group's mission Defined in Article 3.1. of the Articles of Association,
 - b) Suggesting change in the Articles of Association at General Assembly,
 - c) Increasing share capital,
 - d) Approval of transfer of the shares issued to the name and their registration to the "Share Registry",
 - e) Every decision or action which directly or indirectly put the Group under commitment over 5% of its total assets of the latest annual financial statements prepared for Capital Market Board. (This sentence will expire when the Group's shares held by Turkish State decrease under 20%.)

25. SHAREHOLDERS' EQUITY (cont'd)

- Articles of Association 14: The following decisions of the Board of Directors are subject to the positive vote of the class C Shareholder (cont'd):

f) Decisions relating to merges and liquidation,

g) Decisions cancelling flight routes or significantly decreasing frequency of flight routes, not including the ones that cannot even recover their operational expenses, subject to the market conditions.

Restricted Profit Reserves

Turkish Commercial Code (TCC) stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Additionally, not limited with 20% of paid-in share capital, the general legal reserve is appropriated at the rate of 10% per annum of all cash dividends in excess of 5% of the paid-in share capital. Under TCC, the legal reserves can only be used to offset losses, to sustain business when conditions get worse, to prevent unemployment and are not available for any other usage unless they exceed 50% of paid-in share capital.

Foreign Currency Translation Differences

Currency translation differences under equity arise from Group's joint ventures, provisions for unused vacation, legal claims and retirement pay liability accounted under equity method which have functional currencies other than USD.

Distribution of Dividends

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly in accordance with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with their dividend policy or articles of associations. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on financial statements of the Group.

Actuarial Differences on Defined Benefit Plans

As a result of the adoption of IAS 19, all actuarial differences are recognized in other comprehensive income.

Gains/Losses from Cash Flow Hedges

Hedge gain/losses against cash flow risk arise from the accounting of the changes in the fair values of effective derivative financial instruments designated against financial risks of future cash flows under equity. Total of deferred gain/loss arising from hedging against financial risk are accounted in profit or loss when the hedged item impacts profit or loss.

As of 2021, lease liabilities and investment borrowings in Japanese Yen, Swiss Frank and Euro for investment financing are designated as cash flow hedge against exchange rate risk due to highly probable future same foreign currency revenues. Group's revenue denominated in Euro and Swiss Frank covered borrowings of such foreign currency, Japanese Yen revenue covered %54, Euro revenue covered %28, Swiss Frank covered %12 of borrowings. In this context, exchange differences arising from such these loans repayment are taken to equity and recognized in other comprehensive income.

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26. REVENUE

Breakdown of gross profit is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Passenger revenue		
Scheduled	6,311	3,755
Unscheduled	79	37
Total passenger revenue	6,390	3,792
Cargo revenue		
Carried by passenger aircraft	1,172	448
Carried by cargo aircraft	2,843	2,274
Total cargo revenue	4,015	2,722
Total passenger and cargo revenue	10,405	6,514
Technical revenue	253	175
Other revenue	28	45
Net sales	10,686	6,734
Cost of sales (-)	(8,322)	(6,378)
Gross profit	2,364	356

Breakdown of total passenger and cargo revenue by geography is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
International flights		
- Asia and Far East	2,770	1,970
- Europe	2,663	1,638
- Americas	2,306	1,191
- Africa	1,015	664
- Middle East	835	497
Total	9,589	5,960
Domestic flights	816	554
Total passenger and cargo revenue	10,405	6,514

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27. COST OF SALES

Breakdown of the cost of sales is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Fuel expenses	2,756	1,638
Depreciation and amortisation charges	1,664	1,591
Personnel expenses	998	833
Ground services expenses	680	485
Aircraft maintenance expenses	573	546
Airport expenses	508	315
Air traffic control expenses	455	296
Passenger services and catering expenses	271	217
Wet lease expenses	190	224
Insurance expenses	49	44
Transportation expenses	43	37
Service expenses	37	31
Rents	26	49
Taxes and duties	20	20
Aircraft rent expenses	7	20
IT and communication expenses	6	4
Other	39	28
	8,322	6,378

28. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	73	64
Depreciation and amortisation charges	69	60
IT and communication expenses	31	29
Service expenses	30	27
Consultancy expenses	16	11
Systems use and associateship expenses	8	8
Rents	5	2
Insurance expenses	4	4
Taxes and duties	2	2
Other	16	12
	254	219

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28. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES (cont'd)

Breakdown of selling and marketing expenses is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Commissions and incentives	253	176
Personnel expenses	227	200
Reservation systems expenses	162	84
Advertisement and promotion expenses	76	82
Rents	17	17
Taxes and duties	15	19
Service expenses	11	9
IT and communication expenses	9	8
Consultancy expenses	9	7
Depreciation and amortisation charges	7	8
Systems use and associateship expenses	5	5
Other	44	52
	835	667

29. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Manufacturers' credits	51	145
Insurance, indemnities, penalties income	43	62
Foreign exchange gains from operational activities, net	20	52
Rent income	13	17
Provisions released	12	12
Non- interest income from banks	8	10
Turnover premium from suppliers	3	4
Reversal of ECL provision	1	-
Delay interest income	1	-
Rediscount interest income	-	4
Other	22	24
	174	330

Breakdown of other operating expenses is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Provisions	7	27
Indemnity and penalty expenses	6	4
Rediscount interest expenses	3	-
Adjustments for ECL provision	-	7
Other	19	17
	35	55

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30. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Income from investment incentives	187	164
Interest income from financial investment	7	9
Gain on sale of fixed assets	7	5
Gain on sale of financial investments	6	12
	207	190

Breakdown of expense from investment activities is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Loss on sale of fixed assets	6	1
Loss on sale of financial investments	1	1
Loss on valuation of assets held-for-sale	-	9
	7	11

31. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Interest income	68	53
Fair value gains on derivative financial instruments, net	33	-
Rediscount interest income from repayments of aircrafts	-	15
Other	-	4
	101	72

Breakdown of financial expenses is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange losses on financial activities, net (*)	381	498
Interest expense from leasing liabilities	193	209
Interest expense from financial activities	136	63
Aircraft financing expenses	30	22
Interest expenses on employee benefits	14	13
Rediscount interest expense from repayments of aircrafts	3	-
Fair value losses on derivative financial instruments, net	-	21
Other	10	9
	767	835

(*) As of 31 December,2021, foreign exchange losses included in financial expenses mainly consist of foreign exchange losses arising from loan and lease liabilities.

