

# Integrated Annual Report 2021



Türkiye Wealth Fund and the companies in its portfolio, which continue on their way with the mission of creating economic added value by supporting the strong growth of our country in every field, continue their development in the national and global arena.

Combining a deep-rooted past with a strong vision of the future, Türkiye Wealth Fund carries the intangible and tangible accumulations of Türkiye, home to civilizations throughout history, into the future.

Based on this approach, the Integrated Report includes examples of the surviving artifacts of deep-rooted civilizations that have left cultural traces in Anatolia throughout history in different social dimensions.

We emphasized that just as we protect the past of these lands, which have been the homeland of trade routes and civilization for centuries, we, as Türkiye Wealth Fund, also protect the future of this country and carry the accumulations of Anatolia into the new century.

*We believe that the stronger the roots of the past, the farther the branches of the future reach.*

Cover

### **Treaty of Kadesh**

Clay tablet, 13th century BC

First treaty signed in the Near East

Istanbul Museum of Archeology

TÜRKİYE WEALTH FUND  
*Integrated Annual Report*  
**2021**

Desk Clock  
Ottoman, 1853  
Brass, 38x21x10 cm  
Topkapı Palace



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## Message from the President



*“Ranking among the world's largest sovereign wealth funds today, Türkiye Wealth Fund strengthens our nation's economy thanks to its reputability in the international financial community, its capacity to enhance the value of assets within the Fund, and its strategic investments. TWF leads the way on the road to sustainable development.”*

## *My august nation,*

Türkiye has a young, dynamic population and a well-established, advanced industry. The country has ongoing infrastructure projects in energy, health, and transportation. These are gaining momentum, and our strategically important location at the nexus of the European, Asian, and African markets allows us to play a leading role in the global economy.

Although energy, food, and commodities crises have hit the world hard over the past year, we have sustained development with breakthroughs in every field from energy and tourism to underground resources and native, national, high technology.

At this exciting time when the Turkish Republic is about to celebrate its centenary, we are continuing to work in line with our goals for 2023 and long-term development vision for 2053 and 2071. We took a major step towards greater sustainability in 2021 by ratifying the Paris Agreement created as part of the United Nations Framework Convention on Climate Change. This decision underscored Türkiye's commitment to national and global Sustainable Development Goals.

The most important driving force for sustainable development is a strong private sector. Clearing the path for the private sector and increasing its dynamism in today's global competition are vital for development. To this end, we are channeling national financial resources into large-scale projects that will increase employment and export revenue. Likewise, we strongly encourage private sector activity and direct foreign investment in value-added strategic industries.

Founded in 2016, Türkiye Wealth Fund (TWF) plays a critical role in our efforts to realize these objectives. Ranking among the world's largest sovereign wealth funds today, TWF strengthens our nation's economy thanks to its reputability in the international financial community, its capacity to enhance the value of assets within the fund, and its strategic investments. TWF leads the way on the road to sustainable development.

In the forthcoming period, I believe that TWF is going to continue to make our economy stronger and more prosperous in the Republic's second century, also known as the Century of Türkiye. I would like to congratulate all TWF managers and employees who support this mission with their experience and efforts.

**Recep Tayyip ERDOĞAN**  
*President of the Republic of Türkiye*

## Board of Directors



**Recep Tayyip ERDOĞAN**  
*President of the Republic of Türkiye*



**Prof. Dr. Erişah ARICAN**  
*Deputy Chairwoman*

**Alpaslan ÇAKAR**  
*Board Member*

**A. Burak DAĞLIOĞLU**  
*Board Member*



**Fuat TOSYALI**  
*Board Member*

**Mustafa Rifat HİSARCIKLIOĞLU**  
*Board Member*

**S. Arda ERMUT**  
*CEO and Board Member*

# Committees

7

## **Executive and Human Resources Committee**

Prof. Dr. Eriřah ARICAN

A. Burak DAĞLIOĐLU

S. Arda ERMUT

## **Audit Committee**

Alpaslan AKAR

Fuat TOSYALI

## **Early Risk Detection Committee**

Alpaslan AKAR

Fuat TOSYALI

## **Corporate Governance Committee**

M. Rifat HİSARCIKLIOĐLU

Fuat TOSYALI

## Senior Management



**S. Arda ERMUT**  
*CEO and Board Member*

**Mahmut KAYACIK**  
*Executive Director / Finance  
and Operations*

**A. Murat ULUĞ**  
*Executive Director / Investments*



**Murat AKGÜÇ**  
*Executive Director / Investments*

**Ömer DEMİRHAN**  
*Executive Director / Energy, Mining,  
Petrochemical Investments*

**A. Kübra KÜÇÜK**  
*Executive Director / Human Resources*



Desk Clock  
Ottoman, 1850  
Brass and enamel, 26x14x34 cm  
Topkapı Palace

## Türkiye Wealth Fund's Mission

The main purpose of sovereign wealth funds is to transform national resources into strategic investments in order to achieve sustainable development in accordance with the state's various financial development goals. The practice of sovereign wealth funds began in the Middle East. The world's first wealth fund was founded in Kuwait in 1953. The institution then spread rapidly throughout Asia with many successful examples and similar funds subsequently founded in Western countries. Wealth funds became increasingly more important as they breathed life into the investment climate during challenging periods when venture capitals and holding companies slowed their investments, primarily during the global financial crisis of 2008. Now well-established in the international financial community, sovereign wealth funds had a total global asset strength exceeding 10 trillion USD by the end of 2021.

The Türkiye Wealth Fund was founded in 2016 with the vision of maximizing the worth of assets it holds, providing capital for domestic strategic investments, supporting the emergence of regional and global leaders from among companies in Türkiye, and helping to improve markets. TWF is structured on the models of sovereign wealth funds that have achieved worldwide success. TWF rapidly became one of the largest financial bodies in Eastern Europe, the Middle East, and Africa with a balance sheet totaling 3.2 trillion Turkish lira by the end of 2021.

Showing constant progress in line with this mission, TWF's efforts are shaped around four basic goals:

- › Enhance the value of assets within the Fund
- › Provide equity to strategic investments in Türkiye
- › Make equity investments to support Türkiye's international economic objectives
- › Reinforce the improvement and expansion of financial markets

One of the main purposes of wealth funds is to create leverage impact in sustainable development, and this objective also shapes TWF's operating culture. As its duty is to increase the level of compliance with the Santiago Principles, TWF follows those guidelines to create a transparent, accountable, sustainable management model for wealth funds. In the current reporting period, TWF started a new initiative with the purpose of integrating sustainability and Environmental, Social, Governance (ESG) factors into company operations and investment decisions. TWF's goal here is to develop approaches that will be adopted by priority stakeholders, particularly portfolio companies, on the path to creating a sustainable future for Türkiye and the world.

# TWF Integrated Value Model

## CAPITAL

### Financial Capital

TWF aims to maximize the value of national assets within the Fund, as well as provide capital for domestic strategic investments, support regional and global leaders in Turkish companies, and bolster markets.

### Human Capital

TWF aims to collaborate with subject matter experts by creating mutual value. Growing Türkiye's talent pool is a long-term objective.

### Natural Capital

TWF prioritizes efficient use of natural resources and environmental protection across the operations of its portfolio companies.

### Intellectual Capital

TWF supports and invests in strategic, high-technology industries based on intellectual capital.

### Social/Public Relations Capital

Within a framework of transparency and accountability, the Fund follows principles of corporate governance, enables healthy stakeholder communication, and focuses on creating social and economic value for society.

## BUSINESS MODEL

### Social, Environmental, Economic Impacts



### Sustainability Materialities

Corporate Governance

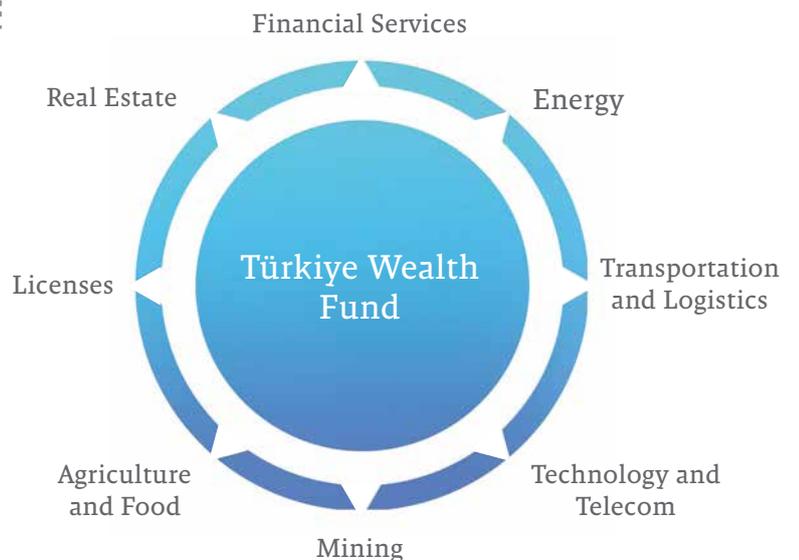
Business Ethics

Climate Change

Employee Engagement and Labor Practices

Social and Economic Development

TWF ROADMAP



## VALUE CREATION

### FINANCIAL VALUE<sup>1</sup>



8

Sectors

28

Portfolio Companies

3.2 Trillion TRY

Total Assets

549 Billion TRY

Net Revenue

47.6%

Increase

80%

Increase

### HUMAN VALUE<sup>2</sup>

More than  
195,000

Employees

34%

Female Employment  
Rate

45.2

Hours of Training<sup>3</sup>  
Per Employee

11

ISO 45001  
Certified Portfolio  
Companies

0.8%

Accident Frequency  
Rate

### NATURAL VALUE<sup>2</sup>

1.7 Billion GJ

Reduction of Energy Consumption<sup>4</sup>

1.3

Million GJ

Renewable  
Energy  
Consumption<sup>4</sup>

29.1

Million m<sup>3</sup>

Treated  
Water

183,630

Tons CO<sub>2</sub>

Reduction of  
Greenhouse Gases

OUTPUTS

12

# 131.3 Million TRY

Environmental Activity and  
Investment Expenditures

917,093

Saplings Planted in  
Forestation Projects

10

ISO 14001  
Certified Portfolio  
Companies

6

Companies Audited in  
Line with ISO-14064  
Standard

## INTELLECTUAL VALUE<sup>2</sup>

4%

Technology and  
Telecom  
Share within TWF  
Portfolio

7%

Technology and  
Telecom  
Contribution to TWF  
Revenue



13

## PUBLIC RELATIONS AND SOCIAL VALUE<sup>2</sup>

601.4  
Million TRY

Donations and  
Sponsorships

16

Portfolio Companies  
with Publicly Disclosed  
Annual Report

10

Portfolio Companies with  
Publicly Disclosed  
Sustainability Report

16

Portfolio Companies  
with Publicly Disclosed  
Code of Conduct

5

Portfolio Companies listed on the  
Borsa Istanbul Sustainability Index

<sup>1</sup> Figures include data for TWF and its subsidiaries.

<sup>2</sup> Figures include data for TWF and its subsidiaries.

<sup>3</sup> Data for Turkish Airlines are not included.

<sup>4</sup> Data for BOTAŞ and Vakıfbank are not included.

## Road Map

TWF's road map is guided by four strategic objectives and four key sources.

### STRATEGIC OBJECTIVES

1

#### ENHANCE THE VALUE OF ASSETS WITHIN THE FUND

TWF aims to enhance the value of its assets through value creation programs and by monitoring and evaluating financial performance indicators.

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2

#### PROVIDE EQUITY TO STRATEGIC INVESTMENTS IN TÜRKİYE

TWF invests in visionary projects, high value-added and high technology industries that will reduce current account deficit and increase the nation's savings base.

