

TURKCELL
INTEGRATED ANNUAL REPORT 2020



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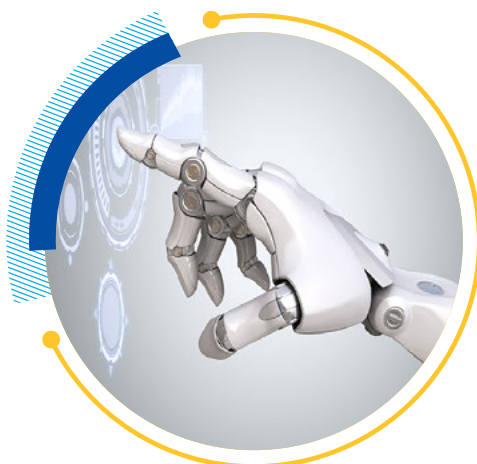
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About Turkcell

Turkcell has conducted its operations in the communications and technology services field as a pioneer of the telecommunications sector in Turkey since 1994. Over the past 27 years, Turkcell has played a key role in the development of Turkey's telecommunications sector, first as a mobile communication company, then as an integrated telecommunications operator and eventually as a digital operator.

Turkcell Group companies serve their customers with high-quality voice, messaging, data, and IPTV services on mobile and fixed networks. Moreover, Turkcell offers its customers value-added and innovative services in accordance with its strategic focus areas, namely; digital services, digital business services and techfin services. Turkcell Group companies operate in 4 countries - Turkey, Ukraine, Belarus, and Northern Cyprus. Turkcell is dedicated to meeting the communication needs of its customers to their high quality standards with its wide coverage in Turkey and diverse range of services abroad. Turkcell conducts its operations to offer opportunities not only for its customers, but for all of its stakeholders with the ultimate goal of creating overall social value, and accordingly leverages new technologies, services and products as the leading communications and technology company of Turkey.

Turkcell launched LTE services in its home country on April 1, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. Turkcell has a total bandwidth of 234.4 MHz, equivalent to 43% of

the total spectrum in Turkey available for mobile operators' use. Turkcell offers fiber internet speed of up to 10 Gbps with its FTTH services. Furthermore, it is the pioneer of 5G research and development studies in Turkey, conducting numerous tests and participating in related local and international organizations.

Turkcell has been listed on the Borsa Istanbul (BIST) and New York Stock Exchange (NYSE) since July 2000, as the only Turkish company to be listed on both stock exchanges. Turkcell debt instruments are traded on the Irish Stock Exchange. Turkcell is a constituent of the MSCI Sustainability Index and the Borsa Istanbul Sustainability Index. Turkcell reported TRY29.1 billion of revenues in 2020 with total assets of TRY51.5 billion as of December 31, 2020.

Turkcell's new shareholder structure:

Following the amendment of the Company's articles of association at the Ordinary General Assembly held on October 21, 2020, a new era began with the share transfer transactions completed on October 22, 2020, whereby the partnership structure was simplified:

Shareholders	Nominal (TRY thousand)	Share (%)
TVF Bilgi Teknolojileri İletişim Hizmetleri Yat. San. ve Tic. A.Ş.	576,400	26.20
IMTIS Holdings S.A.R.L.	435,600	19.80
Publicly traded*	1,187,004	53.95
Other	996	0.05
Total	2,200,000	100.00

* Publicly traded shares also include the ADS trading at NYSE.



For more information about Turkcell, you can visit www.turkcell.com.tr



We stand by our customers with our strong telecom infrastructure

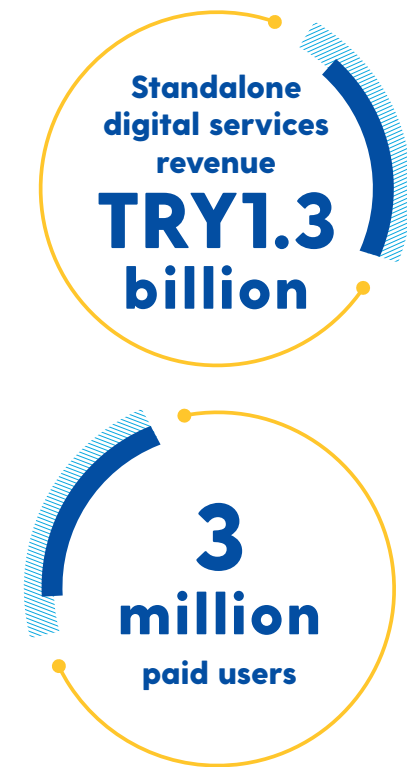
2020 was a year in which the key role of the telecom sector in our lives and in the economic system was highlighted by the COVID-19 pandemic. During this period, we have stood by our customers with our wide range of innovative offers and digital propositions, providing superior customer experience and additional benefits responding to their changing needs and demand. We sustained our high quality customer service with a rich value proposition by leveraging our robust telecom infrastructure. In particular, we met their rising data demand with our mobile and fixed offerings, including rich content, as well as our innovative product Superbox that provides uninterrupted household broadband service at fiber-like speeds over the mobile network.





Digital services and solutions adding value to life

In a period, during which the demand for digital services accelerated further with the impact of the pandemic, we continued to serve our customers with our innovative and inclusive digital services and solutions developed by Turkcell engineers, in step with our visionary strategy and strong business model. And in this environment, where our customers have preferred to stay home, we have stood by them with our broad digital services portfolio. We have made their time at home more enjoyable by offering digital experience over TV+, fizy, lifebox and Dergilik platforms, while enabling them to make video calls with their loved ones via BiP.





Our digital business services accompany our customers on their digital transformation journey

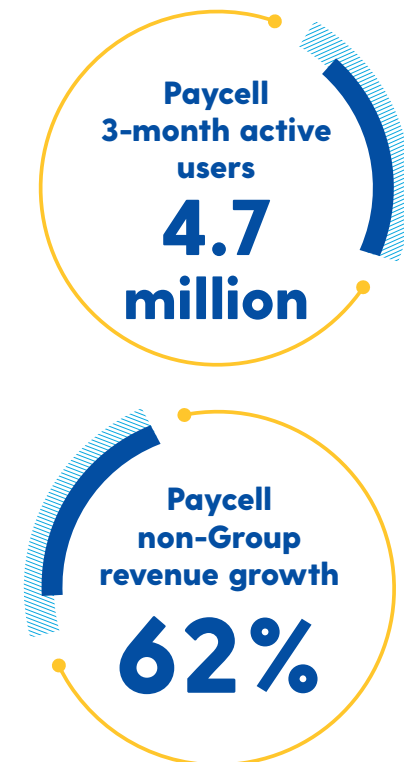
In this period, during which institutions' digitalization needs have rapidly risen, we conduct projects enabling companies to make faster decisions and work more efficiently, not only in areas where we are at the forefront, but in all matters related to technology, leveraging our advanced solutions and services developed with a digital integrator identity. As part of our digital business services focus, we support companies as a "reliable technology partner" on their digital transformation journey, while offering necessary products and solutions to reduce their costs and enable them to access new revenue streams. Going forward, we will continue to provide the information technology solutions that our customers need across a wide range of sectors from transportation to finance, from health to education and logistics, and from production to retail and energy with a one-stop-shop approach. Moreover, we will continue to support our customers with our end-to-end products and services portfolio, ranging from telecom services to cloud solutions, and from Internet of Things to cyber security.





Effective and reliable solution to increasing digital payments demand through our techfin services

We facilitate the lives of our customers, meeting their digital payment needs via the solutions we have created under the Paycell roof, merging financial and tech services. In the pandemic environment, where payment habits have changed and the demand for digital payments has risen rapidly, we have helped our customers make all their payment transactions swiftly and securely through Paycell, which is differentiated from its competitors by its wide product and service portfolio.





Turkcell is creating sustainable value

We create value for our customers with our innovative and value-added products and services, while maintaining our relationships with all stakeholders in our ecosystem with the principles of being honest, coherent, fair and ethical. In light of our “Technology for life, hope for the future” motto, we act on our responsibility to increase social welfare and combat environmental challenges, while contributing to economic development. We integrate our fundamental values such as supply chain transparency, conservation of natural resources and high customer satisfaction into our business processes.



Our vision



Superior digital services
for a better future

Our mission



To add value to the digitalization journey of our customers, both in Turkey and across the globe, and enrich their lives with our continuously improving competencies and robust ecosystem

Turkcell'le Türkiye'nin her köşesi
ÇOK ÇEKİCİ



Turkcell Group: Developments in 2020

Turkcell Group companies operate in 4 countries - Turkey, Ukraine, Belarus, and the Turkish Republic of Northern Cyprus (TRNC).



TURKEY TURKCELL TURKEY

Mobile customers 33.4 million
Fixed customers 2.4 million
IPTV customers 871 thousand

Revenues TRY25.2 billion

UKRAINE lifecell

Mobile customers 9.3 million
Revenues TRY1,776 million

BELARUS BeST

Mobile customers 1.4 million
Revenues TRY395 million

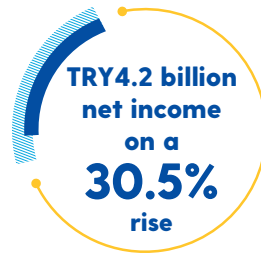
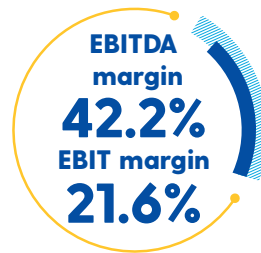
TRNC Kuzey Kıbrıs Turkcell

Mobile customers 0.5 million
Revenues TRY239 million

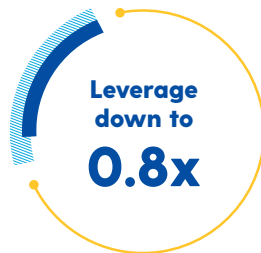
*lifecell Europe: The marketing partnership between Turkcell Europe and Telekom Deutschland Multibrand GmbH, the subsidiary of Deutsche Telekom, ended on April 30, 2020 pursuant to the respective agreement.

Developments in 2020:

Strong revenue, operational profitability and net income performance on the back of a robust business model and prudent risk management, despite the impacts of COVID-19



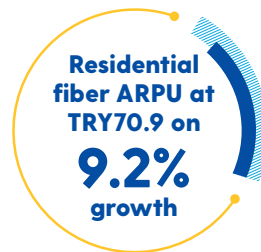
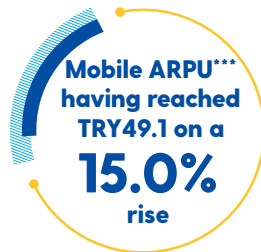
Declining leverage and sustained long FX position thanks to effective balance sheet management, despite challenging macroeconomic conditions



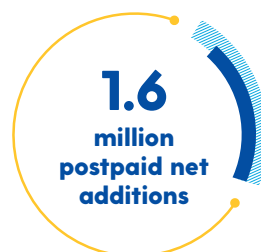
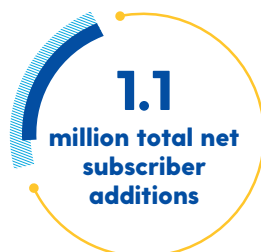
Strong cash flow generation through robust operational performance and disciplined capex management



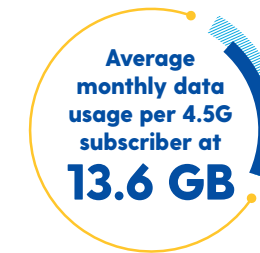
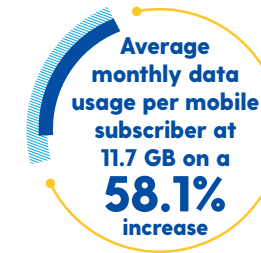
Strong ARPU performance thanks to the rich value proposition and customer appreciation



Successful subscriber net addition performance on robust infrastructure, innovative services and solutions, customer-oriented business approach



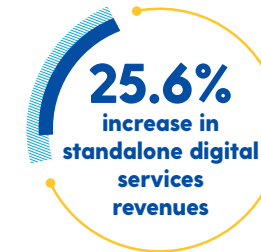
Strong data usage momentum with accelerated digitalization demand



Increasing share of digital sales channels in total sales with the rising demand for e-commerce



Strong performance in our strategic focus areas



Sustainability focus as one of the main components of our business model



* Advance payments are included. ** Free cash flow calculation includes EBITDA and the following items as per IFRS cash flow statement; acquisition of property, plant and equipment, acquisition of intangible assets, change in operating assets/liabilities, payment of lease liabilities and income tax paid. *** Excluding M2M.

* Excluding fixed business.



Chairman's message

Bülent Aksu

Chairman of the Board of Directors

Please see page 33 for detailed CV.

2020 was a year, in which we witnessed a global health crisis that led to unprecedented economic, social and environmental developments in the recent world history. As of March 2020, the COVID-19 pandemic started to affect our country as well. The pandemic led to various social and economic challenges that impacted individuals, businesses and overall society for the whole year. Our government has developed policies since the first day of the pandemic to mitigate its impacts on our citizens. As Turkcell, we have also taken several measures to minimize the effects of the pandemic considering the health of our customers, business partners and employees.

As the COVID-19 pandemic caused us to reconsider our knowledge and habits, it also highlighted the key role of communications in our lives. Accordingly, we concluded the year having strengthened and renewed our services and products so as to better fight against the negative impacts of this recently-emerged phenomena.

We successfully met the rising demand for digital services and telecommunications offerings during the pandemic via our robust infrastructure. We continued to offer the best experience to our people through our telecom services, the key to our consistent growth, as well as our digital products portfolio, our digital business services that provide organizations with an end-to-end digital transformation opportunity, and our new generation payment systems in techfin.

Our most important tool to drive value creation in this challenging environ-

ment was our robust telecommunications infrastructure, in which we have invested TRY32 billion over the past five years. In a period, when telecom operators around the world requested internet broadcasters to restrict service or lower video resolution as a solution to the intensive use of the network, we successfully managed a traffic increase, approaching 50%, with our robust infrastructure. We continued our 5G preparations at full speed concentrating on network transition and R&D activities. Additionally, we carried out valuable activities together with our business partners towards developing domestic and national 5G products and digital solutions.

We enabled our customers to meet all their communication needs without leaving their homes through our website and Digital Operator application, the infrastructure of which we optimized recently. We increased the upload speed fourfold to 20 Mbps and the minimum download speed up to 50 Mbps, to improve the experience of our fiber internet subscribers for remote working and distance learning. Due to strong customer interest in higher speeds, in September we launched our 200 Mbps household internet offer.

We provided solutions for those, who needed communication the most, such as healthcare workers, our customers aged 65 and above, and children continuing distant education, through support packages. We helped efforts to raise awareness of the pandemic communicating #lifesathome caption to our customers. We made the time they were obliged to spend at home

more enjoyable by providing additional benefits on our services such as BiP, Dergilik, fizy and TV+. As the payment methods of people started to digitize, our new generation payment platform Paycell stood out with its easy-to-use and secure payment infrastructure. The digital content purchases over Paycell doubled compared to last year reflecting the change in payment habits.

Video conference systems have become widely used tools in the new working models led by the pandemic. However, the security and data privacy issues associated with various systems have raised concerns among individual users and corporations. In order to address these issues, we rapidly took the necessary steps to offer our customers a secure alternative. Accordingly, thanks to the efforts of Turkcell engineers, we launched our advanced digital conference solution, BiP Meet, and took the remote meeting experience to the next level.

The developments regarding data privacy and protection in the early days of 2021 once again underlined the critical importance of developing and using domestic and national applications. Our communication and life platform BiP, which has been developed by Turkish engineers and reflects our commitment to the issue, attracted the interest of users with the rising awareness of the society on data privacy. BiP started to be used in many countries thanks to the features including instant translation and video calls of up to 10 people, differentiating it from competition in the international arena. I believe that as a country, we should be using



We also stood beside our people in need, having made a TRY20 million donation to the “Together We Are Enough My Turkey” campaign launched by our President Mr. Recep Tayyip Erdoğan.

domestic applications not only in messaging, but in all other fields. We will inevitably encounter with similar negative experiences in the future unless we rely on our own digital solutions.

We implemented a TRY47 million support package to keep our ecosystem functioning and preserve employment as part of the fight against pandemic. We also stood beside our people in need, having made a TRY20 million donation to the “Together We Are Enough My Turkey” campaign launched by our President Mr. Recep Tayyip Erdoğan.

We continued to carry out activities in the health sector leveraging our quarter-century experience in communications and technology also in 2020, when health issues became even more important. In this period, in which Turkey has marked worldwide best practices in the health sector, four hospitals, two of which were field hospitals, were opened. We continued to provide service through the Turkcell Hospital Information Management System at Yozgat, Adana, Elâziğ, Eskişehir, Bursa, Başakşehir Çam and Sakura, and Tekirdağ City Hospitals. All of these facilities, equipped with Turkcell technologies, are focused on providing the best healthcare service to our people.

As the leader in supporting the digital transformation of our country, we continued to offer our corporate customers wide range of solutions including hosting services, cloud infrastructure, backup services, disaster recovery and security services. In this respect, we reached a total white space area of 39,500 m² with our data centers established in four cities and at eight locations. While our traditional data centers are located in Dudullu, Kartal, Yenibosna and Söğütözü, our new generation data centers, that are equipped with superior technologies and built to international standards, are located in Ankara Temelli and European side, Gebze, and İzmir. Our ability to manage over 11,000 virtual servers and over 20 petabytes of data for our

corporate customers underpins their trust in the Turkcell brand. In this context, we continued our activities around data centers keeping our pace in 2020. Our data centers, in which we have invested over TRY2 billion to date, enable us to provide services addressing the needs of the region, backup data across different geographies, and ensure the security of customer data.

We deem compliance with the law on the protection of personal data as part of all our products and services among our top priorities. In this respect, we took advanced measures with respect to data privacy and security to ensure compliance with the regulations of our country, as well as with the General Data Protection Regulation (GDPR), which we are subject to regarding our products and services provided in European Union countries. While our Compliance Committee carries out its activities to audit processes, procedures and policies with respect to data security, we aim to improve our risk management and accountability having established Data Impact Analysis process. Within the scope of GDPR compliance, we appointed a Data Protection Officer (DPO) to the Turkcell Group. We will continue to implement all necessary actions to comply with national and international legislation, as well as GDPR in the upcoming periods.

Intellectual capital is undoubtedly a subject of equal importance to financial capital in strengthening a company. As part of this vision, we conducted several valuable projects in 2020 in accordance with diversity and inclusiveness principles that shapes Turkcell's human resources practices. In particular, we give utmost importance to increasing the number of women employees to enhance equality of opportunity within our sector. In this respect, we launched our “Women Engineer Employment” project targeting women engineers, who are to begin their career or whose career was in-

I wholeheartedly believe that our Company will continue its consistent growth and become more competitive at the global level with the simplified shareholder structure and thereby enhanced decision-making capability.

terrupted for various reasons. As part of our recruitment activities to help reverse brain drain, which is another key consideration for us from a human resources perspective, we kicked off the “Stars Coming Back” project in 2020, thus opening Turkcell's doors to Turkish professionals working abroad. While we have created over 1,000 employment through the “GNÇYTNK” program over the past 6 years, we also implemented a new project in 2020 for young people. Accordingly, we gave 10,010 university students and recent graduates the opportunity to gain experience at Turkcell's departments of their choice via our “Unlimited Talent Program”. As part of this mega project, which we enabled online remote access as the pioneer of digital transformation, our young people had the opportunity to engage in countless job experiences from technology trainings to personal development workshops, networking and mentor support to meeting with senior management and award competitions. In order to create stronger synergy, our artificial intelligence systems grouped young people according to their specific areas of interest, whereby the participants had the opportunity to fully utilize Turkey's most extensive experience project.

Although 2020 was a year that challenged organizations in terms of macroeconomic and governance perspectives, Turkcell became even stronger with the developments realized in the last quarter of the year. The historical decisions taken at our General Assembly held in October with the strong participation of our shareholders marked the start of a new era for our Company. At the General Assembly of Turkcell, which represents Turkey in the international capital markets, amendments to its articles of association were approved by the shareholders. Turkey Wealth Fund became the largest and controlling shareholder with a 26.2% stake following the com-

pletion of share transfer transactions subsequent to the General Assembly. I wholeheartedly believe that our Company will continue its consistent growth and become more competitive at the global level with the simplified shareholder structure and thereby enhanced decision-making capability.

Turkcell, which is a significant value for our country, is listed both at Borsa Istanbul and the New York Stock Exchange for 20 years. It is our intention to enhance the value created over those 20 years to a higher level in the upcoming periods, with the trust of our domestic and foreign investors.

We carry out our activities with the understanding that Turkcell's participation in international platforms is valuable for representation of our country in the international arena. Thus, we will be supportive of initiatives that serve the good in the global arena. In this respect, we were the only company in Turkey responding to the call of the United Nations in September 2020, which celebrated its 75th anniversary this year. In order to overcome the global crisis caused by the pandemic, we signed the declaration that requires demonstrating transparent and ethical leadership as the public sector, civil society and private sector, prioritizing value-oriented strategies and acting in cooperation with stakeholders to eliminate inequalities.

As Turkcell, one of our indispensable priorities is to reach out and improve lives through the power of technology and communications, while providing our customers the highest quality service. We stood by our people in 2020 as we have done for the past 27 years, with our social responsibility projects focused on social benefits and reduction of inequality. We touched the lives of 200 thousand young and disabled individuals with our Whiz Kids and People Without Boundaries projects that we have invested in for many years in the education area. Our

While developing globally competitive technologies, we also attach great importance to these technologies being people-oriented. In this respect, we established “the Artificial Intelligence Principles”, in a first for Turkey.

Dream Companion, My Sign Language and My Gem Inside projects are the best examples of how inequalities can be reduced utilizing the power of technology. Following the earthquake, flood and avalanche disasters we faced, we mobilized our technology and communications power for our people in the field. We marked a first in the world with our Helping Hand project, which we rapidly implemented over Paycell platform after the flood disaster in Giresun. We reached out to tradesmen and families impacted by the flood, and provided our support via Paycell. In addition to the support provided by our Company, “Turkcell Volunteers”, whose entire income is generated via the donations of Turkcell Group employees, helped our people via the campaigns initiated for Elâzığ, Giresun and İzmir. We will continue to be at service of Turkey, both with our technological power and our social benefit projects, as we have been for 27 years.

While developing globally competitive technologies, we also attach great importance to these technologies being people-oriented. In this respect, we established “the Artificial Intelligence Principles”, in a first for Turkey. We shared our commitment to these principles with the public via the artificial technologies we have developed. Furthermore, we adapted a sustainable technology development approach that is ethical, responsible and respectful of human rights. Duly, our Human Rights Policy states that we undertake the mission of carefully observing the governance processes of Artificial Intelligence Principles.

As part of our sustainability activities, one of our key focus areas, we took important steps in 2020, and realizing many firsts. We are truly proud of establishing our Integrated Value Creation Committee and improving our CDP score, which we are regularly reporting since 2015, from C- to B. Moreover, renewable energy investments towards

becoming a carbon-neutral company, the Green Loan we obtained to finance those investments, as well as issuance of human rights and environmental policies were other important developments of this year. And so I am pleased to present you with our integrated annual report, one of the most valuable outputs of these activities, and which we prepared for the first time this year so as to enable all our stakeholders, especially our investors, to get to know Turkcell better, and evaluate it from a wider perspective.

I would like to extend my sincere gratitude to our customers, who have further strengthened the Turkcell brand with their appreciation under the challenging conditions of 2020, our shareholders and investors, who have supported our Company with their trust, all our employees, who have continued to work with love and enthusiasm, despite this unprecedented period in recent history, and all our stakeholders. Going forward, as Turkey’s Turkcell, we will continue to work with the support of all our stakeholders, and in accordance with Turkcell’s ethical values and focus on social benefit, to create value for lives of our customers and the operations of corporations.

Sincerely,



Bülent Aksu
Chairman of the Board of Directors



- VETERAN
- MUSTAFA
- KEMAL
- NATION
- FREEDOM
- INDEPENDENCE
- VICTORY
- FLAG
- LIBERATION
- REPUBLIC
- MODERN
- WISDOM
- BRAVE
- IDEAL
- PRINCIPLE

SOME IN THEIR NAME, BUT ALL TOGETHER
WE CARRY THE VALUES OF THE
REPUBLIC IN OUR HEARTS.

HAPPY 97TH YEAR OF THE REPUBLIC

#WEARETHEREPUBLIC



Board of Directors



Board of Directors



Bülent Aksu Chairman of the Board

Bülent Aksu has 25 years of managerial experience in finance, accounting, tax and management fields in various sectors including telecommunications, energy, petrochemicals, textiles and audit. He began his career at Inspection Board of Kuveyt Türk A.Ş. as an Auditor, and then undertook Finance Manager and Group Finance Director roles, respectively at Çalık Holding in 2003. Between 2008 and 2012, he served as CFO at Akfel Group. Mr. Aksu undertook CFO role at Azerbaijani National Oil and Gas Company's (SOCAR) subsidiaries Petkim Petrokimya Holding A.Ş. and STAR Rafineri A.Ş., respectively from 2012 to 2016. Bülent Aksu carried out numerous mergers and acquisitions transactions in various industries, and actively managed financial transactions including project financing and bond issuance in international and domestic markets. He led the completion of the financing agreement of USD3.3 billion with 18 years maturity signed between 23 local and international financial institutions and STAR Rafineri, one of the most prominent industrial investments of our country. This agreement had been the top project financing transaction made in Turkey to that date in terms of amount and maturity. Moreover, it had been the largest project financing transaction in Europe in 2014. Bülent Aksu served as CFO of Turkcell from July 20, 2016 to July 17, 2018. Mr. Aksu made valuable contributions to Turkcell having implemented international practices enabling Turkcell to become an exemplary company of our country in terms

of balance sheet and FX risk management along with his innovative solutions to funding investments. Mr. Aksu strengthened Turkcell's leading position in local and international capital markets having carried out first Asset Backed Securities (ABS) issuance in non-banking sector, and having led financing bill, lease certificate and Eurobond transactions. In 2016 and 2018, Mr. Aksu was voted among the top 50 most influential CFOs in Turkey by the Fortune Turkey magazine. Mr. Aksu served as Deputy Minister for the Ministry of Treasury and Finance between August 3, 2018 and January 29, 2021. He served as a Board Member of Türk Telekomünikasyon A.Ş. from November 2018 to March 2019. Bülent Aksu served as a member of Turkcell Board of Directors between March 2019 and March 2020. Between May 2019 and February 2021, he served as the Chairman of Board of Directors of Turk Eximbank. Mr. Aksu was appointed as the Chairman of Turkcell's Board of Directors effective as of March 12, 2020. Mr. Aksu represented our country as Sherpa at the G20 summit in 2018, and as Turkey Governor at the Asian Development Bank (ADB) and the African Development Bank (AfDB); Turkey Deputy Governor at the World Bank (WB), European Bank for Reconstruction and Development (EBRD) and Asian Infrastructure Investment Bank (AIIB); as Turkey Executive Director at Islamic Development Bank (IsDB) between August 2018 and January 2021. Bülent Aksu graduated from Istanbul University Faculty of Business Administration (English) in 1996.



Hüseyin Aydın

Board Member

Hüseyin Aydın was born in 1959 in Artvin, Borçka. He graduated from the Ankara Academy of Economics and Commercial Sciences (Faculty of Economics) in 1981. He began his career as an Assistant Auditor at Ziraat Bank and served as Auditor, the Head of Department, Duisburg/Germany Representative and Branch Manager. After working as an Executive Board member at Halkbank, as a Board member at Pamukbank and as Deputy Chairman at Ziraat Bank between 2003 and 2005, Mr. Aydın

served as General Manager of Halkbank between 2005 and 2011, when the bank went public in 2007 as the biggest transaction of the country since then. Having joined Ziraat Bank as the CEO on July 15, 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey since 2010 and Board Member of Turkey Wealth Fund Management Co since 2017. Hüseyin Aydın was appointed to the Turkcell Board of Directors on March 8, 2019.



Afif Demirkıran

Independent Board Member

Afif Demirkıran was born in Siirt in 1952. Having completed his primary and secondary education in Siirt, Afif Demirkıran graduated from Mining Faculty of Istanbul Technical University in 1973. Later he studied engineering and had master's degree at the Leeds University in UK. He served as an executive in Etibank, as Head of Foreign Investment Department at the Undersecretariat of State Planning Organization, as General Manager of Foreign Investment Directorate at the Undersecretariat of Treasury, as a Board Member of Ereğli Iron and Steel Inc. and Sümerbank A.Ş., as various executive positions in private sector companies, as General Manager and Chairman of Turkish Electricity Generation and Transmission Company (TEAŞ), and as General Manager of Vakıf Enerji ve Madencilik A.Ş.. Being active in politics since 2002, Afif Demirkıran served as Batman Deputy in the 22nd, and Siirt

Deputy at the 23rd and 24th periods of the Grand National Assembly Turkey. In the 22nd period, he also served as a member of the State Economic Commission for Enterprises, member of Turkish Group OSCE PA and member of the Turkey-EU Joint Parliamentary Commission. In the 23rd and 24th periods, he was the President in the Turkey-EU Joint Parliamentary Commission. In the 22nd, 23rd and 24th periods, he served as the Chairman of Turkey-Spain Inter-Parliamentary Friendship Group. In the 24th period, he also was the Deputy Chairman of Turkey-Pakistan Inter-Parliamentary Friendship Group. Since 2016, he has been the Deputy Chairman of Foreign Affairs Directorate of Justice and Development Party. Mr. Demirkıran was appointed to the Turkcell Board of Directors by Capital Markets Board Decision effective as of March 6, 2020. He is married and has four children.



Nail Olpak

Independent Board Member

Nail Olpak, was born in 1961 in İbécik, Burdur. He graduated from Aydın High School. Having graduated from Istanbul Technical University Faculty of Mechanical Engineering, Mr. Olpak completed his master's degree in the field of Energy at Yıldız Technical University. Mr. Olpak serves as the Chairman of the Board of NORA Elektrik AS, PAK Yatırım AS and OMN AS and as the board member of companies in which these three companies have shareholdings. As part of his activities in NGOs and for public welfare; Mr. Olpak serves as President & Chairman of the Executive Board of DEİK, Board Member of Export Credit Bank of Turkey (TURK EXIMBANK), Board Member of Turkcell, Board Member of Istanbul Development Agency (İSTKA), Member of High Advisory Board of MÜSİAD, Member of the Founding Committee of International Technological, Economic and Social Research Foundation (UTESAV), Member of the Board of Trustees of Tourism Development and Education Foundation of Istanbul Chamber of Commerce (TUGEV), Member of Founders Board of İlim Yayma Foundation, Member of the Board of Trustees of Huzur Hospital Foundation, Member of the Board of Trustees of Human Development and Societal Education Foundation (İGETEV), Member of the Board of Trus-

tees of the Foundation for the Support of İstanbul Medeniyet University, Member of the Board of Trustees of Kandilli Club. Nail Olpak also served as the Chairman of MÜSİAD (Independent Industrialists and Businessmen's Association) and the Chairman of MÜSİAD High Advisory Board, Vice-Chairman of IBF (International Business Forum), Council Member of B20 Steering Committee of Turkey, Council Member of İTO (Istanbul Chamber of Commerce), Board Member of İDTM (Istanbul World Trade Center), Board Member of the Huzur Hospital Foundation, Board Member of ENVERDER (Energy Efficiency Association), Member of High Advisory Board and Board Member of MMG (Architects and Engineers Group), Founding Committee Member of Turkish-Japanese University, Member of the Board of Trustees of Commercialize Center Istanbul (CCI), Board Member of Turkey Silicon Valley. Mr. Olpak was appointed to the Turkcell Board of Directors by Capital Markets Board Decision, effective as of March 6, 2020. Nail Olpak was granted the title of Honorary PhD in the branch of International Relations by Ahi Evran University and Mehmet Akif Ersoy University. Olpak is married and is the father of two sons who are Architect and Mechatronic Engineer. He speaks English very well.



Tahsin Yazar

Independent Board Member

Tahsin Yazar was born in İspir, Erzurum in 1975. He graduated from Ankara University Faculty of Law in 1996. After starting his career as a freelance lawyer, he continued at Devres Law Office and Zorlu Holding A.S., respectively. Mr. Yazar joined Calik Holding Inc. in 2010 as Director of Energy Group Legal Affairs and also acted as a board member of Yesilirmak Electricity Distribution Inc. and Aras Electricity Retail Sales Inc.

Mr. Yazar was appointed as Advisor to the Minister of Energy and Natural Resources on January 12, 2016. As of August 1, 2018, he was appointed as Advisor to the Minister of Treasury and Finance and he held this position until the replacement of Minister. Mr. Yazar was appointed to the Turkcell Board of Directors as independent board member by decision taken by the Capital Markets Board on March 6, 2020.



Figen Kılıç Board Member

Figen Kılıç, born in 1970 in Gaziantep, graduated from the Selçuk University, Electrical Electronics Engineering department and received her Master's Degree from the Gebze High Technology Institute. Trained in project management, process management, and test engineering, Kılıç also graduated from the Anadolu University Faculty of Open Education, Department of Law, and is studying in the Department of Business Administration of the same university. Figen Kılıç, started her career as technical translator in İhlas Group, before moving to İstanbul Municipality BELBİM A.Ş. for a lengthy period, working on payment projects as R&D engineer, Project Coordinator and R&D Manager. In 2010, she transferred to E-Kent Ödeme Sistemleri A.Ş. (Çalık Holding) where she served as IT and Operational team

manager for electronic ticket system integration and management projects in various cities of Turkey. In 2014, Figen Kılıç worked at Turkcell İletişim Hizmetleri A.Ş. and in 2015 was appointed to the Information and Communication Technologies Authority (ICTA) of Turkey as its first women board member. After her term in office ended in 2019, she acted as Service Delivery General Manager of the Republic of Turkey Ministry of Family, Labor and Social Services. Figen Kılıç currently serves as Advisory Board Member of BİLTEG Group at TÜBİTAK, as a Board Member of ULAK Communications Inc. and as Chairwomen of Kıbrıs Türk Denizcilik A.Ş. Figen Kılıç was appointed to the Turkcell Board of Directors, effective as of January 29, 2021.

* Ms. Ingrid Maria Stenmark and Mr. Christopher James Powell, members of our Company's Board of Directors, resigned from their duties as of October 22, 2020.



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HAPPY AUGUST 30th VICTORY DAY!



Message from the CEO

Murat Erkan

Chief Executive Officer

Please see page 45 for detailed CV.

2020 was a year, in which COVID-19 pandemic led to drastic changes in economic and social terms worldwide, and transformed daily life and ways of doing business. And as we met brand-new concepts such as social distancing, remote working and distance education, we also witnessed a rapid digital transformation in our lives. In fact, all of these developments have further underlined the importance of investments in communication infrastructures and technology. Today, it is widely accepted that having a strong telecommunication sector is the only way to ensure the successful transformation of education, the business world and the wider economy in this new environment.

As the Turkcell family, we mobilized our technology infrastructure, know-how and experience so as to provide our customers a high quality and uninterrupted communication experience throughout 2020 operating period, which was shaped by the COVID-19 pandemic. We benefitted from the advantages of our leader position in the sector in terms of digitalization, and of investments in our infrastructure over the years. Leveraging our strong mobile and fixed infrastructures, we successfully managed the increased traffic on our network, while meeting the changing demands of our customers without any difficulty. Indeed, our digital services, digital business services and techfin services successfully met the rapidly rising digitalization needs of our both consumer and corporate segment customers.

We took several measures for our employees and customers within the context of the COVID-19 pandemic. We implemented the remote working model prioritizing the health of our employees since the first COVID-19 case was detected thanks to our communication systems and information technology infrastructure. Our remote working model also includes over 10 thousand call center employees. While the pandemic led to increased data and digital services usage, we have successfully managed the resulting network traffic increase through our strong telecommunication infrastructure and our timely investments. During this period, we offered support packages for customers aged 65 and above, healthcare workers and students, and thereby stood by them. We improved the connection quality of our fiber subscribers, who work from home, or who continue their education remotely. In line with the increase in time spent at home, interest in our digital services also increased accordingly. We provided additional benefits in various services we provide through our rich portfolio of digital services. In cooperation with the Ministry of Health, we created a BiP channel where up to date COVID-19 information, measures and content are shared. Turkcell customers aged 65 and over, who stayed at home, could make a call to Paycell's call center and order basic food and cleaning agents and pay through their bills. As part of our social responsibility projects, we provided new 3D printers to the Whiz

Kids Laboratories opened with our support, and children could produce face shields for healthcare workers.

As customer behavior changed significantly over the pandemic period, online platforms saw increased usage for shopping. We also observed strong rise in transaction volumes on our website and Digital Operator application, which are among our focus areas and that we regularly develop. While the number of visitors to digital sales channels reached 30 million per month in 2020, the 3-month active users of Digital Operator application was 23 million. Online top-up transaction volume realized over these channels tripled on an annual basis. In this context, the share of digital sales channels in Turkcell Turkey consumer revenues (excluding our fixed business) reached 14.3% in fourth quarter of 2020. Going forward, we will continue to focus on sales through digital channels, which positively impacts our operational costs. Another important development of 2020 was the launch of our technological marketplace, Turkcell Pasaj. Our customers can purchase thousands of products including smartphones, new generation technologies, household electrical appliances, personal care products, gaming computers, sports products, music and hobby products from Turkey's leading suppliers with Turkcell assurance over Turkcell Pasaj, which was developed by Turkcell engineers.



In 2020, we continued to serve our customers with our innovative and inclusive digital services developed by Turkish engineers. Our standalone digital services revenue rose 26% for the year. In a period of increased time spent at home, we stood by our customers with our digital service portfolio.

Our digital-oriented strategy and strong business model led to robust results

In 2020, all macroeconomic developments were affected by the consequences of COVID-19 pandemic. The economic activity in many sectors came to a halt with the distortions in the global supply chain and demand, and also with increased unemployment. These developments eventually led global economies to contract in 2020. Yet despite these conditions that affected Turkey and our other countries of operation, we sustained our successful operational and financial performance in 2020, thanks to our digital-oriented strategy and robust business model. Turkcell's consolidated revenues rose by 15.8% to TRY29.1 billion. Consolidated EBITDA increased by 17.7% to TRY12.3 billion leading to an EBITDA margin 42.2% on 0.7pp improvement. Our EBIT margin was 21.6%. We registered a strong net income performance of TRY4.2 billion on 30.5% rise. Our operational capex to sales ratio (excluding licenses) was realized at 18.5% in line with our plans. Moreover, along with these solid set of results, on the back of our strong balance sheet, cash generation strength and profitable operations, we distributed TRY812 million in dividends to our shareholders, which corresponds to the highest rate permitted by legislation.

Despite the challenges of the COVID-19 pandemic, we strengthened our subscriber base

In a period, when the effects of the pandemic were deeply felt, we stood by our customers with our wide range of offers, additional benefits and campaigns that addressed the changing customer needs through an innovative and value creation focused approach. In particular, we responded to the rising data usage demand via products and services offered over our mobile and fixed networks. Consequently, as our customers appreciated our value

propositions, our subscriber base expanded with net additions of 1.1 million in 2020. Accordingly, despite the challenges of the pandemic, we achieved our target of adding 1 million subscribers in 2020.

While our postpaid subscriber base expanded strongly with 1.6 net annual additions, the share of our postpaid subscribers in total mobile subscribers reached 66%. Mobile blended ARPU (excluding M2M) rose 15.0% reaching TRY49.1 driven mainly by growing postpaid subscriber base, rising data and digital service usage and upsell efforts.

Demand for our fixed offers was also strong in 2020, as our customers spent more time at home. While we registered net 180 thousand fiber subscriber additions, our total fixed subscriber base exceeded 2.4 million. Residential fiber ARPU rose by 9.2% to TRY70.9. Superbox, our product offering uninterrupted household internet service at fiber speeds over the mobile network, became one of our most successful products of 2020 amid rapidly growing demand for fixed broadband. In 2020, where the importance of fast and high-quality household internet service became ever clearer, Superbox reached 591 thousand total subscribers with 268 thousand net subscriber additions, successfully meeting strong customer demand. Our IPTV subscriber base also rose to 871 thousand subscribers with 152 thousand net additions this year.

We met the rising digital needs of our customers via our three strategic focus areas

In 2020, we continued to serve our customers with our innovative and inclusive digital services developed by Turkish engineers. Our standalone digital services revenue rose 26% for the year. In a period of increased time spent at home, we stood by our customers with our digital service portfo-

As the largest data center operator of Turkey, we offered our more than 1,600 corporate customers the opportunity to manage their data remotely, supporting their business continuity.

lio. We made their time at home more enjoyable by offering digital experience over TV+, fizy, lifebox and Dergilik platforms, while enabling them to make video calls with their loved ones via BiP. We continued to develop our digital portfolio by adding various new features and services this year as well. We also established separate companies for BiP, TV+, fizy and lifebox services marking a significant milestone for their competition strategies. Through our product, TV+ Ready, we offered the opportunity to turn every television into a smart TV thanks to the embedded TV+ application. We introduced the Turkcell Digital Security service to address continuously rising internet usage so as to ensure the security of our consumer segment customers. We also added the lifebox transfer service to our portfolio, allowing users to easily and securely share files. We began to offer YaaniMail e-mail service to our corporate customers this year, providing uninterrupted service over our data centers. Meanwhile, as remote working practices led to increased demand for video conferencing, we developed the BiP Meet application to meet this need, and offered it to our customers. We felt proud as 12th Ambassadors Summit was held digitally over BiP Meet, developed by Turkish engineers. Moreover, we established a private closed platform for ASELSAN over BiP, ensuring that the intra-company correspondence of around 8 thousand employees is conducted securely. Recently rising concerns over data privacy resulted in greater demand for the BiP application, where all user data is stored at high security data centers of Turkcell located in Turkey. In the first two months of 2021, BiP registered 27 million new users. We continued to export the digital services we developed in 2020. As part of our collaboration with Digicel, our BiP, TV+, lifebox and Fast Login services are currently being used in 32 countries, including the Car-

ibbean, Central America and Pacific regions.

The revenue of digital business services, one of our strategic focus areas, and with which we accompany private companies and public institutions on their digital transformation journeys increased by 30% in 2020. We successfully met the increased demand for new generation technologies such as data center, cloud, cyber security, managed services, system integration projects, internet of things, large data and business applications, in addition to the conventional telecom services in our portfolio. We took the lead in corporate digital transformations by being awarded over 2,300 projects with a total contract value of TRY1 billion in 2020. Of these, 420 were system integration projects for which we provided end-to-end solutions. We have a backlog in the amount of TRY967 million from the system integration projects signed to date. As the largest data center operator of Turkey, we offered our more than 1,600 corporate customers the opportunity to manage their data remotely, supporting their business continuity. We put into use the cloud section of Ankara Temelli Data Center, Turkey's largest data center, launching "Government Cloud" specifically designed for public institutions. Meanwhile, having implemented the technological infrastructure of 4 new hospitals in the health sector, two of which are field hospitals, we reached a bed capacity of over 8 thousand at 9 hospitals in total, also continuing our market leadership of this sector. Additionally, this year, we increased the number of global vendor partnerships to 21 through strengthened cooperation. By further increasing our competencies in this field over the coming period, we will remain the digital transformation partner of corporations and become the leader in the information technologies market.

While participating in studies both locally and at the international level towards bringing the technology of the future to our customers, we work towards making our infrastructure ready for the 5G transition.

On the techfin front, our third strategic focus area, we helped our customers to complete all their payment transactions swiftly and securely via our new generation payment platform, Paycell, in the pandemic period, during which payment habits changed and the demand for digital payment services rose. Our 3-month active subscribers using the Paycell application, differentiated by its ease of use and secure payment infrastructure, reached 4.7 million. Thanks to the "Ready-to-use Limit" feature added to Paycell in July, users can spend their mobile payment limits over their Paycell cards. Ready-to-use-Limit reached 190 thousand individual users and a total volume of TRY85 million by the end of the year. The transaction volume on the Paycell card more than doubled compared to the same period of the previous year. Digital content purchases rose by 70% compared to the previous year to TRY84 million per month. In 2020, we took an important step to ensure that the 24/7 money transfer service to the IBAN numbers of contracted banks. We also added the mobile POS product this year to the Paycell merchant solutions. Having been registered by the Ministry of Treasury and Finance and the Revenue Administration, Paycell Android POS offers cost and efficiency advantages to member merchants, while providing the processes of collection, inventory monitoring and e-invoice over a single platform. Moreover, the total sapling donation to the Paycell Forest project, which we implemented as part of the Breath to the Future project of the Ministry of Agriculture and Forestry, exceeded 11 thousand.

We continued to generate cash

Thanks to our strong operational performance, disciplined cost management practices, and effective working capital management and efficient capex planning, we generated TRY3.4

billion free cash flow from our operations in 2020. Thus, despite exchange rate fluctuations, our net debt to EBITDA ratio improved by 0.2x and declined to 0.8x by the end of the year. The foreign currency cash we hold and the derivatives instruments we use to mitigate foreign currency risk supported our strong net income performance.

We continued to invest in projects that will drive the future

One of the major topics of the upcoming period will be 5G technology. Having commenced use in over 60 countries, 5G technology will play an important role in the digital transformation of institutions and sectors with the novel services it has to offer. While participating in studies both locally and at the international level towards bringing the technology of the future to our customers, we work towards making our infrastructure ready for the 5G transition. Within this framework, we take part in a diversity of 5G projects of international technological organizations such as those of NGMN, GSMA, and ITU. Additionally, this year, we also continued our support for the "End-to-End Domestic and National 5G Communication Network Project" established under the leadership of the Information and Communication Technologies Authority and with the support of TÜBİTAK, together with Communication Technologies Cluster firms.

During the pandemic period, our customers' need for fast and high-quality Wi-Fi service increased. We significantly improved indoor internet coverage through the Wi-Fi 6 technology that we implemented this year, and initially used in households in Turkey. Duly, we ensured internet usage of uniform quality throughout the home by preventing speed cuts caused by building structure.

The increased time spent at home, and the adaptation of remote working and

distance learning practices made the importance of access to fiber connections more apparent. Therefore, fiber access, which is essential to the digital transformation of our country and the transition to 5G technology, remains as a priority issue for our industry. As Turkcell, we believe in the need to rapidly implement a shared model in infrastructure investments so as to optimize use of our country's resources. In this respect, we believe that instead of competing on infrastructure, we could invest our resources in services and projects, which could create greater value for our country.

We focused on our sustainability activities

As Turkcell, we attach priority to creating sustainable value, realizing social responsibility projects and leveraging the power of technology and communication to create social benefit. The educational projects that we conduct leveraging our technological competencies with a commitment to equal opportunities, support achieving Sustainable Development Goals. In this respect, as part of People without Boundaries project, we continue to offer diverse solutions to people with disabilities enabling them the opportunity to participate in daily life equally. We support the education of students with our Whiz Kids project that makes a difference with its rich content, while we raise awareness regarding electronic waste via our Recycle into Education project. Going forward, we will continue to leverage technology to support our people in realizing their potential, to eliminate social barriers and to ensure social equality of opportunity.

We view national and international non-governmental organizations as among the most valuable business partners in our ecosystem. In this regard, while carrying out projects in cooperation with national and sec-

toral NGOs, we feel the pride of representing Turkey on international platforms. Accordingly, we are among the founding members of the United Nations Global Compact CFO Task Force, an initiative that guides the financial leaders of global companies in the field of sustainable finance. We contributed to the drafting of the Principles for Integrated Sustainable Development Goals Investments and Finance together with 42 international companies from diverse sectors. These principles were announced to the world at the 75th session of the UN General Assembly meeting held in New York in September. Moreover, registering a first in the sector, we offered our employees GSMA "Sustainable Business Development in the Mobile Sector" online training.

We continued to utilize sustainability financing instruments this year as well. In this context, we signed a 5-year maturity EUR50 million green loan financing agreement with ING Bank. This agreement marks the longest maturity corporate green loan agreement thus far signed in Turkey. We plan to utilize the credit for the financing of our sustainable investments.

The importance we attach to human resources has been one of the significant values of Turkcell since its establishment. While making an investment into the intellectual capital and local development of our country via the "Stars Are Back" recruitment project, we offered 10,010 university students and new graduates the opportunity to gain experience at Turkcell and steer their future through the "Unlimited Talent Program".

A new era began for Turkcell with simplification of its shareholding structure

Turkey Wealth Fund became the largest and controlling shareholder of our Company with a 26.2% stake through

the share transfer transactions completed in October. I consider this significant development that led to a simplified shareholding structure to be a milestone in Turkcell's history. I also believe that our Company will continue to deliver strong operational performance, and sustainable and profitable growth in this new era entered into with Turkey Wealth Fund, which expressed its confidence in, and support for our strategy on all platforms.

And so in leaving 2020 behind, a year that emphasized communication and technology as being an indispensable human right, I wish to thank all our employees for their contribution to our success, and our Board of Directors for their confidence and support. I would like to express gratitude to our customers and business partners who have remained with us throughout our success story.

While celebrating the 20th anniversary of being listed on both Borsa Istanbul and the New York Stock Exchange, we are to pioneer our sector adapting a new reporting structure. I am, therefore, delighted to present to you, our valuable stakeholders, the first Integrated Report of Turkcell and of our sector. As Turkcell senior management, we have paid the utmost attention to implementing IIRC Framework requirements, in preparing our 2020 integrated annual report. Accordingly, we are proud to present our first integrated report to you, our valuable stakeholders. I firmly hope that 2021 becomes a year in which we all look to the future in good health and confidence.

Sincerely,



Murat Erkan
Chief Executive Officer

Executive Officers



Executive Officers



Murat Erkan
Chief Executive Officer

Murat Erkan was appointed as Turkcell Chief Executive Officer on March 15, 2019. Mr. Erkan, who started his career at Toshiba, worked as an Application Engineer at Biltam Mühendislik and then served as the first "System Engineer" of Turkey at Cisco Turkey. He served as Chief Officer at Cisco Systems in charge of Technology, Sales, Business development and Channel Management. Mr. Erkan served as the Business Unit Manager at Aneltech working on solutions related to telecommunications, mobile, ICT, the de-

fense industry and industrial products sectors starting from 2006. Murat Erkan joined Turkcell Group in June 2008 as the General Manager of Turkcell Superonline, and he assumed the role of Executive Vice President of Sales from December 2015 to March 2019. Murat Erkan graduated from Yıldız Technical University Electronics and Telecommunication Engineering Department. He completed the Strategic Marketing Program at Harvard Business School in 2010.



Osman Yılmaz
Executive Vice President Finance (CFO)

Osman Yılmaz was appointed as Turkcell Chief Financial Officer on August 1, 2018. Mr. Yılmaz started his professional career at Türkiye İş Bankası Treasury Department in 2006. In 2007, he worked at BNP/TEB Treasury Department. From 2008 to 2016, he served as Senior Fund Manager in Structured Products and Group Head of Fixed Income and Multi Asset Funds at HSBC Global

Asset Management. In August 2016, he joined Turkcell family as Director of Treasury, Risk and Collection Management. Mr. Yılmaz holds a dual BSc degree in Economics and Management from London School of Economics and Istanbul Bilgi University, MSc in Financial Engineering from Boğaziçi University and a PhD in Finance from Özyeğin University.



Serhat Demir
Executive Vice President
Legal and Regulation

Serhat Demir joined Turkcell as the Executive Vice President of Legal and Regulation Function on May 18, 2015. In addition to his current role, he has been also serving as acting Executive Vice President of Human Resources since March 16, 2020. Mr. Demir started his professional career in 1997 at Dun & Bradstreet Turkey office. From 2003 to 2007 he worked at Yıldız Holding Legal Consultancy Department and in 2007 he served as the Legal Counsel at Çalık Holding A.Ş.

Between 2009 and 2015, Mr. Demir undertook Çalık Holding Legal Affairs Director role and in the meantime he also served as member of Board of Directors at holding level and at group companies that operated in telecom and finance fields in Turkey and abroad. Serhat Demir graduated from the Faculty of Law at Istanbul University. He received his MBA degree from Fatih University and completed Executive Education Program at Harvard Law School.



Kadri Özdal
Executive Vice President
Consumer Sales

Kadri Özdal was appointed as the Executive Vice President of Consumer Sales on September 26, 2019. He started his professional career at Vodafone in 1999 and worked in sales, marketing and commercial operations departments. He then joined Turk Telekom and held positions in sales development, channel optimization and management functions. He served as sales development director and then as CSO from 2011 to 2012. Between 2012 and 2016, Kadri

Özdal took part in foundation and management of n11.com which is one of the largest e-commerce platforms in Turkey and held CSO role. In February 2016, he joined Turkcell as Alternative Sales Channels Director and managed non-exclusive and digital sales channels, finally having served as Retail Channels Sales Director. Kadri Özdal graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Public Administration.