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32. TAX ASSETS AND LIABILITIES

Breakdown of assets related to current tax is as follows:

	31 December 2021	31 December 2020
Prepaid taxes	20	38

Tax liability is as follows:

	31 December 2021	31 December 2020
Provisions for corporate tax	27	-
Prepaid taxes and funds	(11)	-
Corporate tax liability	16	-

Tax income is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Current year tax expense	28	-
Deferred tax expense/ (income)	36	(90)
Tax expense/ (income)	64	(90)

Tax effect related to other comprehensive income is as follows:

	1 January - 31 December 2021			1 January - 31 December 2020		
	Amount before tax	Tax income	Amount after tax	Amount before tax	Tax expense	Amount after tax
Change in cash flow						
hedge reserve	751	(150)	601	(777)	156	(621)
Losses on Remeasuring						
FVOCI	(11)	2	(9)	4	(1)	3
Change in actuarial						
losses from retirement						
pay obligation	(29)	6	(23)	(13)	3	(10)
Changes in foreign						
currency translation						
difference	(74)	-	(74)	(17)	-	(17)
Other comprehensive						
income	637	(142)	495	(803)	158	(645)

There is no taxation effect for the changes in foreign currency translation difference that is included in other comprehensive income.

Corporate Tax

The effective tax rate is 25%. In accordance with the Temporary Artical 13 of regulation numbered 7316, published in Offical Gazzete Article which published on 22 April 2021, "Legislation on the Procedure for the Collection of Public Receivables and Other Certain Legislation", corporate tax rate has increased from %20 to %25 for 2021. For the year 2022, corporate tax rate will be %23.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

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32. TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back for offset against profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of immoveable properties and participation shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity until the end of the fifth year following the sale. The remaining 25% of such capital gains are subject to corporate tax. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% with regard to immovable properties and tax declarations starting from 2018 will be calculated using 50% for immovable properties.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns between 1-25 April following the close of the accounting year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for dividend receiving companies who are Turkish residents and Turkish branches of foreign companies. Income withholding tax rate is 15%. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

In Turkey, the companies cannot declare a consolidated tax return; therefore, subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and they are disclosed separately.

Deferred tax assets and liabilities as of 31 December 2021 are calculated with 23% tax rate for the temporary differences which will be realized in 2022, and with 20% tax rate for those which will be realized after 2022 and onwards.

Breakdown of the deferred tax assets / (liabilities) is as follows:

	31 December 2021	31 December 2020
Deferred tax asset	1	-
Deferred tax liability	(1,714)	(1,119)
Deferred tax liability	(1,713)	(1,119)

32. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

Breakdown of the deferred tax assets / (liabilities) is as follows (cont'd):

	31 December 2021	31 December 2020
Fixed assets	(2,614)	(1,972)
Right of use asset	(268)	(312)
Adjustments for passenger flight liabilities	(22)	(133)
Change in fair value of derivative instruments	(7)	12
Tax loss carried forward	634	764
Lease liabilities	346	311
Accruals for expenses	79	65
Income and expense for future years	69	88
Miles accruals	27	16
Provisions for employee benefits	23	27
Provisions for unused vacation	4	3
Incentives	-	13
Other	16	(1)
Deferred tax liabilities	<u>(1,713)</u>	<u>(1,119)</u>

The changes of deferred tax liability for the period ended 1 January – 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance at 1 January	1,119	1,293
Foreign currency translation difference	418	72
Tax expense / (income) from hedging reserves	148	(154)
Deferred tax expense/(income)	36	(90)
Tax (income)/expense from FVOCI	(2)	1
Tax income of actuarial losses on retirement pay obligation	(6)	(3)
Deferred tax liability at the end of the period	<u>1,713</u>	<u>1,119</u>

The redemption schedule of carry forward tax losses, which are considered in deferred tax calculation, is as follows:

	31 December 2021	31 December 2020
Expired as of 2022	-	127
Expired as of 2023	249	415
Expired as of 2025	1,294	930
Expired as of 2026	1,629	2,348
	<u>3,172</u>	<u>3,820</u>

As of 31 December 2021, tax losses amount is USD 4,093. The Group has accounted for deferred income tax assets on carry forward tax losses amounting to USD 3,172, since it is considered as probable that sufficient taxable profit will be available to allow the benefit of all that deferred income tax asset to be utilized.

32. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

Reconciliation with current tax charge for the period 1 January – 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
<u>Reconciliation of effective tax charge</u>		
Profit/(Loss) from operations before tax	1,023	(926)
Domestic expense tax rate of 25% / 20%	(256)	185
Taxation effects on:		
- foreign currency translation difference	261	36
- investment incentive	37	33
- income from investment incentive	24	-
- effect of the change in the deferred tax rate	22	(10)
- investments accounted by using the equity method	15	(17)
- deduction	2	1
- adjustment for prior year loss	1	(133)
- non deductible expenses	(170)	(5)
Tax (income) / charge in statement of profit	<u>(64)</u>	<u>90</u>

33. EARNINGS PER SHARE

Earnings per share disclosed in the consolidated profit or loss and other comprehensive income is determined by dividing the net income by the weighted average number of shares that have been outstanding during the relevant period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus interest”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the years has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year.