3

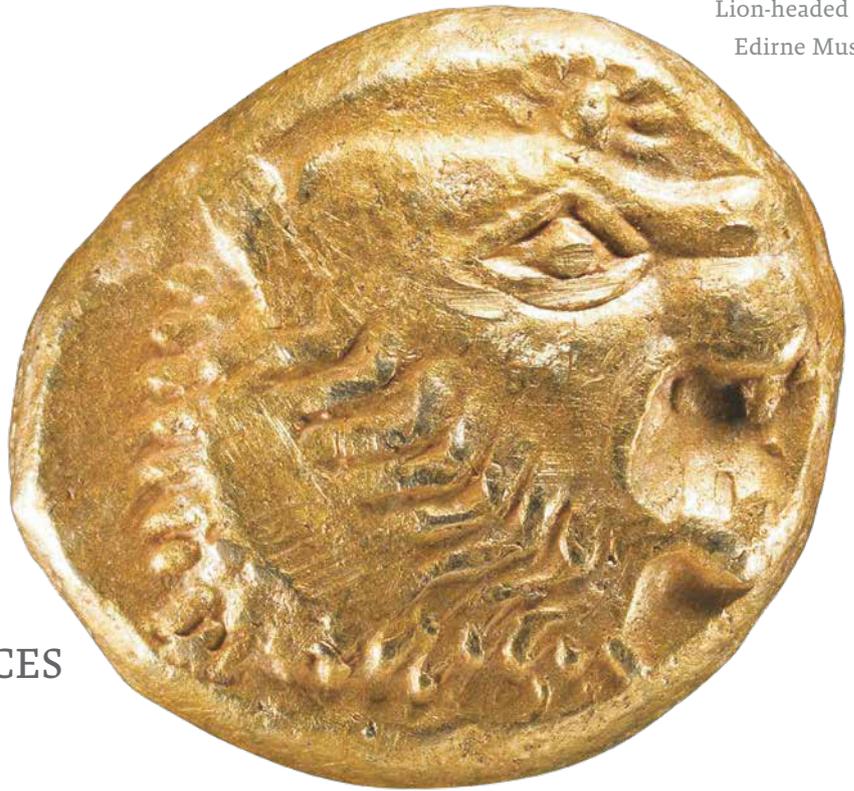
#### MAKE EQUITY INVESTMENTS TO SUPPORT COMPETITIVE COMPANIES AND TÜRKİYE'S OVERALL INTERNATIONAL ECONOMIC STRATEGY

TWF aims to make investments aligned with Türkiye's international economic strategy and aspires to transform Turkish companies into regional and global champions.

4

#### REINFORCE THE IMPROVEMENT AND EXPANSION OF FINANCIAL MARKETS

TWF takes equity-based actions to expand the depth and diversity of financial markets.



## STRATEGIC RESOURCES

### 5 FINANCING

TWF aims to reduce the weighted average cost of capital by adopting the most appropriate and diverse financing models for investments to be made in line with strategic pillars.

### 6 CORPORATE GOVERNANCE

TWF observes transparency and accountability as fundamental principles across all operations. Accordingly, the Fund operates in full compliance with corporate governance standards and legal requirements.

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### 7 PRINCIPLES AND VALUES

With respect to all operations, TWF obeys environmental, social, and governance principles. As a responsible investor, the Fund acts in accordance with the following four core values, integral across business and decision-making processes:

- › Service and value creation for the nation
- › Accountability and transparency
- › Discipline, professionalism, and teamwork
- › Results

### 8 HUMAN RESOURCES

TWF aims to become Türkiye's talent pool for financial operations and new investments.

## About TWF and TWF Management Co.

TWF was established as an asset-backed development fund to increase the value of public assets in the Republic of Türkiye and contribute to economic growth by providing capital support to strategically important sectors and visionary projects in Türkiye.

TWF aims to make strategic investments that support the emergence of regional and global leaders from Turkish companies, contribute to improving financial markets, and leave a more robust economy for future generations.

### LEGAL BASIS

The Türkiye Wealth Fund Management Co. (TWF Management Co.) was established under Law No. 6741 on *Establishment of Türkiye Wealth Fund Management Company and Amendments on Certain Laws* published in the *Official Gazette* No. 29813 dated 26 August 2016.

The provisions of Law No. 6741 stipulate that the fundamental purpose of the TWF Management Co. is *“to establish and manage the Türkiye Wealth Fund and its sub-funds so as to contribute to the diversity and depth of investment instruments in capital markets, bringing domestic publicly owned assets into the economy, procuring foreign investment sources, and taking part in large-scale strategic investments.”* Accordingly, the articles of association of the TWF Management Co. were registered in the trade registry on 22 December 2016.

The TWF Management Co. is subject to the the provisions of private law per Law No. 6741 and is responsible for managing assets in the TWF portfolio. Article No. 5 of Law No. 6741 states: *“Any assets and rights transferred to the Türkiye Wealth Fund and all other assets that may be subject to registration obtained as a result of the activities carried out by the company shall be registered in the name of the Türkiye Wealth Fund in the relevant register or ledger. The Türkiye Wealth Fund shall be deemed to have a legal entity limited to the registration procedures within the scope of this article.”* Similarly, as stated in the first sentence of Article 7 of the above-mentioned Law, *“The assets of the Türkiye Wealth Fund and asset rights transferred to be managed by the Company are to be separated from the assets of the Company”*

In accordance with Article 1 of Law No. 6741 and within the framework of the operational principles stated in Article 4 of the Decision on the Procedures and Principles Regarding the Structure and Functioning of TWF Management Co. (“Council of Ministers Decision”) No. 2016/9429 dated 17 October 2016, TWF Management Co. established the TWF Market Stability and Balance Sub-Fund, the TWF SMBE Financing Sub-Fund, the TWF License and Concession Sub-Fund, and the TWF Mining Sub-Fund in 2017, announcing them in the *Turkish Trade Registry Gazette* numbered 9338 and dated 1 June 2017. It established the Türkiye Varlık Fonu Yönetimi AŞ BIST (Borsa İstanbul) Venture Capital Investment Fund in 2018, announcing that incorporation in the *Turkish Trade Registry Gazette* numbered 9547 and dated 29 March 2018.

The establishment of the sub-funds, their structure, functioning, management, and transactions they were to perform were set out in TWF internal regulations and the TWF Management Company's articles of association. The TWF SMBE Financing Sub-Fund later had its title changed to the "TWF Istanbul Financial Center Real Estate Investment Sub-Fund." This change was announced in the *Turkish Trade Registry Gazette* issue numbered 9919 and dated 30 September 2019.

Presidential Decree No. 2018/162, dated 11 September 2018, amended the second paragraph of Article 13 of the Council of Ministers Decision as follows: *The Chairperson of the Board of Directors of the Company is the President of the Republic of T,, rkiye. Any member of the Board of Directors may be appointed as the Deputy Chairperson by the President of the Republic of T,, rkiye. The Board Members and the CEO shall be required to meet the qualifications stated in the Presidential Decree.*

The funds subordinate to the TWF are:

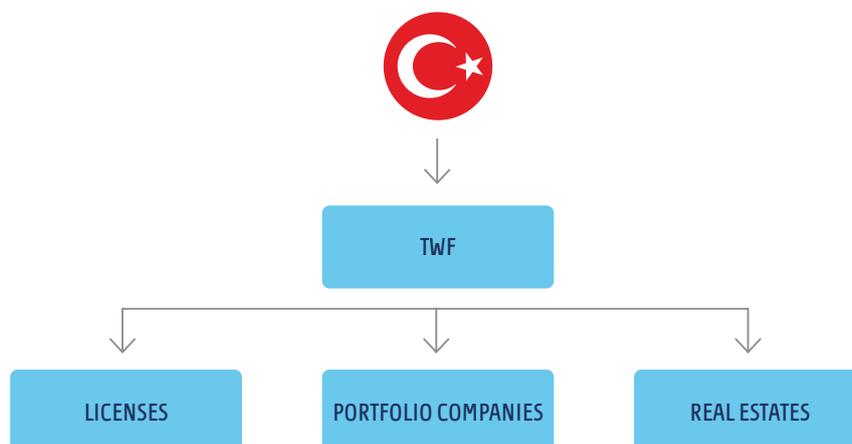
1. TWF Market Stability and Equilibrium Sub-Fund
2. TWF Istanbul Financial Center and Real Estate Investment Fund
3. TWF License and Concession Sub-Fund
4. TWF Mining Sub-Fund
5. TWF Management Co. BIST Venture Capital Investment Fund

Per Article 37 of Presidential Decree No. 1 published in the *Official Gazette* numbered 30474 and dated 10 July 2018, TWF is an institution affiliated with the Presidency. Accordingly,

## CAPITAL AND SHAREHOLDER STRUCTURE

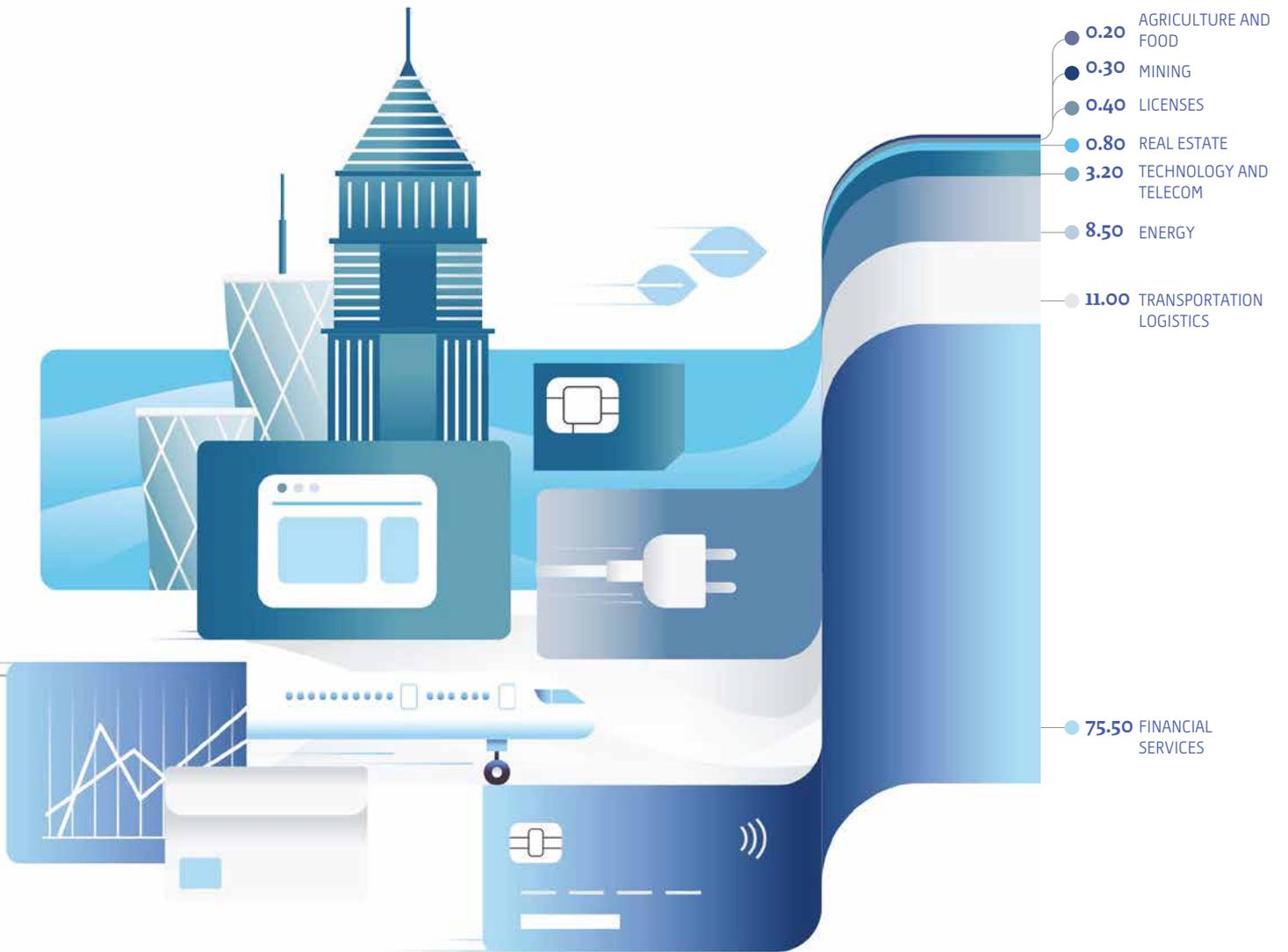
The capital of TWF Management Co. is 50 million Turkish lira; it is paid in full. All shares are the property of the Privatization Administration under the Ministry of Treasury and Finance of the Republic of Türkiye. No changes have occurred in the capital structure of TWF Management Co. during the reporting period. TWF Management Co. has no privileged share. TWF Management Co. does not have its own acquired shares.