Ceyhun Özata
Executive Vice President
Corporate and Residential Sales

Ceyhun Özata was appointed as the Executive Vice President of Corporate and Residential Sales on September 26, 2019. He started his professional career at Reuters and worked as a Customer Advisor from 1995 to 1996. He held Assistant Manager of Customer Operations role at Superonline from 1996 to 1999. He served as a CRM and Product Management Manager at IXIR AŞ from 1999 to 2001. Starting from 2002, Özata held Project Manager, Online Sales Manager, CRM &

Direct Sales Director, and Marketing Director positions at Turkcell Superonline. From 2008 to 2015, he served as the Vice President of Retail Sales at Turkcell Superonline which accelerated fiber infrastructure investments. Lastly, he served as the Sales Director of Turkcell Residential and Small Medium Business Management starting from 2015 until his most recent assignment. Ceyhun Özata graduated from Boğaziçi University, Department of Electronics.



Fatih Alper Ergenekon
Executive Vice President
Marketing

Fatih Alper Ergenekon, was appointed as the Executive Vice President of Marketing on April 29, 2020. He started his professional career as a project manager at OTA NGO in Berlin, Germany in 1996. He worked as a consultant at I-BIMSA between 1997-2000. After getting his Master of Business Administration degree from the University of Rochester, New York in 2002, he worked as a Senior Marketing Specialist at FedEx USA

headquarters in Memphis, Tennessee between 2002-2005. He joined the Marketing Department of Turkcell in 2005 and was appointed as Marketing Manager in 2006 and Marketing Director in 2010. Lastly, he served as Strategy Director starting from September 2018. Fatih Alper Ergenekon received his Bachelor's degree in Industrial Engineering from the Middle East Technical University in 1996.



Ataç Tansuğ

Executive Vice President
Digital Services and Solutions

Ataç Tansuğ was appointed as the Executive Vice President of Digital Services and Solutions on September 26, 2019. Mr. Tansuğ started his professional career as System Support Engineer at Datapro in 1999. Between 2002 and 2009, he served as International NGN/IMS Service Support Engineer, Team Leader and Team Manager in Alcatel-Lucent. From 2009 to 2011, he held Product Service Director role responsible for Turkey and Azer-

baijan and Global Customer Service Director role in his last two years in the company. He joined Turkcell Group as the Chief Technology Officer of Turkcell Superonline in 2013. Later he was appointed as Transmission & Core Network Planning Director at Turkcell in 2016. Lastly, he held Digital Services & Solutions Technology Director position at Turkcell. He graduated from the Department of Civil Engineering at Boğaziçi University.



Serkan Öztürk

Executive Vice President
Information and Communication Technologies

Serkan Öztürk was appointed as the Executive Vice President of Information and Communication Technologies in September 2015. Between 2017 and 2019, he also served as the Executive Vice President of Customer Experience in addition to his existing role. Serkan Öztürk joined Turkcell in 2000 as a Project Supervisor. He worked as project supervisor and manager at Turkcell Project Management Office between 2000 and 2009. He served

as Chief Information Technologies Officer in life-Ukraine between 2009 and 2010 and in Turkcell Superonline between 2010 and 2011. From 2011 to 2015 he served as Turkcell Customer Relations Management and Business Intelligence Solutions (CRM & BIS) Director. Serkan Öztürk graduated from Middle East Technical University Electrical and Electronics Engineering department. He received his MBA degree from Istanbul University.



Gediz Sezgin

Executive Vice President
Network Technologies

Gediz Sezgin joined Turkcell as a Network Engineer in 1995. In October 2015, he was appointed as the Executive Vice President of Network Technologies. Previously, he served as Senior Vice President of Information and Communication Technologies, Chief Information and Communication Technologies Officer, Director of Application Operations, Director of Ser-

vice Network under the ICT Function and held various executive positions in the Technology Function. Mr. Sezgin started his career at Alcatel Teletaş in 1991. He graduated from Istanbul Technical University Electronics and Communication Engineering Department and received his Master's Degree and PhD from the same university.



Ali Türk

Executive Vice President
Supply Chain Management

Ali Türk joined Turkcell as the Senior Vice President of Supply Chain Management in May 2016. He was appointed as the Executive Vice President of Supply Chain Management in March 2017. Mr. Türk started his career at Başak Hayat Sigorta in 1999. From 2002 to 2007, he held various managerial positions responsible for logistics planning, warehouse and supply chain management processes at Ülker Group companies. From 2007 to 2011,

he worked at Ceva Lojistik as Warehouse and Value Added Operations Group Manager. Mr. Türk joined Turkish Airlines in 2011 as Cargo Operations Vice President. He was appointed as Turkish Airlines Cargo Operations President in 2012. Ali Türk graduated from Istanbul Technical University Industrial Engineering Department and completed Executive MBA program of Istanbul Technical University

Top Management of Subsidiaries

Murat Erkan Chief Executive Officer

Please see page 45 for detailed CV.



İsmet Yazıcı General Manager of lifecell Ukraine

İsmet Yazıcı joined Turkcell in 2009. Mr. Yazıcı has been serving as the General Manager of lifecell, Turkcell's subsidiary in Ukraine, since May 2017. Prior to this position, Yazıcı worked as the Deputy General Manager of Sales and Business Development at Global Tower between 2009 and 2010. He served as the General Manager of Global Tower between 2010 and 2011. From 2011 to 2015, he served as the General Manager at BeST, Turkcell's subsidiary in Belarus, and as General Manager at Kuzey Kıbrıs Turkcell between 2015 and 2017. Beginning his professional career in 1993, Yazıcı served as the Research & Development Engineer, International

al Sales Engineer, Romania Country Manager, Product Marketing Manager, EMEA Region CDMA Business Development Director, and Enterprise Leader, respectively, at the Turkey and USA offices of Nortel until 2009. İsmet Yazıcı received his bachelor's degree in Electrical-Electronics Engineering from Hacettepe University in 1992, and his postgraduate degree in Political Science from Marmara University in 1998 and in International Marketing and Management from the University of Texas in 2001. In 2011, he received his second undergraduate degree from Istanbul University, Faculty of Law.



Erdal Yayla General Manager of BeST

BeST General Manager Erdal Yayla joined Turkcell İletişim Hizmetleri A.Ş. as a Financial Controller & Reporting Specialist in 2003. He served as the Manager of Financial Accounting, Controlling and Reporting Department (2004-2010), Deputy General Manager of Finance (2010-2016) and Acting General Manager (2014-2015), respectively at lifecell, Turkcell's subsidiary in Ukraine. He served as the Deputy General Manager of Finance at BeST, Turkcell's subsidiary in Belarus, starting from March 2016, and he assumed the Acting General Man-

ager role starting from November 2018 until March 2020 in addition to his existing responsibility. Mr. Yayla serves as BeST General Manager since March 2020. Mr. Yayla started his career as a Senior Auditor at PricewaterhouseCoopers in 1999, and then worked as a Financial Controller at LafargeHolcim in 2002. Erdal Yayla graduated from Marmara University Faculty of Economics and Administrative Sciences in 1999 and completed the Executive Development Program at Wharton School in 2016.

life:)



Çağatay Aynur General Manager of Turkcell Global Bilgi

Çağatay Aynur joined Turkcell Group in 2000. On July 1, 2015, he was appointed as the General Manager of Turkcell Global Bilgi. Prior to this role, he served as the Regional Manager in charge of Strategic Customers and Public Affairs, Sales Manager in charge of Large Scale Businesses,

Corporate Sales Director in charge of Large Scale Businesses and Corporate Sales Director in charge of Mid-Scale Businesses at Turkcell. Mr. Aynur graduated from Department of Metallurgical Engineering at Middle East Technical University in 1993.





Z. Korhan Bilek

**General Manager of
Turkcell Finansman**

Korhan Bilek joined Turkcell team as Investor Relations and Mergers&Acquisitions Director in November 2016, and was appointed as Treasury and Capital Markets Management Director in December 2018. Since July 2020, he serves as Turkcell Finansman AŞ General Manager and Board Member. Prior to Turkcell, he worked as CFO at Teknosa for 3 years and was a member of the Board of Directors at Carre-

fourSA Turkey between 2011 and 2016. He began his professional life as Research Analyst at the Federal Reserve Bank. He served as an analyst at Ak-Invest between 2002 and 2004 and Finance Director at Sabancı Holding between 2004 and 2013. Korhan Bilek has a M.S. degree from Boğaziçi University Electrical and Electronics Engineering department, and received his MBA from University of Rochester.



Melike Kara

**General Manager of Turkcell Payment
and Electronic Money Services**

Melike Kara, worked as a manager in Turkcell Mobile Financial Services Department from 2011 to 2015. In February 2015, Ms. Kara was appointed as Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. General Manager. Kara graduated from the Middle East Technical University Department of

Business Administration in 2004 and began working at PricewaterhouseCoopers Istanbul Office the same year. After 2 years of PwC experience, she held various positions in the field of marketing and business development within Garanti Bank Payment Services business line.



Murat Küçüközdemir

**General Manager of Kuzey Kıbrıs
Turkcell (Acting)**

Murat Küçüközdemir graduated from İstanbul Technical University, Department of Electronics and Communication Engineering in 1992. He started his professional life in 1993 and assumed technical and managerial roles at Telemesaj A.Ş., İntelnet A.Ş. and Elkotek A.Ş. companies up until 2005. He continued his career as the General Manager of Gisad Telekom A.Ş. between 2005 and 2007. Between 2007 and 2011, he worked as Assistant General Manager and General Manager at Global İletişim A.Ş.. Murat Küçüközdemir, who joined

the Turkcell family in 2011 after the acquisition of Global İletişim by Turkcell Group, worked as Data Center and Cloud Information Technologies Consultant, Corporate Fixed Products Marketing Director and Public Sales Director at Turkcell. In April 1, 2019 he was appointed as the Sales & Marketing Director of Kuzey Kıbrıs Turkcell and effective from February 1, 2021 he has become the Acting General Manager. He completed Insead Business School Leadership Development and IMD Business School Global Leadership programs.



Erkin Kılınc

**General Manager of
Turkcell Energy Solutions**

Erkin Kılınc joined Turkcell Energy Solutions as the General Manager in 2017. Kılınc began his career at Ode Insulation as Sales Specialist in 1998. Subsequently, he served as Sales Specialist at Doğan Foreign Trade&Agency Operations (2001-2003), as Energy Trade Group Manager at Akenerji (2003-2009), as Energy Projects Coordinator

at Akfel Group (2009-2011), as Turkey Sales Director at RWE (2011-2015) and as Assistant General Manager at Limak Energy (2015-2017). Erkin Kılınc received his bachelor's degree in Mechanical Engineering from İstanbul Technical University in 1998, and Executive MBA degree from Işık University in 2003.





Kaan Turan

**General Manager of Turkcell
Digital Business Services**

Kaan Turan joined Turkcell Group in 2013. He serves as the General Manager of Turkcell Digital Business Services since March 1, 2020. Prior to that role he worked as System Integration and IT Services Manager, Digital Integration & IT Solutions Director, Strategic Partnership & Business Development Director and finally acting General Manager of Turkcell Digital Business Services in Turkcell. Before joining Turkcell he worked as Managed

Services and Solutions Management Executive in ATOS Turkey, as Global Large Deals Solution Director in Siemens AG Germany, as Service Factory Operations Manager, as Knowledge Manager and as IT Architect Consultant in Siemens Turkey, respectively. Kaan Turan graduated from Middle East Technical University, Department of Electrical – Electronics Engineering in 2000.



Turkcell'le Türkiye'nin her köşesi ÇOK ÇEKİCİ



About the report

We are proud to present Turkcell's first integrated report, reflecting Turkcell's corporate reporting approach and focus on value creation, for the attention of our stakeholders. Going forward, we aim to present our economic, social, environmental, and corporate governance approach, strategy, business model, value creation process, performance, and sustainable business focus together on an annual basis reflecting the principles of transparency and accuracy.

Turkcell 2020 Integrated Annual Report has been prepared in accordance with Turkish Commercial Code and Capital Markets Board's "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II.14.1. The report has also been prepared with the guidance of the International Integrated Reporting (IR) Framework of the International Integrated Reporting Council (IIRC). With its 2020 Integrated Annual Report, Turkcell aims to present an assessment to all stakeholders of its sustainable value creation activities integrated with its expertise and management capabilities. The value creation focus presented in this report includes Turkcell's assets, the resources required to implement its strategies and achieve its goals, and its approach to managing its capitals and policies. As stated in the <IR> Framework of IIRC, the report content has been designed around six capitals. Meanwhile, a materiality approach has been adopted by canvassing the views of key stakeholders in creating the content and structure of the integrated report, and also to support the effective implementation of Turkcell's IR strategy.

The terms "Turkcell" and "Company" in the report represent Turkcell İletişim Hizmetleri A.Ş. Our report covers the activities realized between 1 January 2020 – 31 December 2020, in accordance with the "Core" option of the Global Reporting Initiative (GRI).



Please refer to the Glossary section of the report for the explanation of abbreviations and technical definitions used in the report.

This report aims to address the information requirements primarily of our long-term investors (shareholders, bondholders, and potential investors). In addition, it provides information that goes beyond financial reporting to encompass all other Turkcell stakeholders, including Turkcell employees, customers, public institutions and organizations, and non-governmental organizations. **SDG 12.6**

Turkcell 2020 Integrated Annual Report is also a communication of progress report of the United Nations Global Compact, to which Turkcell has been a signatory since 2007.



Through the 2020 Turkcell Integrated Annual Report you can follow the Sustainable Development Goals and Objectives, to which our operations contribute, with the Sustainable Development Goal and Target icons next to the text.

Turkcell 2020 Integrated Annual Report has been prepared based upon the "Comply or Explain" principle of the Sustainability Principles Compliance Framework, which entered into force on October 2, 2020 with the amendment made to the Corporate Governance Communiqué by the Capital Markets Board of Turkey. You may follow the list of relevant report sections regarding the items included in the Sustainability Principles Compliance Framework in the Annex-7 Sustainability Compliance Framework table of this report. In leveraging its strong corporate structure, Turkcell gives utmost importance to the feedback and suggestions received from its stakeholders as part of its value creation journey in its home country and sector. You may submit all your opinions, questions, and feedback on our report to dahayibirdunya@turkcell.com.tr



Value creating Turkcell



Value creating Turkcell:

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Value creating Turkcell

Strengthening our capitals with our core competencies, we use our value creation model to inform our stakeholders on the value Turkcell creates for our country, society, the regions where we carry out our operations, and for all our stakeholders.

With 27 years full of achievements behind us, as Turkey's Turkcell, we aim to introduce the latest technologies to our country and people through our infrastructure and technology investments, contribute to the digital transformation of Turkey and enrich every moment for our customers through our value-added services and solutions. We have been working to create value for all our stakeholders in Turkey and other countries since our establishment. Our corporate identity as a responsible technology company and our sustainable activities allow us to shape our business model in light of trends that impact society and our sector, as well as feedback from the stakeholders in our value-chain.

We closely monitor our main capitals, the value that we create, and our social contribution, which we enrich through our business operations and core competencies, via tangible and

measurable performance indicators. Strengthening our capitals with our core competencies, we use our value creation model to inform our stakeholders on the value Turkcell creates for our country, society, the regions where we carry out our operations, and for all our stakeholders. As part of our focus on continuous development and progress, we establish our value creation model under our main capitals, which are inputs to our operations, and we present it for the first time this year from the value-creation perspective of integrated management. We empower the Turkcell sustainability strategy, which is among the key components of our value creation model, by establishing connectivity between those inputs and our strategic focus areas and core competencies, and focus on managing the value we create, reduce and transform across capitals.



Value creating Turkcell: Technology for life, hope for the future



Turkcell's first integrated annual report aims to disclose the integrated value creation and transformation process in a comprehensive way in line with the principles of transparency and accuracy, for all stakeholders and in particular for investors.

As Turkcell, our main goal is to be the leader in every activity we carry out. Therefore, we have started to use integrated reporting as our main corporate reporting tool as of 2020, to transparently and comprehensively present the environmental, social, and corporate information demanded by our investors and key stakeholders, and to maintain our

leader and pioneer position in the sector by closely following international trends and best practices.

In this respect, we aim to communicate the value that we create to our stakeholders not only from a financial perspective, but also from social and environmental perspectives more transparently through the integrated reporting model.



Sustainability strategy



Keeping in mind the importance of sustainability initiatives for our country and the world we live in, we carry out our activities to increase our social contribution, reduce our negative environmental impact and offer innovative solutions to our customers.



As a signatory to numerous international principles and programs such as UNGC, United Nations Women Empowerment Principles (UN WEPs), and GSMA's Digital Declaration on Climate Change, we closely follow global developments in sustainability, taking the best practices in the field as a reference. **SDG 12.6**



You can access more information on the sustainability initiatives that we have signed or contributed to in the section presenting the measurement of value created.

We have a significant potential for sustainable value-creation as one of the leading players in the telecommunications sector. The telecommunications sector has the potential to save 10 times more carbon emissions than its own carbon footprint thanks to the innovative solutions provided to customers. Furthermore, mobile technologies offer great benefits for equality of opportunities among societies, and for access to financial, health and ed-

ucation services by expanding smartphone and broadband penetration, thereby providing access to various online services such as online banking.

We enhanced Turkcell's existing sustainability strategy in 2020 to create long-term value for our society. In this respect, we integrated Turkcell's superior digital services, deep experience in the sector, core competencies, focus on the Sustainable Development Goals and the high growth potential of our sector into the strategy. Turkcell's sustainability strategy has been developed in accordance with our strategic focus areas and business strategy, by considering the sustainability potential of the telecommunications sector. We integrate our sustainability strategy into our business operations by carrying out activities under three main sustainability focus areas, "combating climate change with the power of technology", "accessible and inclusive services focused on human happiness" and "being a good corporate citizen", and we implement practices with regards to these focus areas.

Relevant units of our Company received sustainability and human rights trainings from GSMA in 2020. In 2021,

Adaptation of Sustainability and its policies by all Turkcell employees, feature among the Company's strategic goals, and are assigned as Key Performance Indicators for everyone from the Chief Executive Officer to employees.

activities have been initiated to ensure that all employees will receive training on Sustainability and ESG policies.

In 2021, inclusive sustainability goals, which include renewable energy use and installation, increasing women's employment, compliance of suppliers from environmental, social and governance perspectives, the recycling of waste, and adaptation of Sustainability and its policies by all Turkcell employees, feature among the Company's strategic goals, and are assigned as Key Performance Indicators for everyone from the Chief Executive Officer to employees.

Our Company's ESG Key Performance Indicators (KPI) such as gender equality, use of renewable energy, and employee training are included

in our sustainability report, which we have published since 2011. These Key Performance Indicators are subject to BIST SI (Borsa Istanbul Sustainability Index) and CDP evaluation.

We continue to establish systems to closely monitor sub-parameters related to ESG Key Performance Indicators. When the respective data can be verified, we present such KPIs together with local and international sector benchmarks as part of our Sustainability Committee activities.



You can access more information on our strategic focus areas, core competencies and business strategies in the "strategic initiatives" section of the report.

Our value creation process and business model

As part of our 2020 integrated annual report, we designed Turkcell's value creation process to tangibly measure the value-created and transparently communicate it to our stakeholders. Within the framework of value creation model, we present the main capitals of Turkcell via performance indicators that are enriched by its business operations and core competencies.

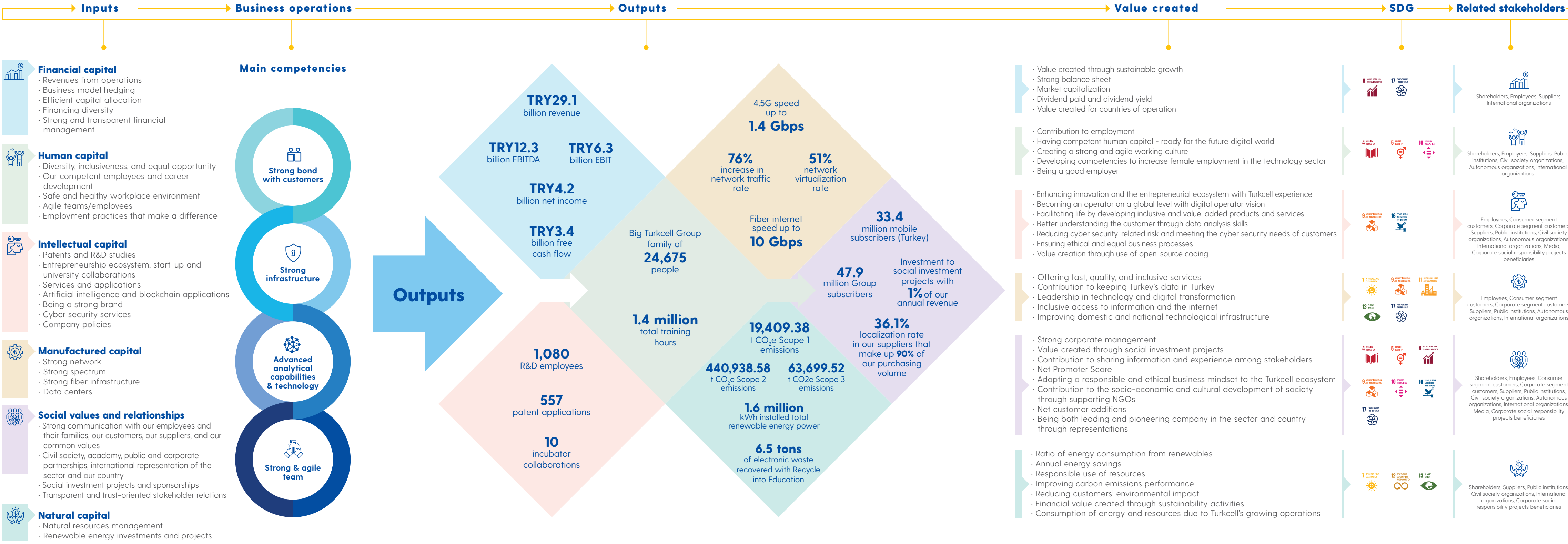
The six capital-based approach specified in the IIRC Integrated Reporting Framework has been adopted in establishing our value creation process. In the development of our value creation process, we organized integrated thinking focused meetings and workshops with various departments of our Company to reflect their activities and capture their interactions with other divisions in light of Turkcell's strategic focus areas, sustainability strategy and core

competencies. We have identified the global and local trends, risks and opportunities that have the potential to impact our value creation process, and thus our business activities.

As Turkcell, we conduct our activities not in isolation, but in connection with the stakeholders in our ecosystem. In this respect, we have reflected the connection of our activities to our stakeholders, as well as to Sustainable Development Goals, with icons in our value creation process.



Turkcell value creation process



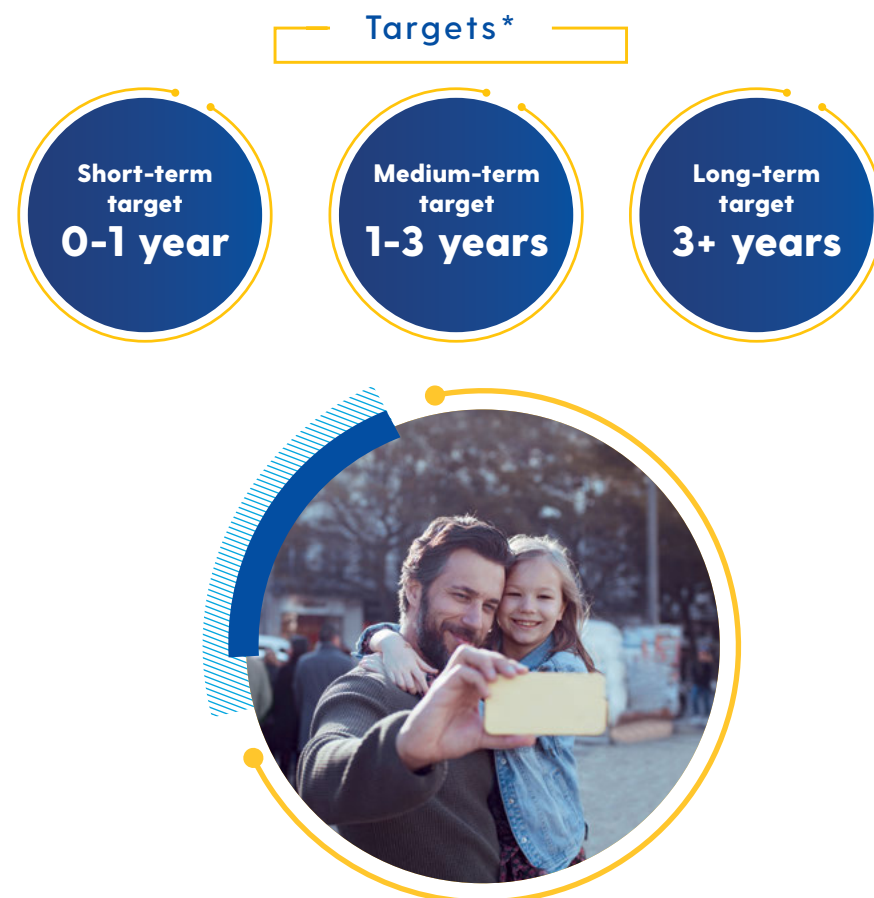
Strategic focus areas and business operations

In order to pursue sustainable and profitable growth, we focus on three strategic areas, namely digital services, digital business services and techfin services along with our main line of business, telecommunication services.

We shape our business operations that support our value creation process in accordance with our strategic initiatives. We digitize the lives of our stakeholders by leveraging our core competencies. In order to pursue sustainable and profitable growth, we focus on three strategic areas, namely digital services, digital business services and techfin services along with our main line of business, telecommunication services. We continue to improve our digital services and expand them internationally. Through our digital business services, we provide end-to-end solutions to private sector companies and public institutions, meeting all their technological needs and assisting in their digital transformation. We address the

needs of these companies and institutions through services ranging from cyber security to cloud solutions, and from IoT to establishing integrated IT system infrastructure. As part of our techfin services platform, another of our Company's strategic focus area, we continue to expand individual and corporate customer base of Paycell, our payment system, through new integrations.

You can find details on our measurable targets for achieving success within the scope of our business operations conducted in line with our strategic initiatives in the relevant sections of this report. Turkcell defines the period of short-, mid- and long-term targets as:



You can find the opportunities identified in line with our strategic focus areas and core competencies in the strong corporate governance section.

* Please note that this report contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2019 filed with the U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

Our telecom business

We sustain our customer net addition performance thanks to our strategy of always standing by our customers, while delivering innovative and extensive offers and additional benefits. We met the fixed internet demand of our customers through new offers and options.



While technological developments have been affecting every sector in various scales, the telecommunications sector is one of the most impacted. The companies operating in telecom sector value the diversity of alternative products and services achieved through digital transformation as they continue to invest in the core business line, telecom services, and sustain profitability. In this respect, the strong customer demand for the distinctive mobile and fixed offers that we provide as part of our telecom services continues. We achieve robust growth in our mobile business on the back of increasing data usage, our upsell efforts and increasing share of postpaid subscribers. We also achieve strong growth on the fixed front with the rising number of fiber and IPTV customers.

We continued to provide innovative mobile and fixed offers to our customers in 2020 as part of our telecommunication solutions that connect millions to each other. Responding swiftly to changing customer needs and executing the required solutions have remained our priority in the pandemic environment. Plans for Teams, the incentives of which can be shared with family members or friends, and Mega Plans, which allow annual data quota purchase, ranked among our newly-introduced services. We sustain our customer net addition performance thanks to our strategy of always standing by our customers, while delivering innovative and extensive offers and additional benefits. We met the fixed internet demand of our customers through new offers and options.

And by extending smart offers and win-win propositions, we empowered the usage habits of our customers, who have opted for greater use of our digital channels during the pandemic.

The strong demand for mobile data usage continued in 2020 with the growing number and higher data consumption of 4.5G subscribers. While the average data usage of our subscribers rose 44% year-on-year and reached 13 GB in Q420, the data consumption of 4.5G subscribers reached 14.9 GB on 38% year-on-year rise in the last quarter of the year.

We registered strong mobile ARPU (except M2M) growth of 15.0% in 2020 thanks to rising data usage, upsell efforts and the growing share of postpaid customers. We registered 9.2% residential fiber ARPU growth on the back of renewed value offers, upsell efforts, higher speed plans and the rising share of IPTV users.

Digital services

We continue to work 24/7 to create worldwide success stories with OTT (over-the-top media services) brands that will open up to the world as brand-new companies and prove more attractive to foreign investors.



Our digital services and solutions, which have millions of users worldwide, are centered on life and experience. We continue to provide solutions that meet our users' every digital need through our value-added digital services and solutions, from music to TV, personal cloud to instant communication, search engine to e-mail and sports to games. While these services positively reflect on the ARPU levels of our users, they also increase their loyalty to Turkcell. And while we pioneer Turkey's digital transformation thanks to our locally developed digital services, we also extend our expertise in this field beyond the borders of our country through our subsidiaries and business partners.

In order to stand out among the competition on a global level, we established four separate companies for BiP, fizy, TV+ and lifebox services and they began their new journey on July 1, 2020. Going forward, these services will continue to progress faster, stronger and with greater focus through their own organizational structures. We continue to work 24/7 to create worldwide success stories with OTT (over-the-top media services) brands that will open up to the world as brand-new companies and prove more attractive to foreign investors. Our new companies continue

their growth trajectories to offer digital experiences not only to their users in Turkey, but also to their users across the world.

While our applications, which do not have content dependency, have users in 192 countries around the world, our content based applications are managed with plans to rapidly increase their penetration. We are swiftly progressing in terms of digital transformation with BiP, fizy, TV+ and lifebox services, developing dozens of features that are firsts in the world. Moreover, we continue to store the application data at our own data centers as part of our data localization strategy. BiP Meet, the video-conference solution introduced to Turkcell employees for test use as of June 2020, was introduced to the end-users in October 2020. Thus, we rapidly implemented a solution that met the rising need for remote meeting and business management during the pandemic.

Payment and access methods such as mobile payment, credit card, application store payment infrastructures and gift cards at technology stores increase channel diversity for sales of digital services. We are able to offer an operator independent digital authentication service based on different security and verification levels through Fast Login, another Turkcell solution.



Digital business services

As the world's first digital operator, we support private sector companies and public institutions during their digital transformation journey leveraging our digital business services, which we developed to offer our 25 years of technology experience to our corporate customers.



As part of our digital business services strategic focus area, we offer end-to-end value added services, that reflect customer needs, to private sector companies and public institutions alike, leveraging new technologies including cloud, cyber security, Internet of Things, big data, business solutions, managed services and artificial intelligence that are becoming increasingly important in today's business world in parallel to technological developments. As the world's first digital operator, we support private sector companies and public institutions during their digital transformation journey leveraging our digital business services, which we developed to offer our 25 years of technology experience to our corporate customers. The solutions we offer ensure that our customers stay at the very forefront of what the market has to offer. We constantly expand our services portfolio, which is well-positioned to serve customers of all scales, and create new solutions and offerings particularly targeting small-scale customers. Offering end-to-end information technology services, we provide our customers "digital transformation consultancy" at various scales and in different sectors along their digital transformation journey. Leveraging our extensive sales network, strong partner ecosystem

and superior infrastructure, we aim to be Turkey's number-one information technology and digital solutions provider.

Creating value-added solutions that distinguish us from the competition within the scope of our digital business services, we serve corporates with a brand-new business model that addresses their end-to-end technology needs. Meanwhile, in leveraging our qualified human capital in accordance with this business model, we meet customer needs with tailor-made solutions. In evaluating our 2020 business results, we observe the positive reflections of the changes we made, despite the pandemic environment that deeply impacted the global economy. During Turkey's digitalization journey, we will continue to provide end-to-end solutions to organizations and our business partners as part of our digital business services focus.

In addition to our strong mobile network and approximately 50 thousand km end-to-end fiber infrastructure that enables us to deliver superior quality services, we have 8 new generation data centers, 3 of which have Tier-3 Design and Operational Sustainability certificates received from the Uptime Institute, an international certification institution.

As part of the digital transformation journey of organizations, we meet all their needs end-to-end, ranging from team and document management to digitalization of financial processes and staff trainings, through Turkcell digital business services.

We store the entire information technologies infrastructure of organizations at Turkcell data centers through Turkcell Cloud services; we thereby ensure a more flexible infrastructure while reducing their costs. The cloud service, which we provide with a full back-up infrastructure at six data centers, has ISO 27017 Cloud Information Safety Certification, confirming our information security competence. We are the first and only service provider in Turkey to hold this certificate. In the cyber security field, another component of digital transformation, we protect corporates against cyber threats through our FIRST and OIC-CERT member Security Operation Center, consultancy services such as penetration tests and vulnerability analyses, and a large cyber security product portfolio. With the Turkcell IoT platform, that we established as part of our strategy to provide end-to-end solutions to institutions and our business partners, we allow companies to manage their equipment and machinery remotely via the cloud without any need for infrastructure investment, and to develop their solutions on the

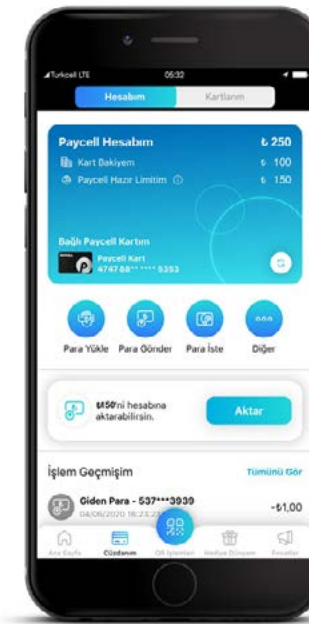


IoT platform. Analyzing dynamic and real data through our big data services, we support our customers' strategic decision-making process, thus contributing to their profitability and efficiency. As part of the digital transformation journey of organizations, we meet all their needs end-to-end, ranging from team and document management to digitalization of financial processes and staff trainings, through Turkcell digital business services.

In addition to all our products and services, so far, we have implemented approximately 1,500 tailor-made projects for our customers in managed services and system integration fields, leveraging the power of our business partners identified as experts in their fields, as well as our internal resources, products and processes. We implement digital transformation projects with our consultants, who are experts in their fields, designing vertical solutions that address the needs of each sector. In the health sector, as an integrator providing and managing all required technology solutions for city hospitals, we hold the leading position in the public-private sector partnership (PPP) market by bed capacity and hospital number. We have active operations at seven city hospitals, namely Yozgat, Adana, Eskşehir, Elazığ, Bursa, Başakşehir and Tekirdağ City Hospitals, and two field hospitals managing the entire technology infrastructure from hardware to software and from systems to operations. Meanwhile, we continue to grow our ecosystem, cooperating with subcontractors and business partners in product / business development and sales with a win-win approach. Moreover, we regularly expand the solutions portfolio that we offer to our customers in terms of technical capability and project diversity by establishing partnerships with global vendors.

Techfin services

And with the world having undergone a rapid techfin transformation over the past decade, the penetration of techfin services and solutions has risen swiftly. As Turkcell, we have been pursuing our activities aware of this potential in the techfin field, catering to our customers with our services and solutions under the Paycell and Financell brands.



In the new digital era, where the majority of interactions have moved to digital platforms, many financial transactions in daily life are also increasingly digitized. And with the world having undergone a rapid techfin transformation over the past decade, the penetration of techfin services and solutions has risen swiftly. As Turkcell, we have been pursuing our activities aware of this potential in the techfin field, catering to our customers with our services and solutions under the Paycell and Financell brands.

With Paycell, our vision is to integrate technology and financial services in accordance with changing customer needs and habits, and to enable more customers to readily access financial services by offering fast and secure payment solutions. Factors including Turkey's large and young population, high smart device penetration, nearly 30 million unbanked potential users, high prevalence of cash usage in shopping, rising e-commerce volumes and supportive regulatory developments, create a favorable environment for increasing the penetration of digital payment services in Turkey and support the usage of solutions offered by Paycell. Furthermore, the COVID-19 pandemic, which has impacted the world since the beginning of 2020, changed the payment habits of people and increased the demand for digital payment services. As Paycell, we meet the digital payment needs of our customers through our wide payment solutions portfolio, and thereby facilitate their lives. Accordingly, we introduce our services and solutions to our customers in various verticals including direct carrier billing, bill payment, e-wallet, money transfer and payment facilitation over our application, which we position as a Super App. In the fragmented techfin

market in Turkey, where competition is focused on providing solutions in particular verticals, Paycell is differentiated by its strong positioning enabled by its wide portfolio of services, and its access to Turkcell's deep technology expertise, large customer base and sales channel. As part of its go to market strategy, Paycell focuses on increasing the number of merchants through mobile POS and QR payment solutions, while making efforts to raise the number of Super App users.

Financell, the leader of the non-bank financial sector by customer number, aims to contribute to the digital transformation of Turkey by becoming the financing partner of Digital Business Services in accordance with our Group's growth strategy in the corporate segment. Under the Financell roof, we offer financing solutions to our consumer and corporate segment customers for their purchases of technological products and services. We effectively manage credit risk by conducting a faster credit assessment, leveraging our credit risk infrastructure and digital transformation capabilities. Meanwhile, we aim to become the largest Insurtech player in Turkey with the end-to-end digital solutions of Turkcell Sigorta. We offer innovative solutions for customers' risk management with fast and easy access products. In this respect, customers have the opportunity to conveniently access and purchase insurance products via all Turkcell channels including call center, digital channels and stores.



Interactions with our stakeholders

In light of feedback and suggestions received from our stakeholders, we continuously improve our processes and work to enhance our performance.

At Turkcell, we work to provide the maximum benefit to our stakeholders and create value. We value the views of our stakeholders and consider all groups impacted by our activities with an inclusive approach to the greatest extent possible. In light of the feedback and suggestions received from our stakeholders, we continuously improve our processes and work to enhance our performance. Fueled by these firm ambitions, we will continue to create value for all our stakeholders in the upcoming periods. **SDG 17.17**

The fundamental working principles we adopt as Turkcell include inclusiveness, accessibility, and the provision of transparent, consistent, and timely information to the stakeholders. We believe in simultaneous and open dialogue with our stakeholders, and work continuously to address all questions and requests from them swiftly and accurately. In this respect, we have mapped Turkcell's material topics in our materiality matrix by taking on board our stakeholders' valuable views.



You can find the details of our communication channels with various stakeholders in Appendix-1: Communication channels table.



Material topics

In order to identify the material topics that guide our management approach and 2020 integrated annual report structure, we analyzed global and sectoral trends together with our key internal and external stakeholders' views, global stakeholders' reports, and the principles set out by international organizations such as GSMA, GRI and SASB.

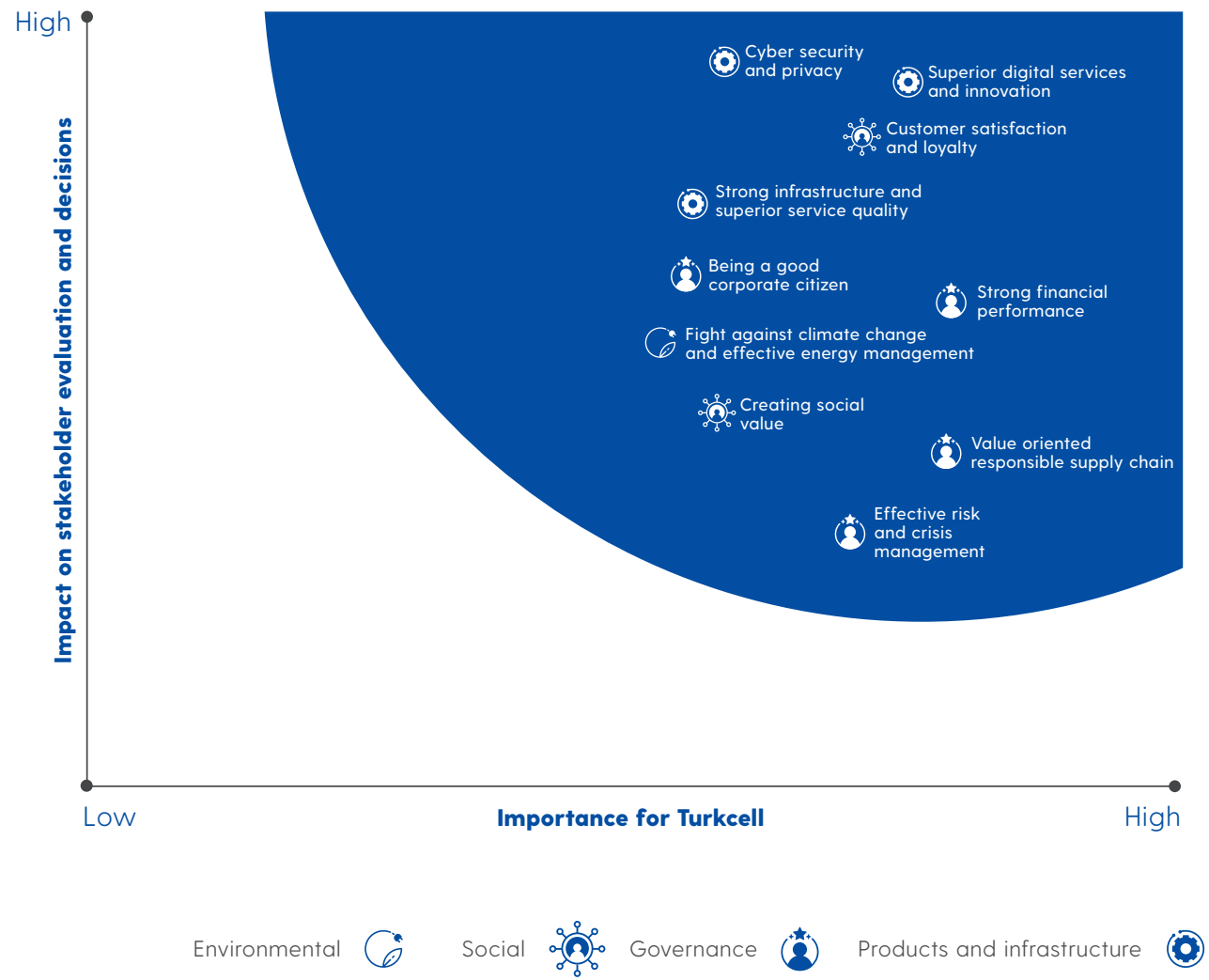
We identified the topics of the questionnaire, which we addressed to our key stakeholders based on global trends and by incorporating the outputs of workshops with working groups, which include representatives from our key departments. We took priorities of our stakeholders into consideration while we conducted a comprehensive stakeholder analysis by reaching out to our internal and external key stakeholder groups through the questionnaire to receive their opinions. We evaluated and interpreted the 2020 Turkcell material topics, which we classified under environmental, social, governance, products, and infrastructure topics, from the perspective of our strategic focus areas and core competencies,

as well as the results of stakeholder analysis. Following this stage, we integrated these topics with Turkcell's sustainability material topics identified in previous reporting periods. As part of the external trend analysis, we analyzed SDGs, the World Economic Forum Global Risks Report 2020*, and the initiatives that guide the business world and mobile communication sector. We also took the reports published by companies operating in the same sector into consideration in order to assess their perspective on society and the sector. Having integrated the views of our senior management, we established Turkcell's material topics from an integrated value creation perspective.

The process of material topic identification



*World Economic Forum – Global Risk Report 2020, http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf



Interaction of material topics

Stakeholder group	Shareholders	Employees	Consumer segment customers	Corporate segment customers	Suppliers	Public institutions	Civil society organizations	Autonomous organizations	International organizations	Media	Corporate social responsibility project beneficiaries	Relevant Sustainable Development Goals
Superior digital services and innovation		•	•	•		•						9
Customer satisfaction and loyalty			•	•						•		8
Cyber security and privacy	•	•	•	•	•	•	•	•	•	•	•	9
Strong infrastructure and superior service quality			•	•		•						9, 11
Being a good corporate citizen			•			•	•	•	•	•	•	16
Creating social value						•	•	•	•	•	•	4, 5, 8, 10, 16, 17
Fight against climate change and effective energy management	•	•	•	•	•	•	•	•	•	•	•	7, 12, 13
Strong financial performance	•	•			•				•			8, 17
Value oriented, responsible supply chain			•	•	•						•	8, 9, 16
Effective risk and crisis management	•	•			•	•						16



Measuring the value created

As Turkcell, we are sensitive to the value we create for society, the environment, and the economy in developing our products and services and conducting our activities. In addition to its positive reflection on our financial performance, we have the opportunity to observe the value we create through our relationship with key stakeholders such as our suppliers and customers, and through our social investment activities.

We aim to obtain more up-to-date and comparable results by incorporating the views of our key stakeholders, global and sectoral trends, the reports of global stakeholders, and the recommendations of international organizations such as GSMA, GRI and SASB in identifying the material topics that guide our operations and sustainability activities. **SDG 17.16**



You can access the SDG mapping of our material topics in the Interaction with our Stakeholders section of this report.

Sustainable Development Goals

Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015. They comprise 17 goals and 169 targets that aim to end poverty, protect our planet, and enable people to live in peace and welfare by 2030. SDGs help corporations to calibrate their objectives in line with the 2030 agenda. Turkcell also takes SDGs and their priorities into account while conducting its operations. Moreover, we also take SDGs as a guideline in identifying our material topics, which we renew annually by considering the priorities of our stakeholders and of Turkcell.

In the integrated annual report, our activities that contribute to SDGs are demonstrated with the relevant SDG icons within the text. Our activities that we have matched with SDGs contribute to either one or more targets.

United Nations Global Compact

In 2000, the United Nations Global Compact was established to disseminate sustainable and responsible policies, practices, and reporting in the business world. We are among the first Turkish companies to have

joined the UNGC. In addition, we became a signatory to the UNGC "Statement for the Private Sector" in 2020. We integrate the 10 principles that UNGC identified under the topics of human rights, working standards, environment and combating corruption into our business processes. We publish our state of adherence to the 10 principles in our UNGC Communication on Progress Report (CoP) annually.



You can access our statements regarding our progress on UNGC Principles in the UNGC progress table section.

Furthermore in 2020, within the scope of the 75th anniversary of the United Nations, we supported the global cooperation initiative, which stresses the point that ours is a time of "unprecedented deterioration and global transformation" urging both the public and private sector to act responsibly in the face of crises such as climate change, economic uncertainty, social injustice, increasing disinformation and, in particular, COVID-19, and advocating immediate initiation of international cooperation in these fields.

United Nations Women Empowerment Principles (UN WEPs)

We have been a signatory to the United Nations Women's Empowerment Principles since 2012 in support of equal opportunities. Guiding the activities and policies of institutions around seven principles in line with the 2030 goals of the SDGs, UN WEPs supports practices that aim to empower women in the business environment, such as equal wage practices and zero tolerance against discrimination.



Strong corporate governance



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Strong corporate governance

Demonstrating exemplary corporate citizenship

Having a strong corporate management system enables us to operate at the highest efficiency level and to demonstrate exemplary corporate citizenship through compliance with all regulatory responsibilities. Moreover, we differentiate as a company, trusted by our stakeholders, thanks to compliance with domestic and international business regulations ensured by our Company's compliance programs and our understanding of superior business ethics. **SDG 16.6**



You can access our detailed explanations as to corporate governance in the Corporate Governance Principles Compliance Report section of this integrated report, which was previously presented within our annual reports.

Turkcell is the only Turkish company listed on both Borsa Istanbul (BIST) and the New York Stock Exchange (NYSE). This status in the capital markets enables us to adopt corporate governance principles in a permanent and optimal way within the internal organizational structure, which confirms our commitment in the long-term and sustainable value that our effective corporate processes create. Turkcell acts in accordance with sectoral regulations and competitive dynamics, and closely follows current developments. It reports cases that may occur within this scope with transparency, while categorizing the current litigation management system according to ESG factors is among the goals of future periods.

Turkey's Turkcell has become stronger

Upon completion of the share transfer transactions immediately after the Ordinary General Assembly meeting held on October 21, Turkey Wealth Fund has become the largest shareholder of our Company with a 26.2% stake, including a 15% privileged stake in parallel to its mission of investing in the strategic value of Turkey.

Within the scope of Turkey Wealth Fund's strategy of supporting Turkey's strategic companies, their presence as Turkcell's largest shareholder represents trust in Turkcell and its potential by emphasizing the importance of technology & digitalization. This change, leading to a simplified shareholding structure of Turkcell, intends to prevent potential conflicts of interest between shareholders in the new era, and to create long-term value for all shareholders.

Shareholder structure

Since 2000, Turkcell İletişim Hizmetleri A.Ş has been the only company, shares of which are traded on Borsa Istanbul and also on the New York Stock Exchange as "ADS (American Depository Share)" Level III.



You can access further details on our shareholder structure in Note 1 of the IFRS report.

As a listed Company, we aim to provide long-term benefits not only to our customers, but also to all our stakeholders with operating at the highest standards of corporate governance practices. In this context, we demonstrate exemplary corporate citizenship by improving our sustainability strategy and value creation model, and also by making it one of our primary goals to act in line with international standards in the fields of human rights, business ethics, anti-bribery and corruption, competition management, risk and crisis management.

Compliance with international capital markets and effective corporate governance practices

In line with our aim of being an exemplary corporate citizen, we oversee compliance with national and international Anti-Bribery and Corruption (ABC) standards covering all our activities, and attach importance to being a trusted company for all our stakeholders. [The Anti-Bribery and Corruption Policy](#), adopted by the Board of Directors in 2016, is among our fundamental documents embodying our combat against bribery and corruption while reflecting the "zero tolerance" principle of the Board of Directors on the subject. Our ABC Pol-

Within the framework drawn up by the ABC Policy, the ABC Program has been carried out with the establishment of the Corporate Governance & ABC Program Office (ABC Office), which takes the necessary preventive measures to ensure compliance with these rules and provides risk-based trainings and internal communications, as of April 2018. 594 Turkcell employees received 87 hours of ABC Policy training in 2020. **SDG 16.5**

icy is publicly available, and we expect the entire Turkcell ecosystem to act in line with this document. Within the framework drawn up by the ABC Policy, the ABC Program has been carried out with the establishment of the Corporate Governance & ABC Program Office (ABC Office), which takes the necessary preventive measures to ensure compliance with these rules and provides risk-based trainings and internal communications, as of April 2018. 594 Turkcell employees received 87 hours of ABC Policy training in 2020. **SDG 16.5**

Turkcell due to its specific position in the capital markets is putting a dual rule set into practice, within the framework of both Turkish and U.S. capital markets, particularly on corporate governance structures and financial reporting processes. Among Turkcell's effective corporate processes implemented as part of those requirements, the following can be named: Turkcell Board of Directors and its committees' structure, operating rules and independence of its members; the effective internal control environment regarding the financial reporting processes based on reporting and disclosure liabilities before the Capital Markets Board (CMB), U.S. Securities and Exchange Commission (SEC), BIST and NYSE; the ethical rules applicable to the company's senior management as well as finance executives in accordance with SEC; the code of conduct for members of the Board of Directors who are also public officials; and the blackout period and the quiet period for the trading of shares.

Practices based on the Public Companies Accounting Reform and Investor Protection Act, also known as Sarbanes-Oxley (SOX) Act and U.S. Foreign Corrupt Practices Act (FCPA), which aim to improve the control mechanisms of companies' financial reporting while supporting effective corporate management, particularly stand out as part of Turkcell's long-term and sustainable corporate DNA.

As of January 2020, Turkcell's Sanctions Compliance Program adopted by the Board of Directors has been put

into effect. Within the scope of Turkcell's Sanctions Compliance Program, as an example of good practice, the existing processes of our Company have been reviewed and transformed into a written procedure in line with international developments regarding economic and trade sanctions – with a particular focus on OFAC (Office of Foreign Assets Control).

Due to our dual listing in the capital markets, in order to carry out our obligations to comply with capital markets regulations and corporate governance practices that we are subject to under an autonomous structure that has direct access to the Board of Directors, SOX Coordination and Compliance Unit has been established within the ABC Office as of January 2019. The SOX Coordination and Compliance Unit, along with monitoring the regulations of SEC and Public Company Accounting Oversight Board, supports corporate transparency and contributes to reliable information disclosure to the public by incorporating good practices within our Company. Accordingly, during the COVID-19 and remote working period, necessary actions are being taken against possible risks and good practices are continued to be adopted in accordance with the U.S. legislations which our Company and our independent auditor complies to by following developments regarding our Sarbanes Oxley 404 internal control environment and regulatory authorities' guidelines. Training and awareness activities are carried out by the SOX Coordination and Compliance Unit under the title of SOX 404 practices that constitute an integral part of our employees' way of doing business. As part of SOX 404 related activities, 12 internal company bulletins were published and a total of 48 hours of training was provided to 44 employees in 2020.