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33. EARNINGS PER SHARE (cont'd)

Number of total shares and calculation of profits / losses per share at 1 January – 31 December 2021 and 2020:

	1 January - 31 December 2021	1 January - 31 December 2020
Number of shares outstanding at 1 January (in full)	138,000,000,000	138,000,000,000
Number of shares outstanding at 31 December (in full)	138,000,000,000	138,000,000,000
Weighted average number of shares outstanding during the year (in full)	138,000,000,000	138,000,000,000
Net profit / (loss) for the year	959	(836)
Basic earnings / (losses) per share (Full US Cents) (*)	0.69	(0.61)
Diluted earnings / (losses) per share (Full US Cents) (*)	0.69	(0.61)

(*) Basic and diluted earnings / (losses) per share are the same as there are no dilutive potential ordinary shares.

34. DERIVATIVE FINANCIAL INSTRUMENTS

Breakdown of derivative financial assets and liabilities of the Group as of 31 December 2021 and 2020 are as follows:

<u>Derivative financial assets</u>	31 December 2021	31 December 2020
Derivative instruments for fuel prices cash flow hedge	50	-
Derivative instruments not subject to hedge accounting	9	2
	<u>59</u>	<u>2</u>
<u>Derivative financial liabilities</u>	31 December 2021	31 December 2020
Derivative instruments for interest rate cash flow hedge	16	32
Derivative instruments for fuel prices cash flow hedge	6	18
Derivative instruments not subject to hedge accounting	6	13
Derivative instruments for cross currency rate cash flow hedge	-	1
	<u>28</u>	<u>64</u>

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35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 7, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Board of Directors of the Group periodically reviews the capital structure. During these analyses, the Board assesses the risks associated with each class of capital along with cost of capital. Based on the review of the Board of Directors, the Group aims to balance its overall capital structure through the issue of new debt or the redemption of existing debt. The overall strategy of the Group has not changed compared to 2020.

	31 December 2021	31 December 2020
Total debts (*)	4,891	5,521
Lease liabilities	10,244	11,307
Less: Cash and cash equivalents and time deposits with maturity of more than three months	(2,770)	(1,904)
Net debt (A)	12,365	14,924
Total shareholders' equity (B)	6,837	5,383
Total capital stock (A+B)	19,202	20,307
Net debt/total capital stock ratio	0.64	0.73

(*) Total debts consist of bank borrowings, other financial liabilities and other payables.

(b) Financial Risk Factors

The risks of the Group, resulting from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the potential negative effects of uncertainty in financial markets on financial performance of the Group. The Group uses a small portion of derivative financial instruments in order to safeguard itself from different financial risks.

Risk management is carried out in line with policies approved by the Board of Directors. According to risk policy, financial risk is identified and assessed. Working together with Group's operational units, relevant instruments are used to reduce the risk.

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35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management

31 December 2021	Receivables									
	Trade receivables				Other receivables					
	Related Party	Third Party	Related Party	Third Party	Deposits in Banks	Derivative Instruments	Government Debt Securities	Corporate Debt Securities	Equity Securities	
Maximum credit risk as of balance sheet date (*)	24	703	6	1,657	2,675	59	67	20	5	
-The part of maximum credit risk under guarantee with collateral etc. (**)	-	(198)	-	-	-	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired	24	-	6	-	78	59	67	20	5	
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-	-	
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	-	
-The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	-	
-Past due (gross carrying amount)	-	158	-	-	-	-	-	-	-	
-Impairment(-)	-	(89)	-	-	-	-	-	-	-	
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
-Not past due (gross carrying amount)	-	834	-	1,662	2,598	-	-	-	-	
-Impairment (-)	-	(2)	-	(5)	(1)	-	-	-	-	
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-	-	
(*)The guarantees that increase credit reliability are not included in the balance.										
(**)Guarantees consist of the guarantees in cash & letters of guarantee obtained from the customers.										

(*)The guarantees that increase credit reliability are not included in the balance.

(**)Guarantees consist of the guarantees in cash & letters of guarantee obtained from the customers.

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35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

31 December 2020	Receivables									
	Trade receivables				Other receivables					
	Related Party	Third Party	Related Party	Third Party	Deposits in Banks (***)	Derivative Instruments	Government Debt Securities	Corporate Debt Securities	Equity Securities	
Maximum credit risk as of balance sheet date (*)	18	433	6	2,295	1,809	2	42	32	18	
-The part of maximum credit risk under guarantee with collateral etc. (**)	-	(186)	-	-	-	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired	18	-	6	-	60	2	42	32	18	
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-	-	
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	-	
-The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	-	
-Past due (gross carrying amount)	-	230	-	-	-	-	-	-	-	
-Impairment(-)	-	(97)	-	-	-	-	-	-	-	
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
-Not past due (gross carrying amount)	-	488	-	2,299	1,750	-	-	-	-	
-Impairment (-)	-	(2)	-	(4)	(1)	-	-	-	-	
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-	-	
(*) The guarantees that increase credit reliability are not included in the balance.										
(**) Guarantees consist of the guarantees in cash & letters of guarantee obtained from the customers.										

(*)The guarantees that increase credit reliability are not included in the balance.

(**)Guarantees consist of the guarantees in cash & letters of guarantee obtained from the customers.

(***)Deposits in Banks consist of financial investments with maturity more than 3 months.