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# Portfolio

TWF'S TOTAL ASSETS SECTORAL DISTRIBUTION (%)



## FINANCIAL SERVICES



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
75.30%<sup>1</sup>



FUND OWNERSHIP  
35.90%<sup>2</sup>



FUND OWNERSHIP  
80.6%



FUND OWNERSHIP  
81.10%



FUND OWNERSHIP  
98.61%



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
20%<sup>3</sup>

## ENERGY



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%

## TRANSPORTATION AND LOGISTICS



FUND OWNERSHIP  
49.12%



FUND OWNERSHIP  
100%



Türkiye Denizcilik İşletmeleri AŞ

FUND OWNERSHIP<sup>4</sup>  
49%

İzmir Alsancak Limanı

FUND OWNERSHIP  
100%

<sup>1</sup> With the capital increase dated 21 March 2022, TWF's share in Türkiye Halk Bankası A.Ş. increased from 75.29% to 87.70%.

<sup>2</sup> With the capital increase dated 21 March 2022, TWF's share of Türkiye Vakıflar Bankası T.A.O increased from 35.99% to 64.85%.

<sup>3</sup> Platform AŞ shares were transferred to Platform AŞ's other shareholders on 22 April 2022.

<sup>4</sup> In accordance with the Presidential Decree No. 5531 dated 26 April 2022, the decision of the Privatization High Council No. 2017/3 (3 February 2017) regarding the transfer of 49% of shares in the capital of the Turkish Maritime Organization to TWF by removing it from the scope and program of privatization was canceled and not included in preparations for this report.



Horse Crest Ornament  
Ottoman, late 18<sup>th</sup>, early 19<sup>th</sup> century  
Gilded with gold, silver, diamonds,  
and emeralds. 17x11cm  
Topkapı Palace

## MINING



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%

## TECHNOLOGY AND TELECOM



FUND OWNERSHIP  
26.20%



FUND OWNERSHIP<sup>5</sup>  
6.68%



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%

## AGRICULTURE AND FOOD



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
100%



FUND OWNERSHIP  
49%



FUND OWNERSHIP  
11.07%

## LICENSES

Games of Chance Played for Cash  
License

License for Horse Racing Organizations  
and Receiving Betting

## REAL ESTATE

TVF İFM Gayrimenkul İnşaat ve Yönetim AŞ



Nationwide

46  
Real Estates

## COMPANIES PUBLICLY TRADED IN STOCK EXCHANGE<sup>6</sup>

Company Name	Stock Exchange	Share Code	2021
Türkiye Halk Bankası Anonim Şirketi	BİST	HALKB	75.29%
Türk Hava Yolları Anonim Ortaklığı	BİST	THYAO	49.12%
Türk Telekomünikasyon Anonim Şirketi	BİST	TTKOM	6.68%
Turkcell İletişim Hizmetleri Anonim Şirketi	BİST & NYSE	TCELL & TKC	26.2%
Türkiye Sigorta Anonim Şirketi	BİST	TURSG	81.10%
Türkiye Vakıflar Bankası Anonim Ortaklığı	BİST	VAKBN	35.99%

<sup>5</sup> Share rate rose to 61.68% with acquisition made on 31 March 2022.

<sup>6</sup> As of 31 December 2021.

## Activities

### ACQUISITION OF TÜRK TELEKOM SHARES

Telecommunications are strategically important in the infrastructure for Türkiye's technological transformation and development. This sector has significant growth and development potential considering our country's relatively low penetration rate compared with advanced nations, rapid increase of data usage, consumer habits and highly adaptable nature of the population.

Determined to invest in our country's strategic sectors, on 31 March 2022 TWF became the largest shareholder in Türk Telekomünikasyon AŞ (BIST: TTKOM), Türkiye's largest provider of telecommunication infrastructure and one of the industry's biggest companies.



FIGURES FOR TÜRK TELEKOM  
(As of 30 June 2022)

**381,000 km**  
Fiberoptic  
Infrastructure

**38,798**  
Employees

**45**  
Thousand km  
Fiberoptic Network  
Abroad

**17.1**  
Million  
Fixed Access Line

**14.6**  
Million  
Broadband  
Subscribers

**24.6**  
Million  
Mobile Subscribers

**10.7**  
Million  
Hipernet and  
Fibernet Subscribers

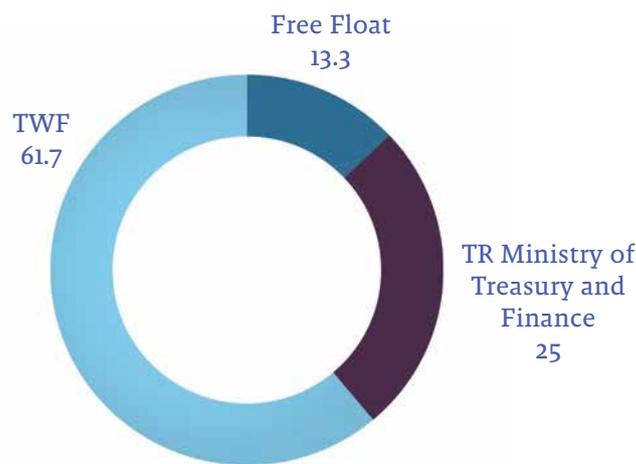
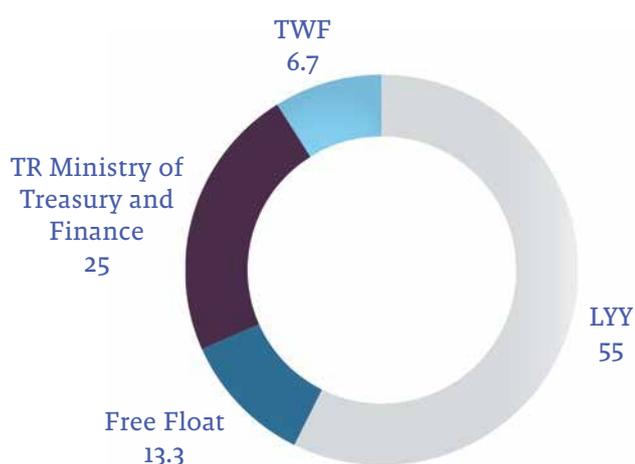
**2.9**  
Million  
TV and TV Mobile  
Subscribers

**52.2**  
Million  
Total Number of  
Subscribers

TWF signed the Share Acquisition Agreement with LYY Telekomünikasyon AŞ (LYY) on 10 March 2022 and purchased 55% of Türk Telekomünikasyon AŞ shares. The closure and share transfer proceedings took place at the company's ordinary general assembly held on 31 March 2022 after relevant permits and approvals were granted.

After the transaction, TWF has reached 61.68% share ownership including its existing shares. Following negotiations with LLY management and due diligence carried out by TWF and its advisers according to internationally recognized appraisal methodologies, the purchase price of the shares in question was set at 1.65 billion USD.

#### SHAREHOLDER STRUCTURE BEFORE AND AFTER



23

TWF intends to achieve the following objectives through this investment in telecommunications:

- › To proceed with the fiberoptic transformation of Türkiye's telecommunication infrastructure and development of 5G technology by using resources faster and more efficiently;
- › To pave the way for Türk Telekom by addressing past shareholding issues, as it is one of the country's largest telecom companies and main provider of Türkiye's telecom infrastructure;

- › To support the powerful role played by Türk Telekom domestically and across the region as the main provider of telecom infrastructure, and;
- › To ensure that Türk Telekom realizes its full potential properly and quickly by supporting investments in many different areas as part of its transformation into a technology company.

## ISTANBUL FINANCIAL CENTER

The foundations of the Istanbul Financial Center (IFC) project, which was conceived in 2009 with the goal of making Istanbul one of the foremost centers of global finance, were laid in 2014. The project picked up speed in 2019 after TWF was brought in as the main investor. The IFC aims to create a multidimensional financial services ecosystem by bringing together the world's leading financial institutions and companies under one roof. The IFC is going to contribute to the sustainable development of the Turkish economy and financial markets while offering local and international companies and investors a wide range of business and investment opportunities.

To this end, participatory and collaborative approaches are adopted and encouraged in the IFC in order to drive integration with international markets, keep pace with innovations in financial markets as they emerge in line with technological progress, boost the variety and depth of products in those markets, and allow international credit organizations, financial institutions, ordinary shareholders, other real and legal persons to manage their operations throughout the region while based in Türkiye.

By investing in critical and strategic areas for the long-term growth of the Turkish economy, TWF has taken on a lead role in making the IFC a financial center capable of competing globally with similar institutions. As a subsidiary of TWF, TVF İFM AŞ is responsible for the overall management and operation of the Istanbul Financial Center, including marketing, leasing, facility management, related operations and other necessary additional services.

The Istanbul Financial Center has 1.4 million m<sup>2</sup> of office space, a shopping mall covering 100,000 m<sup>2</sup>, a conference and exhibition center seating 2,100 people, a 5-star hotel covering 30,000 m<sup>2</sup>, parking for 26,000 vehicles, and has been designed on a smart city model to meet the business world's every need.



The Istanbul Financial Center aims to host approximately 100,000 employees and visitors a day in a comfortable, environmentally friendly atmosphere that adds value to social life. All of its offices are equipped with opening windows and UV-filtered air-conditioning systems specially designed to prioritize public health.

Construction of the Istanbul Financial Center is under way, observing international norms, in cooperation with the Emlak Konut Real Estate Investment Company (EKGYO). By the end of 2021, the project was 75% complete and TWF had invested a total of 7.6 billion Turkish lira.

Envisioned with sustainability in mind, the Istanbul Financial Center is a project that respects the environment and social impact concerns. The project set out intending to receive the LEED Gold Certificate and has issued Türkiye's first Green Sukuk Certificate Based on a Construction Contract, which has similar environmentally friendly criteria. The funding provided with the issuance of 600 million Turkish lira has attracted a great deal of investment and is being used in the project's "green" buildings.

Talks are still underway with financial organizations to use different financing instruments in the field of conventional and Islamic finance in line with the center's strategic objectives. The goal is to fund the project with a long-term, low-cost financing structure.

The Istanbul Financial Center Law was passed in order to boost Türkiye's competitiveness in the international arena, facilitate integration with international financial markets, advance development and expansion of financial markets, products, and services. This legislation entered into force when it was published in the *Official Gazette* on 28 June 2022, and it grants TVF İFM A.Ş. the authority to conduct all business and management operations in the Istanbul Financial Center region for 20 years. The law defines certain tax exemptions for the finance companies that have obtained a participation certificate and includes incentives for attracting qualified human resources. The law also gives investors the means to keep ledgers in foreign currency and the freedom to issue documents in a foreign language and choose laws to be applied to the activities they carry out.



## MoUs WITH ADQ AND ITS SUBSIDIARIES

Türkiye and the United Arab Emirates signed a memorandum of understanding (MoUs) in various fields in November 2021 to strengthen further strategic and economic relations between them. TWF signed a Strategic Cooperation Memorandum of Understanding with the Abu Dhabi Developmental Holding Company (ADQ) and its subsidiaries on 17 November 2021 to make joint use of investment opportunities in the fields of technology, capital markets, logistics, and others to be determined.

As per the agreements, TWF and ADQ teams are conducting talks in good faith on current and future projects. These negotiations are considering the best use of strategic investments that will contribute to the national and regional economy.





Kitâb-ı Bahriye  
Ottoman, 1521 AD  
First version of Piri Reis' book written as  
prose. This work contains 134 maps.  
Topkapı Palace

## TRANSFER OF TÜRKŞEKER AND TÜRKŞEKER TARIM SHARES

Türkiye Şeker Fabrikaları A.Ş.'s (Türkşeker) main field of activity is manufacturing beet sugar. By creating a large value chain that benefits the farmer in the field, the manufacturer in the factory, and the consumer in the shops, the company plays a major role in ensuring food safety for sugar products, which are used by the food industry and individual consumers alike.

Türkşeker creates value for the Turkish economy both directly and indirectly. The company was removed from the scope of the privatization program and transferred to TWF by Presidential Decree dated 29 April 2021. Possessing a nominal beet processing capacity of 66,000 tons a day, Türkşeker realized net sales of 6.4 billion TRY by producing a total of 870,000 tons of sugar in 2021.