Human rights, work ethics and common values

The big Turkcell family and the Turkcell ecosystem are aware of the importance of having a responsible business model that complies with ethical standards, and that its employees

With the Turkcell Common Values and Code of Business Ethics (TODİEK) handbook, which was developed in line with global best practices and adopted by the Board of Directors, we protect our employees, being our family, and demonstrate exemplary ethical behavior across our ecosystem.

form the basis of its success. Accordingly, it implements the Human Rights Policy to create a work environment worthy of human dignity and value. Turkcell pays attention to the ethical and responsible development and use of the technologies that it uses and will develop in business processes. It aims to create a more livable world by contributing to UN Sustainable Development Goals, respecting human dignity, fundamental rights and freedoms in the technologies it develops, especially artificial intelligence technology. Under this Policy;

- Employees are not assessed based on their gender, religion, language, race, ethnic origin, physical appearance, and disability when making decisions with respect to recruitment, promotion, development etc.
- All kinds of discrimination and harassment against or between employees are opposed and no compromise is ever made on these issues.
- The "Right and Freedom to Assemble" and the "Right to Establish and Engage in Union Activities" of our employees, as also expressed in the Constitution of the Republic of Turkey, are respected.
- Modern working environments are provided, especially to ensure occupational health and safety.
- Legal working hours are respected, and the work-life balance is maintained and encouraged.
- Measures are taken against all kinds of violence in the workplace or at home, and our policies and procedures, which form the basis of our corporate management, include adequate and clear regulations on this issue.

- Various initiatives are taken to ensure employee happiness and welfare such as increasing business efficiency, digitizing business processes, facilitating workplace life and access to business tools, finding quick solutions to technical and administrative problems, providing side benefits to employees, objectively measuring performance. Necessary actions are taken to ensure the accessibility of our platforms to our disabled employees.

- Our suppliers and business partners are encouraged to adopt and implement these principles, which we have adopted for our employees. **SDG 8.5**

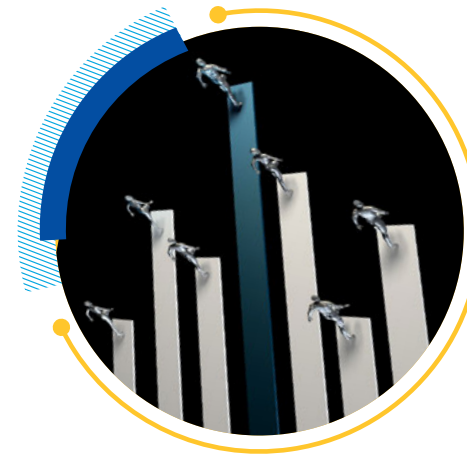
As declared in our Human Rights Policy, we respect our employees "Right and Freedom to Assemble" and "Right and Freedom to Establish and Engage in Union Activities" according to the Constitution of the Republic of Turkey. We also support our employees in becoming members of professional groups in their field, or of NGOs that provide social benefit.

With the [Turkcell Common Values and Code of Business Ethics \(TODİEK\)](#) handbook, which was developed in line with global best practices and adopted by the Board of Directors, we protect our employees, being our family, and demonstrate exemplary ethical behavior across our ecosystem.



[You can access our Human Rights Policy on our website.](#)

In 2020, 24 cases have been examined. However, none of those 24 cases is related to any incidents violating the Turkcell Group Anti-Bribery and Corruption Policy.



Our employees, customers and suppliers can convey reasonable doubts and information regarding cases that violate, or may present a potential violation of business ethics to the Turkcell Ethics Committee anonymously through the **Ethics Line (532 210 4444)**. Additionally, our employees can report cases of violations of regulations or ethically inappropriate situations directly to the Audit Committee auditcommittee@turkcell.com.tr or indirectly via our Ethics Committee. They can use the Company's intranet, internal forms, telephone and e-mail etikbildirim@turkcell.com.tr.

In 2019, 42 cases were reported through Ethics Channels and were reviewed. These cases were handled under the 3 main categories of unethical and immoral behavior, information security incidents and financial-related issues. Among measures taken as a result of the examined cases, there were 6 terminations of employment. Out of 42 cases, 1 was evaluated as non-material fraud and a lawsuit was initiated by the Company. In 2020, 24 cases have been examined. However, none of those 24 cases is related to any incidents violating the Turkcell Group Anti-Bribery and Corruption Policy.

Competition management

Turkcell and Turkcell Group companies take various measures to ensure and protect effective competition in the markets where they operate, as well as to carry out business and transactions in accordance with the relevant competition law and regulations. The main objective of competition law is to prevent dominant players in the market to abuse their power by establishing inter-company agreements, decisions and practices, which avoids, distorts or restricts fair competition. Moreover, the competition law controls merger and acquisition transactions to preserve competition in the markets, and makes necessary regulations and conducts supervision to protect competition. In this context, certain processes are followed within Turkcell, including;

- The guidelines, briefings and trainings prepared as part of the competition compliance process are examined by all employees.

- In line with our general principles, any verbal or written agreements and communications with competitors on the following issues are avoided; price determination, sharing of customer/region, sharing of trade channels, restriction of supply amount or initiating a boycott, and collusion in tenders.

- Sharing sensitive information among competitors is prohibited.

- Causing difficulties for the activities of competing companies, prevention of new entrance to the market, high sales prices and sales prices below cost are avoided.

- Resale prices of third parties that resell Turkcell products and services are not interfered in by Turkcell. Recommended sales price notification rules are precisely followed.

Turkcell and Turkcell Group companies act in all their markets of operation in accordance with competition rules under the Turkish Commercial Code, the Law on the Protection of Competition, the Electronic Communications Law and secondary legislations.

We disclose information on critical cases that Turkcell is a party to, as part of our disclosures to the BIST, SEC and other related authorities in compliance with CMB and IFRS standards. In this context, critical cases arising from competition law are also included in those reports. In 2020, there is no preliminary research initiated, or investigation filed against our Company before the Competition Authority for alleged violation of competition regulations under the Law on the Protection of Competition.

Management Team support for value-creation process

Chaired by the Chairman of Turkcell Board of Directors, the Turkcell Integrated Value Creation Committee was established at Senior Management level to regularly report its activities to the Board of Directors and inform relevant Board Committees when necessary.

Turkcell's management model adopts the mission of creating short, medium and long-term value with the support of its management team. Turkcell Board of Directors steers the strategic initiatives of Turkcell in accordance with the principles of accountability and fulfilling responsibility. In accordance with Capital Markets Legislation, the senior management of our Company is defined, as "Persons with Administrative Responsibility" and the members of the board of directors, and such persons who, although not a board member, have the authority to regularly access the insider information of the Company directly or indirectly and make administrative decisions affecting the future development and commercial targets of the Company. Persons with administrative responsibility in our Company are determined as the Board Members and Company Management Team.

The business relations of Turkcell are governed through the resolutions of the Board of Directors, who represents the Company's shareholders and is responsible to them. The Board of Directors consists of 9 members, who have general management responsibility regarding Turkcell's activities according to Turkcell's Articles of Association. As of December 31, 2020 the Board consisted of 5 members. In accordance with the Articles of Association, 5 out of 9 members are elected by TVF Bilgi Teknolojileri İletişim Hizmetleri Yatırım Sanayi ve Ticaret A.Ş. (TVF) using their privileged rights. Four of those 5 members are also to be nominated by TVF. There are no privileges foreseen for the election of the remaining 4 members, including 3 independent board members. The term of membership for the Board of Directors is a maximum of 3 years and the Chairman of the Board of Directors has no executive function. The Chairman of

the Board of Directors is elected from among the 5 members for whom TVF has privileged voting rights, in accordance with the privileges set forth in the Articles of Association. On January 29, 2021, our Company's Board of Directors decided to appoint Ms. Figen Kılıç as a Board Member to the seat, which became vacant following Ms. Ingrid Maria Stenmark's resignation, pursuant to Article 363 of the Turkish Commercial Code. There is a total of 6 members, 5 being male and 1 being woman member in the Turkcell Board of Directors. There are five committees established as per CMB legislation that report to the Board of Directors. The Board of Directors publishes the "Corporate Governance Principles Compliance Report" within the annual reports and transparently discloses information on any non-compliance issues to our stakeholders.

You can access further details on the Board Committees, their duties and members in the [Corporate Governance Principles Compliance Report](#) or on our website.

Chaired by the Chairman of Turkcell Board of Directors, the Turkcell Integrated Value Creation Committee was established at Senior Management level to regularly report its activities to the Board of Directors and inform relevant Board Committees when necessary. Turkcell Senior Management is responsible for the activities carried out as part of integrated value creation and integrated reporting, under the supervision of the Turkcell Board of Directors. Turkcell Senior Management pays utmost attention to the adoption of transparency and reliability principles while overseeing the integrated value creation process and the content of the integrated annual report. The Integrated Value Creation Committee reports the activities carried out within the scope of environmen-

The Turkcell Sustainability Committee reports to the Board of Directors through the Integrated Value Creation Committee on all activities and outputs carried out within the scope of determining and effectively implementing short and long-term action plans in line with environmental, social and governance policies, determining material sustainability issues, risks and opportunities.

tal, social and governance policies to the Board of Directors and receives its approval, in a manner to be disclosed publicly through the integrated annual report on a yearly basis.

The following can be listed among the responsibilities of the Integrated Value Creation Committee of Turkcell Group;

- Providing direction for report plans within the scope of the integrated value creation process and the integrated report,
- Reviewing the integrated value creation process in line with Turkcell's strategy,
- Giving direction to the content of the integrated report and providing opinion on its draft content.

The Turkcell Sustainability Committee reports to the Board of Directors through the Integrated Value Creation Committee on all activities and outputs carried out within the scope of determining and effectively implementing short and long-term action plans in line with environmental, social and governance policies, determining material sustainability issues, risks and opportunities.

Turkcell's policies evaluated within the scope of ESG are established by the Sustainability and the Integrated Value Creation Committees, decided on and approved by our Board of Directors, and published on the Turkcell Sustainability website. Turkcell Human Rights

Policy and Environmental Policy were approved by the Board of Directors decision dated January 29, 2021.

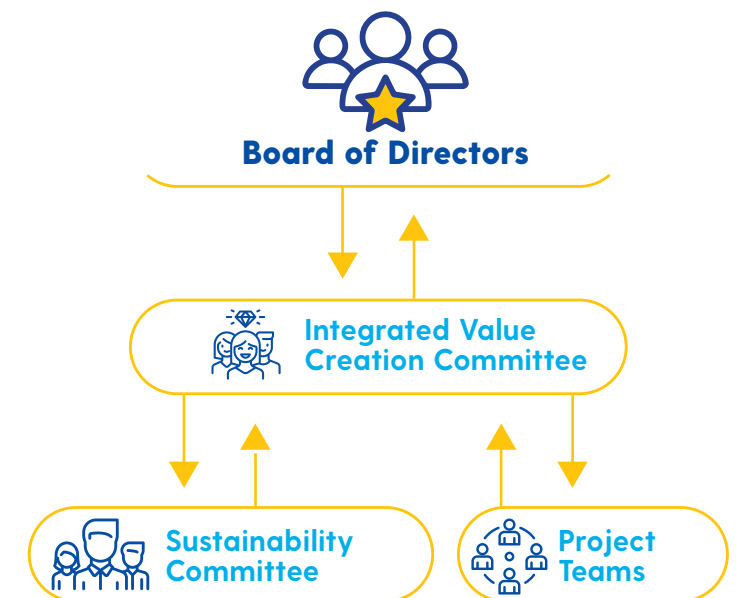
<https://www.turkcell.com.tr/en/about-us/corporate-social-responsibility/sustainability>

The Integrated Value Creation Committee was established in order to integrate our Company's ESG policies with our short and long-term goals and strategies. The committee is chaired by the Chairman of the Board of Directors of the Company. The goals and strategies, which are determined by the committee, are communicated to the public on the Turkcell website through our integrated report and CDP report.

Moreover, system infrastructure establishment regarding our transition process to ISO 14001 Environmental Management System had been started.

Among the economic, environmental and social agreements, principles and other initiatives that are supported by our senior management and that we are a signatory to are; the United Nations Global Compact (UNGC), the United Nations Development Program Business Call to Action (UNDP BCTA) Program and the United Nations Women Empowerment Project (UN WEPs), GSMA's Digital Declaration on Climate Change, mPower Youth initiatives and the Business Council for Sustainable Development Turkey (BCSD Turkey).

Turkcell integrated value creation governance mechanism:



Trends and their impacts

2020 has been a turning point for the industry in which we operate. It highlighted the exciting and fundamental trends of recent years such as technological developments, changing economic structures and evolving social needs. As Turkcell, we closely follow up on those trends, as well as issues such as COVID-19, mobility and climate change, and shape our business model and strategy to accurately address and manage such issues. As we have to date, so too in the future do we aim to introduce our country and our people with the latest technologies via our domestic and national digital services developed by our engineers and software developers. We further aim to contribute to the digital transformation of our country and create value for all our stakeholders with our innovative and value-added solutions. While evaluating and analyzing such global trends, we make use of publicly available sources such as industry reports and opinions, as well as the reports of international organizations. This section includes insights into the prominent trends and Turkcell's approach to managing them.

Switching to 5G

Mobile communication technologies, which are renewed with a new generation approximately every 10 years, continue to achieve developments at full speed in today's world. 4.5G technology, the standards of which were defined in the 2010s, and which has been used in our country since 2016, meets the high bandwidth demand of our customers. According to a Global Mobile Suppliers Association's (GSA) report, Turkcell is among the top 5 operators in the world to provide the highest speed in 4.5G technology as of May 2020. With 5G, standards of

which are currently being determined, and with the innovative solutions it will lead to, the download speeds that will reach the level of gigabits per second, autonomous vehicles, virtual reality, augmented reality, remote health and education services, remote working and Internet of Things (IoT) will be further integrated into our lives. Moreover, 5G technologies are expected to contribute USD2.2 trillion to the global economy between 2024 and 2034, and global 5G connections are expected to reach 1.8 billion by 2025*. Apart from the telecom sector, 5G also opens the door to fundamen-

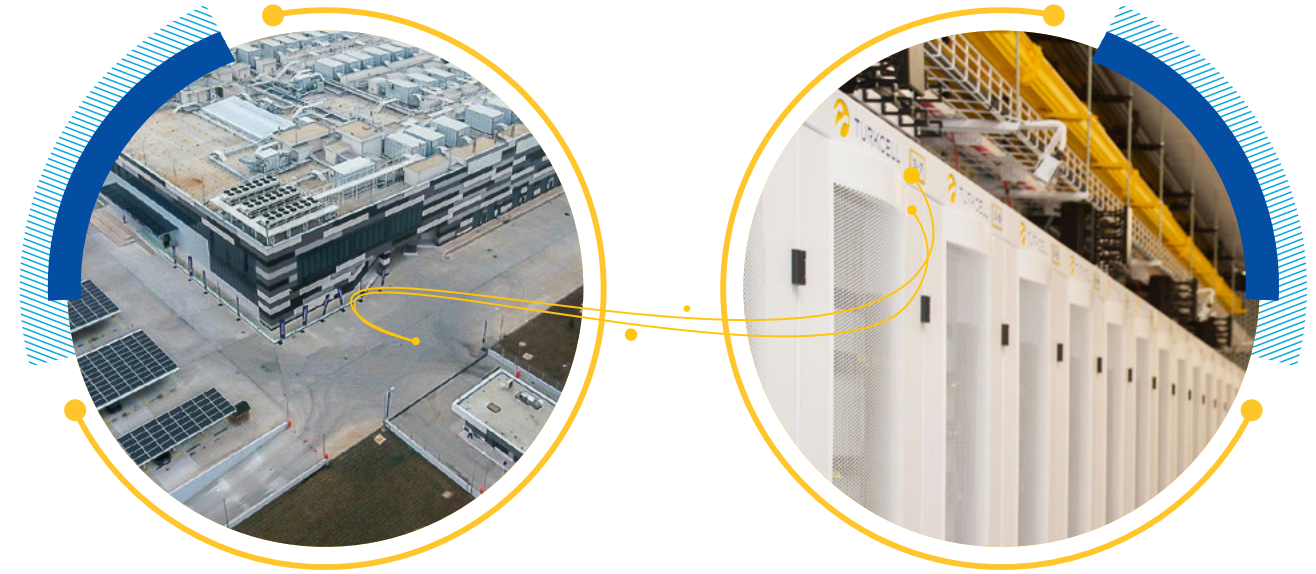
tal changes in various sectors such as health, automotive, entertainment and services. As a software-based technology, which will be central to several sectors, 5G is to drive strategic change in the way countries and corporations view communication technologies. Although the frequencies used for wireless communications in our country are technology-neutral, the frequencies required to implement the innovative solutions offered by 5G value proposition and meet expectations, have yet to be allocated by the ICTA.

How do we manage?

We work on this technology over the 5G test networks we established in select cities using the temporary 5G test frequencies allocated by the ICTA. In those test areas, we analyze the transition of our 4.5G network to 5G, observe 5G network performance and examine 5G network products. Moreover, we contribute to the development of local 5G infrastructure with the "End-to-End Domestic and National 5G Communication Network" Project that we signed as a stakeholder in 2017, and which is carried out within the scope of Communication Technologies Cluster (HTK) activities and supported by TÜBİTAK. With our 5G test networks, we not only experience the technology itself, but also aim to establish a domestic and national 5G digital ecosystem by im-

plementing 5G solutions for different vertical sector business models. We are happy to be the pioneer of numerous 5G studies in our country for this purpose so far. We have taken various important steps in using 5G technology ranging from communicating with drones to pre-medical intervention to a patient while in the ambulance, from the first live TV broadcast over 5G to the VR experience in sports competitions. Using our 5G test networks, we will continue to lead the establishment of a domestic and national 5G digital service ecosystem. Moreover, with our 5G R&D team, established in 2017, we participated in numerous national and international projects on focus areas determined in the 5G area and developed projects with our own resources. We have created a wide ecosystem through collaborations with regulato-

ry and standardization organizations and universities and research institutions, and by working closely with many local and foreign institutions and organizations, including companies from various sectors. We actively undertook the Vice Presidency role in the "Machine Learning for Future Networks including 5G" focus group, established under "ITU-T Study Group 13 - Future networks with a focus on IMT-2020, cloud computing and trusted network infrastructure (SG13)" that took place between February 2018 and June 2020. Furthermore, we continued to support the development of technology by actively participating in the "Technologies for Network 2030" focus group established to work on 6G issues in SG13.



Big data

As the world comes to terms with the Industry 4.0 revolution, the business world is at the adaptation stage to this new era, where all information is instantly shared via the Internet of Things and creating big data, through digital transformation. Even though numerous companies recognize the potential value of big data, these companies still need to transform

their technological infrastructure so as to benefit from the opportunities that can be achieved with big data predictions.

In the telecommunications world, a large amount of data is produced every day through social media networks, connected devices, customer behavior, government service portals, call data records, billing information

and similar sources. As a result, it is becoming increasingly difficult for mobile operators to cope with rapid fluctuations in data volumes. While leading to difficulties for the telecommunications industry in terms of technical infrastructure requirements, big data also offers the opportunity to turn this challenge into an opportunity with big data analytics applications.

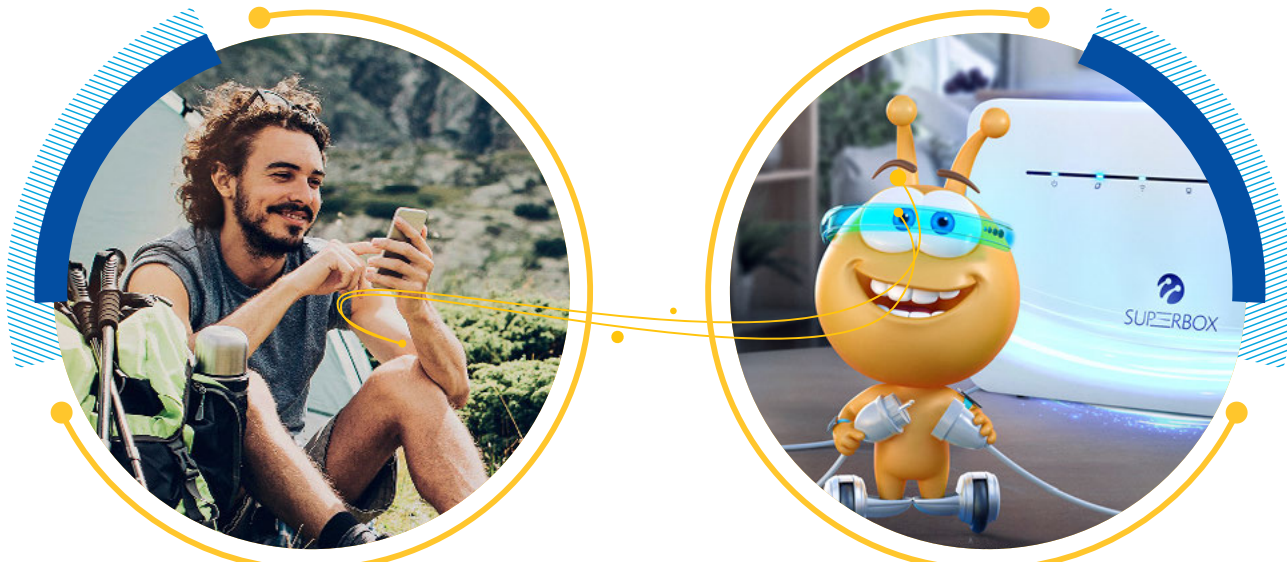
How do we manage?

As Turkcell, we provide our corporate customers the opportunity to understand the shopping habits of potential customers and reach them with our big data analytics services. Big data also enables us to interpret changes in the shopping habits of existing customers, and accordingly to offer the most appropriate solutions.

Our Big Data Analytics Consultants work to determine the characteristics of our existing and new customers with customer profiling studies. We also prioritize studies to increase the loyalty of existing customers. Thus, with big data, we can understand the needs of our existing, new and old customers, and increase our revenue with new value proposals. We

are aware of the need to interpret the correct customer data in order to reach the target audience and make the right investments, and we continue growing our business by doing so with big data.

*GSM



Digital transformation and inclusion

While the speed of accessing and processing information increases with rapidly developing mobile communications technologies, the dependency on physical locations and assets decreases. These dynamics create valuable new opportunities for many individuals and institutions. The rapid and intense increase in global transactions over the internet with the COVID-19 pandemic shows that new business models are to emerge that will potentially add value to the lives of users. According to a Forbes article, as of April, there was a year-on-year growth of 129% in e-commerce orders in the USA and Canada. The fact that many companies

started working remotely due to the pandemic, and that such applications were successful, suggests that remote working will continue partially after the pandemic. This shows that the importance of services and applications in the field of communications will continue to rise in the upcoming periods.

Digitalization reduces the distance between people in different countries and rapidly increases the accessibility of digital applications, products and services. Mobile communication services cover 5.2 billion people around the world, corresponding to 67% of the world's population. The number of people with access to in-

ternet through mobile applications has reached 3.8 billion, making the telecom sector one of the most effective channels for digital services to reach people. The telecom sector has great potential for eliminating inequalities around the world and for providing access to information and services, including financial services. Over the past 20 years, mobile technologies have accounted for about 10% for every USD100 increase in per capita income.* Additionally, with the mission of providing access to digital services, the telecom sector can pave the way for social development for various socio-economically disadvantaged groups, including women and the youth.

How do we manage?

As Turkcell, since our establishment, we have placed technology's power to provide equal opportunities at the center of all our social responsibility projects, having implemented projects that aim to ensure equal opportunities in information access for all. Using our strong analytical competencies, we develop high quality and innovative products, services and projects, and offer services in many areas from education to finance.

We continue our rapid improvement in the mobile payment field with our Paycell application, which has been positioned as a new generation super app, with over 9 million downloads to date. Within the scope of our digital services, we offer solutions that meet the needs of our customers with our products including TV+, fizy, BiP and lifebox. We support the digitalization journey of institutions by offering digital business services. In areas where

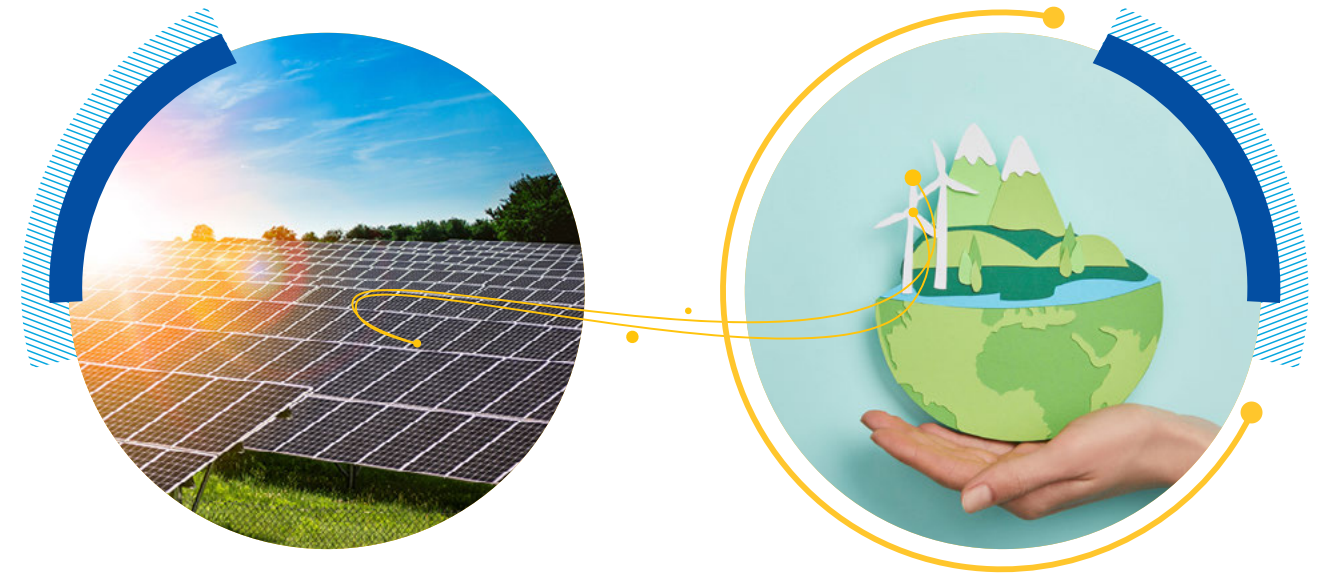
the infrastructure is insufficient to deliver fiber internet, we can provide fast and secure internet access for everyone via our Superbox product offering fiber speed internet. With the Whiz Kids project, we bring special, talented students together with technology and science. Moreover, we offer our My Sign Language application, which instantly translates what is written and said into sign language, free of charge for all operators' users.

Climate change

Global warming, which threatens the existence of life on earth and the impacts of which are felt more intensively each day in diverse perspectives from daily life to government policies, mainly results from human activities. Global warming triggers a series of chain reactions in economic, ecological and social life and causes global migration crises, resulting in an obstacle to economic activities, and epidemic diseases arising from the destruction of biological diversity. We

acknowledge that climate change and biodiversity risks are interdependent. As a recent example, scientific studies show that COVID-19 has been mainly caused by issues associated with natural capital. With global warming continuing at an escalating pace, the studies indicate that all these interconnected problems will further escalate due to pandemic risk, climate risk and biodiversity risk. Considering forest fires, flood disasters and incidents related to destruction of biodiversity, which have

increased in frequency all over the world in recent years and have become extremely difficult to control, World Economic Forum (WEF) defined the top five global risks in terms of probability as climate-related risks in its 2020 Global Risk Report. In order to manage these risks effectively, businesses need to achieve net zero emissions rapidly and focus on the implementation of circular, renewable and regenerative strategies.



How do we manage?

Climate change risks directly affect Turkcell's business operations. As Turkcell, we conduct field risk analyzes during the installation of base stations. We take measures against the risks of extreme weather events and natural disasters caused by climate change, and plan for the transfer of data centers to locations with cold climates, foreseeing a rise in average air temperatures in the long term.

For our energy-focused activities, we turn to environmentally friendly green energy resources within the framework of Sustainable Development Goals. We have implemented our Turkcell Sustainability Strategy in 2020, in line with our goals of meeting all our electricity demand from renewable energy sources by 2030 and becoming a carbon neutral company by 2050. **SDG 7.2** **SDG 13.b**



You can access more information on Turkcell's efforts regarding the Climate Change trend in the "natural capital section" of the report.

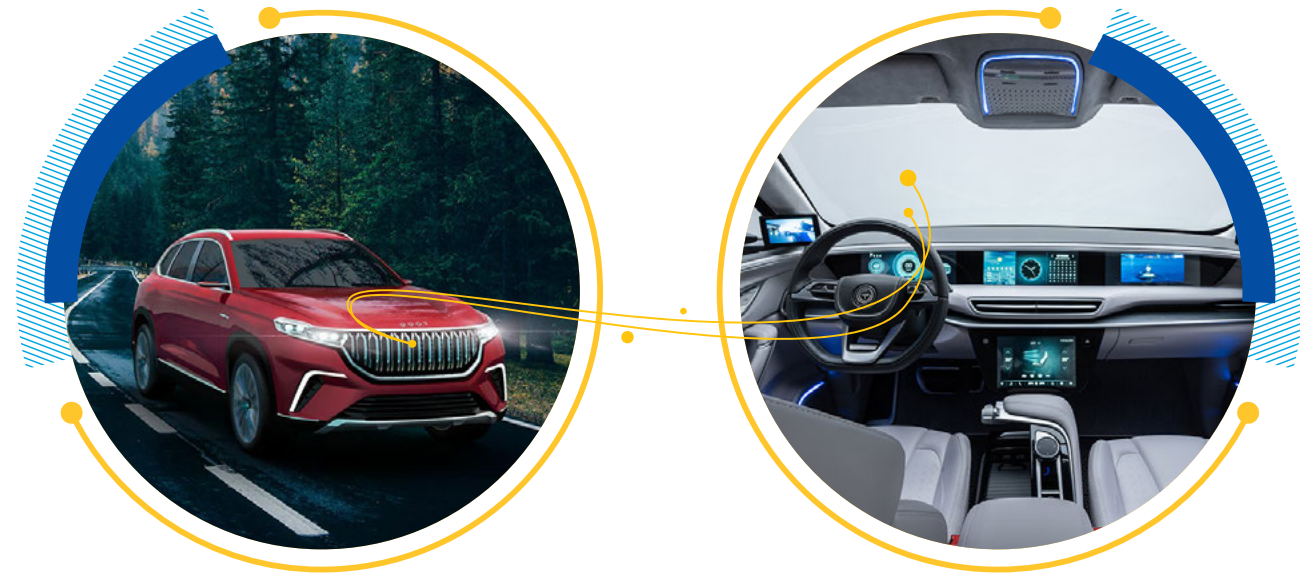
*GSMA

Mobility

Fundamental trends such as autonomous driving technologies, connectivity, electrification and car sharing are shaping the present and future of mobility concepts. The idea has gained momentum and become widespread that the developments in mobility field will affect many factors ranging from the cities we live to the roads we use as well as the companies operating in this area. Moreover, it is anticipated that the concept of mobility will not only trigger significant changes in the automotive and

transportation sectors, but also in the technology sector. In the aftermath of the COVID-19 pandemic, mobility is expected to contribute to economic recovery and create opportunities for digital technologies, as well as new employment. Rapid developments in mobility trends and technologies have brought our country to the edge of a new era. The transportation sector, which focuses on developing new technologies, works on flexible and innovative solutions to specific

needs. KPMG Turkey's report, issued in September 2020 providing insights on the development of mobility sector in Turkey, indicates the advantage of utilizing lithium from its own mines will position Turkey favorably in the development of electric vehicle market, where we will participate with the domestic and national vehicle. The TOGG project, Turkey's first domestic car to be designed as an electric vehicle, marks an important and powerful initiative in the mobility sector.



How do we manage?

Our mobility solutions, offered as part of digital business services, incorporate the most advanced vehicle and fleet technologies for improving the safety of vehicles as well as employees. "Turkey's Automobile Initiative Group" announced the development of Turkey's domestic automobile, TOGG, in December 2019, with its design and roadmap subsequently

determined. Preparations for Turkey's domestic and electric automobile continue at full speed with the consortium consisting of five large companies, including Turkcell, and the TOBB partnership. As Turkcell, we contribute to the security of the information network, and invest in cyber security and data privacy fields accordingly. We consider

this critical for both mobility service developers as well as institutions and individuals benefiting from those services. Having adopted domestic approach on software development and hardware production, and leveraging our data centers we prepare the technical infrastructure that companies will need in the upcoming period for mobility solutions.



Regulatory developments and sector regulations

Telecommunications sector activities are closely monitored and regulated as freedom of communication is defined as a constitutional right, and telecom is among the most critical sectors in our country. Moreover, ensuring effective and competitive

market dynamics and helping customers with the desired level of digital experience requires the active participation of sector players, NGOs and regulatory authorities. In order to unlock the potential of electronic communication technologies and

develop innovative services meeting customer needs, sectoral regulations should support the development of the digital economy, and ensure fair competition and investment environment.

How do we manage?

As Turkcell, we keep our activities and continue expansion in the global market by managing disputes effectively and taking preventive legal actions, while building business strategies on solid legal foundations. The digitalization of our processes helps us add value to our leadership journey and the reputation of Turkcell and our Group

companies. We consider public institutions and regulatory authorities an essential part of our ecosystem. Therefore, we contribute to all legislative work that directly or indirectly concerns our industry at all stages as an active stakeholder by focusing on the continuity of a sustainable ecosystem and customer welfare. We are aware

that regulatory developments have the potential to directly affect our business model and strategies. We pursue our activities in accordance with our goal of creating value for our country and our industry by working in cooperation with regulatory authorities and relevant stakeholders.

Sustainable financing activities

Sustainable Finance relates to financing activities where funding can be accessed based on a range of environmental, social and governance criteria. The climate crisis has led to the rising importance of non-financial risk factors for investors, and reporting on these factors has become widespread accordingly. With the support of the United Nations Global Compact, companies have started to manage their business strategies,

corporate finance and investment activities in accordance with the targets determined within the framework of the SDGs. In parallel to the increasing risks associated with climate change, sustainable borrowing instruments are expected to expand, while banks will set stricter rules on the sustainability performance of the projects they finance. According to KPMG's report "The numbers are changing the

world", 34% growth was registered in ESG impact investments between 2016 and 2019, and the ratio of sustainable investment to total managed assets in Europe reached 48.8%. The "European Green Deal", issued at the end of 2019, underlines the critical importance of sustainable financing activities for financing investments and projects to be implemented within the scope of the long-term plan.



How do we manage?

As we are well aware of the increasing transparency and reporting expectations of investors on ESG issues, we began preparing our annual report using the integrated reporting structure as of 2020.

We focus on sustainable financing options to diversify our funding options, support our sustainability activities and provide access to finance with more favorable conditions. In this context, we utilized the "Sustainability Indexed Loan" in 2019 and obtained a "Green Loan" in 2020. These

transactions enable us to conduct our business and investments in accordance with the realization of the SDGs. Meanwhile, we continue our activities as one of the founding members of the UNGC CFO Taskforce, which aims to create a market for investments towards the SDGs.



The development of fintech applications

The accelerated digitalization, wider use of cryptocurrency and blockchain and the rising global smartphone penetration provide a convenient environment for the development of financial technologies (fintech). According to the KPMG report "Pulse of Fintech", the fintech field has made a significant improvement with the doubling of investments in the field between 2018 and 2019 compared to the period between 2014 and 2017. After the mega mergers and acquisitions realized in fintech field in 2019, investments in fintech-related services such as digital banking and contactless payment systems rose with

the effect of the COVID-19 pandemic, especially in the first half of 2020, and fintech investments reached USD25.6 billion in the first quarter of 2020. Smartphones, which are the primary means used for internet access by people, play a facilitating role for many technologies and services, including fintech. Fintech and mobile services have the potential to provide access to financial resources and services for the unbanked populations. As the World Bank's 2017 Findex report indicates, access to the financial systems provides the opportunity of financial and social independence, especially for those deprived

of certain fundamental needs such as having a bank account, and also for women, corresponding to 56% of adult population. As 44% of its population does not have a bank account according to the Interbank Card Center (BKM), Turkey has great potential in the fintech field with its young population and high smartphone use ratio. Through the legislative change that took effect as of July 2020, the concept of "Open Banking" has also taken root in Turkish banking legislation as a key step for fintech. Thus, the regulatory environment in Turkey has become more convenient for the development of fintech applications.

How do we manage?

In the Turkcell ecosystem, fintech is referred to as techfin in terms of our focus on technology, and techfin activities are carried out through our three subsidiaries; Paycell, Financell and Turkcell Insurance. Leveraging our experience of over a quarter century, superior digital services and advanced analytical capabilities, we closely follow the innovations in the techfin field and develop pioneering products and solutions.

Paycell, being Turkcell's new generation payment platform, is full of opportunities for both individual and corporate customers in the mobile payment field. Paycell application has been downloaded over 9 million times. While services such as money transfers and payments can be readily realized through the Paycell application, we provide payment facilitation services to over 12 thousand contracted merchants with solutions

including QR-based payment and mobile POS. Financell, our financing service that facilitates individual and corporate customers' access to technological products, has extended loans in the amount of TRY18 billion to approximately 5.6 million customers since its foundation. At Turkcell Insurance, through our innovative approach in the insurance arena, we provide customers convenient, simple and fast insurance services.

Cyber security

Despite numerous advantages, the increased use of technology and the acceleration of digital transformation in the business world expose organizations to cyber security risks. The impacts of the COVID-19 pandemic have forced organizations to use dig-

ital platforms and tools, while testing them in terms of cyber security issues. Digital transformation permanently changes the way companies do business, especially during the pandemic period, and will continue to do so in the upcoming periods. Thus,

cyber security emerges as a dynamic field comprised of numerous different components. The increase in cyber security threats underlines the importance of information security for organizations.

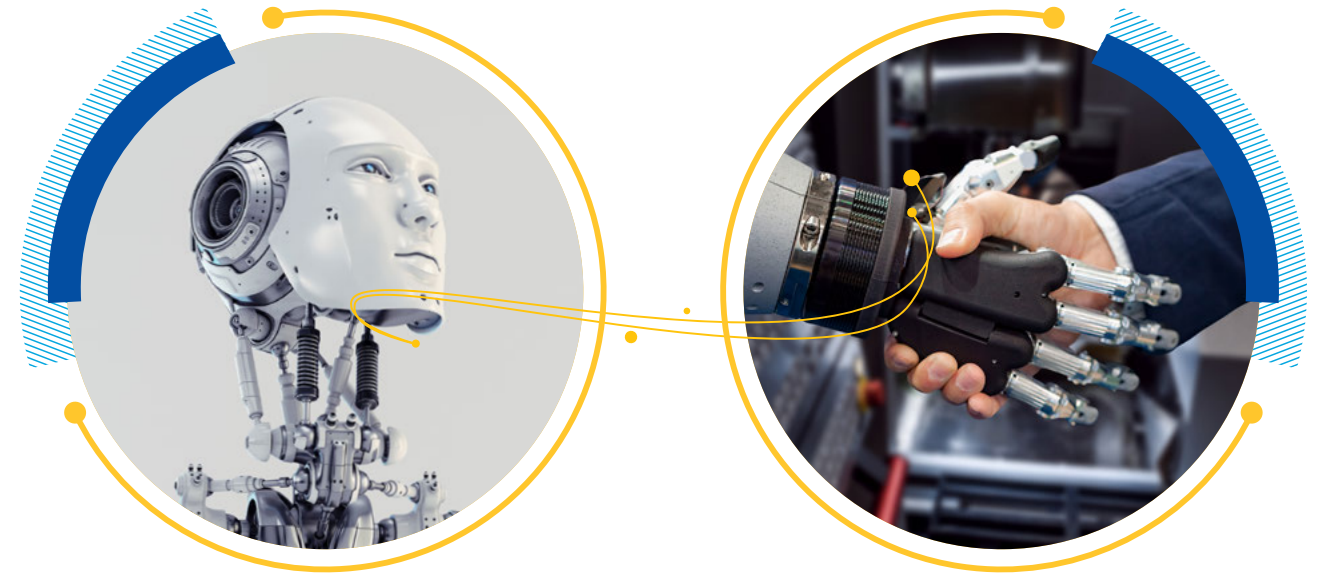


How do we manage?

We carry out activities at the national and international fronts to develop measures, which will help identifying threats, reducing and eliminating the effects of possible attacks and incidents, and to share those measures with identified bodies. We build secure infrastructures and systems by improving our processes, creating awareness, developing qualifications

of our human capital, setting up layered security controls and using new generation technologies. With the Turkcell Security Operations Center, working 24/7, we monitor current threats and cyber-attacks, and take the necessary actions by applying end-to-end security checks and tests. Thanks to our digital operator competence, we offer our experience

in cyber security and information security to our individual and corporate customers as a service via the Turkcell Security Operations Center operating 24/7. We continue to meet the needs of institutions, organizations and individuals in diverse areas including ensuring cyber security, protecting data, and establishing integrated infrastructure.



Artificial intelligence

Artificial intelligence (AI) has become a term that refers to applications and software that perform significantly more complex tasks than any other functions leveraging solely human capital. Being among the top agenda items of the decision-making mechanisms of institutions and organizations, artificial intelligence technology is reshaping company strategies. Many companies make significant investments in data science teams to benefit from the opportunities and values offered by AI. There are numerous application examples confirming

its value. Moreover, organizations are able to improve user experience and increase productivity by integrating machine learning and cognitive interactions into traditional business processes and applications software. KPMG published the "Living in an AI World" report in 2020, which examines the business world digitalized by artificial intelligence. According to the study included in the report, 92% of participants are of the opinion that artificial intelligence-based technologies will enable their companies to be more efficient, while 73% believe

that more aggressive decisions are required in relation to their companies' artificial intelligence investments and adaptation processes.

In the telecom sector, issues such as meeting the rising demand in terms of product and service diversity, the subscribers' customized digital needs, coverage area and bandwidth as well as the intensified competitive environment are growing in importance, while artificial intelligence is anticipated to play a key role in offering solutions for those areas.

How do we manage?

In January 2020, as Turkcell, we announced seven principles that we will comply as part of our activities in artificial intelligence, which is expected to be the focus of technological developments. As the first company taking this step in Turkey, we have joined global players that contribute to artificial intelligence ethics. In our country, we played a leading role at the turning point for artificial intelligence, which will be the most popular technological concept over the next decade and impact the global leadership claim of countries. As part of our offers and services, we interpret the big data gathered from our activities with artificial intelligence and provide our customers with customized offers

leveraging our analytical capabilities. Using machine learning techniques in various areas such as traffic density, capacity management and anomaly detection in our network, we contribute to the efficiency of our infrastructure. We offer our artificial intelligence solutions to institutions and organizations through our Digital Business Services company. Our legal and regulatory team has long been collaborating with global organizations to eliminate concerns over artificial intelligence, and also to increase its positive impact. Turkcell plays an active role in international platforms on which the principles and future of artificial intelligence are elaborated. In this context, we have contributed to the following studies among others; global principles on children's rights and artificial intelligence and the responsible use of facial recognition systems. We also

collaborated with the world's leading standardization organization IEEE with regards to the determination of ethical standards in artificial intelligence systems that process emotions as part of the "Standard for Child and Student Data Governance" and "Standard for Age Appropriate Digital Services Framework" projects. We also take part in ITU's working group on smart cities, as well as artificial intelligence and health working groups. Furthermore, we contributed to the World Economic Forum's "A Framework for Responsible Limits on Facial Recognition Use Case: Flow Management" project. Turkcell acts with utmost care within the framework of the Law on the Protection of Personal Data and continues to work complying with its declared principles to ensure that artificial intelligence brings value to both our customers and the world.



The growing need for communication due to COVID-19

As of the end of 2020, the COVID-19 pandemic has affected more than 80 million people worldwide resulting in over 1.7 million deaths. The estimated economic contraction for year end 2020 is around 4.4%, and this is expected to bring serious socio-economic consequences. The World Bank's October 2020 estimates revealed that the COVID-19 pandemic is expected to place 88-100 million

people in extreme poverty in 2020. The dynamics that emerge with the pandemic have already caused changes in many areas. Remote working has become predominant while in-person learning is being replaced with distance learning. Moreover, we see reflections of changes in consumer preferences affecting numerous sectors from transportation to retail and distance entertainment.

A study conducted by ACI reveals that the online retail shopping ratio increased by 74% worldwide in the first months of the pandemic. Meanwhile, remote healthcare services are also increasing rapidly. These trends point to increasing demand in the mobile communications industry. New technologies, especially including 5G, are expected to play a critical role in meeting such demand.



How do we manage?

In parallel with the developments in the COVID-19 pandemic, we analyze new dynamics in the most efficient manner and respond quickly to the changing needs of our customers and society. As the importance of telecom services has risen significantly due to the rising demand for distant education, health and entertainment services, we have improved our infrastructure and increased our support to prevent any service disruptions. We supported distance learning by providing additional data quotas for students and teachers. We doubled the monthly internet quota to 6 GB for "teachers and stu-

dents" who will benefit from the EBA (distance education platform) infrastructure. We donated 15 GB data allowance and 15 thousand minutes for three months to ensure that the field personnel of the Ministry of Health can work without communication disruptions. During the transition period to remote working, we provided over 1,600 corporate customers, some of which are among Turkey's largest enterprises, the opportunity to manage data centers remotely. We also stood by our customers through our digital services. BiP Meet offers a secure video conferencing experience for online meetings, while TV+ enables users to

watch TV channels and movies. We offer fizy for music lovers, magazine applications for those who keen to read newspapers and magazines, as well as Yaani search engine, and Paycell for secure and fast payments without touching money or credit card. Moreover, all of these applications can be used by all operator users.



You can access more information on our practices related to COVID-19 throughout the report in COVID-19 note sections.

Turkcell'le Türkiye'nin her köşesi ÇOK ÇEKİCİ



Effective risk and crisis management

The importance of effective risk and crisis management to mitigate the macro-economic uncertainties observed over recent years, and especially in 2020 with the impact of pandemic, has once again proven vital. Effective Risk and Crisis Management, a priority for both our Company and our stakeholders, enables the management of risks that may impact the achievement of Company targets determined in line with our strategies, within the scope of the Corporate Risk Management (CRM) system. While doing so, a pro-active risk management policy is adopted that turns risks into opportunities. 

Risk management and Internal control mechanism

In selecting an independent audit company; the Audit Committee considers the competencies and impartiality of independent audit firms and presents its suggestion to the Board of Directors.

During our Company's Ordinary general assembly meeting held on October 21, 2020 PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) was appointed as the Company auditor for the auditing of our Company's financial statements of 2020, as per the Turkish Commercial Code (TCC).

The Internal Audit function within the Company directly reports to the Board of Directors and is responsible for the auditing of Turkcell İletişim A.Ş. and all group companies, which are subsidiaries, and reporting the results of audit activities carried out in step with International Standards for the Professional Practice of Internal Auditing to the Audit Committee. The auditing activities of the Internal Audit mainly comprise operational audits conducted pursuant to annual risk-based audit plans and audits in accordance with compliance to Article 404 of the Sarbanes Oxley Act.

Operational audit activities are carried out according to annual audit plans prepared with respect to a risk-based audit approach. Through conducting operational audits, the Internal Audit evaluates the effectiveness of risk management, control, and governance processes, providing assurance to the Board of Directors and Audit Committee in this respect, and thereby assisting Turkcell in meeting its goals.

Meanwhile, as we are listed on the New York Stock Exchange in the United States, and as per the provisions of Article 404 of the Sarbanes Oxley

Act, which all publicly-traded companies are required to comply with, audit activities are conducted within the framework of the annual plan to provide assurance in terms of the existence, adequacy and effectiveness of the internal control system adopted by Turkcell and Turkcell group companies, the financial statements of which are consolidated. All stages, covering the planning of audit activities, identifying internal control insufficiencies, and following up and closing related actions, are carried out in accordance with the aforementioned article, and regularly reported to the Audit Committee, CEO and CFO.

The Internal Audit Unit also provides consultancy services with respect to matters at hand, as well as matters raised by the management.

The Internal Audit Unit reports on compliance practices as per Article 404 of the Sarbanes Oxley Act to the Audit Committee, CEO and CFO, while the Enterprise Risk Management Unit reports its activities to the Early Detection of Risks Committee. The Internal Audit mechanism operates with a risk-based audit approach. Within this scope, functionally and institutionally probable risks are continuously monitored, with the risk analyses resulting from these conducted operations constituting the main input of audit activities.

Since the end of the financial year of 2012, the "Early Detection of Risks Committee" has been in operation to perform activities in a manner affiliated with the Board of Directors within the scope of article 378 of the Turkish Commercial Code and the Communiqué on Corporate Governance of the Capital Markets Board. The Early Detection of Risks Committee supports the Board of Directors by performing studies for the purpose of the early detection of risks that may jeopardize the

In order to increase the effectiveness of the Turkcell Crisis Management Plan, regular drills are conducted, and trainings and awareness activities are held with the participation of Crisis Management Teams and related groups.

existence, development and continuity of the Company, implementing the necessary measures related to identified risks and managing of those risks. The Committee reports to the Board of Directors once every 2 months and these reports are shared with the independent audit company. The Board of Directors regularly provides an evaluation of the risks affecting the Company through the Early Detection of Risks Committee. According to the Turkcell Corporate Risk Management approach, risks that are assessed as "Very High" and "High" upon Impact and Probability scale risk assessment are monitored together with business owners every two months. These risks are brought to the Early Risk Detection Committee and necessary actions are taken. Medium and Low-level risks are assessed together with risk officers and followed up in the Enterprise Risk Universe through the monitoring and tracking system. The very high and high risks that are raised at risk analysis meetings are re-evaluated prior to each presentation and presented to the Early Risk Detection Commit-

tee, which consists of members of the Board of Directors.

The Enterprise Risk Management team is responsible for assessing risks and reporting risk prevention activities to the Early Detection of Risks Committee, as well as coordinating the risk prevention activities within Turkcell and its group companies through the Corporate Risk Management methodology. Each director is responsible for the Enterprise Risk Management activities in her/his unit. The Enterprise Risk Management team carries out risk management duties together with directors, managers who directly report to vice presidents, and risk contacts. The Turkcell Enterprise Risk Management team has adopted an approach whereby the risk management process is integrated with fundamental management processes. In so doing, a framework associated with the process was identified in accordance with an Enterprise Risk Management procedure as per the COSO ERM framework and ISO 31000 standard.

In 2000, Turkcell formed its business continuity plans in a manner also encompassing its technical operations, repositioning its business continuity plan as Business Continuity Management by broadening the extent thereof in 2004.

With the restructuring in 2011, the scope of the program expanded to comprise Turkcell Group companies and suppliers. The Turkcell Group Business Continuity Management System has been structured and certified in a manner ensuring the continuity of our call, messaging, internet, server services, data centers and societal security services as per the international "ISO 22301, Societal Security - Business Continuity Management Systems" standard. Regular drills are conducted to test our business continuity plans, drafted in consideration of customer expectations, corporate policies and legal obligations, so as to guarantee their sustained operation in case of emergency or disaster.

Our geographically dispersed technical infrastructure, extensive cover-



Technological developments are followed through collaborations with important international sectoral organizations such as GSMA, as well as through competent R&D studies and projects at national and international levels.

age, solution partner network, mobile network, mobile base stations, additional capacity, emergency centers and extensive experience in handling emergencies enable us to minimize risks. Additionally, the experience of our Group companies in customer services, our high-speed fiber-optic infrastructure, data storage services and our experienced software development teams allow us to effectively manage any disasters from another center, thereby ensuring the continuity of our activities.

Turkcell's Crisis Management Plan covers seven major events; operational disruptions, natural disasters (earthquakes, floods, etc.), cyber-attacks, terrorism, fire, pandemic and epidemic and toxic events. In order to increase the effectiveness of the Turkcell Crisis Management Plan, regular drills are conducted, and trainings and awareness activities are held with the participation of Crisis Management Teams and related groups.

Information security risks

Data security risk: This includes the risks of theft, loss, leakage, deliberate or accidental disclosure, misregistration, alteration, deletion, destruction and inaccessibility of any information stored both in physical and/or in electronic media via authorized/unauthorized access from within or outside of the organization. In response to risks associated with data security, Turkcell takes the necessary technical and administrative measures.