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

The risk of a financial loss for the Group due to failing of one of the parties of the contract to meet its obligations is defined as credit risk.

The Group's credit risk is related to its receivables, cash and derivative financial assets. The balance shown in the consolidated balance sheet is the result of the net amount after deducting the doubtful receivables arisen from the Group management's forecasts based on previous experience and current economy conditions. Since the customers are diversified, the Group's credit risk is dispersed and there is no material credit risk concentration.

The aging of past due receivables as of 31 December 2021 are as follows:

31 December 2021	<u>Receivables</u>			
	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Deposits in Banks</u>	<u>Derivative Instruments</u>
Past due 1-30 days	35	-	-	-
Past due 1-3 months	26	-	-	-
Past due 3-12 months	55	-	-	-
Past due 1-5 years	117	-	-	-
Total past due receivables	233	-	-	-
The part under guarantee with collateral etc.	198	-	-	-
				198

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

The aging of past due receivables as of 31 December 2020 are as follows:

31 December 2020	<u>Receivables</u>			
	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Deposits in Banks</u>	<u>Derivative Instruments</u>
Past due 1-30 days	83	-	-	-
Past due 1-3 months	21	-	-	-
Past due 3-12 months	49	-	-	-
Past due 1-5 years	128	-	-	-
Total past due receivables	281	-	-	-
The part under guarantee with collateral etc.	186	-	-	-
				186

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

The aging of financial assets as of 31 December 2021 are as follows:

<u>Equivalent to External Credit Rating</u>	<u>Weighted Average Lost Rate</u>	<u>Gross Carrying Amount</u>	<u>Impairment Loss Allowance</u>
AA2	0.02%	1,019	-
BA3	0.05%	2,730	1
B2	2.00%	220	4
		<u>3,969</u>	<u>5</u>

<u>Maturity Ranges As of 31.12.2021</u>	<u>Weighted Average Lost Rate</u>	<u>Gross Carrying Amount</u>	<u>Impairment Loss Allowance</u>
Current	0.27%	834	2
1-30 days past due	1.48%	35	1
30-90 days past due	9.05%	26	2
90-360 days past due	2.71%	55	2
More than 1 year past due	15.72%	26	4
		<u>976</u>	<u>11</u>

The aging of financial assets as of 31 December 2020 are as follows:

<u>Equivalent to External Credit Rating</u>	<u>Weighted Average Lost Rate</u>	<u>Gross Carrying Amount</u>	<u>Impairment Loss Allowance</u>
AA2	0.02%	1,549	-
BA3	0.05%	1,832	-
B2	2.00%	228	5
		<u>3,609</u>	<u>5</u>

<u>Maturity Ranges As of 31.12.2020</u>	<u>Weighted Average Lost Rate</u>	<u>Gross Carrying Amount</u>	<u>Impairment Loss Allowance</u>
Current	0.34%	488	2
1-30 days past due	1.85%	83	1
30-90 days past due	4.42%	21	1
90-360 days past due	5.96%	49	3
More than 1 year past due	17.18%	29	5
		<u>670</u>	<u>12</u>

As of balance sheet date, total amount of cash collateral and letter of guarantee received by Group for past due and not impaired receivable is USD 198 (31 December 2020: USD 186).

As of the balance sheet date, the Group has no guarantee for past due receivables for which provisions were recognized.

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.2) Impairment

Provisions for doubtful trade receivables consist of provisions for receivables in legal dispute and provisions calculated based on experiences on uncollectible receivables.

Changes in provisions for doubtful receivables for the years ended 31 December 2021 and 2020 are as follows:

	<u>1 January - 31 December 2021</u>	<u>1 January - 31 December 2020</u>
Opening Balance	99	85
Charge for the year	3	26
Collections during the year	(11)	(11)
(Reversal) / Adjustment for ECL	(2)	6
Currency translation adjustment	2	(7)
Closing Balance	<u>91</u>	<u>99</u>

b.3) Liquidity risk management

The main responsibility for liquidity risk management rests with the Board of Directors. The Board designed an appropriate risk management policy for short, medium and long term funding and liquidity necessities of the Group management. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below demonstrate the maturity distribution of nonderivative financial liabilities and are prepared based on the earliest date on which the Group can be required to pay. The interests that will be paid on the future liabilities are included in the related maturities.

Group manages liquidity risk by keeping under control estimated and actual cash flows and by maintaining adequate funds and borrowing reserves through matching the maturities of financial assets and liabilities.

Liquidity risk table:

<u>31 December 2021</u>		<u>Total cash outflow according to the contract</u>				
<u>Due date on the contract</u>	<u>Book value</u>	<u>(I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial liabilities						
Bank borrowings	4,659	(4,929)	(583)	(1,871)	(2,448)	(27)
Lease liabilities	10,244	(10,955)	(476)	(1,368)	(5,710)	(3,401)
Trade payables	891	(895)	(895)	-	-	-
Other payables	-	-	-	-	-	-
Other financial liabilities	8	(8)	(8)	-	-	-
Total	<u>15,802</u>	<u>(16,787)</u>	<u>(1,962)</u>	<u>(3,239)</u>	<u>(8,158)</u>	<u>(3,428)</u>

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35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.3) *Liquidity risk management (cont'd)*

31 December 2020

		<u>Total cash outflow according to the contract</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
<u>Due date on the contract</u>	<u>Book value</u>	<u>(I+II+III+IV)</u>				
Non-derivative financial liabilities						
Bank borrowings	5,394	(5,570)	(821)	(1,877)	(2,803)	(69)
Lease liabilities	11,307	(12,140)	(482)	(1,452)	(6,275)	(3,931)
Trade payables	861	(861)	(861)	-	-	-
Other payables	9	(9)	(2)	(7)	-	-
Other financial liabilities	17	(17)	(17)	-	-	-
Total	17,588	(18,597)	(2,183)	(3,336)	(9,078)	(4,000)