Considering the need for a structure that would help reduce food inflation, keep food prices at reasonable levels, and engaging in regulatory activities accordingly, Türkşeker Tarım ve Gıda Sanayi Ticaret AŞ (Türkşeker Tarım) was founded in 2020 and 49% of the company's shares were transferred to TWF by the aforementioned Presidential Decree.

Making 6 billion Turkish lira in sales in 2021, Türkşeker Tarım aimed to set up a Field-to-Customer Production system for its non-beet products as well by benefiting from Türkşeker's Contract Agriculture experience with sugar beet. Türkşeker Tarım aims to support agricultural activities in general, regulate the price of basic food products, and provide consumers with healthy, natural, economical products.

# 6.4 billion TRY

Türkşeker Net Sales



SUGAR FACTORIES (15)



MACHINE FACTORIES (5)



ELECTROMECHANICAL DEVICES FACTORY (1)



Plate with Bird Motif  
Istanbul Museum of Archeology

## New Investment Projects

### TÜRKİYE MADEN

Founded as TVF Maden Sanayi ve Ticaret AŞ in 2020 for exploring, project designing and operating mining assets in Türkiye, the company continues to operate today as Türkiye Maden Sanayi ve Ticaret AŞ (Türkiye Maden) after its legal name was changed in April 2022. The company mainly aims to reduce dependence on foreign sources for metals such as gold, copper, lead, zinc, and iron; increase employment nationwide; focus on investments for refining products with high added value; and contribute to our country's sustainable development goals.

The 24 Group IV mining licenses owned by the company are in the form of 14 project fields considering the licenses' proximity to one another.

Internationally competent companies were commissioned to conduct due diligence studies for those fields that show greatest economic potential. The data previously obtained for the project fields were subjected to quality assurance and quality control (QA/QC) procedures. Points that needed to be addressed for resource estimation in accordance with international standards (NI 43-101 or JORC Code) were identified.

Field studies were initiated in four prioritized project sites, and a service ecosystem was created to carry out exploratory drilling, logging/sampling, analysis, mapping, logistics, social communication, etc. required in these fields.

These four prioritized project sites and their respective mining licenses are as follows:

- › Balıkesir-İvrindi Gold Project
- › Kastamonu-Taşköprü Copper Project,
- › Manisa-Çatalçam Gold, Lead, Zinc Project,
- › Sivas-Divriği Iron Project

By the end of 2021, the drilling progress is stated below:

- › Balıkesir-İvrindi Project: **24,572 meters**,
- › Kastamonu-Taşköprü Project: **7,312 meters**,
- › Manisa-Çatalçam Project: **11,143 meters**,
- › Sivas-Divriği Project: **7,964 meters**

This totals

# 50,991 meters

in exploratory drilling and geochemical analyses.

International standard resource estimation reports are currently being drawn up for these projects in line with the studies done. The plan is to collect necessary data for the Environmental Impact Assessment (EIA) procedures in 2022-2023, then start hydrogeological and geotechnical activities. Furthermore, feasibility/preliminary feasibility, detailed engineering, and similar studies will continue in accordance with each project's specific timetable.



Silver Globe  
Ottoman, 19<sup>th</sup> century  
Silver, diamond, size 50x38 cm  
Used as a teaching aid or  
globe for the princes.  
Topkapı Palace

## PETROCHEMICALS

The petrochemical industry provides input to many sectors, such as packaging, electronics, automotive and agriculture by producing various intermediate products such as plastics, rubbers, synthetic yarn, and fiber. Approximately 10% of Türkiye's demand for petrochemical products is met domestically. This is why investments to be made in petroleum and natural gas are considered an important step toward achieving production based growth in our country and improving the balance of foreign trade.

These investments are strategically important to ensure supply security in domestic production, create added value in the petrochemical industry, and reduce reliance on imports for those sectors that are supplied by the petrochemical industry.

In this respect, TWF was tasked at the end of 2019 with conducting and developing activities related to the project. TWF thus established the company known as TVF Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş. This enterprise has been planned as an integrated facility and will include a petrochemical complex to make products such as linear low density polyethylene (LLDPE), high density polyethylene (HDPE), mono-ethylene glycol (MEG), polypropylene (PP), para-xylene, butadiene, benzene, and styrene by processing four million tons of naphtha and 1.25 million tons of liquid propane gas. In addition, a pier structure approximately 3.5 kilometers long will be established to receive raw materials and to handle logistics for the end products.

The first stage comprised analyses of raw material and product market, configuration and preliminary feasibility studies which were carried out by international consultants. Afterwards the best configuration for the facility was determined from several alternatives.

This was followed by workshops and negotiations with international suppliers for each process unit to determine the most appropriate technologies for the facility.

Different proposed sites were evaluated, and the most appropriate location was selected by considering many criteria such as resource/ input supply, topography, ownership status, construction efficiency, logistical network, expansion areas, zoning, agricultural and livestock areas. Similarly, preliminary onshore and offshore geotechnical investigation and seismic studies were completed.

Field data needed for the project's EIA procedures will be collected, and the official application process will begin when the EIA Application File is submitted to the Ministry of Environment, Urbanization, and Climate Change in 2022. EIA procedures are expected to be completed in 2022. The preliminary design of marine structures and feasibility studies are anticipated to be completed in 2022.

Approximately 10,000 people (maximum 15,000 at peak) are expected to be employed during the project's site preparation and construction phase, and 2,000 during the operating phase. The overall project schedule is estimated to be 78 months including FEED, site preparation and construction period. The operating period is expected to last 49 years.

## ENERGY

Electricity generation projects using local resources have been prioritized as part of TWF's aim of using national resources with the principles of sustainability and responsible, strategic investment. Therefore, TWF commenced project studies for investment and operation of the power plant and mine by transferring the license for the Afşin C field from Elektrik Üretim AŞ to TVF Enerji ve Sanayi Ticaret AŞ together with vested rights to exploit lignite reserves in the Afşin-Elbistan basin.

With an anticipated installed capacity of approximately 1,600 MW, the Afşin New Electricity Generation Plant is projected to make a significant contribution to energy supply security by operating as a base load power plant for 30 years. With an installed power of 1,600 MW, this project will become Türkiye's biggest thermal power plant. The Afşin New Electricity Generation Plant will meet the electricity needs of approximately three million people by generating 10 TWh of energy a year. This infrastructure is expected to help balance foreign trade and create a positive effect of around 15 billion Turkish lira a year in natural gas imports.

By making regional development a priority, the plant is expected to generate local employment for approximately 5,000 people during construction and 2,000 people in operation. Karakuz Dam, which is to be built to provide cooling water for the power plant, is also expected to make 13,000 hectares of land available for agriculture.

Competent engineering companies have completed the feasibility reports and technical specifications for installation and operation of the power plant and mine. Ground survey studies for preliminary inspection of the project site have been completed. Consultancy work has been carried out to prepare the mapping, zoning, expropriation, and environmental documentation.

## SYNDICATION LOAN

In 2021, TWF completed the Treasury- guaranteed syndication loan process of 1.25 million euros with the participation of 14 banks, 11 of which are based in Asian, European, North American, and Middle Eastern countries.

Four new banks participated in the process to renew the 1-billion-euro syndication loan extended in March 2019. The annual cost of the new two-year loan was 25 base points below the cost incurred in 2019 and amounted to Euribor +2.25%. The process was coordinated jointly by ICBC and Citibank, with ICBC acting as the lead bookrunner, Citibank as bookrunner and documentation agent, and HSBC as the agent. Arab Banking Corporation, Emirates NBD, HSBC, ING, Intesa Sanpaolo, J.P. Morgan, Qatar National Bank and Sumitomo Mitsui Banking Corporation participated as the mandated lead arrangers of the syndication loan. Banco Bilbao Vizcaya Argentaria, Bank of America, Barclays and Societe Generale also participated as lead arrangers.

That the world's leading banks provided financing on this scale at an appropriate cost shows the confidence international banks have in TWF and the Turkish economy. These investments create added value in line with TWF's strategic objectives.

# Corporate Governance

## Structure of the Board of Directors and Working Principles

Due to its responsibility for efficiently using public assets, TWF has developed its corporate governance model within a framework of transparency and accountability. As a result, TWF's corporate governance practices are on par with international systems and standards. With this understanding of corporate governance, TWF continues its operations with the vision of becoming one of the most successful wealth funds in the world.

The TWF Management Co. Board of Directors convenes under the Chairmanship of the President of the Republic of Türkiye and comprises experienced and accomplished leaders of industry, public officials, and academics. With seven members in total, the TWF Management Co. Board of Directors convenes at least six times a year. Board Level Committees include the Executive and Human Resources Committee, Audit Committee, Early Detection of Risk Committee, and the Corporate Governance Committee. To improve corporate governance further, an International Advisory Board is being formed.

The TWF Management Co. Board members have waived their rights to attendance pay arising from the duties they perform.

Remuneration for Senior Executives shall be made in line with the institution's Pay Policy.

This policy is set by examining the pay policies of similar public institutions using figures supplied by leading consultancy companies in the field, and with the approval of the Executive and Human Resources Committee upon the General Manager's proposal. Compensation is then determined considering all data for inflation, the market, and competition conditions as a whole.

## Participation in the General Assembly and Board of Directors Meetings of Portfolio Companies

TWF acts in line with its strategic goal of increasing the value of assets in its portfolio and exercises its rights as a shareholder as stipulated in legal regulations. Hence, the TWF representatives attend general assembly meetings as required by law and share their ideas and opinions as active participants. TWF votes members into office at general assembly meetings of companies where it has the right as shareholder to elect board members; those members attend subsidiary board of directors meetings.

## Audit and Internal Control

The TWF Management Co. is subject to a three-stage audit mechanism pursuant to Article 6 of Law No. 6741. Three stages include independent external audit in compliance with International Financial Reporting Standards, State Supervisory Council's audit of already independently inspected annual financial statements and operations, and the final stage performed by the Plan and Budget Committee of the Grand National Assembly Of Türkiye.

The independent audit of TWF and TWF Management Company's financial statements and operations for 2021 was conducted by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ [PWC Statutory Audit and Certified Public Accountancy]. In addition, TWF's own Audit Committee conducts an internal audit by evaluating TWF and TWF Management Co. requirements based both on domestic legislation and generally accepted internal audit standards. Audits are performed in line with a risk-based understanding. As such, the TWF Management Co. departments are subject to internal audit, whereas portfolio companies are subject to audit against corruption risks if required.

The Internal Audit Department conducts inspections as required. The Legal and Compliance Department supports the process to keep compliance risk under control by effective management.

TWF treats corporate governance as "an area where there is always room for improvement." With this in mind, the Fund incorporates internationally accepted principles of corporate governance into its management procedures. These efforts include measures to improve audit and internal control processes. TWF is committed to improving the internal control requirements of the sub-funds and sub companies according to State Supervisory Council recommendations and internal auditors. Basic regulations and procedures have been designed with this purpose and approved by the Board of Directors. What's more, the Fund also initiated planning for the Internal Control System Improvement Project.



## Rating

TWF obtained an internationally accredited rating score in 2020. The international credit rating agency, Fitch Ratings, calculated a “BB-“credit rating and “negative” outlook for TWF in 2021. This rating is in line with Türkiye’s sovereign credit rating.

## Business Ethics

TWF follows internationally accepted codes of ethical conduct in all its actions and decisions. The Fund sets an example for portfolio companies as it adheres to corporate governance principles and takes responsibility to increase the value of national assets. Accordingly, the Türkiye Varlık Fonu AŞ Code of Conduct has been created to determine the main guidelines for company directors and staff to follow during the reporting period. The document entered into force when it was approved at the Board of Directors meeting on 22 April 2020 and was modified on 9 April 2021.

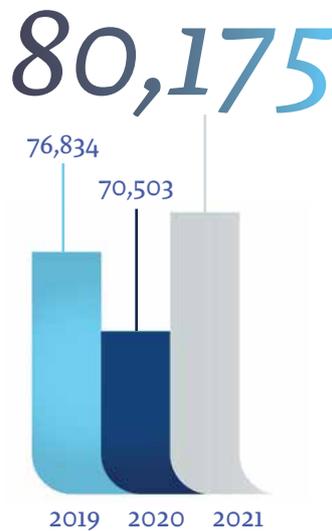
The Code of Conduct includes corporate codes of ethical behavior; elements of integrity and trustworthiness in relations inside the company and with other institutions; principles for the prevention of bribery, corruption, and conflict of interest; contingencies for applying specified resolutions; and methods for reporting violations.