Cyber security risk: This involves the risk of destruction of information systems and of damage to systems due to the malicious use of Turkcell's internal and external computer and network systems. In this context, Turkcell manages vulnerabilities by implementing end-to-end security controls and tests. The Security Operations Center monitors threats 24/7 and performs Cyber Attack Monitoring and Defense.

Financial risks

Macroeconomic risks: This includes the risk of worsening expectations and/or the current situation due to economic and political uncertainties. Turkcell already diversifies its financing sour-

ces and keeps different resources and necessary agreements ready, in the event of cases of possible sanctions and regional inability to access certain resources.

Currency, interest and inflation risk: This includes the risk of increasing costs and decreasing income due to fluctuations in inflation, and interest rate and exchange rates. In this context, market dynamics are closely monitored, and appropriate financial instruments are selected and implemented to minimize exchange rate risk.

Liquidity, financing risks: This involves the risk of disruptions to cash flow due to inaccessibility of financing resources utilized or intended to be utilized, or inability to pay-back loans. Turkcell's forward-looking cash projection is systematically monitored with the principles of effective balance sheet and liquidity management.

Cash generation and collection risks: This involves the risk of disruptions to cash flow due to the inability to collect existing receivables on time. In periods when collection risk increases for certain reasons (economic crisis, pandemic, war, etc.), collection balances and trends, as well as cash flow tracking are monitored and reported to senior management on a daily basis.

Strategic risks

Investment risks and risk of adaptation to technological developments: These are the risks that can affect the Company's position, reputation and image in the market and the sector in the short, medium, or long term. In this context, sectoral, local and global trends and competitor activities in new business lines are closely monitored and necessary actions are taken. Technological developments are followed through collaborations with important international sectoral organizations such as GSMA, as well as through competent R&D studies and projects at national and international levels.

Legal risks

Risks regarding compliance: This involves the risk of encountering administrative sanctions as a result of failure

In order to prevent employee mistakes and more effectively manage processes and projects, Turkcell Academy identifies training needs and plans competency trainings in areas of employee development.

to comply with the applicable regulations. Turkcell aims to monitor and prevent any possibility of non-compliance by closely following developing and changing regulations with a pro-active management approach. Within this context, business teams are provided with briefings and information with respect to changes in legislations as well as new regulations which are monitored by senior management through personal data steering committee, compliance committee, sub-compliance committee and information systems compliance committee; and relevant compliance activities are carried out in this respect. Moreover, various measures are taken via digitalized tools such as internal audit and automated control systems, working continuously, in order to prevent the occurrence of any breach and imposition of any administrative sanctions.

Lawsuits and legal conflict risks: This includes the risk of encountering sanctions against the Company due to the filing of a lawsuit related to the area of responsibility. Legal activities are carried out regarding those conflicts that may arise against Turkcell regarding its operations/contracts/projects.

Business continuity risks

These are the risks the Company may encounter as a result of events including operational interruptions, natural disasters, terrorism, etc. Crisis, business and service continuity plans within the Company have been prepared meticulously. In order to evaluate its effectiveness and identify potential areas for improvement, plans are reviewed periodically, and regular drills are carried out annually.

Operational risks

Risks arising from the environment, sustainability and ecology: This includes issues that may arise due to climate change (temperature changes, increase in energy consumption, increase in energy prices, insufficient waste management, lack of protection of water resources, etc.) and risks related to environmental factors that may affect human health and biological diversity. In this context, Turkey's first ISO 50001 certified mobile operator, Turkcell, is making extensive re-

newable energy investments through its subsidiaries and also tracking its energy consumption. As an ISO 14064 (International Greenhouse Gas Calculation and Verification Standard) certified mobile operator, Turkcell calculates and verifies its greenhouse gas emissions through an independent organization. Through its CDP Climate Change reporting, Turkcell regularly shares its climate change performance and its approach to climate-related risks and opportunities with its stakeholders. Turkcell aims to be carbon neutral by 2050, and continues its activities to meet its target of sourcing 100% of its electricity consumption from renewable sources by 2030.

Risks related to managing relationships with third parties: This includes risks that arise from inefficient management of third parties. These may occur due to failure of third parties in fulfilling their responsibilities completely and accurately, their activities violating company procedures and legal regulations, or their fraudulent behavior. In order to minimize risk of potential impact on operations and targets, agreements are made with business partners having obtained legal opinion. In order to prevent employee mistakes and more effectively manage processes and projects, Turkcell Academy identifies training needs and plans competency trainings in areas of employee development.

Market risks

Macroeconomic and political uncertainty risks: This includes the risks of worsening expectations and/or the current situation due to economic effects such as the reflection of exchange rate fluctuations and inflation on consumption habits of customers, and of political uncertainties. Global trends, economic indicators, competition, revenues and subscriber data are regularly monitored by Turkcell.

Competition risks: This includes the risk of being disadvantageous in competing activities or technological and/or sectoral developments. In this context, market and competitor activities are closely monitored and efforts are made to respond to such competing activities with timely actions.



Strategic initiatives and opportunities

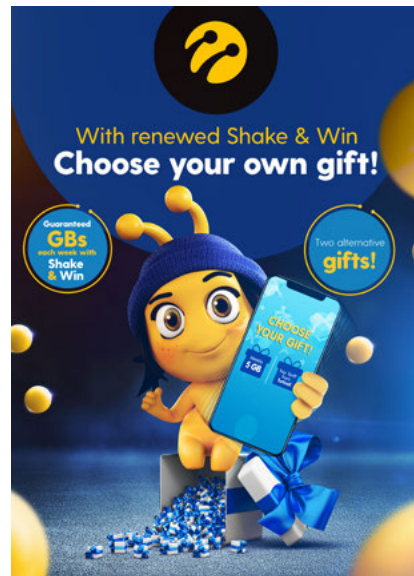
In evaluating global trends and Turkey's growth potential, we have determined three strategic focus areas in addition to our core telecom business that build on our four main competencies. In parallel to our strategic focus areas, we have four main competencies stemming from our 27 years of experience and know-how, which distinguish us from other operators in the sector and strengthen our leader position.

While our strategic focus areas direct our Company's operations, we also ensure that all business lines evaluate opportunities in the most effective manner.

Our strategic focus areas are re-evaluated annually through meetings and surveys with the participation of employees from every level, and therefore, we ensure the consistent reflection of our strategy based on current trends, opportunities and competencies.

Our telecom business

- Rising trend for data usage in the young customer segment: Considering the increasing mobile data usage trend among young customers and the trend towards mobilizing, we offer various campaigns and develop new applications and services through social media-oriented packages and the GNC application for the needs of our young customers.



- Market share increase in corporate customer segment: As Turkcell, we focus on further increasing our already large corporate customer market

share and benefitting from the opportunities brought by digitalization. In this context, we prepare various campaigns for tradesmen and SMEs, especially given changing needs due to the COVID-19 pandemic.

Digital services

- New revenue opportunities in traffic and data usage with increasing active users and transaction volume: The number of active users of our services is rising each day. Accordingly, our transaction volumes, commission revenues, advertising revenues and subscriptions are also growing.

- The growing importance of mobile applications with remote working: The COVID-19 pandemic has led the world to work remotely. This has increased the importance of communication infrastructures, software and the security of these systems for companies. Remote working is anticipated to grow in popularity even after the COVID-19 pandemic. As a leading technology company equipped to meet respective needs in this area, we provide services via our products such as BiP, Yaani Mail, lifebox and BiP Meet to high security standards.

Digital business services

- Increasing demand for data centers in accordance with regulations to store personal data in our country: In order to maintain data security and ensure privacy of personal data, as Turkey's largest data center operator, we continue our activities with the vision that Turkey's data should remain in Turkey. In this context, regulatory arrangements concerning the storage of certain data in Turkey have increased the demand for our data centers, thus helping us improve our business and contributing to our revenues.



- Global IT service providers to face difficulty in price competition due to currency impact: Due to the impact of currency movements, we are in a position to offer advantageous prices for our digital business services compared to foreign service providers.

- Absence of accepted major players in the new generation technologies market such as IoT and artificial intelligence: We use our big data, IoT and artificial intelligence (AI) experience and competencies in various areas including the development of products and services. The absence of accepted major players in IoT and artificial intelligence solutions, which are still developing areas, creates an advantage for Turkcell. The Republic of Turkey's national vision to encourage development of domestic and national technologies, is considered as an opportunity for Turkcell.

- The increasing importance of remote health services, distance learn-

ing, remote working, and of products and services in these areas: The increasing need for remote solutions during the pandemic period led to increased demand for products and services, which we focus on, in the field of remote health, education and working solutions.



You can access detailed information in the intellectual capital section.

- Opportunities arising from the need for digital transformation in private and public sectors: Digitalization offers various opportunities for productivity and service quality increase for companies and public institutions. As Turkcell, we also offer end-to-end digital transformation services via customized solutions to Turkish companies and public institutions, together with financing opportunities to facilitate their access to digitalization

process. We steer our country's digital transformation journey by collaborating with local partners.

- SME opportunities in the Information Technologies market: Leveraging the positive perception of its 27 years brand in the eyes of customers, and its nationwide strong sales network, Turkcell has a competitive advantage in the medium-sized companies segment.

- Ability to offer end-to-end solutions with a one-stop-shop approach by integrating the Information Technologies and Telecom business: Turkcell's successful transformation from a telecom operator to an IT company in recent years, together with its competent human capital, strong technical know-how and collaborations with suppliers help it stand out in the market.

Techfin services

• Regulations becoming more supportive of our techfin projects: The regulatory environment in Turkey has become more supportive for techfin services with the two new types of authorizations as part of Open Banking, namely, "Account Information Service Provision" and "Payment Order Start Service Provision," as well as the opportunity to offer Mobile POS.

• 30 million potential unbanked users in Turkey: Techfin and mobile telecommunications services provide a convenient environment for many people to access financial services due to ease of use. Turkcell has the potential to reach nearly 30 million unbanked users in Turkey providing opportunity to access financial services, which is important for individuals in terms of economic independence and social equality.

• Increase in demand for contactless payment methods by individuals and institutions after the pandemic: The use of POS devices and cash, which can cause contamination, declined during the COVID-19 pandemic. The pandemic period has enabled many people to meet with digital/contactless payment systems and resulted in increased use of such systems. The anticipated increase in demand even after the pandemic creates an opportunity for Turkcell.

• More accurate credit scoring with the Credit Registration Bureau (KKB) and telecom data: Turkcell knows its customers better leveraging the customer data it gathers through its telecom business. Thus, the most convenient loan options can be offered to customers in the financing business based on KKB and telecom data.

• Financing the Turkcell ecosystem and new customer potential: Financell, being one of our techfin services, offers individual and corporate customers convenient financing opportunities for their needs. We continue



to add new customers as well as expand our ecosystem and financing volume via the financing services of Financell.

• Growth potential in corporate segment with digital transformation financing: Companies in our ecosystem can acquire software, server equipment, smartphones and tablets, which they need on their digital transformation journey, at customized prices, advantageous interest rates and with flexible payment plans through the "Digital Transformation Financing" offer we provide with our Group company Financell. Thereby, we support the digitalization journey of companies.

• The digital channel share of less than 1% in the insurance sector reflects a significant transformation opportunity considering changing cus-

tomers demand and needs. We aim to be the pioneer of this transformation with Turkcell Insurance, through innovative solutions and digital processes based on big data.

You can access detailed information on our techfin services in financial capital and intellectual capital sections.



Main competencies

Strong bond with customers

- The operator meeting the quality service and communication needs of the customers during the pandemic period
- Superior digital customer experience via growing digital services
- Seamless service thanks to Turkcell's strong infrastructure and wide range of IT solution services

Strong infrastructure

- Sustaining the leading and differentiating network quality in the sector and reinforcing the leading operator position in technology with the launch of 5G

You can access detailed information in the manufactured capital section.

- Increasing efficiency by using the technology neutral spectrum
- Delivering the latest and innovative solutions via fixed and mobile technologies to the consumer, corporate and residential segments



• Cyber security products and services that require Digital Operator competence

You can access details on our cyber security products and services in the intellectual capital section.

- Contribution to digital transformation with joint infrastructure

You can access details in the manufactured capital section.

Advanced analytical capabilities & technology

- Greater focus on and need for analytical capability with increased digitalization

- Recognizing the customer and early detection of their needs by using big data and analytical modeling

You can access details in the intellectual capital section.

Strong & agile team

- Increasing importance of agile and flexible teams in accordance with the need "to master swiftly in difficult tasks", which stems from digitalization

- Providing efficiency through the transformation of company culture with a flexible and agile approach
- Effective talent management

You can access details in the human capital section.

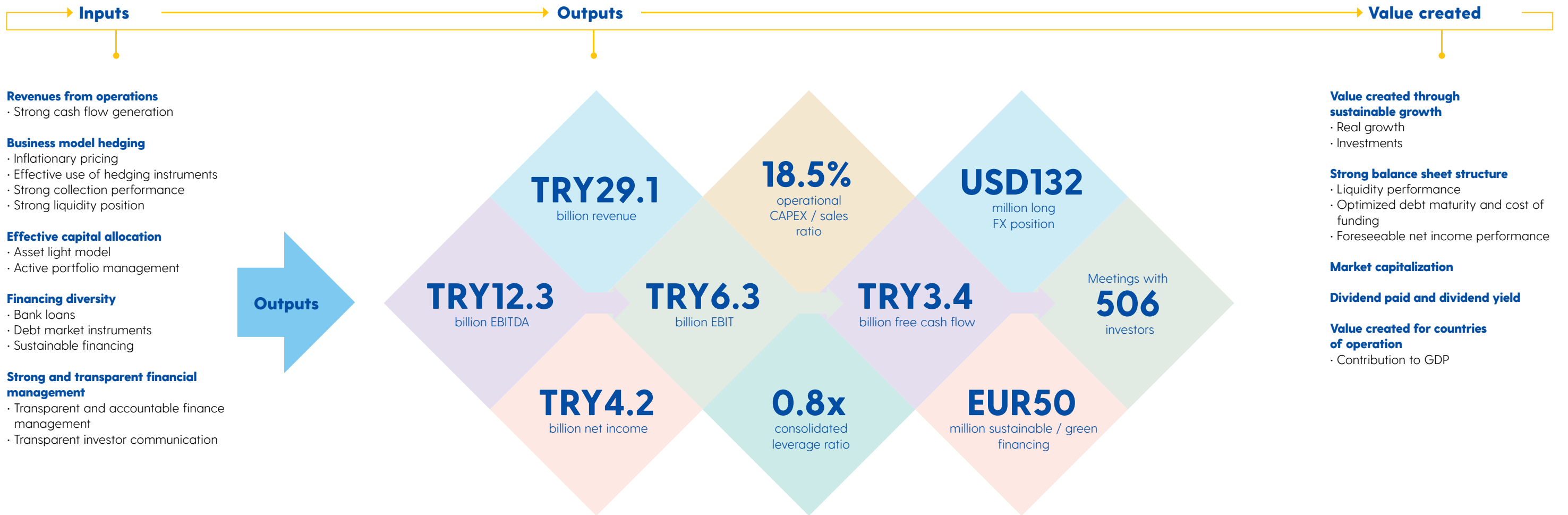


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Financial capital



Strong financial performance

As part of our solid corporate governance efforts, we disclose our financial management approach to our stakeholders through our integrated annual reports and quarterly and annual results presentations, as well as our website, and the meetings we attend and organizations we hold.

We view our financial capital as the key economic input of all activities we carry out on our journey towards creating stakeholder value. Ensuring the continuity of our superior service quality through our strong infrastructure, introducing our country and people to the latest technologies, further improving employment conditions, realizing social responsibility projects of true benefit and creating shareholder value through dividends and increased market capitalization requires robust financial performance. In this respect, strong and sustainable financial performance is among Turkcell's material topics.

As part of our activities within the scope of financial capital, we aim for the revenues generated by our operations to deliver strong operational profitability through disciplined cost management practices. We also take measures to effectively manage our working capital and operational capex, thereby supporting the strong cash flow generation capability of our operations.

Our business model hedging practice is of great importance to us in terms of the sustainability of financial performance. In this regard, we price our products and services factoring in prevailing economic conditions in accordance with our inflationary pricing policy, aiming to maintain real revenue growth and eliminate the inflationary impacts on our operational profitability. Furthermore, through the active use of hedging instruments, we also protect our financials against exchange rate fluctuations, while securing our cash flows. Maintaining strong liquidity resources provides a resilient positioning against macroeconomic crises. We ensure the efficient use of capital through the balanced management of our leverage level. Meanwhile, the effective management of our working capital with strong collection practices supports our cash generation performance.

In this context, our business model hedging practices and successful budget management approach help transform our successful operational activities into strong financial results. Efficient capital allocation is another core topic in terms of our financial capital. While carrying out activities to allocate our capital resources to more profitable areas that bring higher growth, we also aim to unlock the potential value of our assets in our balance sheet.

We closely monitor local and global debt and capital markets for the financing of our operations and investments, meeting our financing needs through optimum funding methods by utilizing diverse borrowing instruments of appropriate currency, cost and maturity structure. We effectively utilize both traditional financing instruments such as bank loans and open credit lines, and capital market instruments such as bonds, lease certificates and Eurobond issuances in local and international markets. As part of our solid corporate governance efforts, we disclose our financial management approach to our stakeholders through our integrated annual reports and quarterly and annual results presentations, as well as our website, and the meetings we attend and organizations we hold. In line with the goal of increasing our Company's market capitalization through transparent communication, we aim to develop and deepen the investor profile and increase the weight and number of long-term institutional investors.



You may review the details of our audited annual financial performance in the consolidated financial statements section.

COVID-19 note

Due to measures taken during the pandemic period, including curfew restrictions, the use of data on mobile and fixed networks has increased with greater time spent at home and the rising use of remote working and education platforms. This has resulted in a significant increase in the need for digitalization. In this context, while rising demand for our data and digital services and solutions has positively impacted our revenues, our international roaming revenues have notably decreased due to travel restrictions. Additionally, there were a number of delays to our corporate projects.

With a focus on liquidity management and collection risk in order to maintain our strong financial performance, we made dynamic revenue projections and implemented effective cost control actions. Meanwhile, we prioritized revenue generation in planning our capital expenditures. During the pandemic, we maintained communication with our stakeholders with the same level of focus. We transparently communicated our risks, expectations and assessments to our stakeholders in the COVID-19-focused teleconference meeting we organized at the beginning of April. Subsequently, we shared updates on the subject during our quarterly announcements and meetings with our investors.

As Turkcell Group, going forward we plan to lead the digital transformation process that has been accelerated by the COVID-19 pandemic, leveraging our strong financial structure, innovative digital services and solutions, and our customer-oriented business approach. Ensuring the sustainability of this transformation and implementing services that establish the digital backbone of Turkey remain key objectives of our financial efforts.

Revenues from operations

In generating revenues from operations, we ensure the continuity of the innovative services we offer our customers, improve the employment conditions of our employees, contribute to the national economy through our investments, and create value for our investors.

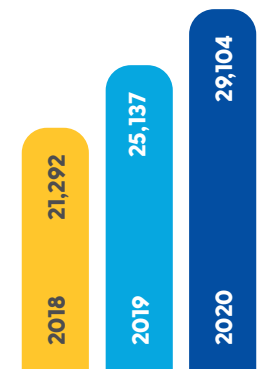
2020 was a year during which all macroeconomic developments reflected the impact of COVID-19 pandemic, as the world's economies shrank on related disruption to the global supply chain and demand.

Despite these developments, which affected Turkey and other markets in which we operate, we sustained our strong financial performance in 2020 thanks to our successful strategy and strong business model.

Turkcell Group revenue

TRY million

15.8%
2020
growth



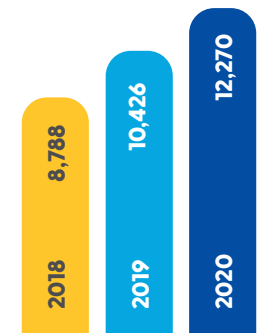
Despite the negative impact of travel restrictions on international roaming revenues, our revenues increased by

15.8% to TRY29.1 billion, driven mainly by increased data and digital service usage.

Turkcell Group EBITDA

TRY million

17.7%
2020
growth



Turkcell Group EBIT

TRY million

17.0%
2020
growth



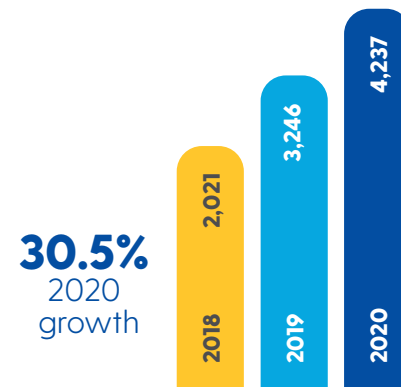
We sustained our strong operational profitability in 2020 with the contribution of remote working practices, the decline in travel expenses, the increased share of digital sales channels, savings in marketing expenses and disciplined cost management practices.

We sustained our strong operational profitability in 2020 with the contribution of remote working practices, the decline in travel expenses, the increased share of digital sales channels, savings in marketing expenses and disciplined cost management practices. Accordingly, EBITDA increased by 17.7% to TRY12.3 billion, while the EBITDA margin rose to 42.2%. Our EBIT margin was 21.6%. In a period, during which macro-

economic uncertainties prevailed due to the pandemic, and while the Turkish Lira depreciated 24% and 35% against the US Dollar and Euro, respectively, we registered strong net income on the back of our robust operational performance and prudent financial risk management practices. Accordingly, our net income rose 30.5% on a yearly basis to TRY4.2 billion, marking the historic high achieved by our company.

Turkcell Group net income

TRY million



Operating in the telecom sector brings responsibilities such as having a strong infrastructure capable of meeting rising capacity needs and regularly introducing customers to new technologies. The revenues derived from our operations and our ability to generate strong cash flows, along with our financing resources, allow us to continue our infrastructure investments and introduce

our customers to the technologies of tomorrow. Duly, our operational capital expenditures (excluding license fees) in 2020 amounted to 18.5% of our total revenues. During this period, while making investments we followed a disciplined approach supportive of our goal of increasing customer satisfaction, providing social benefit and supporting our revenue generation.

Operational CAPEX (excluding license fee) / sales ratio

Ratio



When our non-operational capital expenditures are included, we have made a total investment of TRY32 billion over the past 5 years. We have contributed to cost savings and the development of domestic technologies by supplying part of our network equipment from domestic production.

Details of our domestic network investments and 5G activities can be found in the manufactured capital section of our report.

We have contributed over TRY50 billion to the Turkish economy since our establishment! The revenues generated from our operations enable us to support the economies of those countries in which we operate.

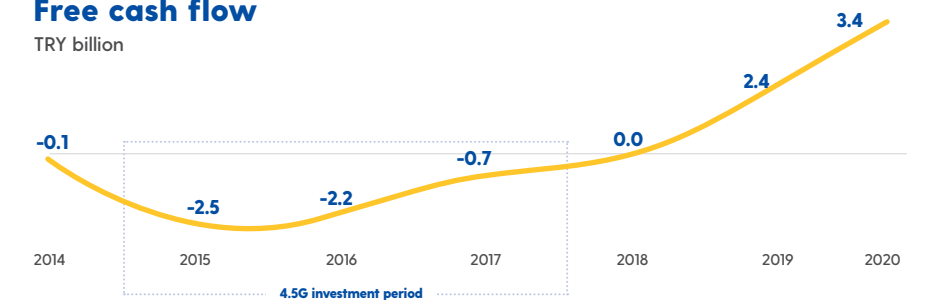
We will be able to finance the telecom equipment procurements to be made over the next 3 years in Euros and Renminbi (RMB) as part of the EUR500 million, 8-year maturity loan agreement signed with the China Development Bank (CDB) in 2020 for the financing of our infrastructure investments. Having signed this long-term loan agreement at favorable terms, we have encouraged local currency trade with foreign suppliers, strengthening trust both in Turkcell and Turkey's economy. Furthermore, we signed a loan agreement of US\$90 million in December 2020 with ING BANK N.V. and AB Svensk Exportkredit within the framework of the insurance of the Swedish Export Credit Agency (EKN) for the financing of products and services procured from Ericsson AB and Ericsson Telekomünikasyon A.Ş. The loan agreement comprises three tranches, each with a maturity of 10 years.

Regarding the revenues we generate from operations, free cash flow ge-

neration is among the issues that we focus on the most. Our free cash flow generation performance, which was at a negative level between 2014 and 2018, particularly due to the frequency and network investments made in relation to 4.5G technology, turned positive in 2018 upon completion of those investments in large part, and was followed by a rising trend of strong operational performance. We sustained our solid financial performance in 2020, creating free cash flow of TRY3.4 billion. We intend to continue this performance until the next technology investment cycle, by maintaining successful operational performance and ensuring disciplined capital expenditure and working capital management. As Turkcell, we operate in 4 countries, creating value through economic, social and technological development. We also contribute to the digitalization of other nations by exporting our superior digital services, knowledge and experience to 37 countries.

Free cash flow

TRY billion



We support the economy and GDP of other countries, as our operations and services result in increased economic activity, creating job opportunities and generating tax revenue. **SDG 8.1**

Business model hedging

Business model hedging is one of our key focus areas in sustaining strong financial performance. In this context, we price our products according to prevailing economic conditions, actively protect our balance sheet against exchange rate fluctuations using hedging instruments, and effectively manage our liquidity resources. During the pandemic period collection performance management has also been an issue of greater focus.

As Turkcell, we pay attention to the right pricing of the value proposition we offer to our customers. While implementing pricing, it is vital to take economic conditions into account for the sustainability of our services. In this respect, we focus on pricing our products and services to reflect inflation. Our inflationary pricing practice contributes primarily to achieving sustainable real revenue growth, while helping to eliminate inflationary pressure on our costs, and thereby protecting our operational profitability. Moreover, as we determine our investment budget based on generated revenues, we also protect our capital expenditures against exchange rate fluctuations, reflecting the impact of

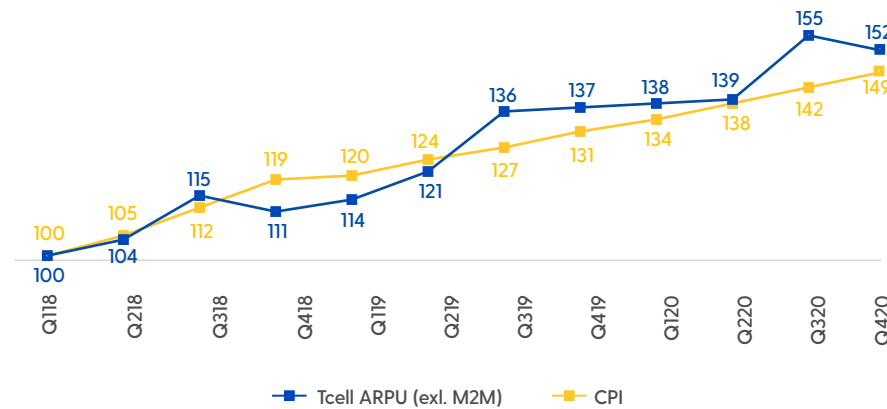
such fluctuations to our revenues in the long run through inflationary pricing. Leveraging our analytical competencies and using big data effectively, we price our products and services by understanding the needs of our customers, and reflecting inflation trends. Accordingly, we offer the right price to the right customer at the right time.

We support our robust operational and financial performance with strong ARPU generation backed by inflationary pricing practice. Meanwhile, our growing postpaid subscriber base, rising data usage and our upsell strategy also support ARPU generation. We expect our ARPU performance to trend with the inflation path in the long term.

As at the end of 2020, we have a net FX long position of USD132 million. Going forward, we aim to maintain our foreign exchange position at a neutral-positive level in order to minimize the impact of exchange rate movements on our financials.

Turkcell ARPU vs. CPI Trend

Q118=100
Company and TUIK announcements

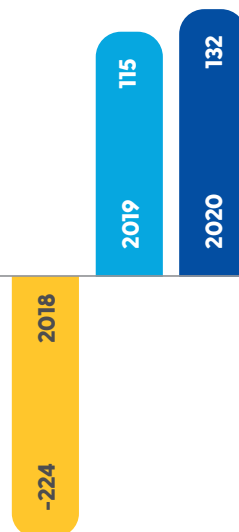


We follow a prudent risk management approach within the framework of our business model hedging practice. In this respect, we hold the bulk of our cash in hard currencies as a natural hedging mechanism. As of the end of 2020, excluding FX swap transactions, 74% of our cash is in USD, 4% is in EUR and 22% is in TRY. In addition, we actively use hedging tools within the scope of our prudent risk management approach. Utilizing these tools, we convert our floating rate foreign currency denominated debt into fixed rate Turkish Lira debt. While 78% of our total debt before hedging transactions is in foreign currency as at the end of 2020, the ratio declines to 43% when the effects of hedging instruments are included. In order to reduce our risk

by diversifying our foreign exchange transactions and position, we also prioritize local currency trade when making payments to our suppliers. This year, we signed Turkish Lira denominated payment agreements with our largest suppliers to protect our foreign exchange denominated assets. Thanks to our successful hedging practices, we were able to turn our foreign exchange position, which was negative in 2018, to positive in 2019. As at the end of 2020, we have a net FX long position of USD132 million. Going forward, we aim to maintain our foreign exchange position at a neutral-positive level in order to minimize the impact of exchange rate movements on our financials.

Net FX position

USD million



As a telecom company that operates in emerging markets, we must always be prepared for ups and downs in financial markets, and sustain a strong liquidity position accordingly to ensure operational continuity.



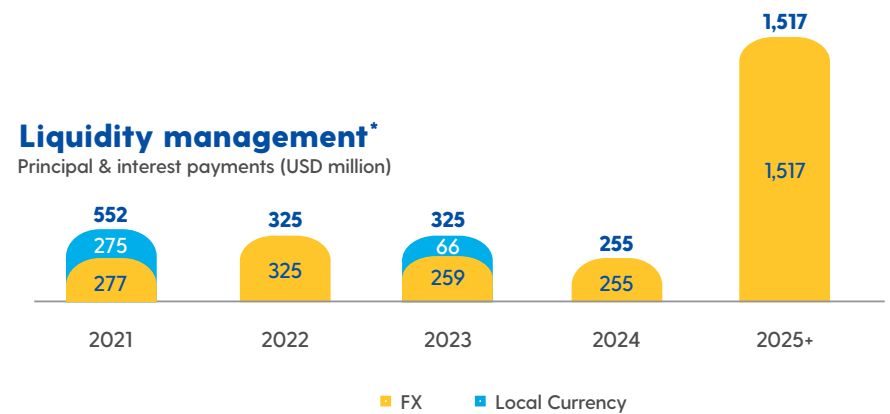
Hedging tools also protect us against interest rate risk in the market. Accordingly, approximately 39% of our total debt has a floating interest rate as at the end of 2020, while our fixed rate borrowing share is at approximately 94% including the effects of hedging instruments. Also vital to the risk management approach is the fact that the hedging tools that we use cover both principal and interest payments of the respective debt service to maturity. In this respect, the terms of our hedging agreements are protected against fluctuations in market conditions. Moreover, we work with well-known,

reputable and reliable counter parties when entering into these agreements.

As a telecom company that operates in emerging markets, we must always be prepared for ups and downs in financial markets, and sustain a strong liquidity position accordingly to ensure operational continuity. Liquidity management is therefore a crucial area for our financial capital. In this respect, we hold TRY11.9 billion in cash, mostly in foreign currency on our balance sheet as at the end of 2020. This amount is sufficient to cover our entire debt service until the end of 2024.

Liquidity management*

Principal & interest payments (USD million)

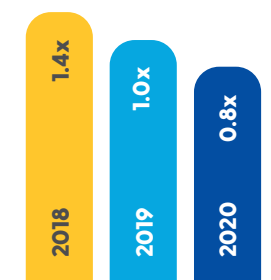


In addition to our strong cash position, our committed credit lines of USD727 million, as well as our strong free cash flow generation performance support our liquidity position.

Another crucial focus area concerning liquidity is debt management. Despite the significant depreciation of

the Turkish Lira against the US Dollar and Euro in 2020, we managed to lower our leverage level (net debt/EBITDA) to 0.8x, thanks to our strong cash generation performance. Until the next technology investment cycle, our goal will be to lower our leverage level with strong cash flow generation, and to prepare for future investments.

Consolidated leverage ratio



* Data of Turkcell Group companies excluding Turkcell Financing Company. Includes principal and interest payments.



We also sustained a robust collection performance with respect to our financing business in 2020 in the pandemic environment, keeping our cost of risk below sector averages.

Additionally, the synchronized monetary and fiscal expansion of governments and central banks to mitigate the devastating effects of COVID-19 have caused the declining interest rates to fall to historic low levels. In this respect, we prepaid the USD1 billion syndicated loan, which we had utilized to finance infrastructure investments and potential investment opportunities as part of the agreement signed with BNP Paribas, Citibank, HSBC, ING and Intesa Sanpaolo banks in 2015, thereby optimizing our financing costs. Furthermore, we extended our debt maturity with the long-term loans utilized throughout the year.

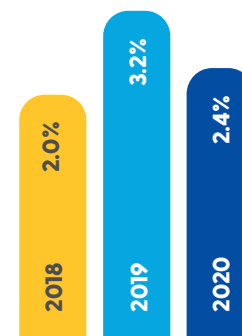
Collection performance has been an area of increased focus, particularly during the pandemic period. While we

took timely actions for collections, our customers were also sensitive to bill payments given that telecom services are an integral part of their lives. These two factors enabled us to maintain our strong collection performance in 2020.

We also sustained a robust collection performance with respect to our financing business in 2020 in the pandemic environment, keeping our cost of risk below sector averages. We follow a prudent approach to granting loans to customers. We take several metrics including the payment performance of our customers with respect to their telecom bills, as well as credit bureau scores into consideration as part of our evaluation process. This approach forms the basis of our strong collection performance.

Financell cost of risk

Ratio



Efficient capital allocation

The biggest challenges facing the telecom industry on a global scale are high capex requirements and slow revenue growth due to competition. For this reason, many telecom companies around the world are lowering their resource allocation in the traditional telecom business through public offerings, M&A transactions, infrastructure sharing, and sell and leaseback transactions, while investing into higher growth areas. As Turkcell, we also invest in areas of low investment requirement such as digital services, techfin services, and information technologies, focusing on digital efficiency, and adopting the

“Asset-Light” approach to support our economic growth. Going forward, our goal will be to achieve balanced revenue growth through traditional telecom businesses and new investment areas. Moreover, we are planning to also finance our investments in new businesses with free cash flow generation and active portfolio management activities, along with debt financing. As part of active portfolio management, we aim to unlock the value of the assets in our balance sheet by carrying out capital market or private transactions when suitable market conditions and investor appetite exist. [SDG 8.2](#)

UNGC CFO Taskforce

We are among the founding members of the UN Global Compact CFO Task Force initiative, which aims to develop sustainable corporate finance models and tools in line with United Nations Sustainable Development Goals. This initiative aims to ensure that the concept of sustainable finance becomes an essential factor in the policy-making processes of institutions via financial leaders of the global business world, to achieve sustainable development goals and to create a large, liquid and effective market for investments that serve these goals.

The initiative, in which Turkcell Chief Financial Officer Osman Yilmaz participated, determined the critical task areas in accordance with the SDGs as being ‘Impact thesis and Measurement’, ‘Integrated Strategy and Investments’, ‘Integrated Corporate Finance’ and ‘Integrated Communications and reporting’.

42 global companies from 19 sectors with a total market capitalization of over USD1 trillion participate in the CFO Task Force. In addition to contributing to the SDGs within the scope of this project, the project also develops common policies to realize the goals set for the UN 2030 agenda. [SDG 17.16](#)

As Turkcell, we carry out activities to increase the participation of Turkish institutions and organizations in the CFO Taskforce in cooperation with UN Global Compact Network Turkey.

We transferred our 41.5% stake in Fintur Holdings B.V. to Sonera Holding B.V. in 2019 as part of our efficient capital allocation focus. The cash inflow that resulted from this transaction helped us improve our leverage ratio and liquidity, and strengthen our foreign exchange position.

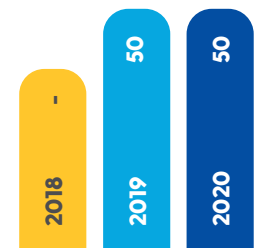
Moreover, as part of the support we provide to infrastructure sharing projects, we share fixed infrastructure

Diversified financing

By leveraging our established market relations, we aim to utilize alternative funding methods and resources in pursuit of financing diversity, beside our strong equity position. We utilize loans obtained from domestic and foreign banks, issue Eurobonds in international markets, bonds, bills, lease certificates and Asset Backed Securities in local markets, and obtain ECA loans for financing procurements from foreign suppliers. We also use sustainable financing (sustainability indexed loan, green loan) as part of diversified funding resources. [SDG 8.4](#)

Loans utilized under Sustainable / Green financing loans

EUR million



Strong and transparent financial management

It is also of importance for our corporate structure that we have a transparent and accountable financial management, as well as a robust one. We plan, manage and analyze our budget effectively within the scope of this transparent and strong financial management approach. In our countries of operation, we manage our tax practices transparently and accountably, directly and indirectly, and disclose them via our annual reports, material disclosures, and quarterly and annual results re-

with Türksat and Vodafone, which enables us to reach more households with our services and achieve efficiencies. Going forward, the potential for passive infrastructure sharing, particularly for fiber, will continue to be evaluated. In parallel to global trends, we believe that infrastructure sharing has the potential to create operational savings as well as support the national economy via the efficient use of resources.

We play a leading role in Turkey in terms of accessing sustainable financing sources. In 2019, utilizing a “Sustainability Linked Loan” of EUR50 million with 3-year maturity from BNP Paribas, we further strengthened our leading position in funding activities through sustainable financing. In 2020, we entered into a 5-year maturity, EUR50 million “Green Loan Agreement” with ING to finance our environmentally-friendly investments in renewable energy, energy efficiency, green digital services and green buildings, strengthening our position in this field.

leases. Across the company, we share information in many different formats, including share performance reporting, senior management reports and benchmarking analysis.

In line with being an exemplary corporate citizen, we carry out anti-bribery and anti-corruption activities with zero-tolerance, and act in accordance with legislation to maintain an effective competitive market environment. We conduct all our financial transactions in accordance with CMB and SEC regulations.



We explain our approach to communication with our investors and other stakeholders in our social values and relationships section, and our communication channels in the stakeholder communication channels table.



You may access the details of our principles and reporting on anti-bribery and corruption, competition management and related issues in the strong corporate governance section, and the data on taxes in the consolidated financial statements section.

Transparent investor communication - Investor Relations

We conduct our investor relations activities in accordance with Corporate Governance Principles, having adopted an approach that ensures accessibility, and that provides rapid feedback to stakeholders, and delivers transparent, consistent and timely information. As part of our transparent and active communication, we give access to documents such as audit reports, press releases and investor presentations, which include quarterly financial and operational performance on a quarterly basis, on our website.

We have begun to issue a consolidated integrated annual report, and to disclose related information previously filed separately in our annual reports and sustainability reports.

Capital market instruments performance

Turkcell shares commenced trading simultaneously on the Borsa Istanbul (BIST) and the New York Stock Exchange (NYSE) on July 11, 2000. The shares are traded under the TCELL ticker at the BIST and as American Depositary Shares (ADS) on the NYSE under the ticker TKC.*

Turkcell's issued capital has a nominal value of TRY2.2 billion.** Turkcell, the only Turkish company listed both on Borsa Istanbul and the New York Stock Exchange, became the 9th most valuable company among those traded on the BIST with a market value of TRY35.4 billion as of December 31,

* Two ADRs represent five shares.

** It includes 2,200 million shares, each with a nominal value of 1 TL.



2020. By the end of 2020, Turkcell's American Depositary Shares numbered 63.3 million.

On October 15, 2015, Turkcell issued bonds with a nominal value of USD500 million and a maturity of 10 years. On April 11, 2018, we issued bonds, which are also traded on the Irish Stock Exchange (Euronext Dublin), with a nominal value of USD500 million, a maturity of 10 years and a coupon rate of 5.80%. In addition, our subsidiary Superonline carried out three sukuk issuances for a total of TRY325 million on February 4, June 23 and November 18 of 2020. Our subsidiary Turkcell Finansman received on November 12 CMB approval for a bond issuance with a limit of TRY500 million, but has made no issuances in 2020.

The share of foreigners in Turkcell's free float was 79.4% in 2020. In the same period, the share of foreigners in Borsa Istanbul was 49%.

We regularly report annually on the performance of Turkcell shares at the BIST and NYSE, and also report on five-year trends.

The Turkcell Investor Relations team consists of members with a deep understanding both of the company itself and of sector dynamics, and who can convey the strategy and focus areas of the company comprehensively.

Share and bond buyback

The Turkcell Board of Directors authorized the Company management to buy back Company shares and bonds with a maximum fund amount of TRY450 million in an attempt to protect our investors against any perception of instability that may arise in the short and medium term; subsequent to the events on, and after July 15, 2016, and/or due to the potentially negative reflection of global macroeconomic volatility on Turkey in accordance with the announcements of the Capital Markets Board dated July 21, 2016 and July 25, 2016. In this context, since 2016, 16.9 million shares (equivalent to TRY180.2 million) and bonds totaling USD20.5 million nominal amount (equivalent to TRY103.5 million) have been purchased. All of the bonds had been sold back as at the end of 2020.

Our business principles

We adopt Corporate Governance Principles. The basic business principles adopted by the Turkcell Investor Relations Department include accessibility, the provision of rapid feedback to stakeholders, and their informing transparently, consistently and on a timely basis. Information flow is provided to all stakeholders through the Public Disclosure Platform, Turkcell Investor Relations website and social media platforms.

The Turkcell Investor Relations team consists of members with a deep understanding both of the company itself and of sector dynamics, and who can convey the strategy and focus areas of the company comprehensively. The team is differentiated in the sector by its dynamic structure and effective communication. Turkcell Investor Relations works to establish long lasting relationships with investors. Questions from investors and analysts are answered in the fastest and most transparent manner within the framework of relevant legislation. In this context, as the Investor Relations Department, throughout 2020:

• We held a total of 506 meetings with institutional investment funds, most being virtual.

• We attended 19 investor conferences, of which 15 were virtual.

• We shared our financial results four times during the year via teleconferences.

• We shared the initial impact of the COVID-19 pandemic on our business with our investors.

• Over a thousand information requests were received throughout the year via phone and e-mail, to all of which we responded.

The limitations on travel arising from the pandemic have obliged us to hold our meetings with analysts, investors and credit rating agencies virtually. In this respect, we have reduced our travel related carbon footprint.

The top 10 topics most frequently asked to Investor Relations in 2020 were:

- The effects of the pandemic on our activities,
- The impact of macroeconomic conditions on business model and financials,
- Shareholder change, and its possible effects on strategy,
- The competitive environment, our pricing policy and the trend of operational indicators,
- 5G license tender roadmap and related capital expenditures,
- Details on hedging instruments,
- Strategic focus areas, priorities and goals,
- Strategy and expectations in international operations,
- Details regarding operational investments,
- Liquidity and debt structure.

Our company's ESG rating was determined as A by Morgan Stanley Capital International (MSCI) in January 2021. Turkcell is the only telecommunications company in Turkey to have this rating.

We strive to provide the maximum benefit and create value for Turkcell and our stakeholders

The primary goal of Turkcell Investor Relations is to increase the market capitalization of our company and the trading volume of Turkcell's shares. Within this scope, our target is to develop and deepen Turkcell's investor profile and increase the weight and number of long-term investors in the institutional investor base.

Our communication makes a difference

Turkcell believes in simultaneous and open communication with its stakeholders. As Turkcell Investor Relations, we actively use communication channels such as the website and the Public Disclosure Platform to provide comprehensive, accurate and timely information to our investors around the world.

We conveyed our risks, expectations and evaluations regarding the pandemic to our stakeholders by organizing a teleconference meeting on April 10, 2020, when uncertainty was at its peak. This meeting was an exemplary action in terms of transparent and fair corporate governance practice, and was appreciated by our stakeholders for its timing and content.

Sustainability indices and performance indicators

Our successful activities in the sus-

tainability area are confirmed by our achievements in local and global indices. We have been included in the BIST Sustainability Index (BIST SI) since its launch in 2014. By revealing companies' approach to sustainability issues such as global warming, depletion of natural resources including water, health and safety, and employment, this index provides an independent assessment and registration of companies by Borsa Istanbul.

Our company's ESG rating was determined as A by Morgan Stanley Capital International (MSCI) in January 2021. Turkcell is the only telecommunications company in Turkey to have this rating.

Moreover, Turkcell is the only Turkish telecommunications company to be included in the FTSE4Good Emerging Markets Index which measures the ESG performance, calculated by FTSE, an independent organization in partnership with the London Stock Exchange and Financial Times.

Share information and dividend yield

As the investor relations team, we aim to increase the market capitalization of Turkcell to its fair value. In this respect, we evaluate the possibilities of creating strategic value in accordance with our policies. We also aim for dividend distribution to our shareholders in accordance with our dividend policy, and within the framework of fiscal discipline.

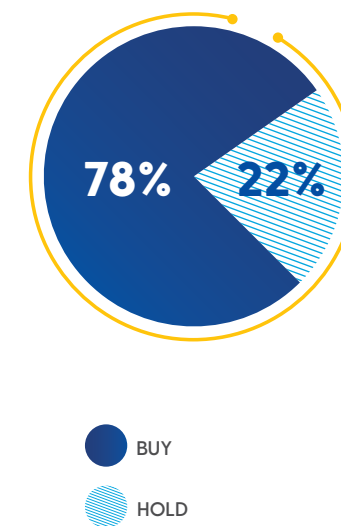
Dividend yield



*In 2020, dividend pay-out ratio to our shareholders was 25%, which was the highest rate permitted by legislation.

27 brokerage houses, half of which are foreign companies, actively monitor and analyze Turkcell shares. As of the end of 2020, there are 21 analysts giving "buy", 6 analysts giving "hold" and no analysts giving "sell" recommendation.

Analyst recommendations



TCELL (TL)*	2015	2016	2017	2018	2019	2020
Lowest	7.80	7.00	7.38	9.19	10.55	11.78
Highest	10.67	9.80	13.53	14.73	14.23	16.83
Closing	7.80	7.68	13.53	11.46	13.48	16.10

TKC (USD)*	2015	2016	2017	2018	2019	2020
Lowest	6.61	5.02	5.26	3.58	4.37	4.29
Highest	11.32	8.52	8.93	9.74	6.63	6.13
Closing	6.69	5.44	8.93	5.30	5.67	5.39

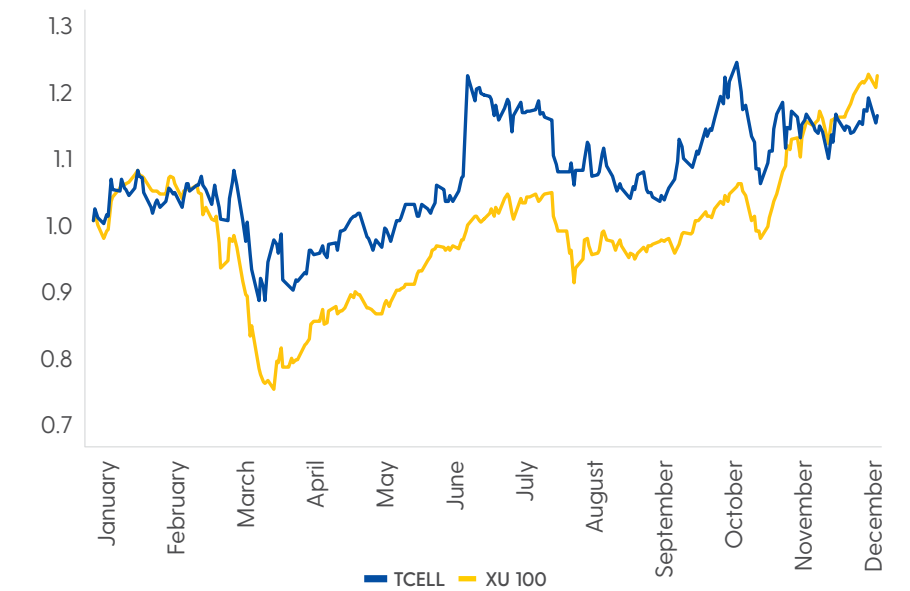
*Share prices are adjusted for dividend payments.

Source: Bloomberg

Stock exchange symbols

Country	Stock exchange	Ticker symbol
Share	Borsa İstanbul	TCELL
ADR	NYSE	TKC
Bond	Irish Stock Exchange	ISIN: XS1298711729
Bond	Irish Stock Exchange	ISIN: XS1803215869

Share performance (Relative) (2020)



Credit ratings

Turkcell, Superonline and Turkcell Finansman* receive ratings from the world's leading credit rating agencies.

TURKCELL	Long-term credit rating	Outlook	Date
S&P	BB-	Stable	April 2019
Fitch	BB-	Stable	March 2021
Fitch National	AAA (tur)	Stable	March 2021

SUPERONLINE	Long-term credit rating	Outlook	Date
JCR-ER	BBB-	Negative	May 2020
JCR-ER National	AA (Trk)	Stable	May 2020

TURKCELL Finansman	Long-term credit rating	Outlook	Date
Fitch	B+	Stable	April 2020
Fitch National	AA- (tur)	Stable	April 2020

International credit rating agency Fitch Ratings upgraded our Company's national long-term credit rating from "AA+ (tur)" to "AAA (tur)" and kept its

outlook as "Stable". Our company's long-term foreign currency issuer default rating was affirmed as "BB-" and its outlook as "Stable".

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<https://www.turkcell.com.tr/en/aboutus/investor-relations>

Turkcell Küçükalya Plaza, Aydınevler Mahallesi İnönü Caddesi
No: 20 B Blok Küçükalya Ofispark, 34854 - Maltepe / İSTANBUL

Carrying out activities that consider the needs of our customers, we successfully ended 2020 having posted record transaction volumes across various products. Paycell increased its revenues by 13% this year, while its EBITDA margin was 52%. Paycell's non-group revenues rose by 62% during the same period.

Digital finance transformation

Increasing the digital maturity of the finance function is among our top priorities. We digitize the operating model of the finance function in order to provide an environment where business processes are organized over systems, manual interventions are minimized, and internal control points are automatically supported. As part of this transformation, we aim to improve operational efficiency as well as establish a working environment comparable to best practices.

In this context, our current financial maturity level was assessed, progress areas were determined, and roadmaps were established in detail. Upon completion of the transformation, which considers every component of the operating model ranging from process to technology, and from organization to data, 68% of the finance function's processes are to be digitized and a 20% operational efficiency increase is expected.

Techfin's shining stars: Paycell ve Financell

In 2020, we continued to improve the products and services we offer to our customers under Paycell. Paycell, which serves over 12 thousand contracted merchants, expanded its solution portfolio for commercial businesses with the Android POS this year. Paycell Android POS, the first Android POS device to comply with relevant legislation, and approved by the Turkish Revenue Administration (GİB), provides cost and efficiency advantages to member merchants, while offering collection, stock tracking and e-invoice processes on a single platform. The Paycell Single Account project conducted in 2020, enabled users to view and easily manage their Paycell Card balance and mobile payment limits in a single account. Also in 2020, we took an important step by enabling 24/7 money transfer service to an IBAN number with contracted banks. Moreover, we offered a completely contactless payment experience by improv-

ing the payment process at physical points in the pandemic period, during which contactless payments became more popular as customers sought new payment methods. Having entered into new agreements with numerous restaurants, markets and coffee chains, we ensured that customers could make their purchases contactless with QR codes. **SDG 8.3**

Paycell enables customers to make purchases at member merchants without the need of a bank card or payment at the door, offering the opportunity to reflect the fee to telco bills. Paycell also provides the opportunity of paying corporate bills both using the application and at Turkcell stores. With the rising number of contracted merchants each year, Paycell customers can shop quickly and securely using QR codes. Meanwhile, Paycell Card offers the opportunity of using a card to those under the age of 18, and therefore unable to be a bank customer. At the same time, Paycell Card customers can manage their balance and mobile payment limits through a single account.

Paycell registered a first this year by adding a brand new easy payment alternative. Thanks to the "Ready to use limit" feature, users can spend their mobile payment limits via their Paycell Cards at any time, and repay through their Turkcell bill at the end of the month. Moreover, they can convert part of this personalized limit into funds and withdraw them in cash.