31 December 2021

<u>Due date on the contract</u>	<u>Book value</u>	<u>Total cash outflow according to the contract</u> <u>(I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Derivative financial (liabilities) / assets, net						
Derivative cash inflows	59	55	27	27	1	-
Derivative cash outflows	(28)	(24)	(7)	-	(10)	(7)
Derivative cash inflows/outflows,net	31	31	20	27	(9)	(7)

31 December 2020

<u>Due date on the contract</u>	<u>Book value</u>	<u>Total cash outflow according to the contract (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Derivative financial (liabilities) / assets, net						
Derivative cash inflows	2	2	2	-	-	-
Derivative cash outflows	(64)	(64)	(14)	(18)	(16)	(16)
Derivative cash inflows/outflows,net	(62)	(62)	(12)	(18)	(16)	(16)

b.4) *Market risk management*

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures of the Group are evaluated using sensitivity analysis. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

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35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.4) *Market risk management (cont'd)*

b.4.1) *Foreign currency risk management*

Transactions in foreign currencies expose the Group to foreign currency risk. The foreign currency denominated assets and liabilities as monetary and non-monetary items are below:

	31 December 2021					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	854	58	147	4	16	629
2a.Monetary Financial Assets	2,415	678	1,658	3	2	74
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	380	122	79	-	5	174
4.Current Assets (1+2+3)	3,649	858	1,884	7	23	877
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	974	974	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	574	350	217	-	-	7
8.Non Current Assets (5+6+7)	1,548	1,324	217	-	-	7
9.Total Assets (4+8)	5,197	2,182	2,101	7	23	884
10.Trade Payables	646	392	189	1	2	62
11.Financial Liabilities (*)	3,439	38	3,112	266	23	-
12a.Other Liabilities, Monetary	97	6	48	2	3	38
12b.Other Liabilities, Non Monetary	25	25	-	-	-	-
13.Current Liabilities (10+11+12)	4,207	461	3,349	269	28	100
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	8,846	3	7,559	1,180	104	-
16a.Other Liabilities, Monetary	24	15	7	-	-	2
16b.Other Liabilities, Non Monetary	113	113	-	-	-	-
17.Non Current Liabilities (14+15+16)	8,983	131	7,566	1,180	104	2
18.Total Liabilities (13+17)	13,190	592	10,915	1,449	132	102
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)						
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	(7,993)	1,590	(8,814)	(1,442)	(109)	782
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(8,809)	1,256	(9,110)	(1,442)	(114)	601
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	1,570	-	1,570	-	-	-
24.Hedged foreign currency liabilities	-	-	-	-	-	-

(*) Net foreign exchange position of Group is mainly due to long term foreign currency borrowings denominated in Euro, Japanese Yen, Swiss Frank to funds its investments. Group uses these long term foreign currency borrowings to manage the risk of exchange differences with highly probable future foreign currency revenues. The USD equivalent of these borrowings amount to USD 7,824 as of 31 December 2021 (31 December 2020: USD 7,798).

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.4) Market risk management (cont'd)

b.4.1) Foreign currency risk management (cont'd)

	31 December 2020					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	516	13	122	1	11	369
2a.Monetary Financial Assets	1,635	874	698	4	1	58
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	417	161	137	-	5	114
4.Current Assets (1+2+3)	2,568	1,048	957	5	17	541
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	743	743	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	652	409	236	-	-	7
8.Non Current Assets (5+6+7)	1,395	1,152	236	-	-	7
9.Total Assets (4+8)	3,963	2,200	1,193	5	17	548
10.Trade Payables	595	298	244	-	4	49
11.Financial Liabilities	3,884	99	3,521	241	23	-
12a.Other Liabilities, Monetary	114	87	19	1	-	7
12b.Other Liabilities, Non Monetary	26	26	-	-	-	-
13.Current Liabilities (10+11+12)	4,619	510	3,784	242	27	56
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities	10,099	6	8,365	1,598	130	-
16a.Other Liabilities, Monetary	29	18	8	-	-	3
16b.Other Liabilities, Non Monetary	134	134	-	-	-	-
17.Non Current Liabilities (14+15+16)	10,262	158	8,373	1,598	130	3
18.Total Liabilities (13+17)	14,881	668	12,157	1,840	157	59
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	(10,918)	1,532	(10,964)	(1,835)	(140)	489
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(11,827)	1,122	(11,337)	(1,835)	(145)	368
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	506	-	506	-	-	-
24.Hedged foreign currency liabilities	-	-	-	-	-	-

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.4) Market risk management (cont'd)

b.4.1) Foreign currency risk management (cont'd)

The Group is exposed to foreign exchange risk primarily from TL, EURO, JPY and CHF. The following table details the Group's sensitivity to a 10% increase and decrease in TL, EURO, JPY and CHF against USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis include only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss with a same effect on equity. The Group accounted investment loans and aircraft financial liabilities in scope of cash flow hedge accounting and foreign exchange income/expense arising from these loans and liabilities are recognized in equity. 10% increase and decrease effect of foreign exchange rates are calculated with the same method and the calculated foreign exchange gains/losses are presented as hedged portion in the foreign exchange sensitivity table. Furthermore, the hedged portion of foreign exchange gains/losses via forwards and cross currency swap transactions is classified as the amount hedged against USD in the statement of exchange rate sensitivity analysis.