In line with the Code of Conduct, all directors and staff are expected to report suspected violations via designated channels. No TWF Management Co. director or employee shall be subject to retaliation for acting in compliance with the code of conduct or for reporting suspected violations.

The Code of Conduct has been distributed to all personnel. To ensure that the rules are learned and adopted by all directors and staff, a module that includes the topic of combating bribery and corruption has been added to the “On the Job Training Package.” A total of 134 man-hours of training was conducted in 2021 under this program.

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### PORTFOLIO COMPANIES’ PARTICIPATION IN TRAINING FOR BUSINESS ETHICS AND ANTICORRUPTION (NUMBER OF PEOPLE)



*The portfolio companies also carry out similar business ethics practices in addition to TWF rules. Fifteen portfolio companies have published their own Code of Ethics Policy and 11 portfolio companies their own Anti-Bribery and Corruption Policy. Furthermore, 80,175 directors and employees attended code of conduct, abuse, and anti-corruption training courses held inside the portfolio companies.*

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## Principles and Values

TWF follows four basic principles and values:

### 1- Serving the Nation and Creating Value

TWF was founded for the future of Türkiye. In all of its operations and activities, the Fund pursues public service and adds value. TWF does not participate in any activity or operations that do not embrace these values.

### 2- Accountability and Transparency

TWF aims to be accountable and transparent in all its actions and operations. The Fund pursues these principles and international corporate governance standards throughout operational and decision-making processes.

### 3- Discipline, Professionalism, and Teamwork

Both individually and in teamwork, TWF employees act with a course of action and discipline in line with the Fund's principles. All employees adhere to a high level of professionalism and discipline. The institution and its personnel support and respect each other.

### 4- Result-Oriented

TWF is success and result oriented in all endeavors it undertakes to serve the nation and create value.

# Sustainability and ESG Management

## ESG Management

Population growth and consequent rising consumption increase many environmental and social problems including primarily climate change and health issues. In addition, the unfair distribution of wealth created by economic and industrial development is causing many socioeconomic risks. Therefore, the principle of sustainability in developmental progress is rising to the fore globally within all aspects.

The importance of sustainable development today is compelling companies to manage their Environmental, Social, and Governance (ESG) risks effectively and to practically integrate these priorities into their business models. Financial institutions have a significant importance in this matter as they are able to steer other industries and, in this way, bring a leverage effect onto the sustainable development path.

With these objectives in mind, starting in the last quarter of 2020, TWF accelerated creation of a sustainability framework to manage its ESG approach. This effort includes a process to incorporate ESG factors into investment decisions and operations, as well as provide stakeholders with guidance. TWF aims to develop a culture of awareness by fostering corporate ESG literacy to proactively identify, comprehend and manage the risks related to ESG; to focus on identifying and managing ESG related principles and ideas; to contribute to the development of ESG matters in portfolio companies; and to ensure ESG performance improves over time as a result of transparent reporting.

The Fund also aims to be a representative and advocate of ESG principles and to set short-, medium- and long-term goals to address and mitigate ESG risks.

Based on the need for policy and organization to manage ESG issues throughout all corporate activities, TWF voluntarily established a Sustainability Policy approved by the Board of Directors in line with the Santiago Principles. The full text is published on the Fund's website.

A specialized unit has been established to coordinate ESG practices within TWF and its portfolio companies. The TWF Sustainability Committee, which consists of senior managers of the investment, risk, and corporate business units, will be responsible for implementing a sustainability framework, monitoring, assessing, and taking action related to ESG risks and opportunities. The Sustainability Committee will routinely connect with other committees affiliated with the Board of Directors to consider general trends and emerging issues that may affect the company's portfolio, as well as potential investment opportunities.



Bee Embossed Tetrachmi coin  
Ephesus, 4<sup>th</sup> century CE  
Istanbul Museum of Archeology

The TWF department managers will maintain a constructive dialog with the Board of Directors to develop a deeper understanding of TWF's sustainability priorities. Likewise, they will seek to proactively anticipate issues and mitigate ESG risks of portfolio companies. ESG risks identified in TWF's ESG profile shall be addressed at least once a year on the agenda of meetings held with the Board of Directors. This will support the ability of the TWF Board of Directors to make decisions with qualified predictions when approving necessary investment policies, determining the organization's strategic orientations, and making critical operational decisions.

Key decision-making bodies, including the Board of Directors and the Sustainability Committee, will receive regular reports on the effectiveness of the ESG Framework and progress towards implementing the Sustainability Policy. The activities and departments included in the policy will be indirectly audited through regular or one-off reports to be submitted to the Sustainability Committee.

Internal directives and procedures for managing principles specified in the policy have been initiated. TWF will integrate responsible investment task definitions in the existing job descriptions of investment teams. The teams are expected to support implementation of the ESG Framework within the organization. This will ensure that ESG principles and considerations are disseminated throughout the institution.

One of TWF's objectives is to disseminate sustainability management practices in portfolio companies to ensure that all companies are carrying out practices in the fundamental implementation areas. Many portfolio companies have already started to work on sustainability management because of competitive conditions, legal and sectoral requirements.

As of 2021, ten portfolio companies have a published Sustainability Policy. Four portfolio companies have a Supplier Sustainability Compliance Policy regulating the sustainability principles that suppliers and business partners should comply with; five portfolio companies implement supplier audit procedures to assess their suppliers' social and environmental practices.

*Five portfolio companies are listed in the BIST Sustainability Index of Borsa Istanbul. They publish climate change strategies and practices as part of Carbon Disclosure Project. Four portfolio companies conduct business as signatories of the United Nations Global Compact.*

Many portfolio companies present the sustainability aspects of their actions to their stakeholders through reports published annually. Furthermore, 10 portfolio companies share their sustainability efforts through sustainability or integrated reports that comply with GRI and similar applicable international standards. In addition to sharing financial and governance practices and results, 15 portfolio companies publish activity reports that include ESG issues.

As part of the training activities organized by portfolio companies to raise their personnel's awareness and knowledge of sustainability and ESG issues, a total of 365,000 man-hours of training was provided in 2021.

## TWF Sustainability Materialities

A materiality analysis was conducted to identify the environmental, social, and governance topics that sustainability efforts will target within TWF and its portfolio companies. This study identified ESG elements that TWF prioritizes in its operations and investments by conducting detailed analyses and interviews with international and external stakeholders.

The material ESG elements identified in the study include employee engagement and labor practices, climate change and carbon emission, corporate governance, business ethics, contribution to society and economic development.



Vase  
Ankara Museum of Anatolian  
Civilizations



Inkwell  
Topkapı Palace

## Stakeholder Engagement

TWF aims to develop a constructive dialog and cooperation with all stakeholders in line with the understanding of transparency and accountability, which are internationally accepted as the main principles of corporate governance.

TWF, therefore, communicates with all stakeholders using appropriate communication tools.

### STAKEHOLDER GROUP

COMMUNICATION TOOL	STAKEHOLDER GROUP					
	EMPLOYEES	PORTFOLIO COMPANIES	PUBLIC INSTITUTIONS AND ORGANIZATIONS	FINANCIAL INSTITUTIONS	INTERNATIONAL ORGANIZATIONS	MEDIA ORGANIZATIONS
	Integrated Activity Report <i>(annual)</i>	Integrated Activity Report <i>(annual)</i>	Integrated Activity Report <i>(annual)</i>	Integrated Activity Report <i>(annual)</i>	Integrated Activity Report <i>(annual)</i>	Integrated Activity Report <i>(annual)</i>
	Meetings and Interviews <i>(instant)</i>	Meetings and Interviews <i>(periodic)</i>	Meetings and Interviews <i>(periodic)</i>	Meetings and Interviews <i>(instant)</i>	Meetings and Interviews <i>(instant)</i>	Meetings and Interviews <i>(instant)</i>
	Company Policies <i>(continual)</i>	Company Policies <i>(continual)</i>	Audit Activities <i>(periodic)</i>	Loans and Financing Contracts <i>(instant)</i>	Presentations and Reports <i>(instant)</i>	Press Bulletins <i>(instant)</i>
	Code of Conduct <i>(continual)</i>	Code of Conduct <i>(continual)</i>		Presentations and Reports <i>(instant)</i>		Presentations and Reports <i>(instant)</i>
	Training Activities <i>(instant)</i>					
	Internal Announcements <i>(instant)</i>					

TWF seeks to collaborate with organizations that have adopted common goals and principles. Accordingly, TWF carries out its activities as a member of some international organizations. As of the reporting period, TWF is a member of the World Economic Forum (WEF), the International Forum of Sovereign Wealth Funds (IFSWF), the International Corporate Governance Network (ICGN), and the International Finance Institute (IIF).

TWF takes stakeholder opinions, complaints, and suggestions seriously as all can contribute to and enrich corporate development. Whichever institutions and stakeholders can submit their notifications, expectations, complaints, and requests via CIMER, mail, E-mail, or telephone. All requests are responded within 30 days.

Notices and complaints regarding portfolio companies are evaluated together with the TWF senior management, which implements methods to resolve them. Consumer demands and complaints are communicated directly to portfolio companies through CIMER. The “Complaints Evaluation Procedure” to standardize and improve this process throughout the institution was prepared by the Corporate Communication Directorate and submitted to the Board of Directors for approval.

No complaints about TWF or portfolio companies were submitted to TWF during the reporting period.

## Employee Engagement and Labor Practices

TWF collaborates with competent experts aiming to create mutual values in their respective fields. The long-term goal is to grow Türkiye's talent pool.

TWF respects employee rights, provides a safe work environment worthy of human dignity, and offers equal professional development opportunities. The Fund expects portfolio companies to meet the same standards of responsibility in matters of labor.

*Employees in TWF and portfolio companies are treated fairly based on egalitarian, ethical principles. Equal pay provisions are applied to employees without discrimination. None of the portfolio companies act contrary to labor law and related legal provisions.*

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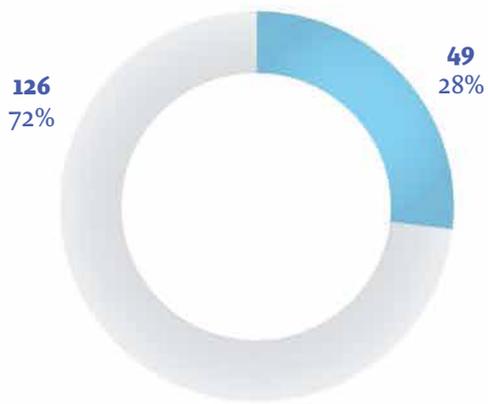
Employees working in portfolio companies benefit from the rights of unionization and collective bargaining without restriction.

As of 2021, 56% of the portfolio companies' employees work under collective bargaining agreements.