Carrying out activities that consider the needs of our customers, we successfully ended 2020 having posted record transaction volumes across various products. Paycell increased its revenues by 13% this year, while its EBITDA margin was 52%. Paycell's non-group revenues rose by 62% during the same period. The number of Paycell 3 month-active users have become 4.7 million, and the number of Paycell registered credit cards reached 7.9 million with an increase of 88%.



* Turkcell Finansman's Fitch rating expired on April 27, 2020 due to commercial reasons.



	2018	2019	2020
Paycell 3-month active users (million)	4.8	4.5	4.7
Paycell total transaction volume (TRY billion)	7.8	9.4	9.0
Revenue (TRY million)	187	252	285
EBITDA (TRY million)	136	160	147
EBITDA margin (%)	73%	64%	52%

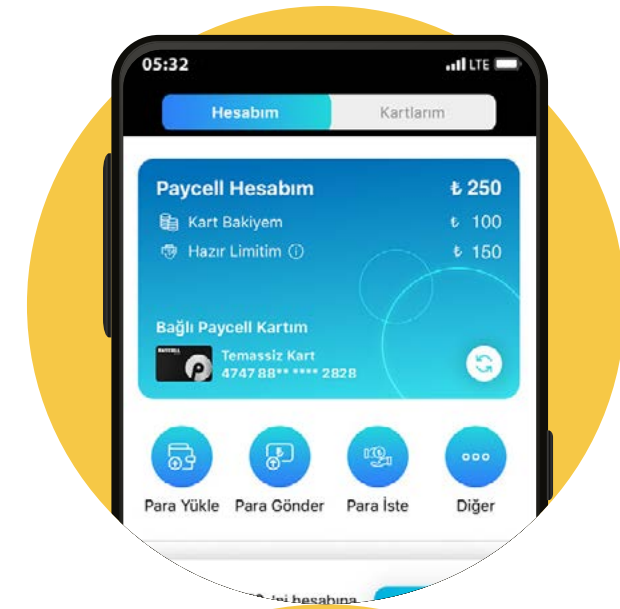
Financell, one of the key players in Turkey's financing sector, allows us to offer financing solutions to individual and corporate customers for their technological product and service purchases. In 2020, we also became active in the field of corporate loans via our digital transformation loan. Meanwhile, credit risk infrastructure and digital transformation projects implemented in 2020 enabled us to conduct credit assessments at a faster pace and manage credit risk effectively. With the completion of pro-

jects in 2020, we started to provide financing offers to our Corporate segment and Superonline customers. Accordingly, we became capable of providing financing solutions for all products and services that we sell as Turkcell. Turkcell Sigorta Aracılık Hizmetleri A.Ş., which completed its infrastructure development activities in the last quarter of 2019, continued to offer innovative risk management solutions to its customers via fast and easy-to-access products.

	2018	2019	2020
Number of customer acquisitions for Turkcell through Financell (thousand)	102	113	129
Financell asset size (TRY billion)	5.2	3.0	2.5
Number of credits granted by Financell (million)	2.4	1.9	2.0
Number of customers who used credits annually (million people)	1.9	1.4	1.4
Total customer loan portfolio (TRY billion)	4.2	2.4	1.9
Revenue (TRY million)	942	899	567
EBITDA (TRY million)	426	504	367
EBITDA margin (%)	45%	56%	65%
Net income (TRY million)	254	187	241

The interaction of our financial capital with our other assets

Our financial capital plays a key role in providing the necessary financing for the realization of all activities conducted under other capitals, while itself being supported by revenues generated from other capitals. Revenues generated by our services support our market capitalization and dividend yield, while the quality of our products and services are enhanced by the financing of R&D studies, thereby increasing customer satisfaction. Meanwhile, our social responsibility projects and transparent communication with our investors contribute to our social values and relationships. Furthermore, through our sustainable financing activities we reduce our negative impact on our natural capital.



Human capital

- 130 Human capital management
- 131 Our decent business practices
- 132 Our productive Turkcell family
- 144 Making a difference in employment



Human capital



Diversity, inclusion and equal opportunity

- VoE and VoD meetings
- Woman Developers of the Future Project

Our competent employees and career development

- Backup management
- YUPO
- Turkcell Academy trainings
- Digital Master's Program
- Technology Retailing Certificate Program

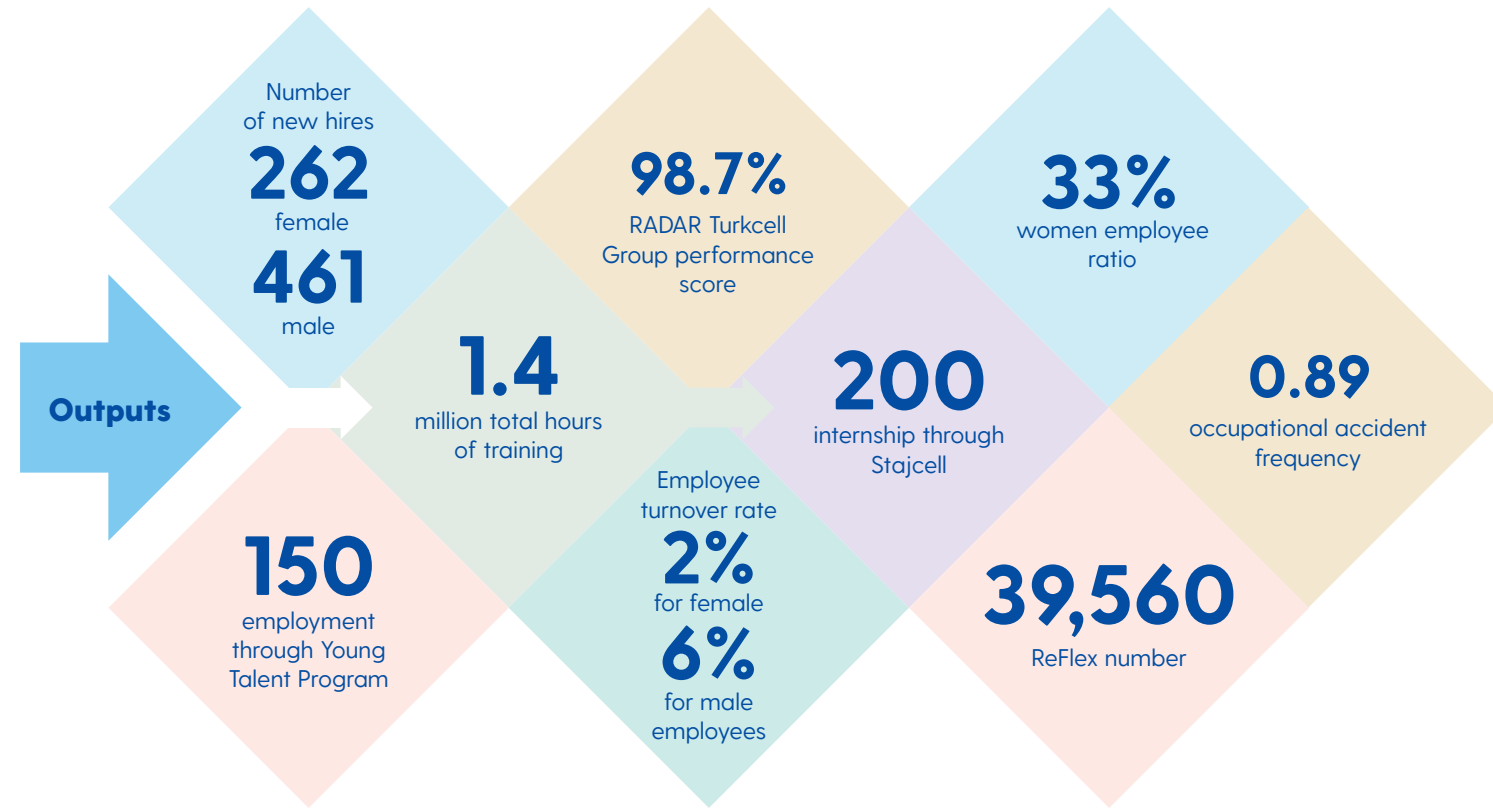
Safe and healthy work environment

- Field OHS improvement studies
- RADAR Program

Agile teams/employees

Employee practices that create difference

- Young Talents
 - Young Talent
 - Stajcell
- Flex HR applications
- The Stars Coming Back project
- Equal Conditions, Equal Chances at Turkcell!
- The "Tell your Candidate, Create Benefit" application



Contribution to employment

- Employment created in the countries / geographies where we operate

Having competent human resources, ready for the digital world of the future

- Developing the competencies of employees

Developing the competencies of women to increase their employment in technology field

Creating a strong and agile employee culture

Being a good employer

- Having physically and mentally healthy employees
- Diversity, inclusiveness and equal opportunity in Human Resources practices
- Loss of working hours due to occupational accidents



Human capital

We consider Turkcell employees as members of a large productive family, who carry out activities with the aim of creating social value by leveraging skills in their area of expertise, and as the key asset of Turkcell.

During Turkcell's digital transformation journey, we continue to receive the greatest support from our employees thanks to Turkcell's strong communication and interaction culture. We aim to ensure an employment experience that makes our employees feel more valuable and productive, and hence happier. This approach is an integral part of our corporate culture.

Human capital management

Throughout our journey of activities that serve our people with products and services that reflect Turkcell quality, it is our priority to imbue our employees with a sense of pride in being part of the Turkcell family. We comply with legal requirements as part of our human resource processes in accordance with relevant laws and regulations. We communicate all operational changes that could significantly impact our employees within the legal notice period via our internal communication channels. We consider it among our core ethical values to oppose discrimination based on gender, age, belief, ethnicity, nationality, marital status, health status, and physical capacity in all of Turkcell's business activities. Respect for human rights lies at core of our human resources activities. Accordingly, we implement human resources practices that ensure equal opportunities

for all individuals, and support inclusion and diversity. As the large Turkcell Group family of 24,675 employees, we adapt to the requirements of the rapidly evolving digital age with agility to better respond to customer needs. And we continuously develop our skills with training programs that offer rich content.

Under the leadership of the Turkcell HR Center of Excellence team, we carry out activities regarding the design of all our human resources processes, changes and improvements to our procedures, as well as wage policies and the performance and development management of our employees. With the cooperation of Turkcell teams and our Organizational Development directorate, we carry out exemplary activities in determining the goals and risks of our business processes, defining roles and responsibilities and digitizing of our human resources management.



COVID-19 note:

In 2020, employment and working conditions were reshaped by the COVID-19 pandemic. Yet, we continued our recruitment activities to meet increasing customer demand, as well as achieve our digitalization goals. While carrying out activities, we also supported the national economy via our successful employment practices. Having already conducted office independent working practices such as "mobile working" and "office station" for over 3 years, we were able to rapidly adapt to different remote working models such as mobile working and home office when COVID-19 entered the picture. We provided our field employees with the necessary hygienic materials. Moreover, we took necessary actions to ensure our employees' physical and psychological safety. To enable them to spend more quality time while working remotely, increase socialization and enhance team motivation, we organized remote training courses, online company activities, and various programs aimed at healthy living. In this period, we also received instant feedback from our employees, and developed our processes and principles in light of the information gathered. As part of the 'COVID-19 Virtual Working Assessment Survey' conducted by Kincentric and scored by our employees, we achieved robust results on each of the following main topics: 'Anxiety and Connectivity', 'Senior Management Approach, Communication', 'Employee Health, Well-being, Occupational Safety', and 'Virtual Work Efficiency'. The survey results confirmed Turkcell as being among the top-ranked companies in Turkey in terms of positive perception. We also scored higher results in comparison to global companies across all metrics.

Our decent business practices

We carry out all of our human resources activities with a focus on value creation with the responsibility of being an exemplary corporate citizen both in our country and globally. We hear the expectations of the strong and agile Turkcell family with regards to business management, and take swift actions to increase employee loyalty and satisfaction. We aim to make sure that Turkcell is the most preferred workplace in the eyes of our employees through the combination of our decent business practices and "Digital HR" vision.

Diversity, inclusion and equal opportunity

Respect for human rights is at the core of our human resources activities. In this regard, our human resources practices extend equal opportunities to all individuals, supporting inclusion and diversity. Turkcell carries out its activities to prevent discrimination, inequality, human rights violations, forced labor and child labor within the scope of its Human Rights Policy and continues its efforts to adopt these values across its supply chain.

All related activities and practices confirm our commitment to our equal opportunity, inclusion and diversity principles. In 2020, there were no cases of discrimination brought against Turkcell İletişim Hizmetleri A.Ş. by our employees or third parties, and no lawsuits were filed against Turkcell for discrimination.

We state our commitment to compliance with the principles set forth in our Human Rights Policy announced at the beginning of 2021 as part of our relations with our employees, customers, business partners and all our stakeholders. Thereby, we aim to ensure compliance to requirements of national legislation and international capital markets regulations that we are subject to, regarding employment conditions.

We respect the rights of our employees arising from employee-employer relations, and protect these rights with our human resource practices. With our equal pay for equal work policy, there is no basic salary difference between our female and male employees. In order to prevent the incidence of child labor and debt bondage, we adopt the ILO (International Labor Organization) standards across our entire value chain, particularly for our suppliers. **SDG 10.4**



You can find detailed information on our equal opportunity, inclusion and diversity practices for our supply chain in the value-oriented responsible supply chain management section of our report.

Most of our operations are performed by Turkcell employees. With new colleagues, who join us from all over Turkey, we constantly expand our family and increase the active workforce. Meanwhile, we believe that professions and fields of expertise go beyond gender classifications. As a leading digital operator company, we support women and their activities in STEM (Science, Technology, Engineering, Mathematics) areas. Accordingly, we carry out numerous activities that support the employment of women engineers, particularly through the Women Developers of the Future program. **SDG 5B**



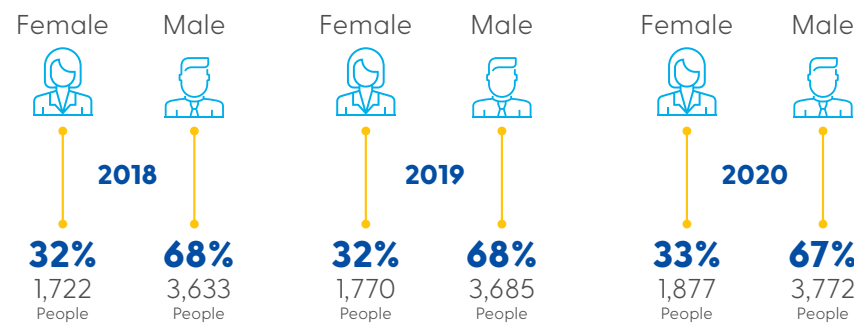
You can find detailed information about the Women Developers of the Future Program in the social values and relationships section of our report.



Our subsidiary Global Bilgi, which operates at 25 locations, 19 being in Turkey, and 6 in Ukraine as at the end of 2020, contributed to the development of both local economies and the human resources development at these locations through the employment it creates. Providing employment to approximately 16,000 people, Global Bilgi creates value as a pioneer of its sector with 9,600 women employees, who make up 60% of the total workforce.



Turkcell family employees*



Ratios of current employees by age groups*

	2018	2019	2020
30 years and under	19%	22%	25%
Between 30 - 50	77%	75%	72%
50 years and older	4%	3%	3%

Education level of our employees*

	2018	2019	2020
Doctorate (PhD)	1%	1%	1%
Master's degree	26%	28%	25%
Bachelor's degree	66%	66%	69%
Associate degree	3%	2%	2%
High school	3%	2%	3%
Other	1%	1%	1%

Gender ratio breakdown per position*

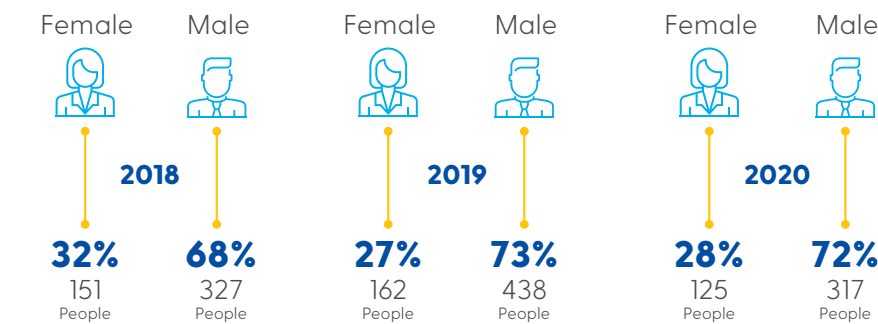
	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Below manager	33.5%	66.5%	33.8%	66.2%	34.6%	65.4%
Manager	21.3%	78.7%	22.2%	77.8%	23.0%	77.0%
Director	17.9%	82.1%	13.3%	86.7%	16.9%	83.1%

* Demographic information presented in our human capital section covers data from the companies Turkcell İletişim Hizmetleri A.Ş., Kule Hizmet ve İşletmecilik A.Ş., Superonline İletişim Hizmetleri A.Ş., Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş., Turkcell Finansman A.Ş., Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş., Turkcell Satış ve Dijital İş Servisleri A.Ş., Turkcell Sigorta Aracılık Hizmetleri A.Ş., Turkcell Teknoloji Araştırma ve Geliştirme A.Ş., Lifecell Dijital Servisler ve Çözümler A.Ş., Lifecell TV Yayın ve İçerik Hizmetleri A.Ş., Lifecell Müzik Yayın ve İletim A.Ş., Lifecell Bulut Çözümleri A.Ş. and BİP İletişim Teknolojileri ve Dijital Servisler A.Ş. Employee numbers were provided by Turkcell's Employee Experience Management Directorate, and did not change significantly during the year.

Ratios of current managers by age groups*

	2018	2019	2020
30 years and under	-	-	0.3%
Between 30 - 50	94%	95%	94.8%
50 years and older	6%	5%	4.9%

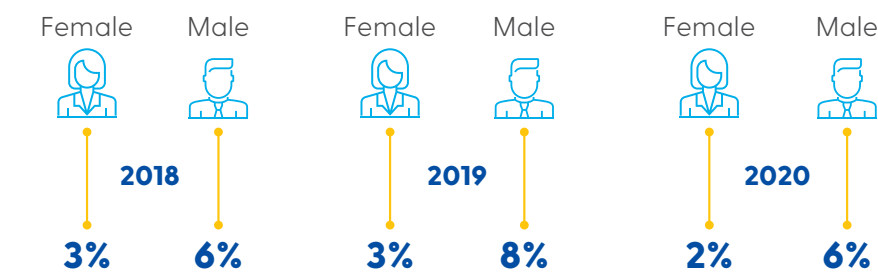
Employees who left the Company*



Age groups of employees who left the Company*

	2018	2019	2020
30 years and under	18%	21%	34%
Between 30 - 50	77%	71%	63%
50 years and older	5%	8%	3%

Employee turnover*



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Our new mothers are offered the opportunity of working in the office between 10.00-15.00, and from any location of their choice for the rest of the day, until their babies are 16 months old. Meanwhile, though legal provision for paternity leave in Turkey is 5 days, we provide 10 days of leave to our new fathers, so that our male employees can assume greater responsibility in childcare. **SDG 5.4**



Voluntary employee resignation rates*

	2018	2019	2020
Voluntary resignation	5%	6%	6%

Employees who received an exit interview*

	2019	2020
Number of employees	271	312
Number of completed surveys	157	163
Participation rate	58%	52%

Employees taking parental leave*

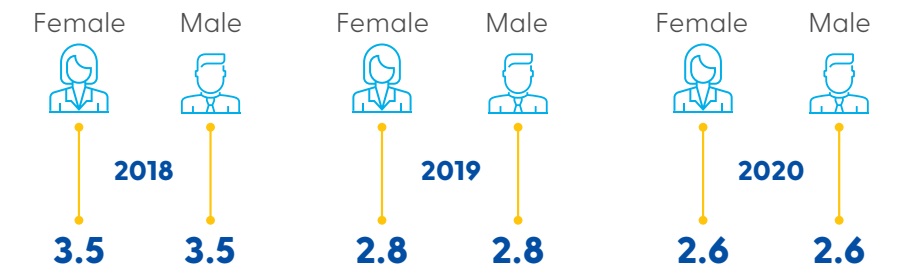
	2018	2019	2020	Short-term target	Mid-term target	Long-term target
Number of employees who used their parental leave right	40	52	60	-	-	-
Rate of employees returning to work after their parental leave	100%	98%	97%	98%	98%	98%
Employee retention rates following parental leave	85%	88%	93%	88%	90%	90%

We manage our Compensation Policy at all levels with maximum reliability. We transparently communicate the Remuneration Policy of our Board Members and Senior Managers to all our stakeholders.

We apply our remuneration policies impartially by basing all our operations on common standards to prevent discrimination between our female and male employees performing similar jobs. **SDG 5A**

In addition to a range of social responsibility activities that we undertake to support the active participation of disabled individuals in business life, we have provided employment for 13 disabled people, 3 of whom are Young Talents as part of our Young Talent Program in 2020.

Rate of average entry level wage to minimum wage (times higher)*



Transparent performance evaluation

All Turkcell employees are included in the annual performance evaluation process that is conducted in a transparent and fair manner. As part of the annual salary increase process, which covers all employees, the following criteria set is taken into consideration; macro and socio-economic indicators, sectoral developments, company performance and dynamics, internal comparisons, the market value of the respective role, individual performance and sustainable performance (performance and talent management results).

As part of the Goal Setting process at Turkcell, each employ-

ee is expected to set their goals together with their superior and keep those goals updated with the changing priorities throughout the year. Strategic initiatives determined as part of the company strategy are included as key initiatives firstly on the scorecards of our senior management. KPI sets that support those strategic initiatives are also included on the scorecards of employees. Employees connect their goals to those of their superior in a way to also match the strategic initiatives of the Company. Accordingly, a holistic "Goal Tree" is created, illustrating connections between the objectives and strategic initiatives of the C-level executives of the respective functions.

We rely on the power of communication. The Voice of Managers program provides our managers the opportunity to give direction to Turkcell strategies under the leadership of our Strategy Department. We bring our directors together at Voice of

Directors meetings organized in convenient settings where ideas can be exchanged. The Voice of Employees survey enables our employees to express their opinions and suggestions transparently.

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Employee loyalty and happiness

We are working towards enabling an efficient and enjoyable employment experience with “How About Connecting to Life?” slogan. We keep open dialogue with our employees through Employee Engagement Surveys, and continuously review the effectiveness of our practices in accordance with the results obtained. In 2019, we ranked among the ‘Best Workplaces in Turkey’ based on the results of Employee Engagement Survey.

We continued our success with the Virtual Working Assessment Survey regarding the COVID-19 period in 2020, and were proud to top the list among both local and global companies.

We appreciate our employees: With our “CEO and CXO awards”, our CEO and C-level executives reward employees who make a difference. Our instant rewarding platform enable executives to give awards to employees with successful performance over Mobilim application. We reward innovative employees, those who add long-term value to our Company through the “This deserves an award” initiative. Through our “Innovation Platform”, we canvass opinions of

employees on issues determined by the business departments, rewarding those with the most innovative suggestions. Employees, who complete their 5th, 10th, 15th, and 20th years of service, are awarded a specially prepared thank-you package and celebrated at our “Seniority Awards Ceremony”. Besides asking for business ideas, we also encourage our employees to participate in activities such as Turkcell Volunteers that have a positive social impact.

As a side benefit, we provide all part-time and full-time employees of Turkcell Turkey companies life insurance against death and critical illness. We also offer accident and post-illness disability insurance as a side benefit. The health package offered to our employees covers inpatient and outpatient treatment, childbirth, dental treatment and glasses/

lenses. Additionally, our employees, their spouses and children all benefit from this coverage. In addition to legal paternity leave, our male employees are entitled to 10 calendar days of leave upon becoming a father. The Turkcell Private Pension Plan covers all employees, who complete their 6th month at Turkcell. Our employees can all own Turkcell Company shares.

We believe in the importance of feedback in the successful management of our business processes. **ReFlex**, our digital feedback mechanism, allow us to provide feedback instantly. Over the ReFlex system, which can be accessed via mobile and our Hu-

man Resources mobile application Turkcell Life, we help employees with performance and goal management, appreciate success, provide constructive feedback with an aim to maximize work efficiency and employee satisfaction.

Number of ReFlex responses from employees*

2018	2019	2020	Short-term target	Mid-term target	Long-term target
24,065	36,715	39,560	40,000	45,000 - 50,000	50,000

We closely follow the legal obligations regarding Occupational Health and Safety (OHS) within the framework of our Occupational Health and Safety Policy, organize trainings, regularly auditing our activities and checking their pertinence.

Safe and healthy work environment

In accordance with our motto “Above all comes the health of our employees”, one of our key responsibilities is to ensure full safety in all our work environments, and to protect the health and well-being of all our employees under the expertise of Turkcell Group Occupational Health and Safety Unit. Firstly, we closely follow the legal obligations regarding Occupational Health and Safety (OHS) within the framework of our [Occupational Health and Safety Policy](#), which is in compliance with Occupational Health and

Safety Law No. 6331 and the ILO-OSH (ILO Occupational Safety and Health) 2001 standard. We organize trainings, regularly auditing our activities and checking their pertinence. We manage the physical security standards of our buildings and facilities in accordance with Private Security Services Law No. 5188 and the respective regulations. In addition to their professional training, all of our security personnel are informed of Turkcell dynamics by their own companies before starting work at Turkcell.

Accident frequency rate***

Gender	Unit	2018	2019	2020	Short-term target	Mid-term target	Long-term target
Female	Number of accidents / working hours	2.37	2.07	1.38	2	1	0
Male	Number of accidents / working hours	1.85	2.15	0.68	2	1	0
Total	Number of accidents / working hours	2.09	2.11	0.89	2	1	0

** The accident frequency rate is calculated by multiplying “the ratio of the total number of accidents to total working hours” by 1 million.

Number of accidents*

Gender	2018	2019	2020
Female	11	26	5
Male	12	27	5
Total	23	53	10

Number of occupational diseases*

Gender	2018	2019	2020
Female	0	0	0
Male	0	0	0
Total	0	0	0



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In the field of Occupational Health and Safety (OHS), our RADAR software program developed by Turkcell Teknoloji Araştırma ve Geliştirme A.Ş., offers employees the opportunity to report dangerous situations and follow up on their status. Through Turkcell's RADAR application, we evaluate employee suggestions and complaints regarding occupational health and safety issues according to the risk categories. We transparently share Turkcell Group indicators with our employees, such as accident frequency rate, details of the accident and total lost days.

RADAR, which is part of the Corporate Occupational Health and Safety Management System, uses criteria determined by Turkcell Occupational Safety Experts. It has been developed by Turkcell Teknoloji software developers as a system in compliance with prevailing legislation. It is a system not only used for document tracking, but also one that allows occupational health and safety professionals to carry out their responsibilities. Thanks to RADAR, the occupational health and safety performance across Turkcell Group companies is calculated as an annual score and monitored by the management. The scoring criteria is determined in accordance with the penalty scoreboard table of the relevant legislation.



Loss of working hours due to occupational accidents*



Third party OHS data

	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of accidents (third parties)	7	4	3	6	2	0
Accident frequency rate (third parties)	15.4	8.8	6.6	13.2	4.4	0
Number of occupational diseases (third parties)	0	0	0	0	0	0
Loss of working hours due to occupational accidents (hours) (third parties)	24	16	112	184	0	0

OHS training hours*

	2018	2019	2020
Female	928	7,128	3,520
Male	1,013	18,384	4,992
Total	1,941	25,512	8,512

Number of entry health examinations*

	2018	2019	2020
Female	434	321	127
Male	742	475	262
Total	1,176	796	389

* Demographic information presented in our human capital section covers data from the companies Turkcell İletişim Hizmetleri A.Ş., Kule Hizmet ve İşletmecilik A.Ş., Superonline İletişim Hizmetleri A.Ş., Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş., Turkcell Finansman A.Ş., Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş., Turkcell Satış ve Dijital İş Servisleri A.Ş., Turkcell Sigorta Aracılık Hizmetleri A.Ş., Turkcell Teknoloji Araştırma ve Geliştirme A.Ş., Lifecell Dijital Servisler ve Çözümler A.Ş., Lifecell TV Yayın ve İçerik Hizmetleri A.Ş., Lifecell Müzik Yayın ve İletim A.Ş., Lifecell Bulut Çözümleri A.Ş. and BİP İletişim Teknolojileri ve Dijital Servisler A.Ş. Employee numbers were provided by Turkcell's Employee Experience Management Directorate, and did not change significantly during the year.

We became the first company in the sector to receive the "TSE COVID-19 Safe Service" certification of the Turkish Standards Institute. During the pandemic period, we quickly adapted our offices to the requirements given in circulars issued by official institutions, and we focus on continuous improvement to ensure that our offices remain healthy and safe.

Number of periodic health examinations*

	2018	2019	2020
Female	442	373	114
Male	573	531	194
Total	1,015	904	308

RADAR Turkcell Group performance score*

2018	2019	2020	Short-term target	Mid-term target	Long-term target
98.2%	98.9%	98.7%	98.5%	98.7%	99%

We communicate OHS issues to all our employees on the Turkcell OHS Portal. We expect our business partners to comply with our OHS Policy and ensure that they take measures within this framework through our business contracts. Our OHS experts

analyze all occupational accidents and OHS data. Reporting the statistical data gathered from incident reports to senior management on a monthly basis, we determine our occupational health and safety targets as well as our future action plan.

Health and Wellness Programs

We are dedicated to the health and well-being of our employees. In this context, we receive support from our workplace physicians, psychologists, dieticians and sports trainers to ensure that our employees live a healthy life. For the little ones of our family, we offer a one-on-one me-

eting opportunity with our company pedagogue. We have implemented programs concerning the beloved living creatures of ourselves and our families. Duly, as Turkcell members, we have access to information on our animals and plants through the Veterinary and Home / Garden Plants Consultancy support line.

Our productive Turkcell family

With our strong team that shapes the future, we base our organization on flexible and agile foundations. We work across a diversity of fields to grow our strong and agile Turkcell Family and continuously take it one step further. By adopting an "equal opportunity" approach to education,

we provide all our employees with the opportunity of self-improvement, regardless of their duties and responsibilities within the Company. Within the scope of Turkcell Talent Management, we realize backup management and the YUPO (High Potential) Program.

Turkcell backup management

Employees working in management positions (C-Level, General Manager, Director, Manager) and critical expert positions, who are critical in implementing company

strategies, are backed up by internal and/or external sources. This contributes to the business continuity and sustainable performance of the company.

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YUPO (High Potential)

Launched in 2019, YUPO is a program that identifies employees with distinctive talents, who transform these talents into high performance, perform in line with Turkcell culture and values, and help carry Turkcell to the future. In pursuing success at Turkcell, we believe that Turkcell employees who proactively strive to benefit their customers, country, team and themselves, deserve a motivational privilege, and YUPO exists precisely with this in mind. YUPO features voluntary experts who meet to set related criteria. YUPOs have priority participation in certification programs at international universities, apprenticeship programs in Turkey and abroad, and conferences and seminars. In addition, thanks to the various networking opportunities available to them, they can both increase their impact and gain access to platforms in which they can share their intellectual knowledge.

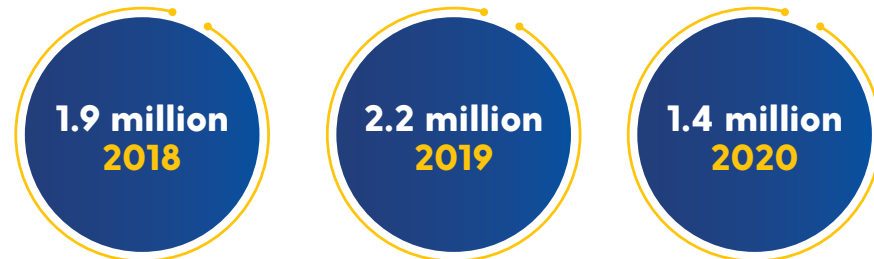


Turkcell Academy

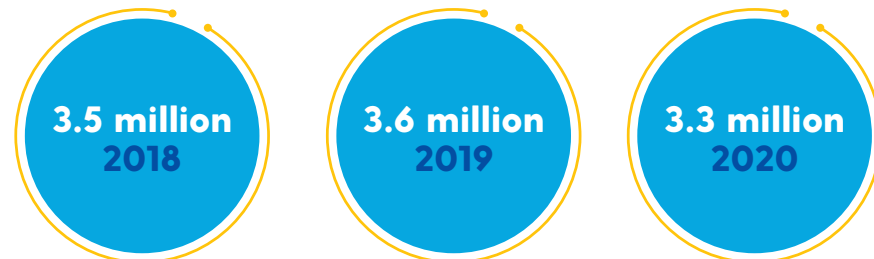
With Turkcell Academy, Turkcell's corporate university, we remain beside our employees on their journey of development. Dozens of Turkcell Academy initiatives ensure the competency of our productive Turkcell family, while preparing Turkcell and Turkey for the digital transformation of the future. In 2020, Turkcell Academy set about making a difference by preparing over 56,000 employees and

business partners in our ecosystem for the future. We have implemented diverse trainings to improve Turkcell and its ecosystem in 2020 through our new graduate employment program Young Talent and Digital Masters Programs. The program is implemented across the Company with the leadership programs we have prepared at 6 levels and training development journeys prepared for various functions and field teams. **SDG 4.3, 4.4**

Total training hours*



Number of employees participated in Turkcell Academy trainings*



Training hours per employee*



Turkcell ecosystem features trainings under 6 diverse topics within the scope of Primary Mandatory Trainings. We offer “Occupational Health and Safety Trainings”, as well as trainings in “Information Security”, “Business Continuity”, “Anti-Bribery and Anti-Corruption”, “Competition Law” and “Turkcell Values and Business Ethics Rules” with the participation of all our employees.

Gender breakdown of our employees participated in Turkcell Academy trainings in 2020*



Under the leadership of Turkcell Academy, which has received over 40 international awards since its establishment as Turkey's first corporate university, we support digital transformation in education by cooperating with leading universities in Turkey and around the world, as well as educational institutions. We attach great importance to the development

of our Academy Instructors; whose expertise makes a valuable contribution to the educational processes of our family. With over 600 instructors, 200 of whom are active, we carry out programs with Boğaziçi University to improve their teaching skills on the one hand, while on the other supporting them with trainings to enhance their expertise.

Age breakdown of our employees who participated in Turkcell Academy trainings in 2020*

30 years and under	Between 30 - 50	50 years and older
67%	32%	1%

Number of Turkcell Academy instructors



Turkcell primary mandatory trainings*



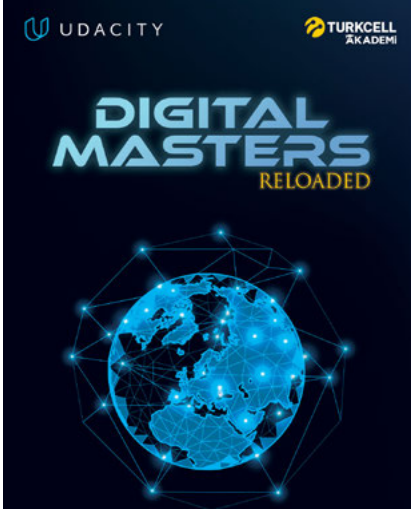
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** Due to the pandemic, we have converted our face-to-face trainings to live and virtual classrooms of fewer hours in the digital environment.

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Digital Masters

With the Turkcell Digital Masters Program, focused on new generation technologies set to shape tomorrow's world, and on developing pioneering products and services, we aim to raise our employees' expertise to the highest level in this field. Within the scope of the Digital Masters' Program prepared in cooperation with Udacity and Turkcell, we offer online trainings in the fields of Business Analytics, AI Programming with Python, Computer Vision, NLP, Blockchain Developer, Programming for Data Science, AI, Data Scientist, Introduction to Programming, Machine Learning, Cloud Developer and Introduction to ML. To date, 2,503 Turkcell employees have applied to the Digital Masters' Program. 2,195 people have taken the exam conducted by Udacity and a total of 1,050 Turkcell employees were entitled to receive training. Our participants who successfully complete trainings and projects receive the Udacity Nano Degree Certificate.



Ratio of internet-based trainings to all trainings*



Technology Retailing Certificate Program

This is the sector's first and only Technology Retailing Certificate program, designed to enable employees working in Turkcell's retail and corporate sales channels to serve our customers to the standards set by Turkcell. As part of this program, our employee candidates receive training on Turkcell products and services, new technologies, sales techniques and

customer experience. After the knowledge exam and competency evaluations, those employees qualified for certification commence their journey of providing superior customer service. The certification rate of employees working in our sales stores has been at 95% for 3 years. From measurements made after the initial year of the program, it was observed that the employee turnover rate had decreased by 30%.

Digital Transformation Consultancy Development Program

We conduct the Digital Transformation Consultancy Development Program to develop the competencies and skills of our employees in the corporate sales and Digital Business Services team. It plays a key role in the success of Turkcell's digital business services initiative that guides our customers along their journey of digital transformation.

DEVELOP YOUR CONSULTING COMPETENCE WITH THE TURKCELL ACADEMY DIGITAL TRANSFORMATION CONSULTANT PROGRAM
GET READY FOR THE FUTURE!

The most comprehensive consulting program in Turkey that is prepared uniquely for corporate sales teams and provide guidance to the digital transformation journey of our customers, has began!

<https://tag.turkcell.com.tr>



Turkcell Academy Young Talents Program

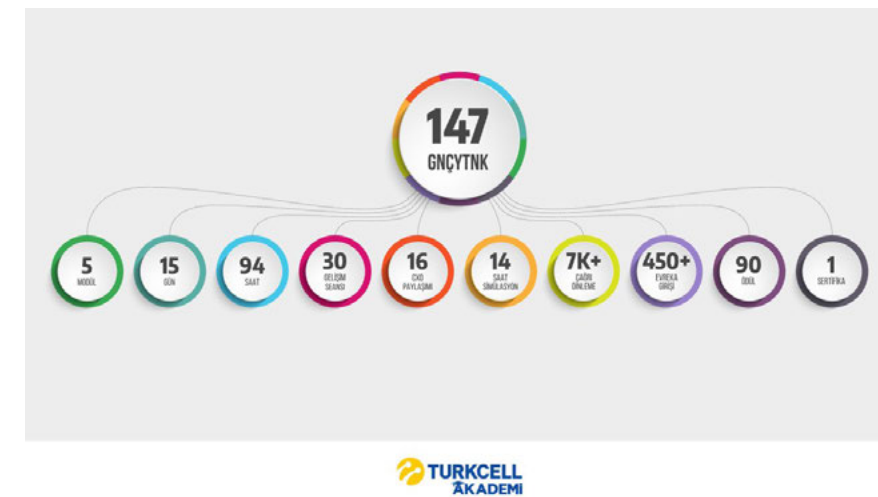
Within the scope of the Young Talent Program, which has been implemented to recruit talented young people, Turkcell offers a fully online 4-month training program specifically designed for new recruits. The comprehensive orientation in the program includes Turkcell, Customer, Technology, Life and Entrepreneurial Leaders modules. The program is offered with digital learning, artificial intelligence technologies, experiential learning, skill development, social responsibility projects, and different learning methods where simulation and learning are applied together. Program participants shared 450 suggestions for improvements to customer experience by listening to over 7,000 calls from the "My Customer Voice" platform in 2020.

The program trainings are organized with the corporate universities of technology companies such as Huawei, Oracle, Cisco, Ericsson, Nokia and Dell, as well as Turkcell Technology teams, in order to develop the technology vision of Young Talents. Through these corporate universities, which we strategically cooperate with, participants receive training in

artificial intelligence, cyber security, data center, data analysis and blockchain. They also receive information from Turkcell Technology teams on the operation of these technologies at Turkcell. In the "Life" step of the program participants attend seminars on motivation, psychology and leadership approaches.

In the "Entrepreneurial Leaders" module, which we designed as the final module of the program, our Young Talents receive training from Koç University on subjects such as customer focus, innovation, digital trends, leadership, strategic thinking, and finance, and experience Strategic Business Management Simulation.

In addition to this development journey, Young Talents provide social benefits helping children undergoing treatment as part of our social responsibility projects by making them smile. When Young Talents upload their smiling photos to the 'Young Talent 2020' channel on the BiP platform, their photos transform into toys for the children. Therefore, with this project, they get the opportunity to experience Turkcell's focus on creating social benefit at first hand.



Developers of the Future - Young Talent & Stajcell Project

In 2020, we contributed to the careers of all candidates who applied to Young Talent and Stajcell projects by providing training and certification during the recruitment process. For the first time in a recruitment process, candidates began training before being hired. We contributed to the careers of 5,890 candidates who applied to the Young Talent process through the trainings they received from the Developers of the Future. We supported 828 candidates keen to complete internships at Turkcell along their career paths through Developers of the Future trainings.



With the CX Lab Customer Experience Development Program

With the CX Lab Customer Experience Development Program, we have aimed to improve the customer-oriented design perspectives of our customer experience teams.

With CX Lab, we introduced a brand-new modem and service model with smart home assistant feature of Turkcell Evim 360 as part of our fixed internet services. On the financial services front, as part of TechFin solutions, we have developed a new service that can be used to track spending and savings via Paycell Wallet.

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“Flex” human resources of the digital age

At Turkcell, our human resource practices comprise a flexible, digital platform that we call “Flex”. We enable our employees to customize and personalize almost any application we offer them through our Flex HR system as part of our journey to becoming “Digital HR”. With FLEXSourcing, another Flex application, our productive Turkcell family can voluntarily invest 20% of their working time in innovative projects that require different perspectives, expertise and a variety of competencies. With our FLEX-Sourcing application, which offers diverse options from artificial intelligence to gamification, and from data analytics to crowdfunding, over 300 Turkcell employees participated in more than 50 voluntary projects in the 2019-2020 period, generating value for Turkcell.



Our agile teams

At Turkcell, we consider our business units’ agility, strength and flexibility to be the greatest source of our success. With agile teams being one of the four main competencies toward achieving Turkcell’s strategic initiatives, we work to establish a flexible and agile structure from Network to Finance, and from Law to Marketing, across our entire productive Turkcell family. In 2020, we improved our organizational structure even further in terms of agility. We are proud to have increased the number of agile teams this year from 85 to 181, helping us to take full advantage of our employees’ talent and experience. We effectively manage our company resources to realize our strategic focus areas. We maximize agility by optimizing our business processes with

our end-to-end value-generating organizational structure. The organizational structures of new business areas are updated according to market needs. We determine application areas by monitoring the performance of the pilot applications of our agile working model. And through master and management programs we continuously invest in our human capital, bringing young talent to Turkcell with the most comprehensive recruitment program in Turkey.



You can find detailed information about our resource allocation in the strategic initiatives and opportunities section of our report.

Making a difference in employment

As one of Turkey’s largest employers, we are a vast family of over 24,000 employees with our local and international subsidiaries.

Despite the adverse conditions of the pandemic during 2020, our human resources strategic planning successfully increased our business volume without delaying recruitment. Given our aim of providing a superior digital product and service experience, and our increasing workload in this period, we continue to seek professionals of technological expertise. Yet we do not limit our recruitment to these areas alone; we continue to recruit in many areas ranging from information

and communication technologies to finance, and from marketing and sales to human resources. As Turkey’s digital operator, we have largely digitalized our recruitment process and employee experience. In this context, especially during the pandemic period, we have made increased use of online assessment tools, employing artificial intelligence technology in our recruitment process as part of our innovative approach. In our new graduate recruitment process, during the video interview phase, we have used artificial intelligence in the mood-assessment of approximately 3,000 candidates. When the results of one-on-one interviews we conduct match with artificial intelligence analysis, we deem it as an indicator of success for our evaluation process. Our use of artificial intelligence in recruitment will continue to increase.

Young Talents Program

Turkcell launched the Young Talent Program in 2016 to recruit talented young people. The need to “quickly master difficult jobs” that comes with digitalization, increases the importance of flexible and agile teams. Today’s business world is looking for versatile talent. The main purpose of our employment policy is to add talents who will resolutely achieve results, pursue their dreams, possess high technological aptitude, and who can quickly adapt to new conditions. As a result, we open our doors to professionals who are experts in their fields, as well as young people who have just began their career. A key innovation of the program this year was the development of online application and evaluation processes to provide 100% equal opportunity for disabled candidates. As a result of this, 3 visually impaired candidates who successfully passed all stages joined the Turkcell family as Young Talents. We see the Young Talent program not only in terms of youth employment, but also as an investment in new human resources required for digital transformation that will carry our country into the future.



New hires*

	2018	2019	2020
Full-time	728	590	723
Part-time	12	2	0

New hires by gender*

	2018	2019	2020
Female	265	174	262
Male	475	418	461

We draw particular attention to social equality of opportunity and another priority topic, women’s employment, with the **Women Engineers Project**. We offer job opportunities at Turkcell by developing special working models for women who have never worked before, or who are currently unable to work for various reasons such as marriage or motherhood. Accordingly, we conducted a project launched with the “Equal Conditions, Equal Chances” motto, aimed at increasing the employment of women engineers in 2 phases. The first phase involved advertisements for female engineers who are 3rd and 4th grade students. Following the evaluation of

received applications, we conducted general skill and technical tests, and one-on-one human resource interviews. 101 people who successfully completed the process were entitled to participate in 6-week IOS, Java, C# and Android trainings. Those who successfully complete the program in the technology camp, set to take place in the digital environment with projects created by expert instructors, will have the opportunity to work at Turkcell, either part time or full time. Our efforts to increase the employment of women who have taken a break from their career, which is the second phase, is ongoing.

Number of applicants to the Young Talent Program*



Employment provided through the Young Talent Program*



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Stajcell

Hundreds of young people can discover their talents by completing internships at various Turkcell departments thanks to the STAJCELL program. The STAJCELL program provided internship opportunities to 200 young people in the summer of 2020. We are constantly expanding our talent pool with the project camps, hackathons and online competitions we organize throughout the year.

Stajcell Plus

With StajcellPlus, we provide part-time employment to young people who stand out in the Stajcell program, delivering social benefit by providing business experience to those set to start their career in Turkey, and identifying young people of high potential to steer in the right direction. Our target audience in this program is 3rd and 4th grade university students, and we conduct orientation trainings, Cross Talk, HR Talks, monthly CXO Tea Talks and project design activities. The StajcellPlus program began with 45 participants on October 1, 2020. At the end of this 6-month program, we aim to evaluate full-time employment opportunities as part of this project in January 2021.

The Stars Coming Back

With the “The Stars Coming Back project”, which we launched in 2020 as part of our recruitment strategy, we urged Turkish citizens working abroad to make applications to appropriate roles at Turkcell. We aim to contribute to Turkey’s intellectual capital and make a major investment in the future with this project. Our project is geared at making economic and social contributions by stimulating the reverse brain drain.

With the principle of adding value to society, we offer interview training and information to all candidates prior to their interviews. After the in-

At Turkcell it's Equal Conditions, Equal Chances!

At Turkcell, “Equal Conditions, Equal Chances” is a program aimed at increasing our employment of female engineers. We invite students, or newly graduated female engineers to interviews once they pass an online exam, and organize the “Technological Women Bootcamp” program for our successful candidates. At this stage, our candidates participate in the training programs of Turkcell Academy to realize projects. We offer employment opportunities to those candidates whose projects are successful. At Turkcell, another focus of the “Equal Conditions, Equal Chances Project” is the reinstatement of our female engineers who have taken a break from their career for various reasons such as marriage, birth or relocation. We believe this investment enables us to highlight the qualified workforce of women in our country and contribute to both Turkcell and Turkey economically and socially.

terview, regardless of whether it was positive or not, we thank our candidates for seeing Turkcell as their employer of choice with internet gifts.

With our “**Tell Your Candidate, Create Benefit**” application, we expect Turkcell employees to recommend talented external candidates for vacant positions on HR Life. If the candidate proposed by our employees successfully completes all processes and joins us, we offer our employee a small thank you gift through Paycell.



The interaction of our human capital with other capitals

Our productive Turkcell family provides one of the greatest contribution to the development of our sector and country, combining its dreams with technology and communication, and with the privilege of being a Turkcell member. Our employees are the preeminent component in transforming our financial, manufactured, intellectual and natural capital into the value created by the Turkcell business operations. At the same time, our human capital is representative of our social values and relationships, and those of our stakeholders, with whom we create shared value.



Manufactured capital

152 Strong network

156 Strong fiber infrastructure

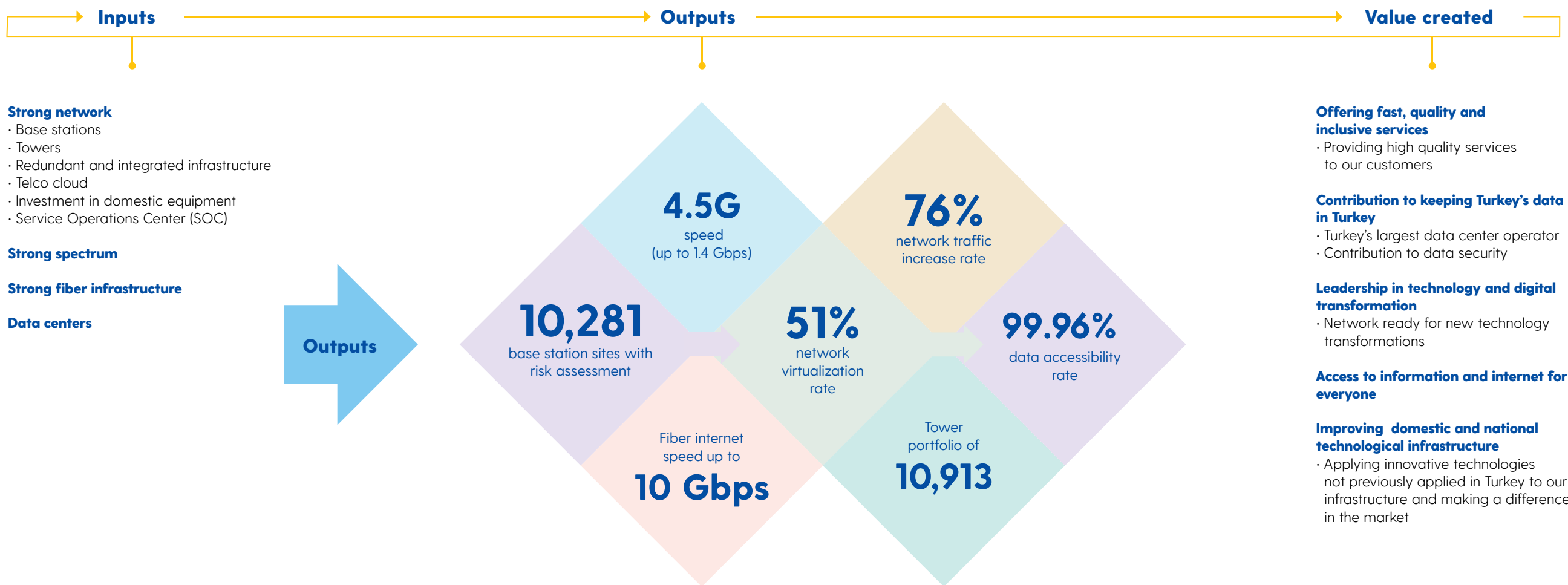
157 Strong spectrum

158 International sale and wholesale

159 Data centers



Manufactured capital



Strong infrastructure and superior service quality

We ensure the delivery of reliable and high speed services to our customers leveraging superior digital competencies, strong financial management and 27 years of experience in the telecom sector. We closely follow technological trends and develop world-class applications to maintain strong infrastructure and superior service quality, which are among the material topics for Turkcell and our stakeholders. While carrying out activities to support the development of domestic technologies, we also engage in international projects and promote our brand beyond our country. We are proudly the largest data center operator in Turkey, carrying out our activities in this area in support of domestic technology development. We operate our base stations with an approach that ensures compliance with national and international standards with a performance that goes beyond their minimum requirements, paying utmost attention to the health of our valuable customers and overall society.

As part of our manufactured capital, we continue to invest in our infrastructure to add value to the digital journey of our customers. We have a strong access network built over rich frequency resources enabling us to offer one of the fastest 4.5G services in the world. In accordance with our vision that "Turkey's data should remain in Turkey", we continue our activities as the largest datacenter operator in Turkey. Meanwhile, we support and actively participate in projects related to the domestic manufacturing of network equipment. We also expand our fiber infrastructure to deliver services to more households. We comply with regulations and ensure high service quality as an exemplary corporate citizen.

Strong network

We know that a reliable and fast network with a large coverage is of great importance in delivering a successful customer experience. In this regard, we continuously improve our infrastructure through investments and R&D activities. The pace of development of today's technologies requires companies to actively follow trends in creating and implementing new services and solutions. We also support our country's technological development carrying out activities to implement the latest infrastructure solutions and develop domestic technologies. In the meantime, by improving our service quality, we also grow our revenues.