	31 December 2021			
	Profit / (Loss)		Equity	
	Before Tax			
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	159	(159)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	159	(159)	-	-
4- Euro net asset / liability	(197)	197	(684)	684
5- Part hedged from Euro risk (-)	157	(157)	-	-
6- Euro net effect (4+5)	(40)	40	(684)	684
7- JPY net asset / liability	(94)	94	(50)	50
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(94)	94	(50)	50
10- CHF net asset / liability	2	(2)	(13)	13
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	2	(2)	(13)	13
13- Other foreign currency net asset / liability	78	(78)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	78	(78)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	105	(105)	(747)	747

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.4) Market risk management (cont'd)

b.4.1) Foreign currency risk management (cont'd)

	31 December 2020			
	Profit / (Loss)		Equity	
	Before Tax			
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	153	(153)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	153	(153)	-	-
4- Euro net asset / liability	(369)	369	(727)	727
5- Part hedged from Euro risk (-)	51	(51)	-	-
6- Euro net effect (4+5)	(318)	318	(727)	727
7- JPY net asset / liability	(120)	120	(64)	64
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(120)	120	(64)	64
10- CHF net asset / liability	1	(1)	(15)	15
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	1	(1)	(15)	15
13- Other foreign currency net asset / liability	49	(49)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	49	(49)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	(235)	235	(806)	806

b.4.2) Interest rate risk management

The Group has been borrowing at both fixed and floating interest rates. Considering the interest conditions of the current borrowings, the majority of the borrowings are at floating interest rates. In addition to this; under the condition that the cost of financing of aircraft purchases are reasonable, the Group has been trying to increase the amount of the fixed interest rate borrowings in order to create a partial balance between the fixed and floating interest rate borrowings. Due to the fact that the floating interest rates of the Group are dependent on Libor and Euribor, exposure to local interest rate is low.

35. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.4) Market risk management (cont'd)

b.4.2) Interest rate risk management (cont'd)

Interest Rate Position Table

	31 December 2021	31 December 2020
Instruments with fixed interest rate		
Financial Liabilities	4,930	5,519
Financial Instruments with Variable Interest Rate		
Financial Liabilities	5,314	5,788
Interest Swap Agreements Not Subject to Hedge Accounting (Net)	-	-
Interest Swap Agreements Subject to Hedge Accounting (Net)	(16)	(32)

As indicated in Note 36, the Group fixed the interest rate for 1,856 USD of floating-interest-rated financial liabilities via an interest rate swap contracts as of 31 December 2021.

Interest rate sensitivity

The following sensitivity analysis are done considering the interest rate exposure in the reporting date and possible changes on this rate and are fixed during all reporting period. Group management checks out possible effects that may arise when Libor and Euribor rates, which are the basis for floating interest rates, fluctuate 0.5% and reports the effects to the top management.

Assuming that there is a 0.5% increase in Libor and Euribor interest rates and all other floatings are kept constant:

Current profit before tax of the Group for the year will decrease by USD 37 (For the year ended 31 December 2020 profit before tax will decrease by USD 38). In contrast, if Libor and Euribor interest rate decrease by 0.5%, profit before tax will increase by the same amounts.

Moreover, as a result of the interest rate swap contracts against cash flow risks, in the event of a 0.5% increase in the Libor and Euribor interest rates, the shareholders' equity of the Group will increase by USD 11, excluding the deferred tax effect. (For the year ended 31 December 2020 the shareholders' equity of the Group will increase by USD 18, excluding the deferred tax effect.) In the event of a 0.5% decrease in the Libor and Euribor interest rates, the shareholders' equity of the Group will decrease by the same amounts, excluding the deferred tax effect.

b.4.3) Fuel prices sensitivity

As explained in Note 36, Group has entered into forward fuel purchase contracts in order to hedge cash flow risks arising from fuel purchases. Due to forward fuel purchase contracts subject to hedge accounting, as a result of a 10% increase in fuel prices, the shareholders' equity of the Group will increase by USD 44, excluding the deferred tax effect. (For the year ended 31 December 2020, the shareholders' equity of the Group will increase by USD 21 excluding deferred tax effect.)

In case of a 10% decrease in fuel prices, the shareholders' equity of the Group will decrease by USD 46, excluding the deferred tax effect. (For the year ended 31 December 2020, the shareholders' equity of the Group will decrease by USD 22, excluding deferred tax effect.)

36. FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

Fair values of financial assets and liabilities are determined as follows:

- Under standard maturities and conditions, fair values of financial assets and liabilities traded in an active market are determined using quoted market prices.
- Fair values of derivative instruments:
 - Fixed-paid/floating received interest swap contracts: Fair value hierarchy is level 2. Valuation is performed by using discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
 - Forward fuel purchase contracts and fuel collar contracts: Fair value hierarchy is level 2. Valuation is performed by using discounted cash flow technique. Future cash flows are estimated based on forward fuel prices (from observable forward fuel prices at the end of the reporting period) and contract fuel prices, discounted at a rate that reflects the credit risk of various counterparties.
 - Forward currency contracts: Fair value hierarchy is level 2. Valuation is performed by using discounted cash flow technique. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
 - Cross-currency swap contracts: Fair value hierarchy is level 2. Valuation is performed by using discounted cash flow technique. Future cash flows are estimated based on forward interest rates and forward exchange rates (from observable yield curves and forward exchange rates at the end of the reporting period) and contract interest rates and forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.