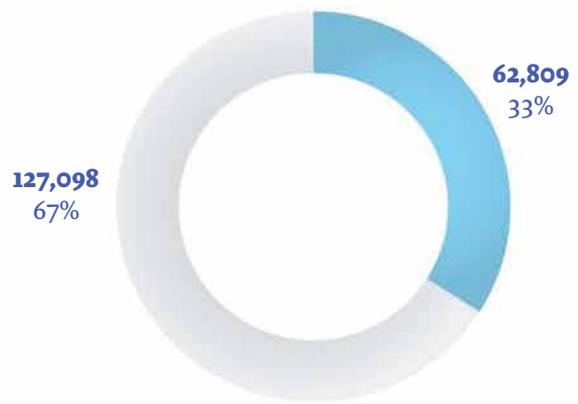
Portfolio Employees Received  
**7.4 million**  
Man-Hours of Training

## EMPLOYEE DEMOGRAPHICS

TWF EMPLOYEES BY GENDER



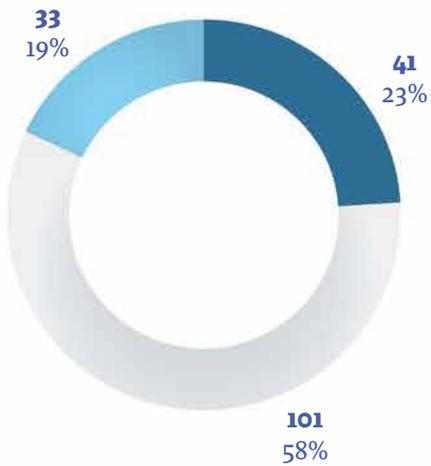
PORTFOLIO COMPANY EMPLOYEES BY GENDER



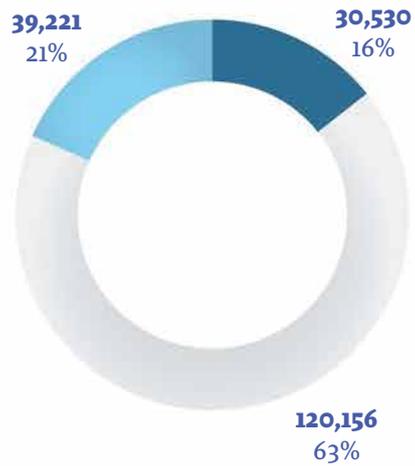
● WOMEN ● MEN

45

TWF EMPLOYEES BY AGE GROUP



PORTFOLIO COMPANY EMPLOYEES BY AGE GROUP



● 18-30. ● 30-45. ● 45+

*One of the material topics of TWF and portfolio companies is to support professional development and career growth by offering fair, equal opportunities to all employees.*

46

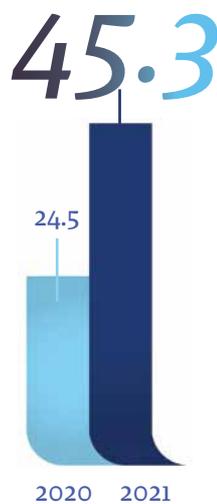


Cavalry Statuette  
Fired clay  
Çandarlı, Izmir 6<sup>th</sup>-7<sup>th</sup> century  
Istanbul Museum of Archeology

As pandemic conditions were relaxed, training hours increased significantly during the reporting period. A total of 3,400 man-hours of training took place in the TWF in 2021<sup>7</sup>.

Portfolio companies logged more than 7.4 million man-hours of employee training.<sup>8</sup> The average training time in TWF and portfolio companies rose from 24.5 hours per person in 2020 to 45.3 hours per person in 2021.

**PORTFOLIO COMPANIES  
AVERAGE TRAINING TIME  
(HOURS PER PERSON)**



*One of TWF's management priorities is to provide employees with a work environment that assures their health and safety. Portfolio companies also take the same approach in this matter.*

Practices are implemented to ensure employee health and safety in TWF and all portfolio companies; occupational safety records are updated regularly. Eleven portfolio companies carry out this work using OHSAS 18001 or ISO 45001 certified systems.

TWF and portfolio companies provide training to promote occupational health and safety as a working culture, raise occupational safety awareness among employees, and boost occupational safety performance. In 2021, a total of 384 man-hours of TWF occupational health and safety training were attended by 49 people. Portfolio companies logged 1.6 million man-hours attended by 427,636 people.

The injury rate during the reporting period was 0.80 per 200,000 working hours in TWF and portfolio companies combined, with zero cases of occupational illness.<sup>9</sup>

TWF and portfolio companies carried out studies to assure continued productivity while applying necessary measures when signs of the coronavirus first appeared. Although the effects continue in the reporting period, the availability of vaccinations has significantly mitigated the epidemic. But despite improvements in working conditions, TWF and portfolio companies continue to fight the epidemic in their bid to protect employee health.

<sup>7</sup> Man-hour indicators in the training figures refer to the total training hours calculated by totaling the time spent per participant in the courses.  
(For example, a 2-hour training course offered to two employees equates to 4 man-hours.)

<sup>8</sup> Data for Turkish Airlines not included.

<sup>9</sup> Injury Rate (IR): Total number of injuries per 200,000 Workforce Total Working Hours. Data for the Türk Şeker Tarım company not included in the IR figure.

## Climate Change and Environment

Climate change is one of the greatest risks today in terms of its effects on the global economy and natural life. The WEF Global Risk Survey concluded that failure in the fight against climate change will be the most dangerous global risk to the world economy.

The climate crisis impacts corporate activities and financial performance; sustainability issues shape companies' long-term values. As a wealth fund that makes long-term investments, TWF carefully monitors risks to its portfolio in line with the Medium-Term Program for 2022-2024 drawn up by the Republic of Türkiye Presidency Strategy and Budget Office and the Paris Climate Agreement ratified by the Turkish Grand National Assembly in October 2021. With this outlook, the Fund aims to develop studies in support of transition to a low carbon economy.

TWF investment departments aim to use a broad-based research approach to evaluate sustainability information at the company level as well as relevant sector, theme, and macro sustainability matters. The ESG due diligence process will be shaped by factors such as sector, activity, location of company operations, and corporate history. As each portfolio company has different characteristics, these differences are taken into account when making assessments.

Portfolio companies systematically manage environmental and climate matters by adopting a common approach with TWF and carrying out their activities within the scope of international standards.

Ten portfolio companies manage their environmental procedures through ISO-14001.

Furthermore, portfolio companies carry out administrative studies and allocate the necessary financial resources to assure ecological conservation and reduce the environmental impact of their activities. **TWF spent 5.4 million Turkish lira and portfolio companies allocated 131.3 million Turkish lira for their environmental management and investment expenditures in 2021.**

Quantifying, reporting, and managing greenhouse gas emissions are key tactics in the fight against climate change. Portfolio companies have since initiated greenhouse gas quantification studies in various capacities in line with sectoral and legal requirements. In this context, 13 portfolio companies quantified Scope-1 emissions and 10 companies quantified Scope-1 and Scope-2 emissions during the reporting period. Seven portfolio companies are conducting Scope-3 emission quantification studies. Meanwhile, six portfolio companies have audited their quantification per the ISO-14064 Standard. TWF supports the portfolio companies' efforts to improve their quantification and verification studies in the period ahead.

The most fundamental practices followed in reducing greenhouse gas emissions are centered around energy efficiency and the use of renewable energy.

**As a result of the efficiency studies carried out in 2021, portfolio companies achieved a 1.7 million GJ reduction in energy consumption and reduced greenhouse gas emissions by 183,630 tons of CO<sub>2</sub>.<sup>10</sup> Furthermore, 1.3 million GJ of energy from renewable sources was consumed during the year.**

<sup>10</sup> Figures given do not include data for BOTAŞ.

For Portfolio Companies

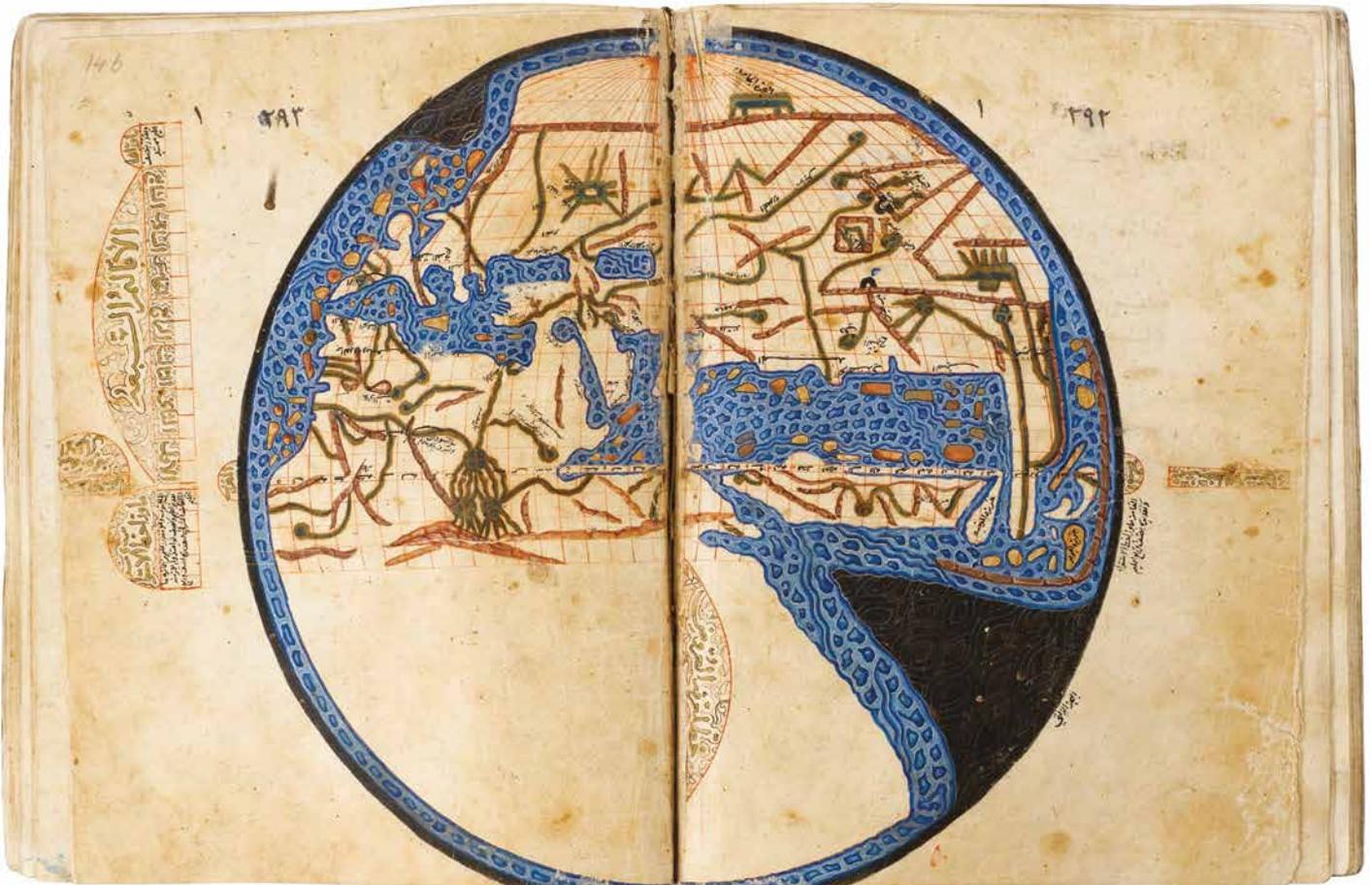
# TRY 131.3 million

Environmental Management and  
Investment Expenditures

The impact of climate change makes the protection of water sources—our most basic natural resource—increasingly significant. In this regard, the efficient usage of water resources is becoming a crucial focus.

Water treatment efforts achieved the highest performance in this field. **Portfolio companies treated 29.1 million m<sup>3</sup> of wastewater in 2021** and incorporated this amount into production, thus reducing the need for fresh water resources.

Afforestation projects play an important role in the fight against climate change by expanding carbon capturing areas. Portfolio companies have taken the initiative, particularly in recent periods, and increased their afforestation efforts in order to cover losses arising from forest fires in Türkiye. To this end, **portfolio companies supported afforestation activities by planting 917,093 saplings in 2021.**



The Al-Ma'mun Map

A map of the world commissioned by the  
Abbasid Caliph Al-Ma'mun in the 9<sup>th</sup> century.  
This copy dates back to 1340.