Expanding our strong fiber infrastructure annually, we grow the number of fiber-connected base stations. Moreover, we provide fiber access to households in additional cities.

Along with infrastructure investments, we take measures to increase the efficiency of our network implementing new technologies so as to effectively manage the annually increasing network traffic of our customers.

Hence, we do not compromise on service quality even during busy periods by maintaining efficient use of network resources. The rise in traffic, particularly in 2020 due to COVID-19, which was higher than expected, once again underlined the importance of infrastructure investments and efficiency efforts for service quality.

COVID-19 note

Curfew measures, increasing remote working and remote education practices, have resulted in significant rise in fixed internet usage and 4.5G data traffic. Accordingly, we took measures to increase capacity and meet additional 4.5G traffic load on the network during this period. We continue our activities to effectively manage the higher demand for data usage over Superbox and fiber offerings, and provide high quality service. With our data centers, we have offered our corporate customers the ability to manage their data 24/7, remotely.

Mobile infrastructure

Our mobile infrastructure possesses a smart and flexible network structure comprising mainly our base stations. We carry out activities aiming to improve the coverage area and durability of our base stations and towers, which form the basis of our telecom business, thereby increasing the accessibility of our services.

Base stations

Having adopted an approach prioritizing public health, we operate our base stations utilizing the latest technologies and in compliance with national regulations and international standards. We also locate our base stations accordingly to avoid creating any sort of visual pollution.

The base stations in our network are well equipped to demonstrate all capabilities of the technology that we provide to our customers.

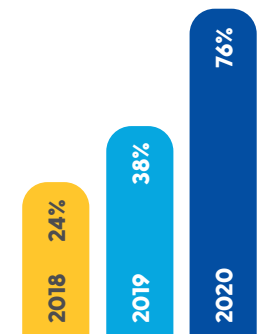
Meanwhile, our base stations, which can offer multiple technology support (singleRAN), can be defined as environmentally friendly with their more compact size and lower energy consumption.



* Total data volume: mobile + fixed

Network traffic increase

Rate in bandwidth*



Base stations and public health

In order to prevent any negative impact on public health, our base stations must operate below the electromagnetic field intensity threshold levels determined by the Regulatory Authority, the ICTA. These thresholds were determined by the ICTA with a prudent approach at lower and safer levels compared to the exposure limits determined by the International Non-Ionizing Radiation Protection Board (ICNIRP) and accepted by the World Health Organization (WHO). As per research in this field, no harm to human health has been identified from radio signals below ICNIRP limits. The threshold levels defined for Turkey by regulation are at 70% of the limits determined by ICNIRP, and at 25% per device. The maximum limits that a base station can be operated at in our country are much lower (approximately 1/4) compared to limits set for European Union countries.

We are subject to the ICTA and its respective regulations with regards to installation and inspection of base stations. As part of the installation process of a base station, information regarding the power specifications, the antenna type, location of the station and its surrounding is reported in detail to the

ICTA. The base stations can be installed in approved locations. Once a base station is activated, EMR (Electromagnetic Field) measurement is conducted by independent institutions accredited by the ICTA within one week, with the results submitted to the ICTA. Moreover, the ICTA also conducts inspections and measurements on the base stations. As part of the two ICTA criteria that stand out with respect to public health, there should be no living space within the "Safety Distance" determined based on the power output of the base station, while its electromagnetic field intensity, having been configured accordingly, should be within the legal limits. Should any failure to comply with the relevant ICTA criteria be detected, the base stations are dismantled, with significant sanctions or penalties imposed.

As Turkcell, we effectively manage the impact of our network operations on public health by implementing much stricter limits compared to those set by the legal authorities. In 2020, there were no cases that resulted in legal penalties against our Company with regards to the impact on health of our products and services.

Moreover, we conduct risk assessment tests to ensure the safety of our base stations and our teams working in the field. Having conducted risk assessment tests at 8,832 base station sites in 2019 and 10,281 in 2020, we are one step closer to achieving

our short-term target of conducting 10,800 risk assessment tests each year. We aim to minimize risk factors to the greatest possible extent by implementing improvement actions for areas identified as a result of these assessments.



As part of our activities carried out at base station sites, we encounter occupational health and safety risks in relation to issues including working at height, electrical works, excavation works, and vehicle use. In order to avoid these risks, we rely on our working principles and action plans. Until the end of 2020, 4,051 sites were inspected, risk analysis forms were prepared for 1,449 sites, and 590 sites were repaired for a safer working environment.

Moreover, in preparing “Network Technologies Geographical Risk Analysis Reports” on a regular basis, we aim to ensure that our base stations operate efficiently, in an environmentally friendly manner and in accordance with health and safety regulations considering the interaction between human, environment and telecommunications. Through these reports we also aim at the efficient planning of our base stations’ operation times.



Number of base station sites with risk assessments completed

2018	2019	2020	Short-term goal	Mid-term goal	Long-term goal
6,870	8,832	10,281	10,800	14,800	28,000

Number of processes improved as a result of risk assessments at base station sites

2018	2019	2020	Short-term goal	Mid-term goal	Long-term goal
11,859	12,283	12,873	14,000	16,000	23,200

Towers

Global Tower, the leading tower company in Turkey and one of our subsidiaries, operates in four countries. Providing services to telecom operators, radio-TV broadcasters, internet service providers, energy companies and public institutions in the fields of tower rental, tower build-and-sell, tower maintenance and contract management, Global Tower has also started to provide its customers satellite communication services with end-to-end solution concepts. Global Tower provides closed-circuit satellite services at over two thousand points over its own infrastructure with geographic redundancy, and aims to increase its product range and service diversity by following satellite sector trends.

Global Tower has a portfolio of 10,913 towers as of the end of 2020 and the portfolio distribution is as follows;

Turkey: 8,789 (owned: 4,341, right of use: 2,256, contract management: 2,192)

Ukraine: 1,175 (owned)

Belarus: 834 (right of use)

TRNC: 115 (right of use)

Global Tower closely monitors the transformation process of the telecommunications infrastructure sector from tower management to infrastructure management throughout the world and plans to introduce new business lines in this sector to its customers. On the other hand, it is observed that mobile operators in our country have a positive stance on infrastructure sharing and the consolidation model pioneered by Global Tower in parallel with global developments. With the new regulatory arrangements to be made in this area, a crucial step will be taken in terms of operational savings and resource efficiency.

Integrated infrastructure with redundant sources

We completed the convergence of our fixed and mobile transmission infrastructure in the transmission aggregation layer. Having implemented this new design, we optimized investments through the use of shared network devices for fixed and mobile infrastructure. Accordingly, we created a transmission network with a shared architecture for fixed and mobile services. Other benefits of the new transmission network, the standards of which have already been shaped, may be listed as:

- Ability to position higher capacity devices in the transmission aggregation layer
- Creating a backhaul structure to meet 5G service needs

- Ease of operational management

Our Fixed Mobile Convergence Project in this field received the Best Network Transformation Initiative award at the Asia Communication Awards in 2020.

We are able to access our network data centers with high redundancy through our flexible transmission infrastructure with redundant sources. We continue our network investments in our large data centers built in Ankara and Izmir following the one in Gebze, Kocaeli. Having opened the Istanbul Europe data center, we will focus our network investments in our large data centers, which we have recently built. Thus, while increasing investment efficiency, we are constantly building a stronger communication infrastructure against natural disasters.

Telco cloud

We have virtualized 50% of our mobile and fixed core network infrastructure to date. On the back of virtualization, we integrated infrastructures for network applications and achieved CAPEX and OPEX savings through horizontal and vertical architectures. Along with investment savings, we have been able to deliver services faster using similar hardware and infrastructure for virtualized services and solutions. In 2020, we completed our core network infrastructure migration to virtual infrastructure with respect to mobile internet and HD voice services over 4.5G. Going forward, we will be making mobile core network investments entirely on the Telco cloud infrastructure.

Network virtualization rate (%)

2018	2019	2020	Short-term goal	Mid-term goal	Long-term goal
18%	41%	51%	51%	58-65%	75%

Central management and orchestration are becoming increasingly important with greater system diversity and volumes in NFVI (Network Function Virtualization Infrastructure) infrastructure. In order to meet the rising communication needs of our customers on a timely and seamless basis, we utilize the MANO (Management and Orchestration) solution, which enables us to manage core network system life cycles with a faster and more flexible approach.

Monitoring KPIs related to the architectural components of the virtual infrastructure and the ability to implement root cause analysis regarding the relationship between these components are crucial in sustaining the quality of network services offered

to our customers. In this respect, we have implemented the NFVI Service Assurance project to manage customer experience over virtual infrastructure more effectively.

Service Operations Center (SOC)
The Service Operations Center actively conducts analysis and carries out operational activities 24/7 to keep infrastructure and service continuity at optimal levels.

It is crucial to monitor alarms to identify potential failures in our network and take necessary actions regarding these failures on a timely basis. We take necessary measures to increase digitalization and automation levels in the Service Operations Center to improve efficiency and minimize potential errors.

We have in large part automated the processes of monitoring and communicating network failures for the access network in 2020. “ZeroTouch Access Network Automation Activities” leads to operational efficiency in the SOC unit, as well as proactivity in the process of managing customer complaints at the Call Center. Having automated processes for the Regional Solution Partner (RSP) teams that carry out site operations, we were able to shorten the response and solution times of problems, thereby contributing to customer satisfaction.



Investing in domestic equipment

We support the technological development and digitalization process of our country participating in initiatives to develop domestic technologies and equipment, thereby creating value for our country. Introducing Turkey to the latest technologies and integrating them to our infrastructure, we continue to differentiate our market position. **SDG 9.B** **SDG 17.16**

As part of domestic antenna and 4.5G base station development activities, we provided expert support to Aselsan and ULAK ranging from the design phase to field tests. We started to use the respective equipments in our network. Moreover, as part of the process for developing domestic and national 5G technology, we give support to ULAK Haberleşme A.Ş. and HTK (Communication Technologies Cluster), which carry out activities in development and manufacturing. Domestic 5G product development activities continue within the scope of the End-to-End Domestic and National Communication Network (UUYM5G) Project. As Turkcell, we participate in the UUYM5G Project with a large and organized project team, and contribute to the project by sharing our expertise in 5G as well as providing access to our laboratory and test equipment facilities. The product groups, which are developed as part of the project, include 5G New Radio, Core Network, OSS, NFV, and Radiolink. Actively engaging in these projects, we provide the maximum support to domestic and national development activities in Turkey. As a member of the Turkey Cyber Security Cluster, we contribute to the development of a domestic cyber security ecosystem, and increase awareness and cooperation in this area by bringing together the public and private sectors and academic institutions.

The new generation Converged Transport Network architecture, developed by Turkcell engineers in accordance with our customers' needs, enables us to manage data traffic in mobile and fixed networks from a single channel.

In this regard, our customers continue to receive a high quality and fast service even during periods of heavy usage as has been the case during the pandemic period. Converged Transport Network architecture, which is part of the preparation process for the 5G network, enables the use of technologies to be introduced with 5G technology.

Strong fiber infrastructure

As the Company that introduced Turkey to fiber internet at the speed of light, we provide fast, high quality and inclusive services to our customers, and facilitate everyone's access to information and the internet. As Turkcell, we brought fiber infrastructure to all 81 cities of Turkey. We are also able to provide corporate and wholesale services in every city of Turkey. We work relentlessly to deliver Turkcell quality everywhere. **SDG 11.A**

We provide a fiber internet service to households in 23 cities, and continue to expand our coverage. We continue to invest during the pandemic period. And we develop our fiber internet infrastructure, higher speed internet tariffs and new technological solutions. As Turkcell, we provide fiber

broadband access to households at speeds of up to 10 Gbps via globally accepted G-PON/XGS-PON technology. This value is an upper limit and may vary depending on variables such as tariff type, fiber internet usage density, and the maximum speed the modem can support. While the average fixed internet speed in Turkey is around 28 Mbit, 90% of Turkcell customers prefer offerings with speeds of over 35 Mbit.

In 2020, we introduced our new fiber customers to Wi-Fi 6 technology, enabling them to experience fiber speed at home more effectively. Through this technology we provide up to 40% speed improvement and much better home coverage. We continue to develop technologies that meet increasing demand from our customers in the pandemic environment, particularly for remote education and remote work.

As we continue to expand our services, we also focus on solutions that meet the needs of our corporate customers. We became the first operator to offer the SD-WAN service to customers. We provided security and access services simultaneously on a single platform. We created solutions to reduce increasing costs, while increasing production capacities.

Moreover, as part of managed services, we can address the changing needs of our corporate and wholesale customers via services such as Enterprise Wi-Fi. We continue to offer new technologies in the Wi-Fi field such as SMS integration, logging, and Wi-Fi 6.

While we continue to expand our fiber infrastructure, we also offer household internet service over our mobile network with our Superbox solution, which was developed to bring Turkcell quality to locations without fiber access and offer high quality internet service at fiber speed to customers. The internet usage has risen significantly particularly during the pandemic environment with the use of remote education and remote working practices and with more time spent at home. The demand for Superbox service, which provides same day installation opportunity to customers, doubled in the first week of April, and 268 thousand net subscribers were registered in 2020.

Superbox was deemed worthy of 3 different awards: International Business Awards, Effie Awards and GTI Awards. **SDG 9.B**



Strong spectrum

With the frequency resources that it owns, Turkcell has the largest licensed spectrum that can be used in mobile communications services in Turkey. Having 34% and 68% more spectrum resources compared to other operators in the market, respectively, Turkcell leverages this muscle to provide higher quality services to its customers. Furthermore, the technologies used in the telecom sector are also transforming via rapid technological developments. We establish our spectrum assets in a technology neutral approach to easily adapt to technological developments and leverage the large cost of infrastructure investments and long service lifecycle to the maximum extent possible.

We represented our country in the international arena via the 5G test project that we successfully conducted in NGMN (Next Generation Mobile Networks Alliance), the members of which consist of operators serving over 60% of mobile phone users over the world

Leveraging our rich frequency resources, we aim to maintain the high service quality of our 4.5G service, as confirmed with the maximum 1.4 Gbps speed* that we offer, with 5G technology also, when introduced in the upcoming periods.

with more than 200 networks. As part of the 5G field tests, we have demonstrated that 5.5 Gbps cell capacities can be reached in downloads by using Multi-User MIMO (MU-MIMO) technology. You can access the technical report of the project via the [link](#).

Refarming

As part of the project, we aim to increase the spectrum resources allocated to 4.5G technology due to increasing 4.5G data traffic. We will plan and implement activities in relation to frequency transformation and inter-technology refarming that will enable spectrum efficiency. The resource

allocated to 4.5G technology has been increased significantly as part of city-based implementations, prioritizing metropolitan cities. In this regard, we created additional network capacity to meet increasing data usage particularly during the pandemic, while increasing customer experience.

You may find detailed information on 5G trends that lead to changes and developments in the telecom sector and many other business areas in the trends section.

* This value is an upper limit and represents theoretical peak values. The speed that the customer can receive may vary depending on the maximum speed that the terminal can support, its location and distance from the base station, the configuration of the base station, the instant traffic density in the network and the number of subscribers currently receiving service from the field.

<https://www.ngmn.org/technical-documents.html>



High speed, high quality and inclusive services; Access to information and internet for everyone

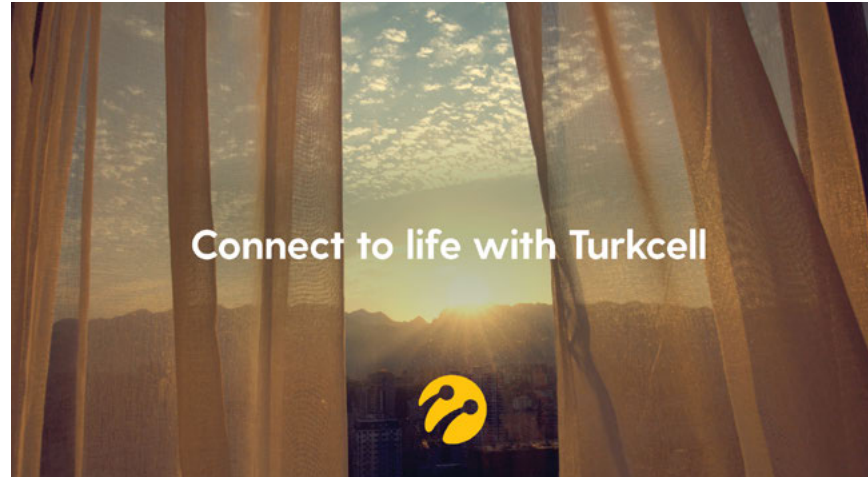
We aim to provide faster, more inclusive and higher quality services to our customers through investing in and improving our networks and infrastructure. We aim to maintain our high network availability rate of 99.96% calculated over traffic loss in our mobile network, and our low interruption rate of 0.3% in mobile voice calls.

We serve our customers with innovative solutions such as Superbox, and aim to provide access to information and the internet for everyone.

As part of our Portable Solar Field project, we have reduced our carbon emissions by generating 46 MWh of electricity from 5 solar panels that we added to our portfolio in 2020, and 5 portable solar fields established in 2019.

Meanwhile, we increased our seasonal service coverage by offering the Portable Solar Field solution in Bodrum Gökova Kissebükü, Alanya Fakırcalı Plateau, Beytabı Plateau in Ordu, Alançık Plateau in Giresun, Artvin Borçka Beyazsu Plateau, and one of the plateaus of Karçal Mountain at an altitude of 3,415 meters.

SDG 9.1, 9.4, 9.C



International sale and wholesale

We lead the transformation of the telecommunications sector in Turkey and support its development through the business partnerships we establish with international and national operators in international roaming, interconnection, wholesale voice, wholesale data, tower and digital services.

Turkey, the main internet route

We have become the most important capacity and internet provider for many neighboring countries through our activities conducted since 2008 as part of our vision of transforming the Silk Road into the Fiber Road, and our core strategy of positioning Turkey as the primary internet route, with Istanbul becoming a regional internet hub.

Through collaborations with leading global operators, we have served as a bridge providing wholesale customers with uninterrupted access from East to West, at the speed of light.

Istanbul, the traffic exchange hub of the region

As part of our wholesale data services, we have increased our

international carrying capacity to over 10 Tbps. We have cooperated with the world's largest global traffic exchange platforms and played a major role in their decision to enter the Turkish market. Thus, we have taken another crucial step in transforming Istanbul into the traffic exchange hub of the region. We have also played a significant role in encouraging content providers to offer their services from Istanbul.

Digital export

We strengthened our digital export move through our cooperation with Digicel Group in the fourth quarter of 2020, which initially began with our cooperation with Moldovan operator Moldcell in 2017 and with Albanian operator ALBtelecom in 2019. Operating in the Caribbean, Central America and Pacific regions, Digicel, in partnership with Lifecell Ventures, a 100% Turkcell subsidiary, has offered life and communication platform BiP, TV platform TV+, lifebox and Fast Login to its customers in 32 countries. We will continue to expand our digital service and technology solutions by establishing strong collaborations worldwide.

Data centers

As Turkey's largest data center operator, we build technologically advanced data centers in accordance with our vision that Turkey's data should remain in Turkey. We provide 24/7 remote data center management services to over 1,600 customers including Turkey's largest corporations. We enable our customers to access systems independent of location and continue to work from home, which has become increasingly important, particularly in the pandemic environment. Meanwhile, expert Turkcell engineers provide remote assistance and solve problems quickly in extraordinary circumstances.

Offering superior cyber security standards at our data centers and supporting domestic technologies, we also create value as part of our activities geared at our cyber security and privacy material topic.

Our Ankara data center, the largest in Turkey with 12 thousand m² of white space, plus our Izmir and Gebze data centers have been built with high earthquake resistance systems and

have systems rooms that can withstand fire for 120 minutes. Our data centers also pursue environmentally friendly practices. Roof type solar panels are installed at the Ankara Data Center to produce approximately 500 thousand kWh of electricity annually and meet usage needs. With our LEED (Leadership in Energy and Environmental Design) Gold certified data centers, we set a pioneering example not only in terms of the technology itself, but also of our impact on the environment. SDG 7.2 SDG 9.1, 9.4 SDG 13.1

Our Ankara data center was awarded the Operational Sustainability Gold certificate, valid for 3 years, by the Uptime Institute, which inspects data centers at the international level.

We also attach utmost importance to the use of domestically manufactured products in the building process of our data centers. We continue our efforts to increase the rate of domestic products used in the data centers that we build. Accordingly, the ratio of domestic products used in the Gebze Data Center, which opened in 2016, was 35%, while that of the Ankara Data Center, which opened in 2019, had increased to 65%.

Data center domestic product usage rate



The interaction of our manufactured capital with our other capitals

Our manufactured capital provides technical infrastructure, operability and speed for all our services and products. Although our infrastructure and data centers create negative value due to energy consumption via our natural capital, we actively conduct efficiency and saving activities to reduce such impact. We pay utmost attention to public health via our ERM practices at our base stations, which are much stricter than stipulated by operative regulations and standards, thereby contributing to our social values and relationships. We strengthen our intellectual capital with the solutions we create as a result of our R&D activities. We also strengthen our financial assets with the economic value we create.

Intellectual capital

164 Innovation and entrepreneurship

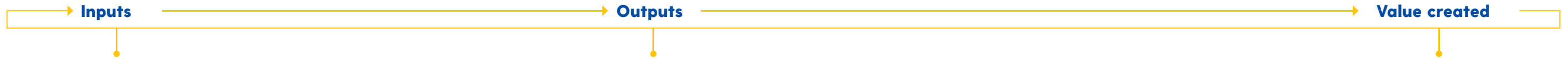
167 Digital services and solutions

173 Digital business services (DBS)

177 Brand and responsibility



Intellectual capital



Inputs

- Patents and R&D activities**
- University and start-up collaborations: Our facilitating role in private sector collaborations
 - National and international supported projects: Active participation in R&D programs
 - Intellectual and industrial property rights: Our Intellectual and industrial rights management
 - Technical and academic publications

Entrepreneurship ecosystem, start-up and university collaborations

- Techno-park visits: Our close relations with entrepreneurship ecosystem
- Beehive: Our crowd funding platform
- Corporate entrepreneurship programs: Our transformation programs to corporate entrepreneurs

Services and applications we developed

- Our individual and corporate digital products and services: Digital services and digital business services
- Techfin: Our technology ecosystem for financial services
- Developing artificial intelligence products internally and externally at Turkcell: AI technologies we have developed

AI and blockchain applications

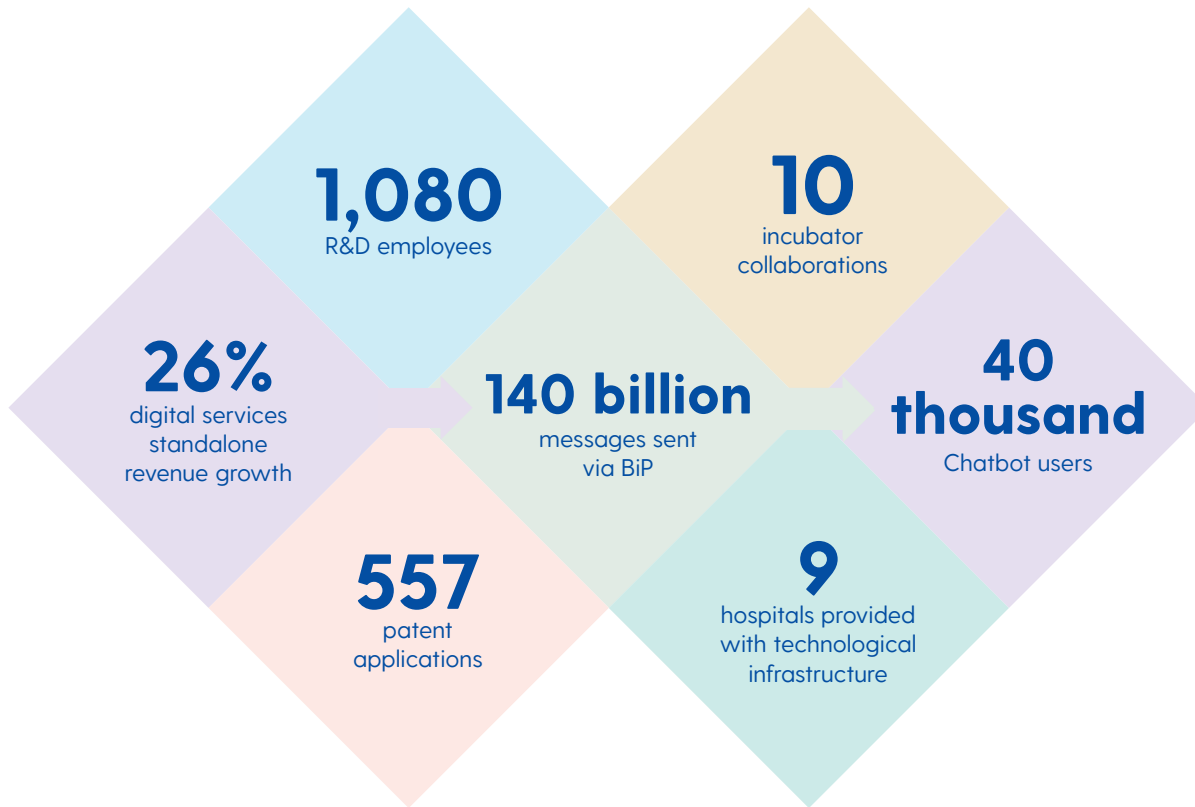
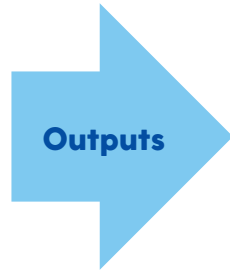
- AI Principles: Our AI approach
- AI based products and services: Services we offer on the AI platform
- Blockchain applications: Our Blockchain solutions

Being a strong brand: Strong brand in its sector

Cyber security services

- MSS Managed security services: Customized security services
- Cyber Defence Center: Cyber security applications
- Offensive security: Security test and assessments

Company policies



Value created

Improving the innovation and entrepreneurship ecosystem through Turkcell experience

- Adding innovative perspectives to our current solutions through university and start-up collaborations
- Contribution to domestic technology development

Being an operator at the global scale through a digital operator vision

Making life easier by developing inclusive and value creating products and services

- Contribution to Turkey's digital transformation and national economy through TOGG project
- Creating value-add through services using big data analytics

Understanding the customer better through data analytics competence

Reducing cyber security risks, meeting the cyber security needs of customers

Ensuring ethical and equal business processes

Value created through open source coding



Superior digital services and innovation

We aim to steer the future with our 1,080 R&D employees, who have adopted the principle of integrating our value-creating and innovative approach to our corporate culture and stakeholders, in step with our activities aimed at “developing and improving technology”.

We believe that an innovative business culture based on strong performance in systems, processes and technology is essential to achieve the most efficient and effective results from our strategic initiatives and business model. Leveraging our intellectual capital in the competitive markets we operate in allows us to implement and develop our strategy in the most effective way. In this respect, while enriching the experience of our customers in their digitalization journey, we aim to create value for all our stakeholders with a focus on digital transformation.

Our intellectual capital touches various fields such as innovation, entrepreneurship, brand power, responsibility, products and services, which reflect Turkcell's unique expertise and knowledge, and is one of the driving forces of sustainable growth that differentiates Turkcell. Leveraging our superior digital competencies and analytical capabilities, we utilize new technological developments such as IoT, artificial intelligence and blockchain to improve our products and services. Thanks to our services developed and improved by Turkcell engineers, we produce solutions that meet the needs and demands of our

customers. We offer our products to the right customer at the right time and the right price, leveraging both our strong bond with them and our advanced analytical skills, which rank among our core competencies. On the back of our big data analytics applications, we are able to provide customized offers to more than 35 million customers.

Innovation and entrepreneurship

Through our subsidiary Turkcell Technology, we conduct our activities as one of the largest R&D organizations, with over 1,000 R&D employees as of 2020. We continue to offer innovative solutions in national and international markets through activities geared at the development of new technologies. With the experience accumulated throughout the transformation of Turkcell from a technology-oriented network provider to a service-oriented experience provider, we carry out joint R&D programs and issue academic publications with universities, and engage in startup collaborations with techno park companies. Moreover, we participate in nationally and internationally supported projects, contribute to technical publications, and conduct training and conference activities that enable knowledge transfer. SDG 9.4



COVID-19 note

We use our intellectual capital to provide timely and effective responses to the COVID-19 pandemic, which has significantly impacted key areas such as education, social life, and the economy. During the curfews, we implemented the “Getir Turkcell’le” project over Paycell infrastructure to help our customers aged 65 and above meet their needs. As part of this cooperation, these customers, who called the Paycell call center to place orders, could easily make their payments by reflecting the cost to their telco bill over Paycell infrastructure. Meanwhile, students, who have continued remote education from home during this period, could follow their lessons on our digital television platform TV+. As part of the fight against the pandemic, a 24/7 information channel service was offered to BiP users, regardless of their operators.

We gather the innovative products and services developed through our engineering activities at the Turkcell Technology R&D center under the following groups:

Roaming solutions, big data processing, business intelligence applications, smart cloud platform and solutions developed on platform, location-based services and platforms, geographic information systems, customer relations management and solutions, network management solutions, new generation value added services, mobile financial systems, music and entertainment services, IPTV services, mobile marketing solutions, Internet of Things (IoT), AR/VR, 5G infrastructures, mobile communication solutions, campaign management systems, smart SIM card solutions, digital identity technologies, developments in image & video processing with artificial intelligence, text and natural language analysis (NLP), recommendation engines, voice analytics, robot assistants, robotic process automation, mobile analytical platforms, artificial intelligence in health, business applications solutions, learning and education applications solutions, e-mail and search engine solutions, digital broadcast solutions, CDN (Content Delivery Network) Solutions, Over-the-Top (OTT) and blockchain solutions.

In our patent application processes, we continue to exchange our experience with universities, startups, SMEs, business partners and the entire ecosystem.

Reflecting Turkcell's strategy of expanding the presence and scope of its products and services in international markets, we aim to develop our new digital and ICT services on a global scale based on the latest technologies and market needs, and grow in those regions where we offer our services.

*Presented as cumulative number.

Turkcell Teknoloji has a leading position in its sector in Turkey with 2,674 national patent applications, 167 international patent applications and over 700 registered patents completed since 2008.

We support valuation activities with respect to registered utility models and patents within Turkcell Group. As part of these activities, we continue to gain experience on the calculation methods of cost efficiencies created by technical solutions that are subject to patents. As a result of the patent valuation activities for our solutions such as Messaging Applications and International Fraud Prevention Systems, we continue to benefit from the corporate tax advantages provided by the Ministry of Finance consider-

Number of R&D employees



By preparing our patent applications for the products and services that we develop, and reviewing the patents applied and registered by technology companies in the field in which we operate, we obtain information on competition and trends, and identify those areas where we can differentiate ourselves.

	2018	2019	2020
Number of patent registrations*	369	521	700+
Number of patent applications	453	511	557

ring the benefit created by patented products.

As part of our responsibility as a board member of ITEA3 (International Technology Education Association) and Celtic Next cluster programs within EUREKA (The European Audiovisual Observatory), we enable the firms in our ecosystem and SMEs to access international platforms. In projects that we participate in under the EUREKA umbrella, funding support is assessed by competent authorities,





TÜBİTAK-TEYDEB (the Scientific and Technological Research Council of Turkey – Directorate of Technology and Innovation Support Programs). In recent years, we have successfully increased the number of project applications as part of the Horizon 2020 main program and subprogram that derive direct and large grant support from the European Commission, on platforms offering a more competitive and selective environment for proposing project ideas.

We continue to seek university and startup collaboration opportunities in order to support startups in accordance with the guidance of the Ministry of Science, Industry and Technology, and to expand Turkey's R&D ecosystem so as to increase the weight of domestic products and services. We develop products with startup companies, provide technological support, and increase their communication and recognition by including them in the European Union projects that we are involved in.

As an example, we continue to work with a techno park company to transfer real-time water analysis over NB-IoT based communication modules as of 2020. This project enables remote analysis of drinking water resources in the event of a disaster or refugee influx. By integrating our 5G competencies to the hardware production capabilities of the startup company, we work on an innovative national product.



	2018	2019	2020
TÜBİTAK supported project applications	11	7	9
HORIZON project applications	8	10	15

	2018	2019	2020
University collaborations supported by TÜBİTAK	4	4	5
Incubator collaborations	8	9	10

Our human capital lies at the heart of our R&D and innovation strategies. In this respect, we provide academic development opportunities to Turkcell Technology researchers. Our post-graduate and doctorate programs, designed to improve the technical knowledge base of our employees in accordance with the qualifications required by our sector, are ongoing since 2014 with a rapidly growing curriculum.

In the meantime, in accordance with our vision of leading the production of new technologies, we contributed to the expansion of technology studies by issuing 23 academic and 95 technical publications on national and international platforms in 2020.

Value Created through Use of Open-Source Coding

As Turkcell, the use of open-source software is a significant topic for us both from a user and developer perspective. Open-source software is utilized to solve various problems in software architecture. We prefer using open-source software as the building block of high-volume infrastructure applications such as ONEDESK, ULTIA, ONENT, YAP, PARS, which have been developed under the Turkcell GENS directorate. In this respect, in addition to creating value in terms of license management and cost initiatives, we support the future of the software world contributing to the development of high-quality secure software without any provider restrictions.



Beehive – Turkey's crowd funding platform

The Beehive platform, enabling entrepreneurs to receive necessary resources from society to implement their technology and innovation-oriented projects, provides various advantages in terms of crowd funding.

Beehive enables project owners to secure the financial resources they need to launch their products via the support of individuals across society, in large and small amounts, rather than relying on a specific person or institution. Over 7 thousand project applications have been submitted

to Beehive to date. 40 out of 73 selected projects have successfully completed their campaigns with funds reaching around TRY7.5 million. Initiatives that have successfully attracted funds and started mass production have already begun to make a difference in the world.



Digital services and solutions

While our digital services and solutions offer our users a richer value proposition, we also work on developing our solutions to cover all user needs. Leveraging the power of technology and communication, we have maintained our tradition over the past 27 years of facilitating people's lives and achieving firsts, by conducting projects befitting the title of the world's first digital operator. We not only offer communication services, but also produce and develop digital services. The telecommunication sector is no longer limited to voice and SMS services. Based on this strategy, we have developed numerous digital services domestically thanks to the more than 1,000 engineers working for our Company. Establishing separate companies for some of these services, we have taken an important

step towards their global competitive positioning. BiP, lifebox, TV + and fizy brands, which aim to stand out in the global competitive arena, are now positioned as separate companies. As part of this structure, these brands conduct their activities faster, stronger, and with greater focus within their own organizational structures.

In 2020, we increased our digital services standalone revenues by 26%.

We continue to lead the digital transformation demanded by society through dozens of services including video conferencing, e-mail services, instant messaging, TV, digital broadcasting, cloud storage, digital

authentication and music platform, which have been developed by Turkish engineers and software developers. To make this digital transformation accessible, we use our advanced analytical capabilities, and position the right service for the right customer, thereby enhancing customer experience. Furthermore, developing these services and solutions, we aim to contribute to the production of domestic technologies, and to support the national economy with self-sufficient technology solutions. Meanwhile, we design global brands and technologies, which we digitally export to the world. We consider it our primary goal to make a positive contribution to the national economy and reputation of our country by creating economic value through national security, data ownership, and by making use of our own data.



Communication without Boundaries: BiP

BiP, which is an all-access application, offers a seamless communication service via secure messaging, calls and group video calls. BiP differentiates itself from global players with features such as lost messaging, web calling, emergency button, fast and secure money transfer as if sending a message, group video-call, video-conference solution and the option of using two phone numbers on a single device, called Second Number at BiP.

In 2020, the number of group video calls made over BiP increased approximately fivefold compared to 2019, from 7.1 million to 34.1 million. Meanwhile, data usage doubled from 3.9 million GB to 8 million GB. With BiP, we achieved a 16% growth in app2app calls in 2020.

Through the BiP Meet platform, we enable users to communicate with anywhere in the world anytime over a strong infrastructure with a user friendly interface, while keeping all respective data in Turkey.



	2018	2019	2020
Number of BiP active users (million)	11	8.9	9.6
Total number of messages sent via BiP (billion)	34	90	140



Supporting the fight against COVID-19 through BiP

BiP users, independent of operator, can take an Online COVID-19 test from the Ministry of Health channel in the Discover section, and access the ALO 184 Ministry of Health Contact Center Information Line free of charge in suspicious cases. Users following the channel can also instantly access current news on the pandemic announced by the Ministry of Health, the COVID-19 Live Map showing the latest updates and general announcements.

The first company-specific communication platform: a-ileti

As part of our customized corporate solutions, over 8 thousand Aselsan employees conduct all of their communications securely thanks to the a-ileti platform, exclusively designed and developed for Aselsan by Turkcell engineers.

BiP Emergency Button

The "Request Help" feature on the Emergency Button of BiP, developed by Turkcell engineers, now also works on Bluetooth technology when needed, saving lives in emergencies. The number of registered emergency contacts, who can be reached in the event of natural disasters such as earthquakes has exceeded 2 million. Users are able to inform their emergency contacts, registered to the platform in advance, on whether they are safe or need help, with a single button via the emergency feature.



You may access the products, services and detailed information we offer within lifebox at www.lifebox.com



You can access BiP Meet, Turkey's fast and secure remote meeting solution, on www.bipmeet.com



The best thing that can happen to a phone: lifebox

lifebox, which allows users to securely store and share photos, videos, music and documents, offers a secure and easy platform to keep memories, while also offering a social experience. Our personal smart cloud storage service lifebox, on which billions of images have been uploaded to date, appeals to users not only in Turkey, but all around the world.

With functions beyond storage, lifebox stands out for its feature of automatically creating stories among the photos it chooses, as well as recog-

nizing faces and objects, while also ensuring that contact information is not lost in any adverse situation via secure contacts backup. Documents archived in various categories may be securely accessed by using fingerprint, face recognition or password. Moreover, images in lifebox can be categorized separately based on person, object, date, and location criteria.

With lifebox Transfer, we aim to offer a convenient and free-of-charge experience of fast file sharing without need for membership, while storing all respective data in Turkey.



You may access the products, services, and detailed information we offer within the scope of lifebox on www.mylifebox.com and www.lifeboxtransfer.com.



	2018	2019	2020
Number of files backed-up via lifebox (billion)	3.5	6.4	8.1
Number of users who backed-up their contacts via lifebox (million)	1.1	2.7	3.3
Number of users who uploaded file to lifebox (million)	3.2	4.3	5.4

TV joy is everywhere: TV+

TV+, both a first and unique in terms of the TV watching experience in Turkey, is a ground-breaking television platform changing the dynamics of the TV world. TV+ continues to play an important role in the digitalization of user experience by enabling its users to access series, movies, documentaries, sports, children's programs and other TV content, whenever and wherever they like. In addition to the rich content of TV+ and its superior technical features that provide ease of use, users can watch television

any-time and anywhere via TV+ Ready, and benefit from the operator-independent TV+ service. TV+, which was developed by Turkcell engineers, can be watched on all platforms. Even non-smart televisions can be converted to a smart TV thanks to TV+ Ready introduced this year. Users of TV+ can access the world's leading football leagues such as the Bundesliga and Premier League, and other sports content such as NBA and Formula 1, as well as documentaries and thousands of applications.



You can find the products, services, and detailed information we offer within TV+ on www.tvplus.com.tr.



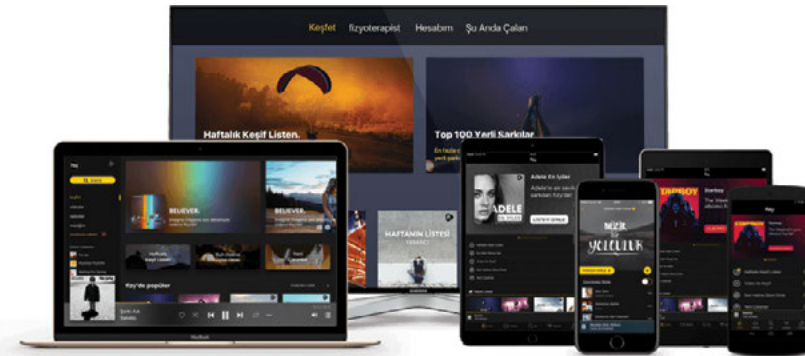
	2018	2019	2020
Number of IPTV users (thousand)	613	720	871



Turkey's digital music platform: fizy
fizy, one of the most popular and preferred music platforms in Turkey, now delivers a more customized music experience to its customers with recommendation lists along with a richer content archive. In addition to enjoying an ad-free music experience and high-quality sound, fizy Premium users can view song lyrics and listen to content offline. As a differentiation point from competing applications, users can benefit from advantageous discount offers thanks to brand collaborations and customer campaigns exclusive to fizy. In 2020, as part of a campaign exclusive to students, they benefited from fizy's standard Premium membership.



	2018	2019	2020
Number of fizy contents (million)	28.8	32.6	33.5



Yaani stands out with its features of understanding the Turkish language very well, showing the most appropriate results for the searched content and providing Turkcell subscrib-

ers with a search experience of rich data sources. It makes a difference by showing the closest location to the user in location-based searches.



In addition to our 4 brands, for which separate companies were established, Yaani, YaaniMail and Dergilik have also been among our users' favorite applications.



	2018	2019	2020
Number of total Yaani downloads (million)	7.6	9.7	11.6

In accordance with our vision of offering domestic digital services, we introduced our customers to another crucial service with the launch of domestic e-mail platform YaaniMail. YaaniMail, launched to serve both corporate and individual clients, was developed by Turkcell's R&D engineers. The platform, serving with the "@yaani.com" extension, offers a strong domestic alternative to global competitors. The information and data of YaaniMail users are stored at Turkcell Data Centers.

Dergilik, where hundreds of newspapers and magazines published in Turkey are delivered digitally on a single platform, enriches the magazine and newspaper reading experience, while facilitating the user experience of accessing digital publications. Furthermore, certain Dergilik features are firsts in the sector, such as personal articles, offline reading, automatic downloading of the current issue of a preferred magazine with a single instruction, current issue notification of magazines in the favorites list, and reading hundreds of magazines for the price of a single one. Dergilik continues to provide its users a unique reading experience through recently launched audio articles, and personalized magazine, newspaper and article offers.

YaaniMail reached the 1 million account level in its first year thanks to vibrant user interest.



You may access the products, services, and detailed information we offer over fizy on www.fizy.com.

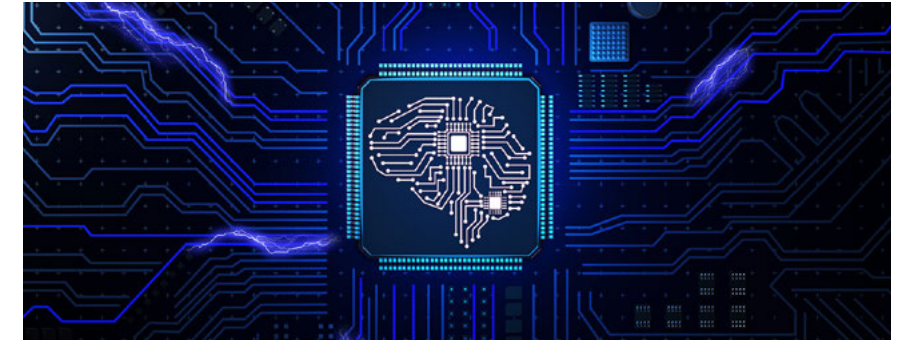
Environmentally friendly and practical solutions through digitalization: Digital signature at home

On the back of the new solution that we developed, customers wishing to subscribe to our fiber, DSL, Superbox and TV+ offerings will be able to complete their subscription using a digital signature. This solution enables service teams to complete product set up and configuration 30% faster. Meanwhile, this will also lead to 11 million pages of documents being digitalized annually, thereby protecting the environment.

1.5 million households are expected to use digital signatures annually across Turkey.

Smart legal documentation automation

In addition to the solutions we offer to customers, we also develop a smart documentation solution for our own legal function, the paper usage of which is extreme. As part of this project, we aim to reduce manual transactions by digitizing the responses to legal document requests from the authorities, so as to save on paper usage. Thus, we expect to achieve efficiencies through prevention of errors while conducting tasks, and the automation of manually implemented assignments and query functions via robotic processes.



Better customer experience through artificial intelligence

We enrich and develop our products and services making use of artificial intelligence. By leveraging artificial intelligence to develop solutions for our applications and customer services channels, we create more efficient and customized services. In 2020, we identified 7 principles to comply with in utilizing the powerful tool of artificial intelligence as part of our operations, including responsible content management. We are committed to responsible use of artificial intelligence tools within the scope of these principles. We were the first company in Turkey to disclose such principles. Furthermore, as part of our Human Rights Policy disclosed at the beginning of 2021, we aim to utilize technologies, and in particular artificial intelligence, paying utmost attention to human dignity and fundamental rights and freedoms, in support of SDGs. You may find more information on the ["digital responsibility"](#) page of our website.

Our artificial intelligence team carries out predictive modelling and segmentation activities to create target audiences for business units. Moreover, they provide post-analysis and insights for Turkcell products, services, tariffs, and campaigns. Supporting business units via analytical trend models so as to offer tariffs, products and services to the right customers, they contribute to revenue growth of

our Company, and play a key role in raising customer satisfaction..

Chatbot

We integrated our artificial intelligence-based chatbot, developed internally by Turkcell engineers, to our Digital Operator application, while the integration process continues on other digital products. We follow a professional approach to chatbot development processes, thereby managing all steps including needs analysis, data preparation, model training, dialogue design, and middle layer development internally. Making use of the quality control screens and the quality control process, which we developed to sustain and continuously improve the product's quality, we aim to enhance the chatbot experience of our customers each day.

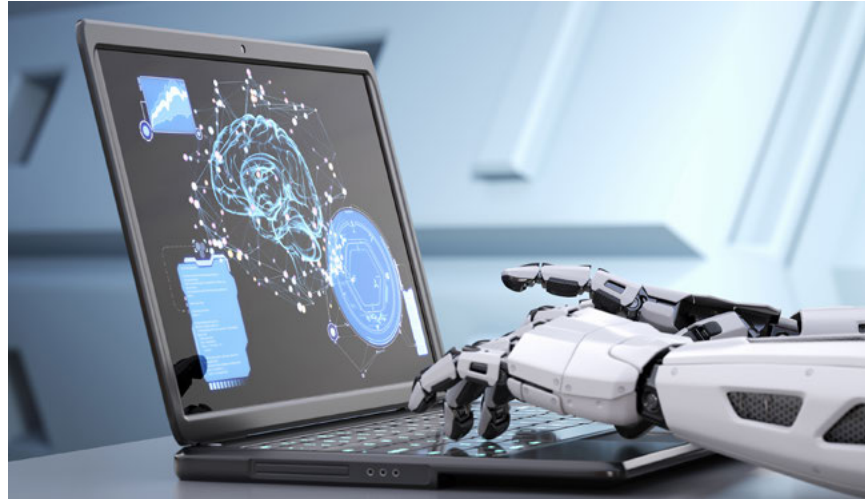
In 2020, the share of customers, whose requests were met over chatbot without the need to connect to a customer representative, was 93.3%. Meanwhile, the total number of customers using chatbot reached 40 thousand.



Voice analytics – Turkcell AI voice

As Turkcell engineers, we have developed our own artificial intelligence voice to enrich customer experience of our products, services, and processes. In the training of our artificial intelligence-based text-to-speech models, we used 40 hours of audio data voiced by vocal artist Şenay Gürler in a professional sound studio over months of intense work. We are also actively working to improve our models and gain new competencies with new readings from Şenay Gürler.

We have integrated our artificial intelligence voice into Turkcell’s digital products Dergilik and GollerCepte, as well as into the online trainings prepared by our Academy team. Our artificial intelligence voice has also been integrated into the Global Bilgi call center system.



FOYA

FOYA is an artificial intelligence platform that provides solutions in the field of fraud and risk analysis. Advanced image processing techniques, OCR (Optical Character Recognition) and face detection capabilities allow us to instantly identify the picture type, detect any information inconsistency in the identity, and check whether the passport picture is real, and whether the person has registered a fraudulent transaction in the past. Thus, it prevents transactions being made using fake identities. FOYA won 3rd prize at the IDC DX AWARDS 2020 in the “Digital Trailblazer” category.



SIMA – Face analytics platform

SIMA is an API-based artificial intelligence platform that provides face analytics solutions. It contains a rich portfolio of features including face recognition, registration, verification, age, gender, and emotion prediction. Our SIMA platform is actively used for personal verification processes in digital onboarding processes, and in Paycell and Digital Operator applications. Face detection and recognition algorithms were developed by Turkcell engineers working on authorized face images. The most appropriate combination of deep learning and machine learning algorithms is used, with that being the most up-to-date method.

AI based recommendation engine

We make use of the recommendation engine infrastructure developed by Turkcell engineers to increase the customer’s personalized user experience of our applications and communication channels. Currently, we personalize content such as suggestions, product similarities and personalized product lists in fizy, TV+ and Dergilik applications with artificial intelligence support. Behind the recommendation engine is a very powerful and large data infrastructure, comprising a cluster of servers, which process over 200 million items of data per day.

This large volume of data is processed by choosing the most appropriate algorithms specific to the subject/problem such as machine learning, deep learning, and collaborative filtering, and regularly feeds relevant applications at integration points.

Cyber security

We carry out activities on the national and international fronts to develop measures that help identify threats, and that reduce and eliminate the effects of possible attacks and incidents, and to share those measures with identified bodies. As part of these activities, we operate information security management systems under the supervision of our senior management that ensure the security of information in accordance with business requirements, laws and legal regulations. In 2008, we became the first telecommunication operator in Turkey to receive ISO 27001 Information Security and Management System certification.

We retain our certification by constantly improving our information security practices and by being audited annually by independent auditors.

Cyber security plays an important role both in conducting our internal activities and in the provision of products and services to our customers. The Turkcell Cyber Security team has a competent staff of over 130 engineers, and these specialized experts work tirelessly for the systems security of both Turkcell and our customers. Our Cyber Security Center monitors our customers’ infrastructures 24/7, taking measures against possible threats. [SDG 9.B](#)

Within the scope of digital business services, in addition to the cyber security services we offer to our corporate customers, we also develop products for our individual customers. The digital security service blocks users from accessing malicious addresses to protect them against cyber threats such as phishing and malware, informs them of past password leaks, and warns them in case of new password seizure attempts via SMS and e-mail. All mobile customers can use this service to avoid fraud, or to protect their device and personal data. Our digital security service has over 10 thousand active customers.

Digital business services (DBS)

Turkcell Digital Business Services was established in January 2019 to serve as the digital transformation partner of Turkcell corporate customers, leveraging Turkcell’s brand power of 27 years, its extensive sales force covering public, strategic, large and small-scale customers, and its superior technology infrastructure. Turkcell digital business services combines Turkcell’s telecom service provider strategy with the “Digital Transformation Business Partner” approach to corporate customers.

We are developing our business model through Turkcell digital business services to address the needs of all industries and to implement value-adding projects through horizontal and vertical solutions in transportation, finance, healthcare, education, logistics, production, retail and energy and in similar fields.

We provide end-to-end digital solutions to private sector companies and public institutions. Thus, we contribute to the value propositions of Turkey’s growing digital economy that enables enterprises to reduce their costs and grow their revenues.

In accordance with our vision, we have implemented approximately 1,500 tailor-made projects to date, which we continue to manage. As part of these efforts, we analyze the needs of customers across every sector and opt for the appropriate solution. With our expert project management team, we deliver several solutions and services across diverse fields including fixed access, network, cyber security, data center and cloud services, managed services, digital transformation, IoT, big data, business applications and so on. We implement the most effective solution in accordance with the specific business processes of our customers. In implementing our projects, we benefit both from our internal resources, products, processes and technologies, and the strength of our business partners in the ecosystem that we have identified as the most competent in their field, managing projects of high value proposition from end-to-end.