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36. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments (cont'd)

31 December 2021 Balance Sheet	Financial assets at amortized cost	Financial instruments at FVOCI	Financial instruments at FVTPL	Financial instruments FVOCI at cost value	Financial liabilities at amortized cost	Book Value	Note
<u>Financial Assets</u>							
Cash and cash equivalents	2,677	-	-	-	-	2,677	5
Financial investments and derivative financial instruments	-	137	14	1	-	152	6 and 34
Trade receivables	925	-	-	-	-	925	9 and 10
Other receivables	1,663	-	-	-	-	1,663	9 and 12
<u>Financial liabilities</u>							
Bank borrowings	-	-	-	-	4,659	4,659	7 and 18
Lease liabilities	-	-	-	-	10,244	10,244	7 and 18
Other financial liabilities and derivative financial instruments	-	22	6	-	8	36	8 and 34
Trade payables	-	-	-	-	891	891	9 and 10

36. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments (cont'd)

31 December 2020 Balance Sheet	Financial assets at amortized cost	Financial instruments at FVOCI	Financial instruments at FVTPL	Financial instruments FVOCI at cost value	Financial liabilities at amortized cost	Book Value	Note
<u>Financial Assets</u>							
Cash and cash equivalents	1,811	-	-	-	-	1,811	5
Financial investments and derivative financial instruments	-	74	20	1	-	95	6 and 34
Trade receivables	637	-	-	-	-	637	9 and 10
Other receivables	2,301	-	-	-	-	2,301	9 and 12
<u>Financial liabilities</u>							
Bank borrowings	-	-	-	-	5,394	5,394	7 and 18
Lease liabilities	-	-	-	-	11,307	11,307	7 and 18
Other financial liabilities and derivative financial instruments	-	51	13	-	17	81	8 and 34
Trade payables	-	-	-	-	861	861	9 and 10

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36. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments (cont'd)

Fair values of financial assets and liabilities are determined as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and obligations.
- Level 2: Variables obtained directly (via prices) or indirectly (by deriving from prices) which are observable for similar assets and liabilities other than quoted prices mentioned in Level 1. These assets and liabilities consist of derivate transactions' fair values which is include such as fuel prices, foreign currency changes and interest rates in the market.
- Level 3: Variables which are not related to observable market variable for assets and liabilities (unobservable variables).

Financial assets and liabilities, measured at their fair values are classified as below:

	31 December 2021	Fair value level as of the reporting date		
		Level 1 USD	Level 2 USD	Level 3 USD
<u>Financial assets</u>				
Financial assets on remeasuring FVOCI	87	87	-	-
Financial assets on remeasuring FVTPL	5	5	-	-
Derivative instruments at fair value through profit or loss	9	-	9	-
Total	<u>101</u>	<u>92</u>	<u>9</u>	<u>-</u>
<u>Financial liabilities</u>				
Derivative instruments at fair value through profit or loss	6	-	6	-
Derivative instruments accounted for hedge accounting	22	-	22	-
Total	<u>28</u>	<u>-</u>	<u>28</u>	<u>-</u>

36. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments (cont'd)

	31 December 2020	Fair value level as of the reporting date		
		Level 1 USD	Level 2 USD	Level 3 USD
Financial assets				
Financial assets on remeasuring FVOCI	74	74	-	-
Financial assets on remeasuring FVTPL	18	18	-	-
Derivative instruments at fair value through profit or loss	2	-	2	-
Total	<u>94</u>	<u>92</u>	<u>2</u>	<u>-</u>
Financial liabilities				
Derivative instruments at fair value through profit or loss	13	-	13	-
Derivative instruments accounted for hedge accounting	51	-	51	-
Total	<u>64</u>	<u>-</u>	<u>64</u>	<u>-</u>

Derivative Instruments and Hedging Transactions

The financial risk management strategy of the Group aims to ensure a healthy cash flow and liquidity in the future. For this purpose, derivative financial instruments such as currency forwards, currency options, interest rate swaps, interest rate options, oil options and oil swaps are used to protect against the financial risks arising from the fluctuation of exchange rates, interest rates and jet fuel price.

The floating-rate financial liabilities of the Group are explained in Note 35 b.4.2. In order to keep interest costs at an affordable level, the Group has hedged approximately 20% of floating rate USD, JPY and Euro denominated liabilities arising from financial leasing activities. Effective part of the change in the fair values of those derivative instruments for cash flows risks of floating-rate finance lease liabilities are recognized in other comprehensive income and presented in cash flow hedge reserve under the shareholders' equity, in accordance with hedge accounting.

Within the scope of the financial risk management strategy, the Group started fuel price risk hedging in 2009, in order to manage the cash flow effect that may arise from the fluctuation of the fuel price. Fuel price risk management strategy was updated several times over the years with the experience gained. In accordance with the Group's latest BOD resolution issued on 14 July 2017, hedging transactions are executed for the tenor of at most 24 months and up to 60% of the forecasted fuel consumption of the following month. Also with this resolution, premium paid options have been included to the instrument list for the first time, in addition to formerly used swap and zero-cost option structures. The tenor, ratio and instrument to-be-used are chosen based on the current market conditions and future expectations. As a result of these changes, hedging strategy has become more flexible and accommodative to fuel market conditions. It is aimed to either fix the fuel price or keep it in a restrained range. The effective portion of fair value of fuel hedge contracts for cash flow hedge is recognized in other comprehensive income and presented in cash flow hedge reserve under the shareholders' equity, in accordance with hedge accounting.