Topkapı Palace

## TÜRKİYE WEALTH FUND AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
ON 31 DECEMBER 2021

(All sums expressed in millions of Turkish Lira ("TRY") unless otherwise indicated)

	Audited 31 December 2021	Audited 31 December 2020
<b>ASSETS</b>		
<b>Current assets</b>	<b>1,413,896</b>	<b>865,437</b>
Cash and Cash Equivalents	217,809	116,323
Reserve Balances at Central Bank of the Republic of Turkey	196,072	84,971
Financial Assets	149,979	116,556
Trade Receivables	63,036	29,210
Due from Related Parties	672	218
Due from Third Parties	62,364	28,992
Receivables from Financial Sector Operations	653,783	437,388
Other Receivables	34,797	15,405
Due from Related Parties	12,278	1,071
Due from Third Parties	22,519	14,334
Derivative Financial Instruments	22,196	8,238
Inventories	19,224	14,708
Prepaid Expenses	20,713	15,064
Current Tax Assets	1,261	1,067
Other Current Assets	25,024	16,747
Non-current Assets Held for Sale	10,002	9,760
<b>Non-Current Assets</b>	<b>1,787,311</b>	<b>1,303,869</b>
Financial Assets	467,134	295,523
Trade Receivables	5,428	2,208
Due from Related Parties	6	-
Due from Third Parties	5,422	2,208
Receivables from Financial Sector Operations	687,917	623,672
Other Receivables	21,894	17,964
Due from Related Parties	5,324	5,858
Due from Third Parties	16,570	12,106
Derivative Financial Instruments	1,430	-
Equity Accounted Investees	32,704	18,941
Investment Properties	31,600	14,835
Property, Plant and Equipment	246,009	149,108
Right of Use Asset	209,684	115,904
Intangible Assets	48,536	46,280
Goodwill	1,658	1,615
Other Intangible Assets	46,878	44,665
Prepaid Expenses	14,591	8,154
Deferred Tax Assets	10,726	5,788
Other Non-Current Assets	9,658	5,492
<b>TOTAL ASSETS</b>	<b>3,201,207</b>	<b>2,169,306</b>

# TÜRKİYE WEALTH FUND AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 31 DECEMBER 2021

(All sums expressed in millions of Turkish Lira ("TRY") unless otherwise indicated)

	Audited 31 December 2021	Audited 31 December 2020
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>2,302,403</b>	<b>1,586,104</b>
Short-Term Borrowings	24,036	18,417
Short-Term Portions of Long-Term Borrowings	26,349	22,072
Lease Liabilities	23,532	13,647
Trade Payables	80,735	29,872
Due to Related Parties	2,718	1,338
Due to Third Parties	78,017	28,534
Payables from Financial Sector Operations	1,955,950	1,367,073
Payables Related to Employee Benefits	1,889	1,012
Other Payables	44,320	40,608
Due to Related Parties	1,042	703
Due to Third Parties	43,278	39,905
Derivative Financial Instruments	6,404	4,562
Deferred Income	19,745	6,505
Current Tax Liabilities	3,813	2,689
Current Provisions	24,029	22,504
Current Provisions for Employee Benefits	2,284	1,723
Other Current Provisions	21,745	20,781
Other Current Liabilities	91,601	57,143
<b>Non-Current Liabilities</b>	<b>503,191</b>	<b>296,694</b>
Borrowings	232,711	121,467
Lease Liabilities	121,384	76,408
Trade Payables	112	213
Due to Third Parties	112	213
Payables from Financial Sector Operations	79,793	60,099
Other Payables	815	243
Due to Related Parties	2	2
Due to Third Parties	813	241
Deferred Income	6,113	2,845
Provisions	23,116	14,605
Provisions for Employee Benefits	9,031	6,226
Other Non-current Provisions	14,085	8,379
Deferred Tax Liabilities	33,874	17,279
Other Non-current Liabilities	5,273	3,535

## TÜRKİYE WEALTH FUND AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
ON 31 DECEMBER 2021

(All sums expressed in millions of Turkish Lira ("TRY") unless otherwise indicated)

	Audited 31 December 2021	Audited 31 December 2020
<b>EQUITY</b>	<b>395,613</b>	<b>229,846</b>
<b>Equity Attributable to Equity Holders of the Parent</b>	<b>310,456</b>	<b>229,846</b>
Government Contribution	151,138	138,264
Treasury Shares (-)	(6)	(6)
Common Control Transactions	(415)	(415)
Other Reserves	612	612
Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss	(1,687)	(1,505)
Gain/(Losses) on Equity Instruments at Fair Value	(1,028)	(1,436)
Remeasurements of Employee Termination Benefit	(999)	(177)
Share of Other Comprehensive Income From Equity Accounted Investees	340	108
Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss	112,905	46,868
Currency Translation Reserve	112,130	42,920
Cash Flow Hedge Reserve	1,233	(1,419)
Gain/(Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	(2,509)	4,600
Net Investment Hedge Reserve	1,876	653
Cost of Hedging Reserve	(194)	54
Share of Other Comprehensive Income from Equity Accounted Investees	369	60
Retained Earnings	45,067	35,280
Profit for the Year	2,842	10,748
<b>Non-Controlling Interests</b>	<b>85,157</b>	<b>56,662</b>
<b>TOTAL LIABILITIES</b>	<b>3,201,207</b>	<b>2,169,306</b>

# TÜRKİYE WEALTH FUND AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

(All sums expressed in millions of Turkish Lira ("TRY") unless otherwise indicated)

	Audited 1 January-31 December 2021	Audited 1 January-31 December 2020
<b>CONTINUING OPERATIONS</b>		
Revenue (Net)	328,277	157,611
Cost of Sales (-)	(285,172)	(137,639)
<b>Gross Profit from Non-Financial Operations</b>	<b>43,105</b>	<b>19,972</b>
Interest, Premium, Commission and Other Income	220,699	148,157
Interest, Premium, Commission and Other Expense (-)	(184,793)	(112,461)
<b>Gross Profit from Financial Operations</b>	<b>35,906</b>	<b>35,696</b>
<b>GROSS PROFIT</b>	<b>79,011</b>	<b>55,668</b>
General and Administrative Expenses (-)	(28,173)	(23,015)
Sales, Marketing and Distribution Expenses (-)	(17,648)	(10,092)
Other Income from Operating Activities	31,183	12,486
Other Expenses from Operating Activities (-)	(18,052)	(14,546)
Share of Profit of Equity Accounted Investees	5,905	1,031
<b>OPERATING PROFIT/(LOSS)</b>	<b>52,226</b>	<b>21,532</b>
Income from Investment Activities	18,837	7,824
Expenses from Investment Activities (-)	(95)	(464)
<b>PROFIT BEFORE FINANCE INCOME/ (EXPENSE)</b>	<b>70,968</b>	<b>28,892</b>
Financial Income	19,019	7,141
Financial Expenses (-)	(72,039)	(19,978)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>17,948</b>	<b>16,055</b>
<b>Tax Expense</b>	<b>(6,825)</b>	<b>(5,707)</b>
Current Tax Expense (-)	(8,943)	(6,769)
Deferred Tax Income /(Expense)	2,118	1,062
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>11,123</b>	<b>10,348</b>
<b>PROFIT FOR THE YEAR</b>	<b>11,123</b>	<b>10,348</b>
<b>Attributable to:</b>		
Non-Controlling Interests	8,281	(400)
Equity Holders of the Parent	2,842	10,748

# Appendix 1

## Real Estate List\*

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### Istanbul

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Bakırköy	Şenlikköy	292	33	22,860.00

### Izmir

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Menderes	Gümüldür	2154	1	23,717.00
Menderes	Özdere	1110	1	93,141.06
Selçuk	Selçuk	3101	1.3	41,593.89
Selçuk	Selçuk	3103	2	52,275.00
Selçuk	Selçuk	3107	7	95,993.23
Selçuk	Selçuk	3107	8	90,018.78
Selçuk	Selçuk	3107	10	51,383.77
Selçuk	Selçuk	3102	10	108,771.22

### Muğla

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Bodrum	Gündoğan	260	3	11,334.18

### Aydın

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Didim	Didim		15733	171,946.10
Didim	Gevrek	665	8	32,443.12
Kuşadası	Hacıfeyzullah	806	190	36,364.47
Kuşadası	Türkmen	134	12-26	6,120.85
Kuşadası	Türkmen	2176	1	41,305.52
Kuşadası	Türkmen	706	10	419,453.56
Kuşadası	Türkmen	706	18	250,213.47
Kuşadası	Türkmen	134	8.9	1,869.38

### Isparta

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Central	Büyükhacılar	105	3	37,545.74

\*Real estate in Balıkesir, Izmir, and Denizli was transferred to TWF by Presidential Decree number 5262 dated 7 March 2022, published in the *Official Gazette* numbered 31772 and dated 8 March 2022. This list is valid as of 31 December 2021 and does not include said real estates. That same decree ordered that properties in rows 6, 33, and 35 of the list attached to Council of Ministers Decision number 2017/9756 dated 24 January 2017, which had transferred said properties to TWF, forthwith be transferred to the Treasury.

## Kayseri

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Melikgazi	Erciyas	8259	1	1,413.71

## Antalya

District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )	District	N'hood	Block	Plot	Surface Area (m <sup>2</sup> )
Aksu	Kemerağzı	12689	5	10,517.00	Manavgat	Sorgun	2533	1	15,287.98
Kemer	Çamyuva	236	1	36,437.00	Manavgat	Sorgun	2532	1	16,086.24
Kemer	Kiriş	157	6	6,206.00	Manavgat	Ilica		982	21,411.00
Kemer	Kiriş	277	1	27,581.00	Manavgat	Ilica		1021	25,066.00
Kemer	Çamyuva		1975	55,103	M. Bahçelievler*	Bahçelievler	3698	1	46,459.00
Kemer	Çamyuva	69	4	11,736.00	M. Bahçelievler*	Bahçelievler	3698	5	41,908.00
Kemer	Kiriş	364	3	8,301.00	M. Bahçelievler*	Bahçelievler	3702	1	47,275.00
Kemer	Kiriş	150	5	54,667.00	Aksu	Kemerağzı	12682	4	22,622.00
Kemer	Central	17	1	8,305.00	Aksu	Kemerağzı	12682	5	22,622.00
Kemer	Beldibi	105	2	8,721.00	Aksu	Kemerağzı	12684	5	19,993.00
Manavgat	Çolaklı	110	1	10,856.00	Aksu	Kemerağzı	12687	4	18,395.00
Manavgat	Ilica	648	7	28,686.31	Aksu	Kemerağzı	12684	4	19,993.00
Manavgat	Çolaklı	711	1	22,503.00					
Manavgat	Çolaklı	871	1	33,336.00					

\*\*Central Bahçelievler

## Appendix 2

### Compliance with Santiago Principles

Established in 2008 by the International Working Group of Sovereign Wealth Funds (IWG), the Santiago Principles consist of 24 Generally Accepted Principles and Practices (GAPP) that set out good governance standards for the management and supervision of asset funds.

The Santiago Principles include appropriate regulations for good governance, transparency and accountability. Procedures for healthy long-term investments are also described in this document.

The Santiago Principles consist of three main areas: legal framework, objectives, and coordination with macroeconomic policies (GAPP 1-5), institutional framework and management structure (GAPP 6-17) and investment and risk management framework (GAPP 18-24).

The TWF strives to maximize compliance with the Santiago Principles, which form the basic road map for international wealth funds. The TWF's current approach toward the Self-Assessment Survey published at the beginning of 2020 as part of work to ensure compliance with these principles is as follows:

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#### Principle 1

**The legal framework for the sovereign wealth fund (SWF) should be sound and support its effective operation and the achievement of its stated objective(s).**

The TWF Management Co. was established by Law No. 6741 dated 19 August 2016 with the status of joint stock company. This company is the TWF's exclusive fund manager. The Council of Ministers decree dated 17 October 2016 contains principles relating to the structure and activities of the TWF Management Co. These stipulations were published in the *Official Gazette* dated 9 November 2016.

#### Principle 2

**The policy purpose of the SWF should be clearly defined and publicly disclosed.**

Article 1 of Law No. 6741 clearly defines the purpose and scope of the TWF's activities.

In addition, the strategic objectives of the TWF in the TWF Road Map as approved by the TWF Management Co. Board of Directors on 24 October 2018 are:

- 1) Enhance the value of assets within the Fund
- 2) Provide equity to strategic investments in Türkiye
- 3) Make equity investments to support Türkiye's international economic objectives
- 4) Reinforce the improvement and expansion of financial markets

### Principle 3

Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

As per Presidential Decree dated 12 September 2018, the Board seats H.E. President as the Chairman, ensuring TWF remains consistent with national economic policies while executing its road map and strategic plan.

### Principle 4

There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

All sources of financing, including TWF's scope of activity and founding capital, are clearly defined in Articles 2 and 4 of Law No. 6741. TWF makes use of debt and equity financing to fund its investment activities. All financing and investment-related decisions are subject to final approval by the Board.

### Principle 5

The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

The TWF Management Co. undertakes to publish its annual activity reports on its website per Article 18 of the Council of Ministers Decree. The TWF Management Co. also shares information with the relevant state authorities when necessary. As per Article 6 of the Law No. 6741, TWF has a three-phase audit framework: Independent external audit, Presidential audit, and Parliamentary audit. TWF's Audit Committee also conducts its own internal audit.

### Principle 6

The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

Article 6 of the Council of Ministers Decree clearly states the organizational structure and job descriptions, and Article 19 regulates the establishment of the Executive and Human Resources, Corporate Governance, Early Detection of Risk and Audit Committees. These committees operate under the Board of Directors in accordance with corporate governance regulations legislated by Turkish Capital Market Law No. 6362.