In order to facilitate the digital transformation journey of Turkey’s organizations, we own a strong mobile network operating on the widest spectrum, 50 thousand km of end-to-end fiber infrastructure and 8 world-class data centers, including 3 new generation facilities. These together enable us to provide superior quality services in support of our customers’ technological transformation. As the largest data center operator in Turkey, we pursue activities towards building new generation data centers that are the world’s most advanced and secure, in accordance with the vision that “Turkey’s data should remain in Turkey.” Our new generation data centers hold Tier-3 Design and Operation Sustainability certificates from international certification institu-





We support our customers' strategic decision-making processes and increase their profitability and efficiency through meaningful analyses based on the dynamic and real data garnered from our big data services. Thanks to these services, we continue to create value for our customers in many sectors such as retail, shopping malls, transportation, finance, tourism, fuel oil and finance.

tion, the Uptime Institute. We are the first data center operator in Turkey to have received Uptime Operational Sustainability certification. Our new generation data centers designed and built to international standards, are preferred by global companies, including finance and energy enterprises and global service providers. At our data center in Ankara/Temelli, the largest in Turkey, we transformed a room into a "Public Hall" by physically isolating it for our public-sector customers. In order to serve our public institutions in accordance with the Presidency Information and Communication Security Measures Circular into force regarding the security of public data and its transfer to digital environments, and the guide published accordingly, we launched our Government Cloud service in 2020.

Via Turkcell Cloud services, we position all information technology infrastructure of institutions at Turkcell Data Centers, thus providing more flexible infrastructures while reducing costs. We offer uninterrupted service experience from fully backed-up infrastructures at six separate data centers located in Istanbul, Ankara, Izmir and Kocaeli. We continue to develop our services as the first and only service provider in Turkey, whose cloud information security holds ISO 27017 Cloud Information Security Certification.

We provide consultancy services to corporations at all levels in the field of cyber security, another component in the field of digital transformation. Our Security Operations Center is a member of international organizations such as FIRST and OIC-CERT having met their membership requirements. Thus, it has access to the best resources for reactive/proactive protection and countermeasures. Penetration test and vulnerability analysis services also feature in the cyber security services portfolio of our center that carries out security scans of key institutions. The "Turkcell Bozok Cyber Threat Intelligence Platform" developed by Turkcell engineers using 100% domestic technology, offers the

advantage of protecting customers, which receive Turkcell Security Operation Center service against cyber threats. This platform can also be provided as a separate service to organizations that request it.

With the Turkcell IoT Platform, we allow companies to remotely manage their devices and machines via the cloud without incurring infrastructure investment costs. Our business partners operating in the IoT ecosystem can develop their solutions on the IoT Platform and reach Turkcell corporate customers through collaborations. With the energy efficiency scenario, one of the IoT scenarios, companies can instantly measure their energy consumption and transfer the data into actionable information for decision-making, while at the same time making significant energy savings. In addition to the IoT Platform, we offer institutions solutions with the IoT-based products we have developed in many areas such as Akıllı Atık (Smart Waste), Kopilot, Turkcell Filiz and Turkcell Enerjim.

We support our customers' strategic decision-making processes and increase their profitability and efficiency through meaningful analyses based on the dynamic and real data garnered from our big data services. Thanks to these services, we continue to create value for our customers in many sectors such as retail, shopping malls, transportation, finance, tourism, fuel oil and finance.

In an organization's journey towards digital transformation, with Turkcell digital business applications we provide all end-to-end needs from team and document management to digitalization of financial processes, including employee training management. We continue to expand our product portfolio to meet industry-specific needs, while also providing our customers with business application services that can be used jointly, with easy installation and use.

In addition to our value-added services, we realize digital transformation

In 2020, digital business services put into service the technology infrastructure of Başakşehir City Hospital, one of the largest hospitals in Europe with a 2,682-bed capacity. In addition, digital business services provided and installed the IT infrastructure required during the pandemic period for the Sancaktepe and Yeşilköy multipurpose emergency hospitals, which both have a 1,008 bed capacity, and for Tekirdağ City Hospital, which has a 475-bed capacity. As Turkcell, the services we provide support employment at 9 hospitals.



projects with vertical solutions that appeal to the needs of each sector. With our consultants of specific sector expertise, we analyze our customers in the ten focus sectors of finance, health, education, logistics, production, retail, energy, tourism, SMEs and central and local administrations. We adopt a 360-degree perspective and reveal the current situation with sector-based customer scores. Thus, instead of offering a general solution, we move towards deeper customer-centricity by positioning a solution set that considers their specific sectoral needs.

We continue to conduct projects of high value proposition in the health sector, where we have deep experience. Turkcell digital business services is the market leader by number of hospitals and beds covered in the public-private sector partnership market through the city hospitals projects, which have become the locomotive of success for our national healthcare sector. Turkey is among the world's leading healthcare service providers, especially in the region. We continue to provide end-to-end digital solutions in the health sector with our current 7 city and 2 field hospitals. We continue to play an important role in the digital transformation of hospitals, especially with our own Hospital Information Management System (HIMS) software, which we have developed exclusively with Turkcell Digital Business Services resources. In 2020, Digital Business Services put into service the technology infrastructure of Başakşehir City Hospital, one of the largest hospitals in Europe with a 2,682-bed capacity. In addition, Digital Business Services provided and installed the IT infrastructure required during the pandemic period for the Sancaktepe and Yeşilköy multipurpose emergency hospitals, which both have a 1,008 bed capacity, and for Tekirdağ City Hospital, which has a 475-bed capacity. As Turkcell, the services we provide support employment at 9 hospitals.

There are three main categories in our business partnership ecosystem that

we manage end-to-end; our subcontractors, those we develop products/solutions together with, and our sales partners. We focus on creating new sales opportunities for our products, services, and system integration projects through our sales partners. In 2020, we launched the "Business Partnership Program" for approximately 150 sales partners in our ecosystem having different competencies. We continue to grow our ecosystem working with a win-win approach. Moreover, through our business partnerships with global vendors, we expand our solution portfolio to our customers in terms of technical competency and project diversity.

While offering our products and services, we make big data meaningful with artificial intelligence and business intelligence systems, thanks to our advanced analytical capabilities and technology investments.

As Turkcell, we conduct analytical studies based on data science fundamentals, plus studies in the fields of artificial intelligence and machine learning. We closely follow artificial intelligence technologies that are used effectively across many areas such as healthcare, transportation, finance, communication, and urban and environmental planning. Utilizing the latest technologies, we develop solutions focusing primarily on people, society, and the environment, thereby enhancing the customer and employee experience, and creating value for our country.

The Turkcell ML (Machine Learning) platform has been developed to implement appropriate scenario modeling with high performance and accuracy by leveraging high-volume data and machine learning competencies. As part of these activities, over TRY20 million has been saved to date. Moreover, having launched the blockchain-based "Blacklist Between Operators" system, we can share a list of customers with overdue payments of over a certain amount. This system, which is used jointly by all operators, helps them reduce customer-related risks through information exchange.



PROOV

Proov is a digital identity management application developed with blockchain technology that enables users to prove their identity while registering to institutions and organizations utilizing data previously stored in various other institutions/organizations. It is based on a model that enables personal data privacy to be managed by blockchain technology. Through use of cryptographic methods, the activities of digital identities cannot be tracked, but are protected.

You may access more information about the transaction volumes and number of users of Paycell in the financial capital section.

Turkcell and mobility
In the field of mobility, a rising trend in the telecom and technology sector in general, we continue our activities regarding autonomous vehicles at and above level 3, leveraging our image and video processing capabilities.

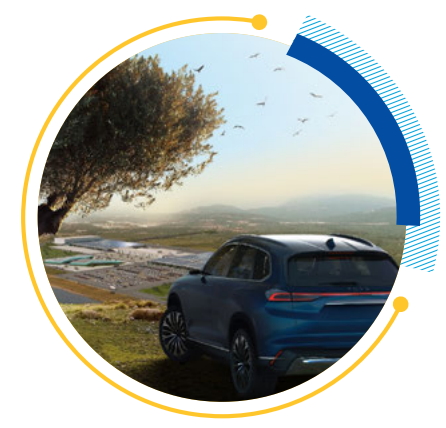
As part of e-mobility activities, leveraging our telecom industry capabilities we installed 3 charging stations of different brands that have similarities in terms of charging station management for testing purposes. These stations were integrated with software solutions in MSP (Mobility Service Provider), CPO (Charge Point Operator) and Roaming layers offered by various companies in the field of e-mobility. In this respect, station management and end-user experiences were observed.

As part of the 5G Remote Driving project, using artificial intelligence algorithms, we are carrying out activities to identify whether an autonomous vehicle is in danger and keep it away from such situations via remote-control center over the Turkcell 5G network.

Turkey's domestic automobile **TOGG**, developed by Turkey's Automobile Joint Venture Group Inc, was announced in December 2019, whereupon its design and roadmap were revealed.

The initiative, formed by a consortium of 5 major companies including Turkcell, carries out its activities continuously towards the launch of Turkey's own domestic and electric automobile brand.

Domestic electric automobile TOGG will stand out for its feature of internet connection. As part of connectivity solutions, in addition to features such as viewing meetings and activating navigation based on your meeting location, it is also possible to continue listening to a song in the car that was being enjoyed at home using fizy, a part of Turkcell's digital services portfolio. The vehicle is also scheduled to have features such as weather forecast, navigation and the synchronizing of home and car temperature.



RPA (Robotic Process Automation) technology is installed, and the respective infrastructure activities are implemented across Turkcell. Duly, 145 processes have begun to be carried out using RPA, towards manual process automation.

Turkey's new generation payment platform: Paycell
Paycell continues to increase its penetration on the back of easy and secure payment solutions. Paycell stands out as a technology-oriented techfin that manages all its processes with end-to-end automatized systems over a robust technological infrastructure. Having adopted an agile working model to differentiate itself within the rapidly changing dynamics of the techfin ecosystem, Paycell manages its business processes more efficiently, achieving value creation in the offering of its products and services. This approach also allows rapid and easy adoption of new technologies. Paycell provides value-added data analytic models not only with respect to its infrastructure, but also with respect to analytical solutions so as to provide better and sustainable services to consumer segment and business partners alike.

Brand and responsibility
We increase the capacity and strength of our superior digital services by constantly researching the latest hardware and software trends and equivalents at the global level. This allows us to advance the Turkcell brand through new features that facilitate our customers' lives. In every field we work in, we strive towards removing digital barriers and increasing access at every point where we touch society, and we continue to support the development of technology and communication. We are glad to note that our products and services across diverse fields have grown the Turkcell brand without losing their technology focus.

We bear the responsibility of providing a good customer experience, not only via our employees in direct contact with our customers, but also via the entire Turkcell Family, who design, develop, and plan our products and services for our customers.

The basis of this understanding that Turkcell acts on is a responsibility towards all of our stakeholders including customers, employees, suppliers, shareholders, public, dealers, non-governmental organizations, universities, and the media. In our policies implemented in this context, we aim to transform the power of technology into benefits for everyone, inclusively and sustainably, and we work to ensure ethical and equitable business processes across the entire Turkcell ecosystem. In this context, our policies that we share publicly are as follows:

- Human Rights Policy:** We are committed to fulfilling our duties by embracing fundamental rights and freedoms, and to ensuring compliance with national legislation on working life and the international capital markets regulations that we are bound by.
- Anti-Bribery and Corruption Policy:** We view the carrying out of our activities fairly, honestly and in accordance with legal and ethical codes a necessity.
- Quality Policy:** We continuously improve our processes and implement an effective quality management system.
- Customer Satisfaction Policy:** We solve customer requests with an open, transparent, swift, and customer-oriented approach.
- Information Security Policy:** At Turkcell, we ensure the security of information in accordance with business needs, laws, and legal regulations. **SDG 16.5, 16.6, 16.B**

You may access the policies that we implement to set the highest standards as Turkey's leader in the telecommunication sector on turkcell.com.tr.

The interaction of our intellectual capital with other capitals

Our intellectual capital plays a key role in providing the required creative strength for all other capitals, and is in turn supported by the outputs of other capitals. We aim to improve our product and service quality, and thereby increase stakeholder satisfaction by focusing our R&D and innovative activities to respond to their needs and expectations. Meanwhile, on the back of our brand approach and sense of responsibility, we support strong corporate management, and our social values, and relationships.

Our social values and relations

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186 Strong sales channels and our services

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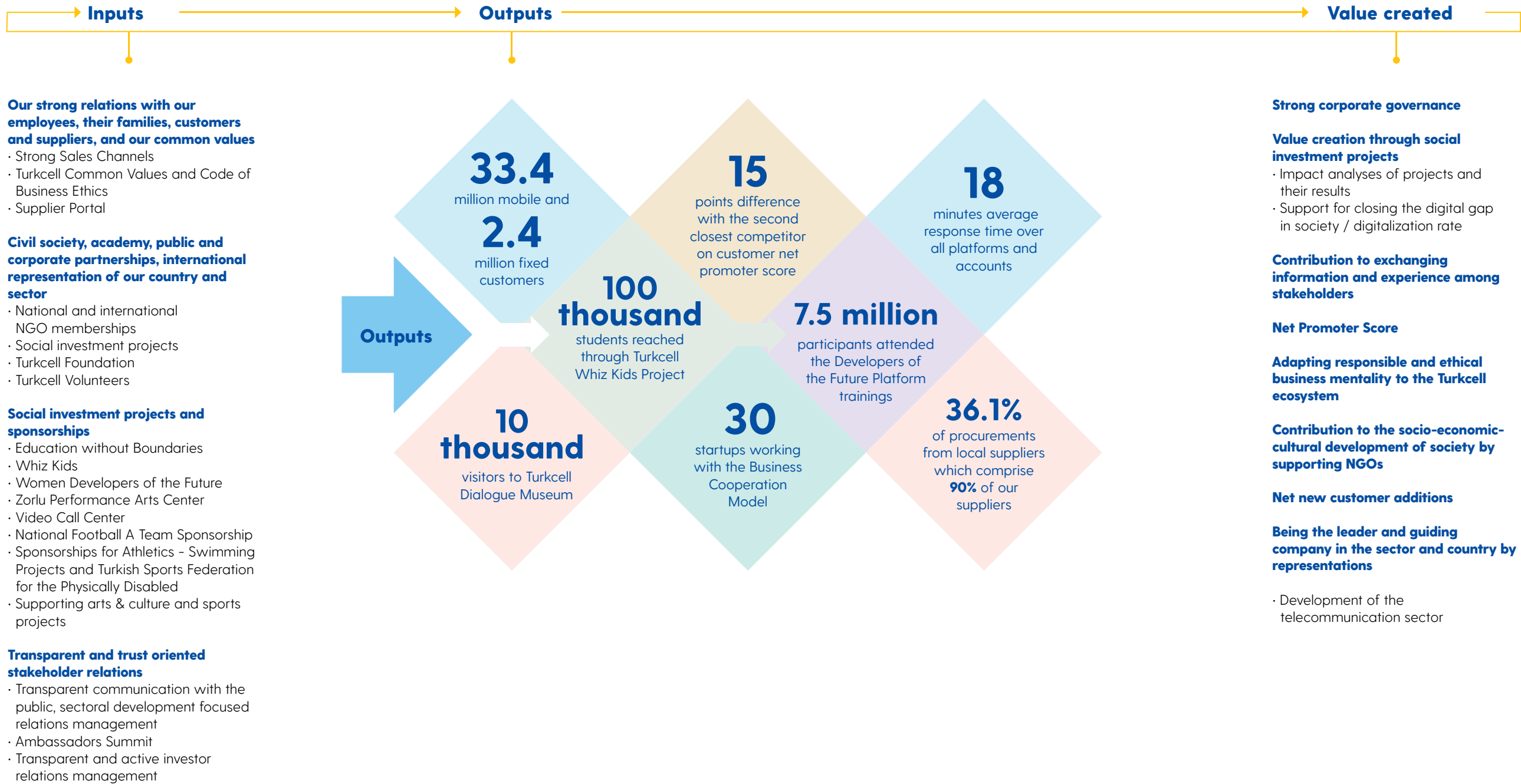
204 Contribution to exchanging knowledge and experience across all stakeholders

205 Our public affairs

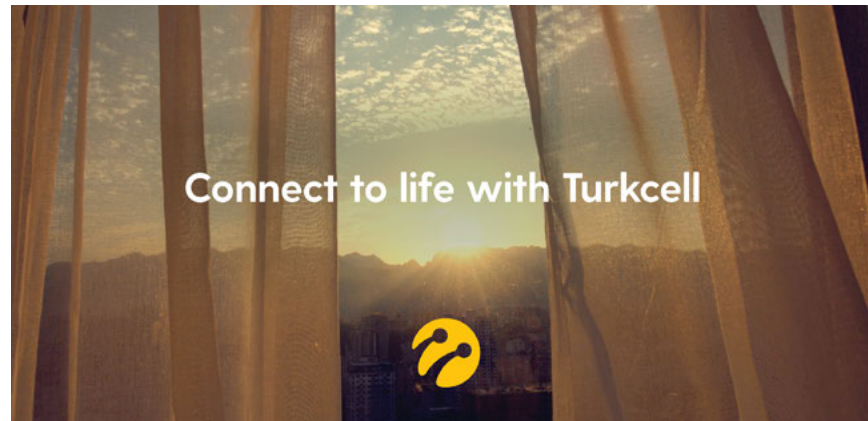
207 Value oriented, responsible supply chain management



Our social values and relations



With the power we derive from the core competencies within Turkcell's DNA, we create social value through more efficient, ethical, and transparent stakeholder relationships. These serve the common good of society by transforming our social and relational inputs into meaningful outputs, highlighting the healing power of technology.



Turkcell social values and relations management

We bring our value-creating Turkcell identity in our social values and stakeholder relationships together with the vision of providing superior digital services for a better future. We ensure respect for our stakeholders' rights through [Turkcell Common Values and Business Ethics Rules \(TODiEK\)](#) and [our Anti-Bribery and Corruption Policy](#), which guides our business model.



Turkcell common values

- We value people
- We own our social values
- We are rich in our differences
- We are here for our customers first
- We are an agile team
- We believe in open communication
- We make a difference

Turkcell business ethics rules

- We respect fundamental freedoms
- We act within certain rules concerning invitations and travel
- We pay attention when giving and receiving gifts
- We realize our social responsibility projects in good faith

As with technology, so too in the spreading of environmental awareness, do we act from the responsible position of leadership. We comply with the laws and regulations enacted on the environment, health, and safety. We ensure the effective management of all our service activities, the security of our information assets against risks, and their accuracy and continuous availability, by operating the information security management system based upon our information security policies and with the approval of our Senior Management. Accuracy is the basis of financial and commercial record management, and we comply with the national and international legal regulations that we are bound by to the highest possible degree.

We comply with both the US Anti-Bribery and Foreign Corrupt Practices Act (FCPA) and local laws in our interactions with public institutions.

COVID-19 note

While maintaining our position as the communication and technology leader, we managed our social values and relationships, which we view as being among the main considerations during the pandemic worldwide. In light of our Life's at Home motto, we have demonstrated to our customers and employees that we offer technologies that uninterruptedly continue education and work from home, while supporting our ecosystem. We worked towards the goal of having happier and more loyal customers with our interactive events and sponsorship activities. During the early days of the pandemic, our CEO Murat Erkan joined over 5 thousand Turkcell employees in live broadcasts on Pikcell. We conducted the COVID-19 Virtual Work Assessment Survey to understand our employees' needs at the start of the pandemic. In light of employee feedback gathered by these surveys, we swiftly developed our processes and principles. We conducted comparative surveys to measure the productivity and experiences of our employees in this process and implemented different working models (such as working from home, mobile working) and we conducted focus group studies on further improvement areas. We enabled employee feedback concerning both their physical and mental health, and took action accordingly during the pandemic and period of remote working through the "How are you Turkcell?" project. We called all our employees and business partners who were physically or mentally unwell, lending our support and inquiring into their condition. We organized social events such as fitness programs, sports team activities, online workshops, e-games

tournaments, Lucky One Knows competitions and Coffee Break, in which all our employees could participate online. In addition to these, we continued to strengthen the Turkcell team spirit and employee motivation with activities on special occasions such as April 23 National Sovereignty and Children's Day, mother's/father's day, software developer's day, engineer's day, and via applications such as Instant Awards and CXO Awards. Moreover, we made the working from home period more comfortable and easier for our employees by organizing special campaigns using Turkcell's internet and digital application services.

Meanwhile, we stood by our customers during the pandemic period. We implemented a support plan that includes our telecommunication benefits, fixed internet, mobile internet, and bulk SMS, for those SMEs that have experienced difficulty due to business closure. Within the scope of Water of Life aid, we offered free fixed internet for the first three months to small businesses returning to the workplace after the COVID-19 lockdowns, we provided complimentary mobile data for their communication needs, and to support them during the normalization process. We doubled the packages of SMEs keen to promote their campaigns via message by gifting up to the quantity of SMSs received from the Message Base service, and gave SMS gifts to businesses subscribed to the service. We reached 47.7 million people through the communication of Water of Life aid for tradesmen. Our digital advertisement video has been viewed 1.4 million times and our campaign page registered 209 thousand clicks. While 150 thousand cus-

tomers won GB gifts, Bulk Message package sales increased by 50%. We carried out projects focused on managing the impacts of the crisis with our public sector business partners, the Ministry of National Education, and the Ministry of Health, as well as with those from the civil society. We doubled the monthly internet quota to 6 GB for 'teachers and students' using the EBA infrastructure. To support healthcare professionals working with great devotion for our health, we gifted additional data and voice packages. Furthermore, we have supported the stay at home movement, a key one of the most necessary means of beating the virus, by changing the network text on our customers' phones to "lifesathome". In this process, we constantly informed our customers through our social media accounts, sharing information on the current situation for their greater convenience. Meanwhile, with the #lifesathome concerts, we united Turkey's beloved artists with their fans. For moral support, we put 11 performances with 8 million interactions into service, which can be viewed again on TV+ and fizy. As of September, we started to transform income generated by the recycling of electronic waste collected from the public at Turkcell stores into educational scholarships for the children of our health heroes who lost their lives to the pandemic, as part of our Recycle for Education project. We believe that what the pandemic has reminded us of the most is the need to work together for a "better world". With this in mind, we started the "A Better World" internal initiative. Through all these practices, we aim to enhance sustainability, the focus of our business model, in the eyes of our employees, and in social values and relations.

Our corporate social values and relations

With great devotion we have managed all our social relations as a technology company offering inclusive, accessible, and superior digital services, and in line with the goal of being Turkey's Turkcell, set among our communication focuses at the start of 2020. Under our Senior Management leadership, we have developed our competencies in relations management, an area of strength for us, together with our employees at all levels. We manage our relations through TODİEK, our guide for social values. With the support of our Senior Management, we strive to create a business culture across all activities that complies with the law and Turkcell's own policies, by acting in accordance with the set of rules determined by TODİEK. In this context, Turkcell Senior Management acts in a conscientious and reliable manner by ethically evaluating the conflicts of interest that arise, or that may arise from personal relationships and financial or commercial interests as part of their responsibilities towards Turkcell.

Our Management Team makes complete, fair, accurate, timely and clear statements in all company reports and documents disclosed to the public, or submitted to the capital markets regulators, and acts in compliance with all laws, regulations, and rules that Turkcell is bound by.



You may find more detailed information about our corporate structure in the strong corporate governance section of our report.

Employee relations

We determine improvement actions by listening to the expectations, requests, and complaints of our employees through periodically conducted Employee Engagement Survey and Pulse questionnaires.

We undertake the use of various communication channels to better understand the needs of our employees. In this context, we organize workshops and regular information sessions with the communities formed by our colleagues across diverse functions and tasks. Believing in the power of instant communication, we manage our intra-company communication processes interactively on the BiP groups we have created for our employees, and work towards a timely response to their needs.

İK GÖNÜLLÜLERİ

We launched the HR Volunteers platform in 2020 with the voluntary participation of 101 employees from all functions within Turkcell. Regardless of their roles within the organization, we aim for our employees, who have the power to influence and drive change, to become change ambassadors. These, as our HR Volunteers, will add value to the development of human resources processes, practices and products, acting as catalysts within the organization by enriching the employee experience. With our YUPO initiative, we run support programs for our employees identified as being of high potential. We aim to support our employees' career development through our committee and Performance Coaches, established to support the performance period process and monitor performance evaluation stages from a function-based perspective. Through the DOX (Digital Office Experience) Digital Office Committee and the DOX Subcommittee, we will operate our decision

making process with common purpose to meet the needs of all our functions during the pandemic within the scope of "Alternative Working Models in the New Working Culture", which we plan to implement in 2021.

We secure the working rights of the productive Turkcell family with our policies that operate within the framework of decent work practices.

As part of Turkcell Human Rights Policy, Human Resources Policy and equal opportunity applications, we continue to connect millions of people to life daily with the best services and products, with the support of our productive Turkcell family and as members of the best teams at Turkey's digital operator.



Our brand

We lead our country's technological development with our vigorous brand, strong infrastructure, superior analytical capabilities, and qualified human resources.

We empower individuals and organizations, making life easier, fun, and secure for them with our customer-oriented approach, superior analytical capabilities, and innovative digital products and services. We continue to differentiate the customer experience with offers tailored to the needs of each segment. Thanks to our strong infrastructure, we continue to meet the communication needs of our country at high speed and without interruption. Our corporate business is always supportive of the leading companies of Turkey and SMEs alike. We increase our contribution to the Turkish economy by being their business partner. The social responsibility projects we have implemented help us attain the goal of becoming a stronger society by promoting equality in all areas, and the unity of our country.



Turkcell in communication

Despite the challenging conditions of 2020, it has been a year in which we both consolidated Turkcell's leadership in network capacity and made a difference with our compassionate and attentive communication approach, by prioritizing customer need during the challenging pandemic period.

As a Company that reflects social consciousness to its communications, we began 2020 with the movie "Kader" highlighting the importance of equal opportunity.

While fulfilling its corporate social responsibility mission of raising morale under pandemic conditions, our commercial, "Be Patient" became one of the most successful of the period. With it, we aimed to make everyone who had to stay home feel that we were right there with them under all conditions, and that these difficult days would eventually pass. We did this as a brand with the long-established mission of connecting people to life under the motto of "Connect to Life".

We conducted our "So Attractive" communications throughout the year to underline the urgency of connection quality and to highlight our superiority in this regard, with emotionally themed advertisements at the fore-

front. As Turkcell, we continue to work towards goals such as internet speed through the strength of our high network capacity, while being the best operator. We reached 58 million people with 98% integrated access through our commercial film, in which we showcased national gems ranging from Ordu to İzmir, and from Ağrı to Urfa, as well as our coverage quality. Our So Attractive (Çok Çekici) campaign has been among the most appreciated commercials with a 41 AHI score, becoming the most popular and recalled commercial in July and August according to Adwatch results.

We also launched İşTurkcell to position our corporate marketing business as part of segment communication for addressing the technological needs of our corporate customers under "Business at Technology, Technology at Turkcell" motto. Through the new communication platform under the İşTurkcell brand, which offers our products to customers ranging from tradesmen to SMEs and corporates, we conveyed the message that our customers need only consult Turkcell for technological products and solutions without turning elsewhere.



Strong sales channels and our services

Our sales channel structure

We bring our customers all the advantages, tariffs, devices, products, and services that Turkey's leader communication and technology company offers. We continue to develop solutions and provide customer-focused services through Turkcell stores, alternative sales channels, the online channel, the Digital Operator application, Fiber and DSL solution centers and corporate sales channels.

Our retail channel

At our retail channel, we continue to provide Turkcell quality services at around 1,300 Turkcell stores, whose digital transformation was completed in 2018, and at 4,408 digital sales points.

As a company that pioneered the digital transformation of Turkey, we now have a new generation store concept where physical contact points are minimized.

Digitalized experience with contactless store

During the COVID-19 period, we implemented the "Contactless Shopping" concept as of October to protect the health of our customers and employees, and to minimize physical contact. Now, our customers will be able to check the offers, device specifications and award winning games at our stores by scanning the QR codes using their own smartphones.

We offer our devices, tariffs and digital service products in a clear, convenient, and visually enriched manner with "GO" that digitalizes sales conversations between employees and customers as links in the digitalization chain. In addition to the benefits we provide to our customers; we increase employee engagement and motivation with special awards. In 2020, we enriched the TRY/package top up and bill payment experience by implementing the "GO Cash" application at the payment point, where customer traffic is heavy. We added value to our service model with the ability to offer our customers instant personalized offers, increasing our sales force, and continuing to raise customer satisfaction through improved experience with "GO Cash".

In our supply chain model, we accelerated the product order processes of our dealers with Turkcell Portal. We transformed from a B2B portal operating with limited products and categories into a "Digital B2B Procurement Platform" that can supply a wide range of products and categories from multiple channels with a multi-vendor structure. We continue to provide customized guidance to our dealers according to their orders and sales. We accelerated our processes and enhanced the experience by establishing a "Content Management Team". Currently, we offer 24 thousand products of 260 brands through 110 suppliers via Turkcell Portal. To make the customer purchasing

We launched a new era in device sales. We began to provide contracted offers and made Financell credits available to our prepaid customers who were previously only able to purchase devices in cash. Thus, we offer our prepaid customers the opportunity to purchase a device with a contract, or an upfront contract without switching to postpaid.

experience contactless, easy, and fast, we implemented the "Reflect to my Bill" application. Today we ensure that the amount of the purchased product is reflected to the customer's bill via Paycell. Thanks to "Pay by Bill", which can be used not only for one product, but for the payment of the entire basket, our customers can now purchase products using only their smartphones without signing any documents.

We also began to provide services for new customer registration and customer number porting activation transactions, by extending the scope of the "Bi tıkla Mağazada (At the Store with a Click)" application launched in 2019 and used in the delivery process for devices purchased through tele sales channels in the physical channel. Our customers can conveniently pick up the products that they reserve on turkcell.com.tr or through tele sales channels at Turkcell stores in their preferred locations. For a unique and uninterrupted Turkcell experience, we give our customers the option to choose the channel.

Digital Signature

As of May 2018, we completed the digital signature transformation of all our stores (TİM/DSN/DSN+) for individual mobile transactions. As of September 2020, we completed the digital signature transformation of all our individual fixed customers at Fiber Solution Centers and DSL Solution Center Business partnerships. Accordingly, the digital signature usage rate of our individual fixed customers soared by 98%. As a result, while reducing our costs on such items as archives, documents, and cargo, we also enabled more secure, faster, and easier transactions for our customers.

Our alternative sales channel

As part of our alternative sales channel that has reached a sales volume of 26.8 million products, we transformed each channel reaching the customer into a sales channel, while continuing to serve through Hypermarkets, Bank Channels, Chains and Telesales. Our Telesales channel has also become the major sales channel for our digital services with 2.5 million sales of TV+, lifebox and fizy products, making use of big data, our analytical models and artificial intelligence. With TV+, lifebox, and fizy collaborations with banks, we ensured the brand recognition of our DSS products and increased our sales by directing customers to our digital channels. In Bank and Market channels, we achieved a sales increase of up to 46% by offering TRY/package products to customers seeking access to this service from their homes due to the pandemic.

Digital sales channels and services

As part of the digitalization focus, our online sales channel has also taken steps to shape Turkey's e-commerce sector in 2020. While the number of visitors to digital sales channels reached 30 million per month in 2020, the 3-month active users of Digital Operator application was 23 million. Today, the digital channel share in total retail device sales revenue has increased 3.6 times compared to the previous year, while total TRY/package downloads had a threefold increase. In this context, the share of digital sales channels in Turkcell Turkey consumer revenues (excluding our fixed business) reached 14.3% in fourth quarter of 2020.

In line with our channel growth strategy, we shaped our investments with a focus on communication, traffic, sales, delivery, and loyalty.

We implemented various technical improvements to enhance the processes by working with Turkcell's professional ICT team. Under our Artificial Intelligence and Data Analytics teams' leadership, we implemented our sales setups, where we emphasized the importance of personalization. We have adopted a creative, friendly, value-oriented, and familiar approach to communication. We maintained our focus on hourly and nighttime campaigns to encourage our customers to spend more time on turkcell.com.tr. Our campaign called the "Those who can't Sleep Club", active between 22.00 and 02.00 during the night, was the bronze prize winner in the Direct Response/Lead Generation category of MIXX Awards Europe 2020, organized by IAB Europe. "Those who can't Sleep Club" will continue to bring our customers brand-new concepts with a focus on the right time and right product at the right price. For our customers who look for more internet and more advantageous prices, we have begun to design campaign formats for both postpaid and prepaid Turkcell products, as well as for new customer registration and customer number portability categories.

While increasing our recognition with the use of accurate and targeted media, we sought to create the perception of turkcell.com.tr as offering a wide range of affordable products with a quality experience. We boosted new customer traffic on the website with our strategic campaigns. Focusing on an uninterrupted and excellent customer experience, we listened to customer requests and complaints on social media; we prepared campaigns that reflected their wishes; we popped up on both product detail pages and basket pages with complementary product suggestions. We created alternative payment methods for purchases and provided delivery within 24 hours. By providing differentiated subscription services, we facilitated the application process and better served our customers, delivering their sim cards to their homes.



Our next move to expand our digital sales channels, Turkcell Pasaj, has been launched in December 2020. Turkcell, the world's first digital operator, takes its place in the rapidly growing e-commerce market in the field of consumer electronics. Within the scope of Turkcell digital sales, we introduced our marketplace platform, Turkcell Pasaj, on which diverse customers and suppliers will be able to buy and sell products in the electronic products category under www.turkcell.com.tr. In the future, it will be possible to sell electronic products to Turkcell and even other suppliers via this channel.

Collaborating with Turkey's largest and most reliable suppliers, Turkcell initiated this journey with the goal of providing "secure online shopping". Thousands of products from smartphones to vacuum cleaners, and from hobby products to computers, are available on Turkey's first electronic marketplace platform "Turkcell Pasaj". Providing users fast delivery and flexible payment options, Turkcell Pasaj also offers easy cancellation and refund options.

Discount options that fit all corners are offered on "Turkcell Pasaj". The customers of all operators can also enjoy those. "Turkcell Pasaj" customers will soon be able to pick up their products purchased on the platform around 1,300 Turkcell stores across Turkey. Thus, a real online/offline shopping experience will be introduced on "Turkcell Pasaj".



Gifts worth up to 250 TL from Turkcell Pasaj:

Do not miss the opportunity to receive a 150 TL gift voucher when you spend over 5.000 TL and a 250 TL gift voucher when you spend over 10.000 TL.

Valid between January 21 to 31.

Over the coming periods, we will continue to hone our muscles in the e-commerce world where speed, product diversity, logistic services, diverse payment alternatives, brand assurance and innovative approaches are competitively significant. We will ensure an excellent experience for our customers with the backing of our Group Companies and bring them the channel-specific solutions of Paycell and Financell.

As for the past 27 years, we view our customers as being among the key members of our Turkcell family, and we work to add value to each moment of their lives.

Our Digital Operator application, which we developed in order to respond to customer needs using the most appropriate means, became the most preferred service and sales channel of Turkcell customers, reaching 56.4 million downloads in 2020. The 3-month active users of the application reached 23 million and Turkcell customers made their transactions on Digital Operator with an average of 225.4 million logins per month over the past year. In addition to viewing their remaining usage through the application; our customers can view and pay their bills, access packages, services and campaigns that fit their needs, and switch between offers instantly. We remember the special days of our customers and celebrate them via the application, sharing personalized reminders and information. Additionally, we help our customers to make the right transitions at the right time with proactive notifications. We also offer our customers suitable device and accessory offers on Digital Operator. Our cargo tracking module displays the delivery status of the products they purchase.

Our customers can report their network connection complaints to us via the application by doing the automatic call connection control from the "Help" feature, and easily complete their document requiring requests from the "Submit Request" feature by adding a photo of the related document. Moreover, all requests and complaints can be easily tracked. In addition to all these, our customers get support from the artificial intelligence backed Turkcell Assistant whenever required, and can easily perform many transactions without having to reach the call center. Our customers can manage all their Turkcell subscriptions including fixed broadband and mobile lines from a single application by adding each to the platform via the "Add Account" function. Nearly 300 thousand Superonline customers make 2.5 million transactions per month using Digital Operator. With the addition of the Gift Pool feature to the Digital Operator, introduced on 14 October 2019 and visited nearly 500 thousand times per day by Turkcell customers, our customers can view and track all the gifts and privileges they have earned to date, as well as those they can potentially get from Turkcell over the coming periods, on a single space.

We enable our corporate customers to carry out all relevant transactions regarding their corporate lines over a single platform through the My Company application, which is tailored to corporate customers. We forward developments regarding corporate lines to relevant company officials through instant notifications. Turkcell provides speed and convenience to company officials enabling them to carry out transactions such as switching to appropriate offers and campaigns, and SIM card changes online and without paperwork. We provide convenient offers for our customers as part of digital special packages sales.

We celebrate their birthdays and provide them a personalized experience. In 2020, 300 million transactions have been made via My Company's web and mobile application platforms, used by 350 thousand companies.

Our tariffs and packages

Our postpaid packages

We provide a "superior" experience with our rich content offers tailored to the usage habits of each customer through the Yıldız, Bol, Platinum and GNC packages we introduced in the second half of 2020. By following current trends, we respond to changing customer usage needs by adding internet quotas valid in social media applications in the recently introduced Platinum and GNC packages. We allow our Platinum customers to manage their calls and internet needs as they choose with the For Me Campaign that converts unused minutes to GB. Moreover, our customers can also easily access the usage and payment alternatives most suitable for their lifestyle with our Comfortable offers, which do not require contract. Comfortable offers protect customers from exceeding their consumption limit while providing flexible payment convenience.

Our prepaid packages

We constantly track the usage habits and needs of our prepaid customers through big data and market analyses, and regularly update and widen our prepaid package alternatives based on changing customer needs.

In addition to the monthly packages, we address the short-term needs of our customers through our weekly and daily solutions.



Great innovation from Turkcell: Introducing Yearly Packs!

Get a pack for the year, pay monthly.

- Yearly 100 GB 10.000 min
- Yearly 200 GB 20.000 min
- Yearly 500 GB 20.000 min

Innovation

In 2020, we continued to focus on applications and offers featuring innovative solutions to increase both customer acquisition and customer loyalty. **SDG 8.3**

Turkcell Biz (Family and friends): Our innovative digital platform

We have created an innovative digital platform that is unique in the sector, where our customers can come together with their loved ones to create groups and earn more together. At Turkcell Biz, our individual postpaid customers can set up groups of a minimum of 2 and maximum of 5 people, free of charge, without any package/tariff changes. Members can share GB with each other for free and benefit from exclusive internet gifts.

With Turkcell Biz, we have attained a

digital value that will increase both customer acquisition and customer loyalty, offering innovative setups.

Postpaid Mega Packages

Our customers can utilize the usage quotas in their packages as they choose for a year with our annual limited offers, introduced exclusively by Turkcell as a first for Turkey, and make their payments monthly at a fixed price. Thus, package contents are effectively used and package limit exceeding problems are avoided.

Prepaid Mega Packages

In particular with the changing habits during the pandemic, we have added the 3-month Mega Package alternative to our product range for our prepaid customers requiring longer-term packages. Thus, our customers who wish to install a Mega Package in-



stead of topping up on a monthly basis, need only do so every 3 months, and can divide usage in the package to different periods according to their needs.

Prepaid packages that can be offered as gifts

In light of the changing habits of our customers and the pandemic environment, we activated our prepaid packages that can be offered as gifts. Duly, without leaving their homes, our customers are able to purchase communication packages on the Digital Operator for their loved ones on special occasions such as birthdays and anniversaries, and send them with personalized messages and images.

Our fixed services

The need for internet speed, being the most critical component of household internet for our customers, has gained in significance during the pandemic. We continued to meet our customer needs with Superbox, which offers a unique customer experience with easy installation, portability, and fast internet. As part of Turkcell Fiber, we provided high speed and campaign diversity to meet the needs of our customers, who have experienced its unique speed, during the pandemic period.

Superbox Plug-Go

By changing the definition of household internet in Turkey, we ensure cost advantages, while enabling our customers to access internet from their households by visiting the nearest Turkcell store without waiting for installation. By providing credit financing via Financell, we offer various payment options to our customers and gain on capital costs.

Turkcell Fiber Speed Festival

Given the rising need for household internet speed, especially during the pandemic, we launched a Speed Festival at Turkcell Fiber to bring the speed and quality of Turkcell Fiber to even more households. We focused on meeting customer needs with high speed and diversified campaigns. We began to offer our customers 200 Mbps speed for the first time at the retail level. Our customers using internet at 100 Mbps and above doubled in number within a short period of time due to the campaign.

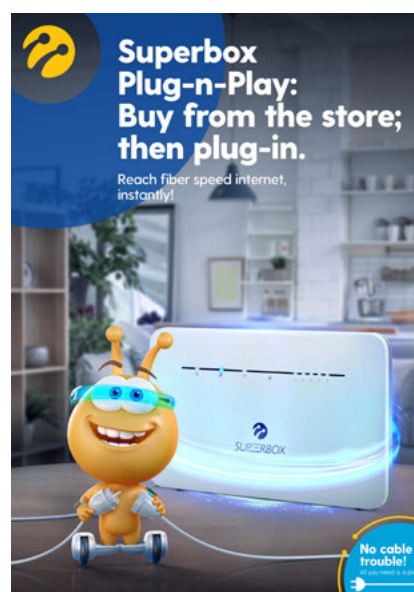
Our corporate packages

With our innovative offers, we generated solutions tailored to the increasing internet needs of our corporate customers. By strengthening our image of a superior service provider, we continued to focus on new customer acquisition and existing customer management.

Our customers who bought a new sim card are connected to life via Turkcell with our innovative offers and propositions featuring abundant internet and gifts.

We multiplied the advantages of being a Turkcell member with complimentary social media packages, limit-stop service, and campaign propositions ranging from fuel to electricity bills.

We have provided solutions tailored to the needs of our customers for their growing mobile and fixed internet usage.



We offered our customers the opportunity to purchase additional packages either by reflecting them to their bills, or by credit card via Digital Operator. We diversified the additional packages they could purchase and enabled those of our customers restricted by company officials from purchasing additional packages by reflecting them on the bill, to purchase additional packages exclusive to their corporate lines with their individual credit cards. We introduced Flexible Packages for those customers who use data lines and cannot use up their internet, allowing them to use the GBs they purchased on their smartphones. Hence, they were able to use a single internet package on two devices. We have introduced advantageous Hot-spot Packages, so that our customers can easily connect to the internet from any device without the need to search for a Wi-Fi connection.

By focusing on our existing customers, we consolidated our image of "superior service provider".

By introducing the anniversary campaign, we gave away 5 GB of internet per day to all our customers on the anniversary of their joining the Turkcell Corporate family.

We allowed company officials to send internet to their employees through the complimentary GB pool. Through this campaign, the GB pool allowed those officials to distribute complimentary GBs to corporate lines, instead of offering this to corporate lines separately.

Our segments

By adding new digital privileges to our loyalty programs during the pandemic, we remained the brand offering superior services, and making a difference as a superior service provider in the eyes of our customers.

New digital privileges exclusive for changing needs at Platinum

This year, Turkcell embraced innovation by giving its customers privileges not offered before with Platinum, which appeals to those customers with intensive communication and internet needs. During the pandemic period, we provided opportunities in many areas such as free premi-

um membership to fizy and TV+, gift books, organic household shopping and children's clothing shopping with the Platinum at Home tab. We also met many customer needs by offering Platinum privileges through digital channels, making Turkcell products easier to access. We provided complimentary internet packages valid on the online education platform (EBA), and recognized the device and tariff/package needs of our customers aged over 60, establishing a special communication channel to meet their requests. By keeping our customers engaged with Platinum Dream Gifts raffles, this feature scored its historic highest beneficiary number approaching 4.7 million times, involving 310 thousand individual customers. With a growth of 18% compared to the previous year, the Platinum Privilege Program reached approximately 400 thousand unique customers and over 5 million interactions. This year, our brand has enriched the lives of our customers with our sponsorships and privileges such as Turkcell Platinum Bosphorus Cup, Platinum Park, Turkcell Platinum Night Flight Concerts and Zorlu PSM, having become a desirable brand to be a part of.

In the second wave of the pandemic, we introduced the new tab, Long Live the Weekend with Platinum, where we offer our customers end-to-end digital privileges. We enabled our customers to enjoy numerous privileges at home without having to go out. They met their daily needs thanks to the discounts on Getir, Tchibo online, and kahve.com without leaving home, while we offered an entertaining stay-home experience through privileges such as Zorlu PSM online events and gift tickets, TV+ Premium membership and D&R online store gifts.



You may visit [Turkcell Platinum website](#) to discover the privileged opportunities of Turkcell Platinum.



GNC App: 2020, the year of records at GNC!

GNC, the favorite application of our youth, added to its records this year. The GNC application ended the year as Turkey's most downloaded youth application with 11.5 million downloads.

2020 was a record-breaking year for the Crack the Egg Campaign, a favorite among young people, during which we gave 79 million gifts to our young customers.

During the COVID-19 period, we have developed two new games within the application to offer innovations to our young people. We achieved a 30% rise in application usage thanks to the high interest shown by our young customers in Blast and GNC Trivia. We will continue to invest in the GNC Mini Games platform by adding new games to those GNC games already played by 4 million young people on 17 million occasions in 2020, further introducing our innovations to our youth.

The GNC Star Music Competition, which took place for the first time this year, receiving over 2 thousand applications, allowed young people keen to become musicians to showcase their skills. With Challenge TV, which we introduced during the GNC Star competition, young people respond to challenges with videos via the GNC application and win surprise gifts.

We offered an opportunity to those young people who want to become entrepreneurs through the GNC Ideathon competition for the second time this year, awarding the winners. This year with 3,600 ideas, the number of applications to the competition has doubled from last year.

We continued to offer benefits to young people through brand collaborations made in 2020. We provided young people who pay with Paycell QR a 50% discount on Burger King's 3 best-selling menus.

With the Push & Take platform, another of our innovations, we offer surprise gifts and opportunities to GNC members every Monday at a surprise hour from the GNC application, inviting young people to the application. Thanks to the Push & Take platform, application visits on Mondays rose by 250% and total application usage by 15%. In 2020, the GNC application doubled its monthly visitor number to register the highest numbers ever.



You can access the GNC world and its innovative applications on [GNC website](#).



Digital Operator

Over the COVID-19 period, we continued to create value with our new projects that address increasing digital needs and improve customer experience.

Our digital focus

We have introduced many experiential improvements and exclusive, advantageous offers for both Digital Operator and turkcell.com.tr and other digital platforms, providing solutions to meet the changing digital needs of our individual prepaid customers that have accelerated notably due to COVID-19. With these offers, we have expanded our product range, with our customers able to purchase digitally with a price advantage and without leaving home. In 2020, 362 million people visited turkcell.com.tr. In the prepaid world, we enabled personalized packages to be purchased by credit card via digital channels, making all our packages accessible. We increased the share of our digital channel in package sales to 3.6 times what it was at the start of the year. Through another development, we allowed customers to view all the packages exclusive to them in a single space under the fast transaction menu by querying the number. Furthermore, we activated our prepaid packages that can be offered as gift. Duly, our customers are able to purchase communication packages from the Digital Operator without leaving home, for their loved ones on special occasions such as birthdays and anniversaries, and send them with personalized messages and images.

We started by redesigning turkcell.com.tr so that our customers could readily access our postpaid packages and began to offer our packages with a fresh and simpler look. We have implemented our smart offer display model to sort our tailored offers made to Turkcell customers. Through the 50 GB additional pack-

age we offer on the digital channel, we were there for our customers when they needed us with our affordable and abundant content package. Duly, we ensured the satisfaction of our customers by meeting their intensive internet needs during COVID-19 curfews. With the "Gift Pool Campaign" introduced in April, our individual postpaid customers can select the gift they wish from our catalogue when purchasing a new tariff package.

Shake and Win once again made a difference in 2020 through its innovations

While Turkcell customers could choose the gifts that best fit their needs among the rich gift options of Turkcell's most popular promotional campaign, Shake and Win, they had the flexibility to use their gifts whenever they wanted. With the "Shake and Win GB Festival", we introduced mega internet gifts of up to 25 GB, never seen before in the history of the campaign. Over 13 million Turkcell customers shook their phones in 2020 via the Digital Operator app. We shared over 60 million gifts with our customers every month. To maximize customer interest, and given its contribution to income, other products, and digital services, through Shake and Win we made diverse offers and digital services promotions this year for customers who participated weekly in the campaign. We also supported the active usage of Turkcell digital service campaigns through promotions on Shake and Win.

Turkcell's full Support for women through Bizce!

We renewed Turkcell Bizce, Turkcell's women's platform, which set out to provide "full support to women" with its content and design that endorse women's active participation in the economy and self-development,



and that offer solutions to important issues of interest. With the renewed Bizce, we offer brand-new features and content to meet the changing needs of women. Women also sold their handcrafted products at 16 thousand stores in Our Market platform. In addition to the high quality of the handcrafted products, the safe home delivery option has stood out as the key feature of the application, especially during the pandemic. We hosted experts in the Expert category, where many questions uppermost in women's minds from health to cuisine are answered with videos that were viewed around 200 thousand times. With the Collect Coupons Campaign, we distributed 350 thousand gifts daily to our users of the application, who collected 10.6 million coupons. We offered advantages with our surprise draws and brand privileges. Our astrology feature was used around 500 thousand times. With our brand-new Share Discount feature, our users shared their discounts with each other. During this period in which we have stayed at home, new DIY, recipe and handicraft videos for women were viewed 250 thousand times. Our users can also access content on a wide range of topics, such as the inspiring stories of women entrepreneurs, business planning, and working parents on the Bizce app under the Get Inspired and Self Development categories.

Our customer relations

Customer satisfaction and loyalty

As the Turkcell family, we strive to make our customers feel "Safe, Valuable, Happy" in every decision we make and with every product or service we design, and we aim to provide our customers with an "easy, personalized and consistent" experience. The customer-oriented cultural transformation we initiated in 2019 is at the heart of every decision taken by all Turkcell employees with the "being here for my customer" mindset. We pay attention to our customers' needs and demands with our people-oriented communication, reflective of our adopted mission. Primarily, we design our products and services so as to create value for people, making them accessible for all to help eliminate social inequalities. We consider our high customer satisfaction a crucial metric of our success.

Number of customers (million)

	2018	2019	2020
Mobile	33.8	32.7	33.4
Fixed	2.3	2.3	2.4

Also in 2020, we continued to see higher Net Promoter Scores compared to our competitors in Turkey in individual mobile, corporate mobile, and fixed individual categories.

Customer Net Promoter Scores (NPS)

	2018 last quarter	2019 last quarter	2020 last quarter
Gap between the closest competitor	13	10	15
Gap between the second closest competitor	23	26	20

With a focus on growth in new postpaid customer acquisition in 2020, we continued to offer our customers innovative offers of rich content, consistently updated according to customer need. Despite the pandemic that began to have its effect in March, we increased our postpaid customer acquisition by 8% compared to the previous year. In addition, we have seen a greater performance in the Mobile Number Portability (MNP) market compared to 2019. In 2020, we started to offer content-rich packages to our new prepaid customers. With the normalization process, we increased the revenue contribution of our new prepaid customers by boosting our share in the number porting market and packaging rate.

With a "Single Turkcell" approach, we prioritize an "Omnichannel Experience" in our customer relations management to maintain Turkcell's rich channel diversity. With our omnichannel projects, we aim to offer an integrated experience in Turkcell customers' channel interactions where

our customers don't need to provide the same information repeatedly. We also surprise them along their customer journey with our technologies and the harmonious operation of our channels.

Customer oriented cultural transformation

Over 500 Turkcell employees have implemented more than 170 projects to improve customer experience in 2020 as part of our Customer Oriented Cultural Transformation Program that we have implemented for three seasons, within the framework of our customer-oriented corporate cultural transformation. The "Customer Experience Hackathon" that we kicked off in the third season has allowed our employees to put into practice those ideas that make a difference for our customers during this transformation.

We continue advancing towards our goal of "1 million new customers every year, until 2022", based upon of our principles of high customer satisfaction and loyalty.



Customer complaints management
We commit to addressing customer requests in an open, transparent, rapid, reassuring and people-oriented way on the basis of our [Customer Satisfaction Policy](#).