36. FINANCIAL INSTRUMENTS (cont'd)

Derivative Instruments and Hedging Transactions (cont'd)

The mismatch between Group's income and expense currencies causes to the exchange rate risk. In order to manage this risk resulted from the fluctuations of the FX market, the Group started to implement exchange rate risk hedging in 2013. Exchange rate risk management strategy of the Group was updated in 2015 and 2018 as a result of the gained experience and the needs. Since the Group is long in EUR and short in USD and TRY, strategy mainly aims to decrease the amount of short position in USD and TRY with the long position in EUR via the derivative instruments. In this context, on EUR/USD currency hedging, it is decided to execute the transactions in at most 24 months and up to 60% of the forecasted short position of the next month by using forward and zero-cost option structures. Likewise, on EUR/TRY maximum tenor and hedge ratio are 18 months and 50%, respectively. Only forwards are used for these transactions. In accordance with the strategy, current market conditions and future expectations are analyzed dynamically, and the hedge tenor, ratio and instrument to be used are determined accordingly. With these transactions, the Company aims to fix the exchange rate at a single level or to keep it within a certain range. The effective portion of fair value of currency hedge contracts for cash flow hedge is recognized in other comprehensive income and presented in cash flow hedge reserve under the shareholders' equity, in accordance with hedge accounting.

As of 2021, financial lease liabilities in Japanese Yen, Swiss Frank and Euro for investment financing are designated as cash flow hedge against exchange rate risk due to highly probable future same foreign currency revenues. Group's revenue denominated in Euro and Swiss Frank covered borrowings of such foreign currency, Japanese Yen revenue covered %54, Euro revenue covered %28, Swiss Frank revenue %12 of borrowings. In this context, exchange differences arising from such these loans repayment are taken to equity and recognized in other comprehensive income.

Group's derivative instruments arising from transactions stated above and their balances as of 31 December 2021 and 2020 are as follows:

Derivative Instruments Accounted in Assets and Liabilities

	Positive fair value	Negative fair value	Total
31 December 2021			
Fixed-paid/floating received interest rate swap contracts for hedging against cash flow risks of interest rate	-	(16)	(16)
Forward fuel purchase contracts for hedging against cash flow risk of fuel prices	-	-	-
Collar contracts for hedging against cash flow risk of fuel prices	50	(6)	44
Forward currency contracts for hedging purposes	-	-	-
Fair values of derivative instruments for hedging purposes	<u>50</u>	<u>(22)</u>	<u>28</u>
Cross-currency swap contracts not subject to hedge accounting	-	-	-
Interest rate swap contracts not subject to hedge accounting	-	-	-
Forward currency contracts not for hedging purposes	9	(6)	3
Fair values of derivative instruments not for hedging purposes	<u>9</u>	<u>(6)</u>	<u>3</u>
Total	<u>59</u>	<u>(28)</u>	<u>31</u>

36. FINANCIAL INSTRUMENTS (cont'd)

Derivative Instruments and Hedging Transactions (cont'd)

Group's derivative instruments arising from transactions stated above and their balances as of 31 December 2021 and 2020 are as follows (cont'd):

Derivative Instruments Accounted in Assets and Liabilities

31 December 2020	Positive fair value	Negative fair value	Total
Fixed-paid/floating received interest rate swap contracts for hedging against cash flow risks of interest rate	-	(32)	(32)
Forward fuel purchase contracts for hedging against cash flow risk of fuel prices	-	-	-
Collar contracts for hedging against cash flow risk of fuel prices	-	(18)	(18)
Forward currency contracts for hedging purposes	-	(1)	(1)
Fair values of derivative instruments for hedging purposes	-	(51)	(51)
Cross-currency swap contracts not subject to hedge accounting	-	-	-
Interest rate swap contracts not subject to hedge accounting	-	-	-
Forward currency contracts not for hedging purposes	2	(13)	(11)
Fair values of derivative instruments not for hedging purposes	2	(13)	(11)
Total	2	(64)	(62)

Derivative Instruments Accounted in the Equity

31 December 2021	Hedging against fuel risk	Hedging against interest risk	Hedging against currency risk	Total
Fair values of derivative instruments for hedging purposes	48	(16)	2	34
Inefficient part in the risk elimination of fair value of hedging gains of fuel hedging derivative instrument to financial revenues	(18)	-	-	(18)
Inefficient part in the risk elimination of fair value of hedging gains of currency hedging derivative instrument to financial revenues	-	-	173	173
Total	30	(16)	175	189
Deferred tax	(6)	3	(35)	(38)
Hedge reserve as of 31 December 2021	24	(13)	140	151

36. FINANCIAL INSTRUMENTS (cont'd)

Derivative Instruments and Hedging Transactions (cont'd)

Group's derivative instruments arising from transactions stated above and their balances as of 31 December 2021 and 2020 are as follows (cont'd):

Derivative Instruments Accounted in the Equity

31 December 2020	Hedging against fuel risk	Hedging against interest risk	Hedging against currency risk	Total
Fair values of derivative instruments for hedging purposes	(19)	(32)	(9)	(60)
Inefficient part in the risk elimination of fair value of hedging gains of fuel hedging derivative instrument to financial revenues	6	-	-	6
Inefficient part in the risk elimination of fair value of hedging gains of currency hedging derivative instrument to financial revenues	-	-	(511)	(511)
Total	(13)	(32)	(520)	(565)
Deferred tax	3	6	106	115
Hedge reserve as of 31 December 2020	(10)	(26)	(414)	(450)

37. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRMS

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows (Thousand USD):

	31 December 2021	31 December 2020
Audit and assurance fee	166	132
Other assurance services fee	5	16
	171	148

The fees above have been determined through including the statutory audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subsidiaries and joint ventures have been converted into USD using the annual average rates of the relevant years.

38. EVENTS AFTER THE BALANCE SHEET DATE

On January 27, 2021, The Group's Board of Directors appointed Prof. Dr. Ahmet Bolat as the Chairman of the Board of Directors and the Executive Committee; Mr. Şekib Avdagiç, as the Independent Member of the Board and Mr. Mehmet Kadaifçiler as the Member of the Board. The appointments will be submitted for approval of the next General Assembly.



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