## Principle 7

The owner should set the objectives of the SWF, appoint the members of its governing bodies in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The Board of Directors, which consists of representatives with experience in the public and private sectors, manages TWF's strategic objectives and activities. TWF's objectives are defined under Law No. 6741 and are also described in the Board-approved Road Map and Strategic Plan.

## Principle 8

The governing bodies should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

The structure of the Board of Directors is defined in Articles 12, 13, and 14 of the Articles of Association. The Board of Directors follows Article 14.5 of the Articles of Association and the decision-making provisions of the Turkish Commercial Code.

## Principle 9

The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

The Board of Directors meets regularly to fulfill its duty for the overall management of TWF as per Article 15 of the Articles of Association. The senior management of TWF Management Co. recommends investment and financing projects to the Board of Directors through the committees via the Board of Directors. The company's senior management is responsible for the execution of daily operations in line with the Board's decisions.

## Principle 10

The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

Law No. 6741 and the Decree of the Council of Ministers define the framework including executive-level committees, audit mechanism and corporate governance standards in accordance with the Capital Markets Law.

## Principle 11

An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

TWF undertakes to publish annual activity reports regularly on its website per Article 18 of the Council of Ministers Decree.

## Principle 12

The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

As per Article 6 of Law No. 6741, TWF has a three-phase audit framework: Independent external audit, Presidential audit, and Parliamentary audit. TWF's Audit Committee also conducts its own internal audit.

## Principle 13

Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

Articles 9 and 14 of the Council of Ministers Decree determine these standards. Furthermore, a Code of Conduct defining the professional and ethical rules of the TWF Management Co. has been set out.

## Principle 14

Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

All dealings and transactions with third parties are based on economic and financial foundations. The TWF Management Co. conducts the bidding process before third party appointments and relations are governed by contracts.

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## Principle 15

SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

TWF had no overseas investments at the end of 2021, but the Fund undertakes to comply with all applicable laws and regulations if it makes such investments in future.

## Principle 16

The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

The TWF Management Co. is the exclusive fund manager for TWF. The Board of Directors of the TWF Management Co. consists of government, public sector, and private sector representatives. The board's structure allows the TWF Management Co. to work independently as a joint stock company and also to act in line with national economic objectives.

## Principle 17

Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

TWF undertakes to publish annual activity reports regularly on its website per Article 18 of the Council of Ministers Decree.

## Principle 18

The SWF's investment policy should be clear and be based on sound portfolio management principles. It should be consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies). It should be based on sound portfolio management principles.

TWF conducts all its activities within the framework of the Road Map and Strategic Investment Plan approved by the Board of Directors. All investment decisions are subject to the final approval of the Board of Directors, and TWF will continue to publish annual activity reports on its website as stipulated by Article 18 of the Council of Ministers Decree.

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## Principle 19

The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

TWF strives to maximize the worth of its portfolio assets and the return on its investments in line with the Road Map. All investment decisions are subject to final approval by the Board of Directors. TWF ensures that its assets are managed in a manner consistent with generally accepted principles.

## Principle 20

The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

TWF undertakes to comply with this principle.

## Principle 21

SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

TWF will be represented on the boards of portfolio companies to monitor and evaluate financial performance indicators. TWF may exercise its proprietary rights to protect its interest appropriately as and when required. TWF complies with applicable laws and regulations concerning its portfolio enterprises.

## Principle 22

The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

The Board of Directors manages all aspects of risk through the Early Risk Detection Committee. TWF shall establish the necessary reporting systems specified in Articles 10, 11, and 12 of the Council of Ministers Decree to identify, assess, and manage risks.

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## Principle 23

The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

TWF undertakes to publish its annual activity reports regularly on its website as per Article 18 of the Council of Ministers Decree.

## Principle 24

A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

TWF annually reviews the Generally Accepted Principles and Practices.

Disclosures	Descriptions and Page Numbers
<b>GRI 101: Foundation 2016</b>	
<b>GRI 102: General Disclosures 2016</b>	
<b>Corporate Profile</b>	
102-1	About the Report (p.64)
102-2	About TWF and the TWF Management Co. (pp.16 -21)
102-3	Company Contact Information (p.66)
102-4	Company Contact Information (p.66)
102-5	About TWF and TWF Management Co. (p.17 -21)
102-6	Türkiye Wealth Fund Founding Vision (p.10), About TWF and the TWF Management Co. (pp.17 -21)
102-7	TWF Integrated Value Model (p.12)
102-8	“Employee Demographics (p.47) ‘Employee demographic data are calculated based on the number of employees as of the end of the year and considering the sector diversity of the TWF Portfolio Companies.’”
102-9	As TWF is a finance company, it has a very simple supply chain. Most procurement consists of the purchase of goods and services for daily operations and purchasing services such as consultancy and statutory audit to improve the company’s fund and project management.
102-10	Activities (pp.22-28), New Investment Projects (pp.30-33)
102-11	Corporate Governance (pp.34-37), Sustainability and ESG Management (pp.38-40)
102-12	Sustainability and ESG Management (pp.38-40), Stakeholder Engagement (p.43), Statement of Compliance with Santiago Principles (p.56)
102-13	Stakeholder Relations (p.43)
<b>Strategy</b>	
102-14	Message from the President (p.5)
102-15	TWF Integrated Value Model (pp.11-13), Road Map (pp.14-15), TWF Sustainability Materialities (p.41)
<b>Ethics and Integrity</b>	
102-16	Corporate Governance (pp.36 -37)
102-17	Corporate Governance (p.36), Stakeholder Engagement (p.43)
<b>Governance</b>	
102-18	Board of Directors (p.6), Committees (p.7), Corporate Governance (p.34)
<b>Stakeholder Engagement</b>	
102-40	Stakeholder Engagement (p.43)
102-41	Employee Development and Labor Practices (p.44)
102-42	Stakeholder Engagement (p.43)
102-43	Stakeholder Engagement (p.43)
102-44	Stakeholder Engagement (p.43)
<b>Reporting Practice</b>	
102-45	About the Report (p.64)
102-46	About the Report (p.64), TWF Sustainability Materialities (p.41)
102-47	TWF Sustainability Materialities (p.41)
102-48	This is the first Integrated Annual Report published by TWF.
102-49	This is the first Integrated Annual Report published by TWF.
102-50	About the Report (p.64)
102-51	This is the first Integrated Annual Report published by TWF.
102-52	About the Report (p.64)
102-53	Company Contact Information (p.66)
102-54	About the Report (p.64)
102-55	GRI Content Index (pp.62-63)
102-56	The data provided herein have not been audited to suit the purpose of this report.

Material Issues		
Standard	Disclosures	Descriptions and Page Numbers
<b>Climate Change and Carbon Emissions</b>		
GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	TWF Integrated Value Model (pp.11-13), Sustainability and ESG Management (pp.38, 40), TWF Sustainability Materialities (p.41), About the Report (p.64)
	103-2 Management Approach and its Components	TWF Integrated Value Model (pp.11-13), Sustainability and ESG Management (pp.38, 40), Climate Change and the Environment (p.48-49)
	103-3 Evaluation of the Management Approach	TWF Integrated Value Model (pp.11-13), Sustainability and ESG Management (pp.38, 40), Climate Change and the Environment (pp.48-49)
GRI 302: Energy 2016	302-4 Reduction of Energy Consumption	Climate Change and the Environment (pp.48-49)
GRI 305: Emissions 2016	305-5 Reduction of GHG Emissions	Climate Change and the Environment (pp.48-49)
<b>Employee Commitment and Labor Practices</b>		
GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	TWF Integrated Value Model (pp.11-13), Sustainability and ESG Management (pp.38, 40), TWF Sustainability Materialities (p.41), Employee Engagement and Labor Practices (pp.44-47), About the Report (p.64)
	103-2 Management Approach and its Components	TWF Integrated Value Model (pp.11-13), Sustainability and ESG Management (pp.38, 40), Employee Engagement and Labor Practices (pp.44-47)
	103-3 Evaluation of the Management Approach	TWF Integrated Value Model (pp.11-13), Sustainability and ESG Management (pp.38, 40), Employee Engagement and Labor Practices (pp.44-47)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	Employee Engagement and Labor Practices (p.47)
	403-5 Worker Training for Occupational Health and Safety	Employee Engagement and Labor Practices (p.47)
	403-9 Work-related Injuries	Employee Engagement and Labor Practices (p.47)
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## About the Report

This report has been prepared as part of an integrated activity report announcing the financial activities and outcomes of the TWF Management Co. in 2021. The report evaluates the Environmental, Social, and Governance impacts arising from the ecosystem that is the TWF Management Co. and its portfolio companies.

This report has been written in compliance with the GRI Standards: Core option. The report comprises data on the activities carried out by the TWF Management Co. and portfolio companies between 1 January 2021 and 31 December 2021. The financial data shared herein reflect the data in TWF's statutory audited consolidated financial statements.

In addition to the data given for social, environmental, and governance topics, the report also includes data for the following TWF portfolio companies: Borsa İstanbul A.Ş. (BİST), Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ), Çay İşletmeleri Genel Müdürlüğü (ÇAYKUR), Eti Maden İşletmeleri Genel Müdürlüğü (ETİ MADEN), Türkiye Halk Bankası A.Ş. (HALKBANK), Posta ve Telgraf Teşkilatı A.Ş. (PTT), Türk Hava Yolları A.Ş. (THY), Türkiye Petrolleri Anonim Ortaklığı (TPAO), Türk Telekomünikasyon A.Ş. (TÜRK TELEKOM), Türkşeker Tarım ve Gıda Sanayi Ticaret Anonim Şirketi ("Türk Tarım"), TURKCELL İletişim Hizmetleri A.Ş. (TURKCELL), Türkiye Şeker Fabrikaları A.Ş. (TÜRKİYE ŞEKER), Türkiye Hayat ve Emeklilik A.Ş. (TÜRKİYE HAYAT), Türkiye Sigorta A.Ş. (TÜRKİYE SİGORTA), Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (TÜRKSAT), T.C. Ziraat Bankası A.Ş. (ZİRAAT BANKASI), Türkiye Vakıflar Bankası T.A.O. (VAKIFBANK), Türkiye Maden Sanayi ve Ticaret A.Ş., TVF AEL Elektrik Üretim Sanayi ve Ticaret A.Ş., TVF Bilgi Teknolojileri İletişim Hizmetleri Yatırım Sanayi ve Ticaret A.Ş., TVF Enerji Sanayi ve Ticaret A.Ş., TVF Finansal Yatırımlar A.Ş., TVF İFM Gayrimenkul İnşaat ve Yönetim A.Ş., and TVF Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş.

As Türkiye Maden Sanayi ve Ticaret A.Ş., TVF AEL Elektrik Üretim Sanayi ve Ticaret A.Ş., TVF Bilgi Teknolojileri İletişim Hizmetleri Yatırım Sanayi ve Ticaret A.Ş., TVF Enerji Sanayi ve Ticaret A.Ş., TVF Finansal Yatırımlar A.Ş., TVF İFM Gayrimenkul İnşaat ve Yönetim A.Ş., and TVF Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş. had no physical operations for the reporting period, the social and environmental data for these companies are provided consolidated with "TWF." No social and environmental data have been included for the Kayseri Şeker Fabrikası A.Ş., TCDD İzmir Liman İşletmesi, Platform Ortak Kartlı Sistemler A.Ş. ve Türkiye Denizcilik İşletmeleri A.Ş. companies.

All information and opinions contained in this report do not qualify as complete and have been provided by TWF and the portfolio companies included therein. Apart from the statutory audited financial data, the other data included herein, especially on social and environmental issues, have not been independently verified for the purpose of this report. This report has been prepared for informational purposes only and does not serve as a basis for any investment decision. The information contained herein does not constitute an offer or part of an offer for the sale of the shares of the portfolio companies listed on the Borsa and likewise should not be interpreted as an invitation to any sales proceedings. No such legal relationship shall be deemed to have been established with the publication of this report. All information and associated documents are believed to be correct at the time this report was written, and the information herein is disclosed in good faith. Regardless, TWF makes no representations, warranties, or commitments regarding this information. As such, neither TWF nor any of its affiliated companies or their board members, consultants or employees shall be liable for any information or communication stated within the scope of this report or for any loss or damage that a person may suffer directly or indirectly as a result of any information based on or excluded from its content.



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