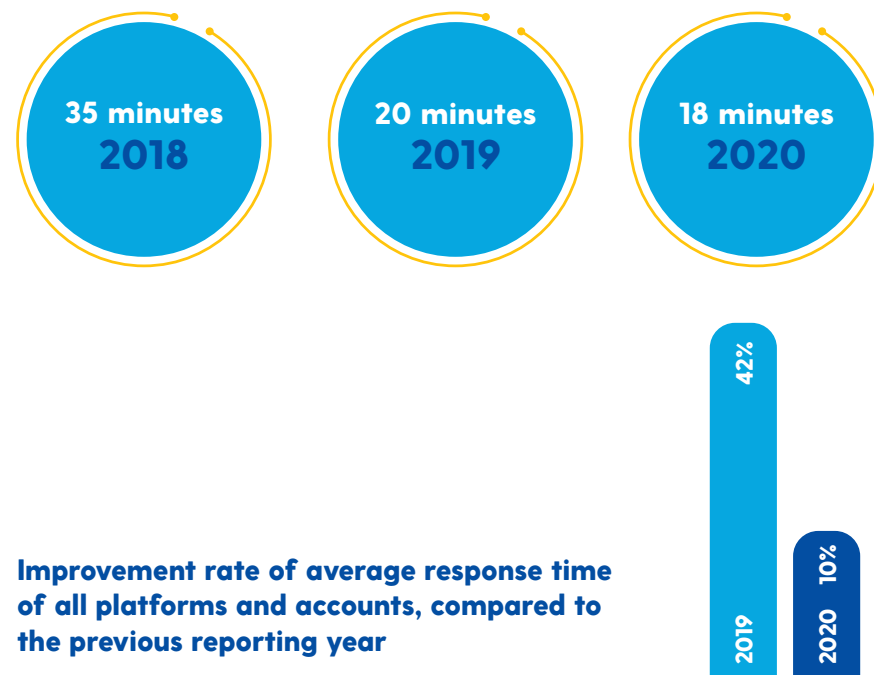
We determine our customer performance metrics annually in line with our customer experience strategy of continuous improvement in service quality. This is done by considering all Turkcell functions together, as well as the customer experience offered through our call center, the video call service for our hearing-impaired customers, and digital and face-to-face services channels, and by monitoring them throughout the year. Through 7 functions, we ensure rapid action taking and follow up, as well as end-to-end customer experience with cross targeting, and the establishing of measuring and anomaly detection structures across 308 experience metrics.

As well as taking rapid actions, it is also crucial to clearly understand the customer, empathize with them and hear them out. In this context, and to provide still better customer services, we now instantly recognize customers by voice thanks to our text and audio analytics capabilities integrated using artificial intelligence.

Thanks to our AI-backed Chat and Chatbot infrastructure, we deliver rapid feedback to our customers to meet their needs. We monitor the reasons behind our customer calls with real-time setups, right from the welcoming message of the Interactive Voice Response System through to connection to the customer representative, and provide solutions with proactive scenarios. With the solutions offered to our customers, we enabled 289.9 thousand Turkcell customers to complete their transactions over IVR by informing 32.5 million of them in the January-December period of 2020, resulting in time saving.

We respond 24/7 to our customers on Facebook, Twitter, Instagram, YouTube, and LinkedIn with a total of 55 accounts. We receive 211 thousand comments on average on social media from 63 thousand users per month. We provide support to our users regarding our digital applications by initiating digital dialogue reflecting the nature of the respective platforms and our brand positioning. Meanwhile, we instantly follow up all sectoral social media interactions with our AI-backed analysis model and take actions to improve customer experience.

Average response time of all platforms and accounts (minutes)



Improvement rate of average response time of all platforms and accounts, compared to the previous reporting year

Social investment projects

Creating social value

By leveraging the opportunity of equalizing power of technology, we implement social inclusion projects that aim to provide all with equal opportunities in accessing information. Across all our activities we value the principles of protecting public health, and developing local communities and economies. For the long term, we aim to contribute to a more livable world, while making a positive social difference by allocating 1% of our annual revenue to social investment projects.

Turkcell Foundation

We continue to implement projects that serve our country and humanity at large with the Turkcell Foundation, backed by the strength and reliability of the Turkcell brand.

Turkcell Volunteers

One out of five Turkcell employees is a Turkcell volunteer

As Turkcell Volunteers, we realized numerous initiatives in 2020 for our people in need, and among disadvantaged groups. We implement engaging, strongly communicative, technology using, participatory and environmentalist volunteering projects through "Turkcell Volunteers", the entire cost of which is met from the donations of Turkcell Group employees.

Corporate social responsibility projects

Leaving no one behind, we provide equal access to information to children, women, the disabled, the elderly, refugees, and economically disadvantaged groups thanks to the opportunity-leveling power of technology; we cover life and inspire.

No politically affiliated financial aid activity has been conducted directly or indirectly by Turkcell in 2020.



Whiz Kids Project

The Turkcell Whiz Kids Project, carried out in cooperation with the Ministry of National Education, aims to introduce talented students to technology, discovering and developing their talents at early ages. Whiz Kids Technology Laboratories, established as part of the project, provides students with laptops, 3D printers, smart boards, electronic and robotic coding sets, and tool kits. Children receive training and develop projects on artificial intelligence, coding, space science, robotics, the smart home, and cloud technologies.

As part of the Whiz Kids Project, we reached 59 laboratories in total in 41 cities by establishing 14 new classes in 2020. We handed out close to 1,000 coding education kits during the year. Students of the Whiz Kids Project have to date won 266 prizes at the national and international level.

To date, over 5 million items of educational content have been accessed on the Whiz Kids training platform and free-access mobile application. 70 thousand students across Turkey have received training. Our education portal and mobile application include free-of-charge education content for all students in Turkey, such as Arduino,

mBot Robot Programming, Robotics, Space Sciences, Mobile Game Development, Artificial Intelligence, Smart Home, and Deep Learning.

Within the scope of the project, we have so far;

- distributed Maker and Robotic Coding Kits to over 30 thousand students,
- established 59 Whiz Kids Technology Laboratories in 41 cities across Turkey,
- provided 250 thousand hours of online training, and
- covered 40 thousand kilometers in Anatolia for face-to-face workshops.

The Whiz Kids Project carried out activities to contribute to society during the pandemic. Whiz Kids students in 33 technology classes, with the support of their teachers, produced face shields using 3D printers to support health professionals fighting at the forefront of the COVID-19 pandemic. Turkcell added new 3D printers to Whiz Kids classes, whereby Whiz Kids students were able to produce 15 thousand face shields per month.

SDG 4 SDG 10

Number of students accessed via the Turkcell Whiz Kids Project

2018	2019	2020	Short-term target	Mid-term target	Long-term target
30,000	50,000	100,000	100,000	130,000	150,000



People without Boundaries

Through our technology we provide many solutions that make life easier across numerous fields under the "People without Boundaries" roof, contributing to the social inclusion of disabled individuals. We leverage the healing power of technology for social benefit in the Education without Boundaries Program, My Gem Inside Project, Turkcell Dialogue Museum, Sports without Boundaries Program, My Dream Companion and My Sign Language applications.

SDG 4.5 SDG 8.5, 8.6



Education without Boundaries program

As part of the Education without Boundaries program initiated in June 2015 under the auspices of the Ministry of National Education, we support disabled students' development in education and employment with the aim of boosting the competencies of disabled children in need of special education, ensuring their active participation in society. Within the scope of the program, we established technology classes for visually impaired students and vocational training centers for students with mental disabilities. At the Special Education

Center established throughout Turkey, students with mild mental disabilities are prepared for employment after school in vocational workshops. We enabled visually impaired students to code their dreams with a Braille printed coding kit that we provided them as part of a project launched in 2020. Since 2015, we have reached over 70 thousand students at 112 schools across 60 cities. 20 thousand students benefited from our projects in 2020. We have also enabled almost 1,000 visually impaired students to experience the digital world in 2020 through the robotics kit and training program that we made available this year for visually impaired people.



The My Gem Inside project

This project, implemented under the auspices of the Ministry of National Education, supports the education of children with autism across Turkey through special classes established in schools and a free digital application. The My Gem Inside project, successfully funded by Turkcell's funding platform, Beehive, reaches out to children with autism and their families across Turkey. Within the scope of the project, implemented in two areas, special classes with digital application support are established to provide education to students with autism.

The project supports the education of almost 3 thousand children with autism and learning difficulties at 21 My Gem Inside classes established by Turkcell at 18 Ministry of National Education schools.

The My Gem Inside application, developed under the supervision of pedagogues and expert trainers, supports the mental, behavioral, and emotional development of children in need of special education. Moreover, the application

also provides instant reports and informative content for families and teachers to help monitor child development. With the new feature added to the application on the 2020 Autism Awareness Day, and thanks to AI-based development, children with autism had the opportunity to better learn which facial expression reflects which emotion through instant imitation and repetition. During the pandemic period, educational content concerning proper face mask usage, hand hygiene and social distancing has been added for students with autism on the education platforms of the Ministry of National Education.

As of 2020, over 400 thousand games are being played monthly on the My Gem Inside mobile application, with 50 thousand children reached via the app.

Within the project's scope, we have reached 60,000 students since 2019.

Sports without Boundaries

Under the Sports without Boundaries program we launched in 2020, we began to support our mentally disabled students in the field of sports. We supported our disabled athletes of potential by establishing sports classes for special education students in Adana, Ardahan, Diyarbakir, Gaziantep, Kahramanmaraş, Kırkkale, Konya, Osmaniye, Sanliurfa, Van and Erzincan. Students of these schools will be trained in athletics (disc, javelin, shot put, long jump, and running), table tennis, basketball, and gymnastics through sports clubs, and will be prepared for national and international competitions. In 2020, we have established Sports without Boundaries classes at 11 special education schools in Turkey, with almost 5 thousand disabled students benefiting from them. Our project will continue to support the development of disabled students in the field of sports, with national skier Ayşe Kader Yavuz being the face of the program.





My Dream Companion & My Sign Language

HO TURKCELL My Dream Companion enables the visually impaired to receive updates from hundreds of news sources in various categories, including science and technology, health, sports, politics, and the economy. Users also gain access to current articles of over 2,500 columnists, as well as thousands of audio books, and intellectual content such as training materials and magazines. Utilizing beacon technology, the My Dream Companion application helps visually impaired individuals obtain detailed information about retail stores as they pass by at shopping malls in Turkey. Users also benefit from navigation services through beacon technology at numerous malls, university campuses and museums. Audio description technology also helps the visually impaired to experience movies at all cinemas across Turkey without losing visual detail. Many international awards have been won thanks to audio description technology that describes features of the environment, place, person or object and scenes without dialogue, and have been the key feature of over 250 general release, and festival films to date.

My Sign Language Application: My Sign Language facilitates communication between hearing-impaired individuals and those unfamiliar with Sign Language. The application, which features the most comprehensive Turkish Digital Sign Language Dictionary, supports the personal development of the hearing impaired. Last but not least, the application, that allows access to the video call service on the app via Turkcell and Superonline call centers, has over 130 thousand users.

Turkcell Dialogue Museum

The “Dialogue in the Dark” and “Dialogue in Silence” exhibits initiated in cooperation with Istanbul Social Enterprise to create awareness of social issues, have been transformed into a permanent museum under the name of “Turkcell Dialogue Museum.” As of 2015, with

the support of Turkcell the museum introduces visitors to an alternative world, accompanied by visually impaired and hearing-impaired guides. As part of the project, nearly 50 visually and hearing-impaired individuals have been employed in Istanbul with the support of Turkcell.



Turkcell Dialogue Museum visitors

2018	2019	2020	Short-term target	Mid-term target	Long-term target
52,500	54,500	10,000	72,500	65,000	75,000

Turkcell video call center

The Face-to-Face Customer Service channel of Turkcell and Superonline began to offer video services as of March 1, 2019 to foster social support. In May 2020 we also added our BiP channel to our service initiated over Turkcell Digital Operator and My Sign Language applications back in 2019. This innovation also facilitates the lives of hearing-impaired customers. Customers can access Face-to-Face Customer Service from the Digital Operator, as well as Sign Language, BiP applications, Turkcell and Superonline stores, and receive service in sign language between 10:00-01:45 each day of the

week. Hearing-impaired customers can use the service free of charge. As part of the service model, external calls and call-backs to customers can be performed by call center representatives. Customers can reach out to the call center by clicking the link in the message once an SMS is sent.

Turkcell serves approximately 3 thousand hearing-impaired customers per month over the video call center.

Disaster response

In 2020 we met our responsibility of supporting our country and people during natural disasters. We provided grant support to 350 tradesmen and 200 families in Giresun, where flooding occurred in August. The support to tradesmen, whose premises were damaged, and to affected families, has been provided via Paycell cards issued on their behalf.

Our Helping Hand to Giresun through Paycell project also marks a first in terms of our digital services being used for providing aid purposes during a disaster. Meanwhile, we created a special communication package to support search and rescue teams that rescued dozens of people from the rubble following October’s earthquake in Izmir. Immediately after the earthquake, we identified a free call and internet package to meet the emergency needs of our customers in the disaster area, positioning our 12 mobile base stations in the area to ensure the continuity of communication, and establishing 6 mobile charging stations in those locations most affected by the earthquake.



Connect the World with Books

With the cooperation of Turkcell Corporate Communication and Consumer Sales Commercial Marketing Teams, a total of 140 thousand books spanning 30 genres of Turkish and World Classics, were distributed as a semester holiday gift to all children who visited our 181 stores in 24 cities in Eastern and Southeastern Anatolia. Accordingly, we have made an addition to Turkcell’s equality of opportunity projects carried out to encourage children to spend more productive and entertaining semester holidays.

Our activities to increase social digital literacy

We run various training activities to make Turkey a leader country in software development and digital transformation. In order to improve people’s lives with technology and contribute to realizing the dreams of our society, we work to eliminate the inequality of opportunity, financial barriers, inadequate resources, and lack of role models.



Turkey’s Largest Software Platform: Turkcell Developers of Future

We provided Python training sessions with Microsoft SQL Server, Data Literacy, Data Science, and an Introduction to Artificial Intelligence through our Developers of the Future platform in 2020. Furthermore, 2D Mobile Game Production with C# over Unix Game Platform, Data

Visualization, Data Manipulation, Data Pre-processing, Statistics for Data Science, Big Data and Data Science Project Management training had been published on the Unix Game Engine. In addition to technology training, Turkcell provides everyone the opportunity for development with Digital Literacy Training regardless of age and knowledge level.

Turkcell Developers of Future Program

	2018	2019	2020
Number of certificates received from the Developers of the Future platform	6,542	13,755	83,000
Number of users reached by Developers of the Future trainings (million)	5.0	6.4	7.5



Women Engineers who Develop the Future
 In 2020, we organized the Women Engineers who Develop the Future project. Within this scope, we received 4,131 applications and reached 101 Technology Camp participants. The project will continue over the coming years

SDG 4.3, 4.4, 4.5 | SDG 5.5, 5.8 | SDG 8.3 | SDG 10.2



Recycle into Education
 Thanks to the “Recycle into Education” social responsibility project implemented with the support of Turkcell to monitor electronic waste across Turkey, many unused devices ranging from computers to satellite receivers, and from telephones to audio systems are collected in the techno waste containers located at Turkcell stores, contributing to the improvement of children's lives.

tion of Turkey) to be used for the education of children, starting as of the new semester in the reporting period, the income is now donated, through KAHEV (Women Physicians Education Support Foundation), to the children of healthcare professionals who lost their lives during the pandemic.



In addition to the social value we created through the Recycle into Education Project, we contribute to our natural capital. You can access more information on this in our natural capital section.



Digital Literacy Program
 We continue to disseminate our “Digital Literacy” training through various channels to advance the increasing digitalization experience of those middle-aged adults who have yet to encounter the digital world, especially during the pandemic period. Initially, we aim to bring the content to a wider audience via television broadcast on TV+.

Limitless Talent
 Within the scope of Turkcell Limitless Talent Program, developed by Turkcell Academy and lasted 10 weeks, 10,010 young people had the opportunity to experience Turkcell for a week. Limitless Talents, who have the chance to get to know the business unit of their interest, work and learn together, participate in various online trainings and live training sessions. 3,440 Limitless Talents who successfully completed the “Turkcell Academy Future Ready Certificate Program” received their certificates from Turkcell Academy to prepare them for the competencies of the new world.

Our sponsorship projects
Our support for sports and arts & culture
 We continue our pioneering efforts for the development of culture, the arts and sports in Turkey so that our artists and sportspeople can be acclaimed in national and international arenas.

National Football Team Sponsorship
 Turkcell has been the main sponsor of the Men's and Women's A National Football Teams since 2005 and the “Official Communication Sponsor” since 2002. Our A National Team, which we have proudly supported for 18 years, is representing our country in Euro 2020. We continue to support our Men's and Women's National Teams for the development of Turkish football, and expect them to make our country proud again with fresh successes in international tournaments.

Turkish Sports Federation for the Physically Disabled
 We have deepened our collaboration with the Sports Federation for the Physically Disabled, that started with football back in 2016, thereafter expanding to 18 disabled sports branches (amputee football, basketball, shooting, arm wrestling, archery, swimming, sailing, tennis, badminton, athletics, sitting volleyball, table tennis, weightlifting, boccia, skiing, dancing, curling, and fencing) and 7,514 disabled athletes. Our physically disabled athletes made us proud winning 92 medals in total, including 28 gold, 32 silver and 32 bronze medals, in international tournaments in 2020. Furthermore, 26 disabled athletes, including 6 table tennis players, 1 athlete, 6 shooters, 7 archers, 4 swimmers and 12 wheelchair basketball players, have qualified to attend the Tokyo Paralympic Games.

Athletics - Swimming Project
 We continue at full speed the Athletics and Swimming Performance Projects that we kicked off in 2013, and that involve a TRY56 million sports investment, in collaboration with the Turkish Athletics Federation and Turkish Swimming Federation. We have provided the greatest and longest-term support for amateur sports in Turkey to date through these projects. We work together on many issues with the Federations such as applying innovative and modern management models, expanding the young athlete pool, ensuring continuous elite athlete development, and organizational and technological development.

Turkish athletics and swimming, main sponsor of which is Turkcell, continued registering successes in the 2020 season.

Our national athletes won 161 medals in total, 123 in athletics and 38 in swimming, in the international arena, despite the late-opened season due to the pandemic. Thirteen of our athletes and 5 swimmers have met the requirements to attend the 2021 Tokyo Olympics and will represent our country.

In addition to these successes, in 2020, the number of licensed swimmers reached 203,796 and the number of active swimmers reached 11,868, while the number of licensed athletes reached 246,648 and the number of active athletes reached 31,583. We continued our support for the success of our athletes through 30 athletics and swimming tournaments organized for various age groups in different categories across Turkey, under the Turkcell name.

Medals won in 2020, with Turkcell's sponsorship



Turkish Federation of Traditional Sport Branches

The Federation, which we support as the main sponsor, consists of 247 clubs in 64 provinces, and over 20 thousand athletes, 351 trainers, 1,700 referees, and is active in the following branches: equestrian, javelin, ambling, horseback archery, aba wrestling, salwar wrestling, belt wrestling, traditional sleigh, sleigh and kokboru. The objective is to successfully showcase our ancestral sports, especially at national and international level, to increase their reputation and secure future success; and we aim to raise healthy, active and successful young people in our society by creating opportunities to increase the presence of these sports branches specific to our culture.

Trabzonspor 5G infrastructure collaboration

We signed a 3-year agreement with Trabzonspor, a Super League club, starting from the 2019-2020 season. Within the scope of the agreement, we established a 5G infrastructure at Trabzonspor's home ground in Ak-yazi. We delivered Turkey's first 5G live broadcast from the stadium ahead of Trabzonspor's league match against Fenerbahçe. We will continue contributing to the digital transformation of sports clubs and sports broadcasting in the upcoming period.

Turkey Athletic Talent Screening and Orientation to Sports Project

As of 2018 we have become the official sponsor of the Turkey Athletic Talent Screening and Orientation to Sports Project, executed in collaboration with the Ministry of Youth and Sports and the Ministry of National Education. We aim for the participation of 1 million primary school students at 3rd grade in our project each year. While we ensure the participation of 4 thousand students in the professional athletes pool annually through the project, we encourage children unable to enter the athletes pool, to continue their sports activities by directing them to Provincial Sports Center activities.



Turkcell Platinum Bosphorus Cup

Turkcell Platinum Bosphorus Cup, among Turkey's key sporting organizations in the international arena, saw its 19th outing this year. We broadcast the race live via the Turkcell Platinum application with exclusive footage. Fifty sailboats and close to 500 sailors attended the race that we organized in compliance with pandemic rules. In 2020 we reached 25 million people through communication activities realized through digital platforms and the media regarding the Turkcell Platinum Bosphorus Cup.

Zorlu Performance Arts Center

As part of our venue sponsorship since 2018, the main theater stage at Zorlu PSM hosts world-famous performances and shows under the name of "Turkcell Stage". The theater stage at the center welcomes art lovers as the "Turkcell Platinum Stage". All cultural and arts events such as musicals, concerts and theater plays are performed on stages hosted by Turkcell. Thanks to our cooperation, Turkcell Platinum customers, who enjoy comfort and

privileges in all areas of life, have the opportunity to win exclusive tickets for Zorlu PSM events. Paycell customers who buy their tickets with Turkcell's new generation payment platform Paycell Card enjoy the privilege of following many events at Zorlu PSM with discounts. We have hosted 7 hundred thousand visitors at over 1,200 events since 2018. We have continued our support during the pandemic period, standing by art lovers with online events.



Sabancı Museum

Considering culture and the arts among the core values of Turkey, we became the Communication and Technology sponsor of Sakip Sabancı Museum in 2014 to support and celebrate the value created. We will continue to increase our support in this area.

GNC Star Music Competition

Over 2 thousand candidates have applied to the GNC Star Music Competition, which we organized to support young musicians. More than 25 thousand users rated the performances of the competitors through the GNC application. The performances of the top 10 finalists were evaluated by celebrated artists Ferman Akgül and Fatma Turgut during the live broadcast on the GNC YouTube channel.

The digital finale, followed by hundreds of thousands of people, generated great interest. Famous stars not only evaluated the 10 finalists, but also shared memories of their own musical journey, as well as inspiring stories for young musicians.

2020 İşTurkcell Technology Meetings

We marked another first through our İşTurkcell Technology Meetings event. Held with the theme of "How Close are You to the Digital Technologies that Grow Your Business in the Digital Age?", over 1,000 people attended our panels where we discussed the topic covering various businesses and sectors.

With our customers having the opportunity to be informed on our products one-to-one at our booths, an average of 800 visitors entered each of our booths during the day, with 200 customers participating in the game setup.

Turkcell Platinum Park

With Turkcell Platinum Park, opened in 2018, we offer our customers and society the opportunity to escape the monotony of urban life. As part of the project realized in step with our goal

of happy customers, we have provided discounts and benefits to approximately 50 thousand Turkcell Platinum customers for off-road, archery and restaurant related use since 2018.



Sectoral supports

As Turkcell, we aim to be the pioneer of diverse sectors along with the telecommunication sector itself, to follow innovative approaches and to contribute to the development of the respective sectors in question. In this context, we sponsor many congresses and conferences on diverse subjects such as HR applications, digital marketing, supply chain management, aviation and space technologies, cyber security, and technology solutions.

Our sponsorships bring us together with various target audiences such as entrepreneurs, students, investors, NGOs and public representatives, academics, white-collar employees, and the middle and senior managers of corporations. In 2020, we continued to support activities carried to digital platforms due to the pandemic. We had the opportunity of reaching millions of viewers, and we convey our messages through over 50 congresses and conferences throughout the year.



Contribution to exchanging knowledge and experience across all stakeholders

We determine the expectations of our stakeholders as inclusively as possible, in light of the social groups that our services and activities impact. We make a collective contribution to the development of the technology sector and create value together in line with our vision of sustainable communication. Due to our leader position in digital transformation, we consistently exchange knowledge and information with our stakeholders by collaborating with NGOs, international organizations, startups, and universities. [SDG 16.7](#) [SDG 17.16](#)



You can access more information about our stakeholder relations in the interactions with our stakeholders section of the report.

Being the leader and pioneer company in our sector and country through representations GSMA

We are among the 800 GSMA member organizations that guide the global mobile communication sector. In addition to sharing Turkcell's national and international experiences on global platforms, we contribute to the use of mobile technologies for social benefit and support the digital economy via mobile platforms and the development of new generation communication technologies on the GSMA roadmap.

GSMA Sustainability Network

Moreover, we continue our contribution to the transition of the international telecommunication sector towards SDGs, through participation in the activities of the GSMA Sustainability Network, a sub-organization of the GSMA.

We were the first operator to provide "Sustainable Business Development" trainings to its employees. As part of the key role mobile operators play in the sustainable business world, we aim to advance our sustainability strategy for social and environmental benefit, reflecting this in the way business is conducted today, and enabling our employees to acquire new skills through this training.

We were the first company in Turkey to sign the GSMA Accessibility Principles. Additionally, we were among the first 8 companies in the world to do so. In being a signatory to these principles, we pledge to design and develop all Turkcell platforms for our disabled customers and employees according to globally accepted accessibility standards. As Turkcell we will continue to provide more equal and accessible services and increase the number of accessible products and solutions with the assistance of all Turkcell units, in the awareness that disabilities arise from social barriers.

United Nations Global Compact (UNGC)

The UNGC, with Turkcell being among its first signatories, organized an on-line interview event with the participation of academicians and directors of signatory public institutions, companies and NGOs as part of their 20th anniversary activities. Turkcell's CEO Murat Erkan participated in the exclusive interview series organized on the occasion of the 20th anniversary of UNGC via the remote meeting solution, BiP Meet, developed by the communication and life platform BiP. He talked about how Turkcell has adapted the 10 principles of UNGC to company policies and strategies, as well as the future sustainability targets of Turkcell. Furthermore, as the sole Turkish representative on the GSMA board, our CEO also shared information on sectoral developments in our country.

United Nations Global Compact CFO Taskforce

The CFO Taskforce initiative has been established by the UNGC, the preeminent global corporate sustainability effort, with Turkcell being among its founding members. The initiative brings the worldwide CFO community together within the framework of sustainability.



You can access more information on the UNGC CFO Taskforce in the financial capital section of the report.

Business Council for Sustainable Development Turkey (BCSD Turkey)

The Business Council for Sustainable Development Turkey (BCSD Turkey), the regional partner and part of the World Business Council for Sustainable Development (WBCSD), exchanges its sustainability experience among members on various platforms through working group activities.

As part of our collaboration with the foundation, we set our initial activity areas as circular economy, sustainable finance, the future of business with technology, net-zero carbon and women employment. In this context, Korhan Bilek, on the finance side and Erkin Kılınç, the CEO of Turkcell Enerji represent our Company on this platform. As part of the foundation's activities, we are a member of the Turkey Materials Marketplace and a signatory to IPG (Business World Plastic Initiative). As a signatory to IPG, our commitment to reducing the use of plastics is ongoing.

Mobile Telecommunications Operators Association (m-TOD)

The Mobile Telecommunication Operators Association was established in June 2016 by the three authorized operators of the sector to create activity areas for the solution of common problems, and to take initiatives at all stakeholder levels to implement those solutions. With the platform, of which Turkcell is among the founding members, we aim to directly contribute to pioneering an ethical, proactive, and competitive mindset in the Turkish telecommunication services sector.



You can access the details of other national and international sector representations in the measuring the created value section, Appendix-2: National and international organizations and non-governmental organizations and Appendix-3: Our Board of Directors memberships.

Our public affairs

We are the operator with the most robust mobile network operating on the widest spectrum. We play a leading role in Turkey's technological transformation with 50 thousand kilometers of end-to-end fiber infrastructure and world-class data centers that enable us to provide superior quality services. We act in accordance with the tax and legal liability related regulations that we are bound by. With our exemplary corporate citizen identity, we have contributed over 44 billion Turkish Liras of tax and legal obligations related payments to the public since 2015.

Turkcell and Turkcell Group companies are subject to a great number of regulations, and our companies also deal with many public institutions in line with their fields of activity. The regulatory frameworks that concern Turkcell's main field of activity and the activities of Group companies directly and fundamentally affect the technical and commercial operations of our companies, as well as service delivery, and the framework of their relations with stakeholders.

We collaborate with the relevant institutions in the consultation, development, and implementation processes of these regulations. As Turkcell, we closely follow all legislative initiatives that concern our field of activity. By analyzing the regulations in terms of legal, technical, commercial, operational, and economic aspects, we communicate our opinions and suggestions to the public. Moreover, we closely follow legislative works carried out by relevant public institutions and organizations, and disclosed for public opinion within the relevant NGOs, and contribute to the shaping of regulations through position papers prepared accordingly. [SDG 16.7](#) [SDG 17.16](#)



2020 Ambassadors Summit

The 12th Ambassadors Conference, which this year took place in the digital environment as a COVID-19 precaution, was held on the video conference platform BiP Meet, developed by Turkcell engineers. Turkey's President Recep Tayyip Erdoğan met with ambassadors serving at 149 locations abroad at the 12th Ambassadors Conference organized by the Presidency of Turkey and the Ministry of Foreign Affairs under the auspices of the Digital Transformation Office.



You can access the details of 2020's significant legal and regulative developments in the company and sector developments section of the report.





Value oriented, responsible supply chain management

Public health

We manage the effects of our products and services on public health by setting limits below those set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), authorized by the World Health Organization, in accordance with national and international regulations.

You can access more information about the effects of our base stations on public health in our manufactured capital section of the report.

With the Hospital Information Management System we contribute to the digital transformation processes of smart city hospitals, thus supporting the technological development of public health.



You can find detailed information about our contribution to the digital transformation process of our city hospitals in our intellectual capital section of the report.

The changing dynamics of our age come with a transformation of public services expectations and understanding. The public institutions, whose primary mission is to improve the quality of life in our country, work to enhance sustainable service quality with a citizen-oriented approach, while striving to fulfil this duty at optimal cost.

We are aware of the leveraging role of digital transformation and tech-

Turkey's Automobile Joint Venture Group Inc. - TOGG

Turkey's Automobile Joint Venture Group Inc. (TOGG) was established on June 25, 2018 within the framework of Turkey's Automobile Project implemented through the coordination of the Republic of Turkey Ministry of Industry and Technology and the Union of Chambers and Commodity Exchanges of Turkey. As one of the founding partners of this company with a 19% shareholding, we aim to be involved in fields of great potential such as connected vehicles, smart cities, and intelligent transportation.



You can access more information about TOGG in our intellectual capital section of the report.

nology in this transition. It is now possible to create a cleaner, more transparent, and more interactive world thanks to the proliferation of technologies including smart devices and broadband internet. Indeed, for this very reason, Turkcell has embarked on a journey to build smart cities and smart municipalities and enable smart lives with all public bodies and directors on the basis of its Real-Time Installation approach, robust infrastructure, and end-to-end solutions.

Transparent and proactive investor relations

As part of Turkcell Investor Relations, we list our fundamental working principles as accessibility, rapid feedback to stakeholders, and the transparent, consistent and timely information provision. In accurately introducing Turkcell to our investors, and analyzing our business model, risks and opportunities, we aim to establish a transparent and proactive investor relations management with a focus on making a difference by mastering Turkcell strategies and effectively communicating them to investors.



You can find more information on Turkcell's transparent and effective investor relations management in our financial capital section of the report.

The number of companies starting to integrate competitive and beneficial practices in supply chain sustainability into their working methods to effectively manage the impacts of their business models has been rising rapidly over recent years. Within the framework of our value creation principle, we re-evaluate each stage in our supply chain management starting from the materials we use, including the activities and practices of each company in our supply chain. We classify our supply chain resources as information, material, financial and workforce resources, and undertake the management of each resource meticulously. To make our national and international supply network as agile, flexible, and sustainable as our direct operations, we restructure our main business processes, logistics and technologies with a holistic approach, supported by our suppliers.

We ensure the seamless delivery of our ethical, fair, and honest business practices with every firm we work with in our supply chain through our policies and contracts. We sign a framework agreement with every firm we work with and give importance to compliance with the principle of opposing forced or compulsory labor, as well as issues such as employee rights and prevention of child labor. Within the scope of the child labor clause in our framework agreements, we ensure that our suppliers comply with the rule stating that "The company should not use child labor. Unless a higher age limit is specified in local laws, no one under the age of 15 who has not completed compulsory education (within the scope of International Labor Organization (ILO) convention No. 138) ought to be employed. Employees below the age of 18 should not be employed in jobs that pose danger, or in night-shift jobs in order to meet their educational needs". We also ensure the ethical management of our business processes in line with the rule that "No employees ought to be forced to work in any situation. This requirement includes the forced prison labor, labor in exchange of debt with high interest, or other forms of forced labor" clause to prevent forced labor. Should any supplier violate the framework agreement and fail to comply with the requirements of the clauses, we act according to the relevant legal clause.

We expect our suppliers to respect all employer-employee relations within the framework of respecting employee rights, as part of our Code of Ethics and our Policy of combatting Bribery and Corruption as published on the [Turkcell Supplier Portal](#) and agreed upon by our suppliers.

SDG 8.7, 8.8 **SDG 16.5, 16.6**

Given that our services directly touch people's lives, potential service disruptions can directly impact the vital needs of our society such as communication, health, and security. Therefore, the products and services offered to our customers by our suppliers hold utmost importance. We determine all the suppliers we work with on the basis of mutual trust, along with criteria such as quality-price balance, past performance, market conditions, and references. We prioritize those supplier candidates with quality management and information security management certification, who are sensitive to the ecological balance, and who work within the scope of social responsibility principles, together with other basic criteria.

We classify our suppliers according to the Kraljic Matrix, according to which we evaluate those with a purchase volume of above a certain amount through a survey on quality, and commercial as well as operational issues. According to the evaluation results, we take actions such as terminating work with the supplier, implementation of supplier improvement measures, or rewarding the supplier. In our value-oriented, responsible supply chain practices, we evaluate the complaint processes as per contract articles, in line with the general customer communication channels, or feedback from the business units, swiftly taking remedial actions. Through regular assessments and audits, we evaluate the compliance of our suppliers and report them to our Senior Management. In 2020, there were no cases indicating that our supply chain and suppliers had caused a negative environmental or social impact, or else could have a potentially negative one.

As Turkcell Group, we consider our purchasing management structure under 4 main categories namely;



strategy, people, process, and practice. In all our purchasing processes, we carry out our activities with a transparent approach towards our stakeholders, considering ethical, anti-corruption, and social contribution aspects. National and international standards are our compass in making our purchasing processes completely transparent. We conduct our purchasing processes in accordance with the following rules and standards:

- Sarbanes-Oxley Act (SOX)
- Security Exchange Commission (SEC) Regulations
- Foreign Corrupt Practices Act (FCPA)
- Capital Markets Board (CMB) Regulations
- Information and Communications Technology Authority (ICTA) Regulations
- Liabilities regarding the Turkish Code of Commerce (TTK)
- Liabilities regarding the Turkish Penal Code (TCK)
- Liabilities regarding the Turkish Tax Legislation
- ISO 9001 Quality Management System and ISO 27001 Information Security Management System
- Customs Law No. 4458 and Free Zones Legislation
- Liabilities regarding other countries that we operate in (Ukraine, Belarus, TRNC)

In managing our purchasing processes, we adopt cost analysis and dynamic working principles.

When assessing purchasing processes, we prioritize those practices that allow us to save on costs and use the integrating power of technology.

Localization efforts

In terms of supporting domestic and national digital transformation, nurturing Turkey's entrepreneurship ecosystem, and contributing to sustainability; we carry out Category Localization Activities, Supplier Relations, Teknokent Relations and Entrepreneur Assistance Programs (My Great Partner Program), the efforts of Attracting Global Investment to Turkey, the activities of the Trade Attaché, and all Intra-Company Stakeholder Coordination activities. Localization efforts are critical for Turkcell, being directly related to our relations with the Local Ecosystem and the ICTA. In April 2020, we began to work on the "Turkcell Localization Program" aimed at running and following-up processes under a single roof, with the direct guidance of our Chairman and the CEO. The main categories to be followed in the short, medium and long-term have been designated, with localization potential noted at meetings held at senior management level. The studies carried out on the

design of localization methodologies for these categories involve expert teams considering both demand and purchasing aspects. **SDG 9.B**

Our localization framework ensures that purchased products are produced in Turkey and purchased services are delivered by a local workforce. The localization rate of our main suppliers, which corresponds to approximately 90% of our total purchase volume, has been realized at 36.1% in 2020.

In 2020, we updated our standard purchasing processes to support startup companies. Our Domestic and National Industrial Relations team visited techno parks, promoted our new purchasing model and encouraged the ecosystem to participate in the processes.

As of the end of November 2020, with the My Great Partner Program we have generated a purchase volume of TRY14.7 million with 30 companies affiliated to 17 techno parks across 10 provinces.

Number of startups working with the cooperation model

2019	2020	Short-term target	Mid-term target
6	30	30	40

Supplier Oriented Innovation Projects

The Supplier Oriented Innovation (SOI) is a program encouraging suppliers to leverage their innovative potential for company benefit. Turkcell currently works with 1,500 suppliers and has a total of 5 thousand suppliers managed within its ecosystem. These suppliers serving Turkcell also provide similar services to many different companies on a local and global scale. Suppliers can be informed firsthand of any innovative development in their field of work at the companies they serve.

At the same time, suppliers are able to notice the differences in business practice among different companies to which they provide the same service, and thus assess the efficiencies as well as inefficiencies regarding that business. The SOI program aims at being informed of global innovations in those fields in which we work with suppliers, and to evaluate the potential for suppliers to access innovations.

To encourage innovation, additional rights and advantages are given to suppliers and our employees who work in innovative project teams. The projects were evaluated by the Committees established at the Vice-Presidential level. A total of 47 ideas had been submitted by the end of 2020. Seven ideas were brought to the committee, 6 of which were implemented.



The interactions of our social values and relations with other capitals

Our social values that shape the way we do business and our relationships with our stakeholders are among our most significant capitals that guide all other capital components and contribute to the strong Turkcell image. Our social values and relations reflect in our communications, which increases Turkcell's brand value and reputation. Accordingly, we realize the vision and mission underpinning our various capitals through our statements such as "Turkey's data should remain in Turkey", "Turkey's robust infrastructure", and "Mobile internet at Fiber Speed". We support our robust financial capital through high customer satisfaction and loyalty. And with the awareness of being a good corporate citizen, our solid relations with employees, the public, our suppliers and our society form the cornerstone of our Turkcell identity, which creates value for the long run.



Natural capital

215 Climate crisis management

219 Energy management

220 Renewable energy



Natural capital

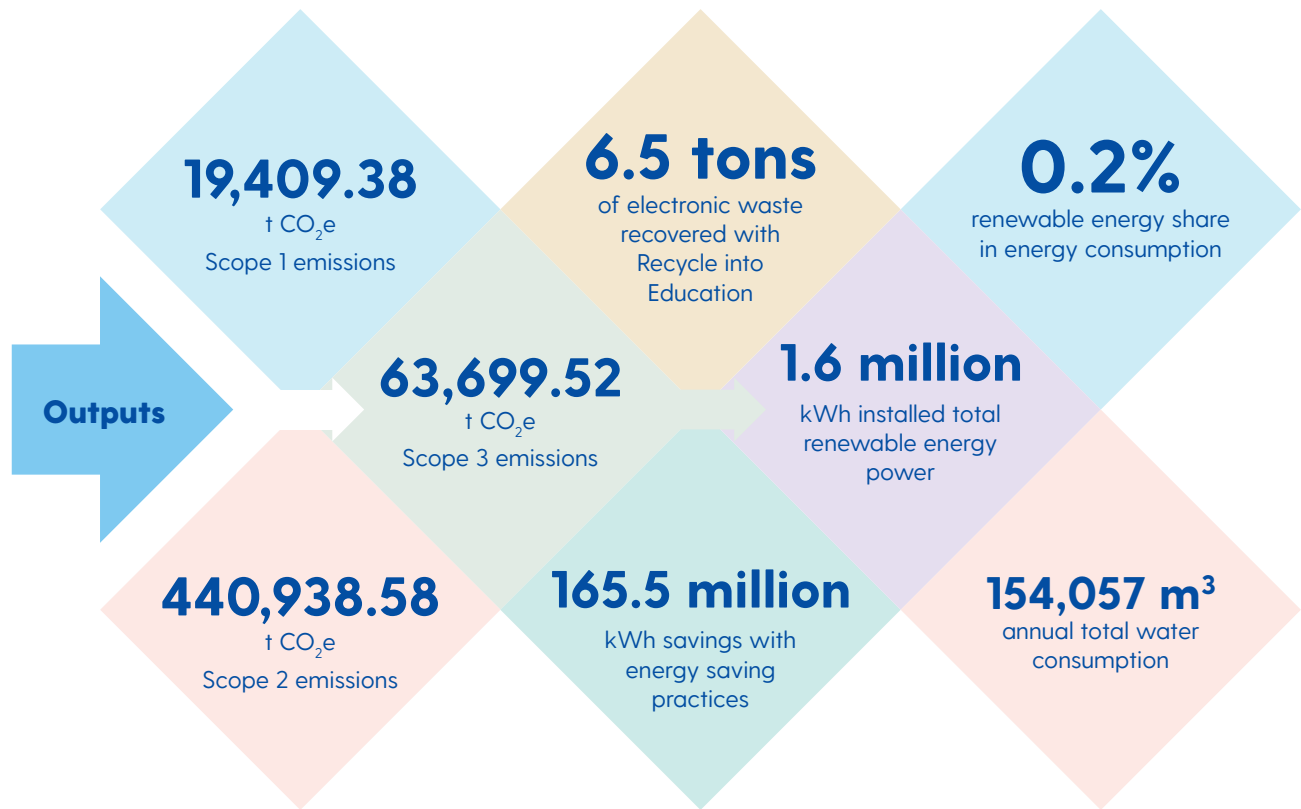


Natural resources management

- Energy efficiency
- Efficient resource use
- Waste management and circular economy
- Using IoT applications to increase natural resource efficiency

Renewable energy investments and project

- Turkcell Energy investments
- TRNC Solar Power Plant
- Portable Solar Field Project
- Solar panel installations on roofs



Renewable electricity consumption ratio

Annual energy savings

Responsible use of resources

Improving carbon performance

- Reduced Scope 3 emissions with remote working

Contribution to reducing the environmental impact of customers

- Carbon emissions per petabyte

Financial value created through sustainability activities

Rising energy and resource consumption due to Turkcell's growing operations



Fight against climate change and effective energy management

We plan the use of our natural capital by considering the balance of the natural ecosystem and the needs of future generations, aiming at the effective management of our environmental performance. We take various initiatives to reduce the environmental impact of our operational activities while improving our business processes in accordance with sustainable innovation principles. We include our employees and their families, suppliers, investors, and customers in this process.

Fight against climate change and effective energy management

Our senior management, having adopted the fight against climate change as one of its agenda items, holds the responsibility of supervising our sustainability activities, which we carry out in accordance with Sustainable Development Goals and integrate into our operations.

While conducting our operations, our thinking is to implement new projects that minimize our environmental impact, create nature friendly business processes, train employees on environmental awareness, use clean technologies, offer solutions to customers and other stakeholders for a more sustainable life, conduct research into environmentally-friendly products and services and conserve the ecological environment.

We adopt an approach that focuses on the effective use of natural resources across our value chain, utilizing renewable energy resources as part of efficient energy management practice.

Our business model and sustainability strategy aim to transform our use of natural resources into social and economic value, prioritizing the management of environmental impacts during this transformation. We focus on understanding, managing, and reducing our impacts, aware of the close relationship between our business and natural capital. As Turkcell, we strive for the sustainable management of our operations, increasing efficiency and maximizing the value gained from our natural capital. We comply with national environmental regulations. In 2020, there were no filings against Turkcell by regulatory and supervisory bodies with respect to legislative misconducts, or complaints in relation to environmental issues.

COVID-19 note

With the spread of the COVID-19 pandemic, the Turkcell family switched to a remote working model. Subsequently, we observed that this model had various impacts on energy use both in the short- and long-term. Although the long-term effects of remote working on energy use and carbon emissions are still uncertain, during this period we had the opportunity to reduce our emissions as energy consumption in our offices declined and our business travels were limited in scope. The rising use of online platforms that we have developed, such as Paycell, has enabled significant savings in resource consumption.

In 2020, our Company organized competitions with awards for environmental friendliness among its employees in light of sustainability improvements in current business practices. In addition, a business unit focused on sustainability was established with KPIs related to corporate sustainability assigned to its employees. In 2021, a target including ESG issues was added to our Company's business goals, and a methodology was created using ESG parameters to assess employee performance.

While Turkcell reports processes of environmental impact, it includes those elements of indirect environmental impact in various reports (ISO 14064 Greenhouse Gas Calculation and Verification Management System - CDP Climate Change Reporting etc.). It develops projects and good practices for those indirect impacts. It has developed various projects related to customers' electronic waste, or employee waste. In 2021 it has formulated plans to report the emission items not reported within Scope 3 emissions in the upcoming periods.

Turkcell purchased carbon credits to offset carbon emissions caused by

the printing of the 2020 integrated annual report. Details of the offsetting process can be followed using the QR code on the back cover of our report.

Climate crisis management Emissions management

In order to manage the climate crisis effectively, the monitoring and reporting of our greenhouse gas emissions generated as a result of our activities are among our main environmental priorities. In this regard, as the first mobile operator in Turkey we fulfill our responsibilities with ISO 14064-1 Corporate Greenhouse Gas Emissions Calculation and Reporting Certification. We monitor our Scope 1, Scope 2 and Scope 3 greenhouse gas emissions resulting from our activities through calculations made using the IPCC Tier 1 and Tier 2 (electricity) approach, covering CO₂, CH₄, N₂O and HFC gases. In our ISO 14064 Calculation and Reporting of Greenhouse Gas Emissions audits, we include the use of personnel shuttles within the scope of our direct and indirect energy consumption and other indirect emissions, as well as waste generated, transmission and distribution losses in the electricity network, our logistics operations, and emissions

arising from the production of energy that we consume.

As the first mobile operator to hold ISO 50001 and ISO 14064 certification, we strive to have all ESG processes verified by independent third parties.

Regarding the reporting of our emissions, we receive external audits in every reporting period from an independent party for our Scope 1, 2 and 3 greenhouse gas emissions as per ISO 14064 requirements. In addition, since 2014 we have annually reported our emissions transparently through the CDP Climate Change Program to meet the information requirements of our stakeholders. Our base year for greenhouse gas emission calculation is determined as 2016 in terms of data integrity and consistency of scope. It is determined that 2016 was the most appropriate year for Turkcell, where direct and indirect emissions are comprehensively monitored, and where data is compliant with the requirements and completeness principle. There is no activity related to the burning of biomass within our operational boundary.

Activity	Consumption amount	Unit	Scope	t CO ₂ e
Heating (natural gas)	545,182	Sm ³	Scope 1	19,409.38
Generator (diesel)	1,865,001.95	lt		
Fleet cars (gasoline + diesel)	1,626,596	lt		
Refrigerant gas filling*	3.2056	ton		
Fire extinguisher refilling	0.9552	ton	Scope 2	440,938.58
Purchased electricity	865,100,351.53	kWh		
Purchased natural gas (central heating)	467,542	Sm ³		
Heating and backup power generation (generator)	1,288,100	lt	Scope 3	63,699.52
Personnel shuttles	375,048.23	lt		
Waste generated	3,647.38	ton		
Logistics	323,578	lt		
Production of consumed energy (gasoline + diesel)	3,491,597.95	lt		
Production of consumed energy (natural gas)	545,182	Sm ³		
Electric transmission and distribution losses**	865,100,351.78	kWh		

* Our refrigerant types are R410A, R134A, R22 and R407C.

** Calculated proportionally using the total purchased electricity amount.

We also take innovative steps in sustainable finance. With the "Sustainability Linked Loan" agreement signed with BNP Paribas and the "Green Loan Agreement" signed with ING in 2020, we expand our sustainability approach to financing activities. With the utilization of these sustainable loans, we fulfill our environmental responsibilities while reducing our financing costs.



You may find the details of our sustainable financing activities in the financial capital section of the report.

In 2020, 31 million downloads were made on our Dergilik application that enables access to newspapers and magazines via a single digital platform. Based on the number of pages of an average publication, the total number of pages accessed by these downloads is 560 million. Thus, in 2020, Dergilik users preserved close to 152 thousand trees, supporting the reduction of carbon emissions. We expect the positive environmental impact we create through the Dergilik application to continue growing with the rising use of digital publishing.

The "Turkcell Kopilot" application offers a new dimension to the car driving experience with superior features. It indirectly leads to a reduction in gas consumption through the analysis of gas usage, the route taken, and the driver. With this application we help companies manage their fleet with an environmentally-friendly approach.

Total greenhouse gas emissions* (t CO₂e)

● 2018	54,453	384,341	65,607
● 2019	108,025	383,988	80,627
● 2020	19,409	440,938	63,699
	Scope 1 	Scope 2 	Scope 3

* External verification was completed on 24.02.2021 as per ISO 14064-3 Standard by TSI. You can access the certification via [the link](#).

The Turkcell greenhouse gas emissions intensity ratio for 2020, including Direct (Scope 1) and Energy Indirect (Scope 2) Emissions was calculated as 143.59 ton CO₂e/Petabyte. The intensity metric for GHG emissions intensity is defined as "2020 Turkcell Turkey's emission per petabyte".

Carbon emission per petabyte* (t CO₂e)



*The ratio of total Scope 1 and Scope 2 carbon emissions to mobile network data traffic (Superonline carbon emissions and Scope 3 emissions is excluded.)

We developed a biometric signature practice for contracts signed with landlords as part of the field rental process. We adopted a digital contract management system allowing end-to-end digital data entry instead of a process based on physical exchange of contracts, which reduced the number of required steps from 13 to 5. We can now complete the field rental process, which previously took 3-10 days, in a single day. With

the adoption of this new practice, to date 1,075 contracts have been signed with biometric signature, thus leading to savings on paper consumption, archiving, cargo, and fuel costs.

Having preferred hybrid vehicles over diesel vehicles in our company car fleet, we aim to achieve a 35 to 40 gram lower CO₂ emission per kilometer. Accordingly, we target preventing approximately 960 tons of CO₂ emissions annually.

We develop our sustainability strategy and goals by taking climate change scenarios and SDGs into consideration. Reflecting our recently set goal of becoming a carbon neutral company by 2050, we determine carbon price based on offers collected from our solution partners in the market to offset the emissions from our operations. The unit price of carbon varies between EURO.5 and EUR1 per ton. In the upcoming periods, we plan to create an internal carbon pricing plan to offset some of our Scope 3 emissions. Within the scope of this plan, we aim to offset carbon in areas such as business travel and corporate communication events. Meanwhile, we aim to raise employee awareness of the impact of our activities, and expect it to trigger behavioral change.

Water management

We attach importance to responsible water consumption within the scope of our activities, with water being among the most vital natural resources. As part of our exemplary corporate citizenship approach, we take steps to reduce our water consumption through sustainable water management, which we hold among our leading environmental responsibilities.

Although water is not a resource that we directly use in developing our products and services, as a responsible company in terms of resource use, we disclose the amount of water we use through our annual disclosures.

Our water demand arises from the daily general water use of our employees at the locations where we conduct our operations. In our Data Centers, we reuse rainwater as gray water (in toilets and urinals) with various filtering processes. We continue our efforts to recycle and reuse our wastewater.

Total water consumption (municipal water)



While we strive to improve the water performance within our operations, we also support our customers in managing their water consumption with the solutions we offer. Our **Smart Water Meter** platform solution, which allows meters to be read and valves to be opened/closed remotely leveraging IoT technologies, helps control water consumption, enabling instant monitoring of water use and protection of natural resources. We offer our **"Filiz"** application to farmers in order to protect scarce water resources and support sustainable agricultural activities. "Filiz" communicates critical information such as plant development, water need

and disease risk to farmers, enabling them to take necessary measures. "Filiz" collects this information by monitoring various soil and air parameters through sensors and incorporating them into algorithms created with artificial intelligence. "Filiz" is also noteworthy for its ability to reach agricultural engineers through digital channels. Almost half of the farmers in Turkey lack access to technical support. In this regard, we enable access to technical information for those who need it, through digital channels. Integrating these capabilities with technology, we support sustainable agriculture.

Waste management

We manage waste resulting from our operations and activities by selecting appropriate methods and technologies. Having adopted the approach of generating minimum waste and maximum recycling, we conduct our processes in full compliance with relevant regulations through our contracted waste management company.

SDG 12.2

As part of our activities, we integrate systems that reduce waste generation and the use of natural resources into our operations. Furthermore, we sort waste, the generation of which we cannot prevent, at its source and implement recycling measures.

We develop practices to reduce the consumption of materials such as paper and toner in our office buildings, and sort all types of waste such as paper, plastic, and domestic waste at their source. We send sorted waste to recycling facilities as part of our cooperation with municipalities and respective authorities.

We collect batteries in waste battery containers and deliver them to municipalities and TAP (Portable Battery Manufacturers and Importers Association) for recycling.

As part of Turkey's Zero Waste Project launched nationwide, we have carried out activities since 2018 to limit waste generation.

Having established a Waste Management Center at our headquarters, solid food waste collected from our cafeteria and office floors is recycled by compost machine and turned into organic soil fertilizer.

We are proud to be the first company in Turkey to have implemented Zero Waste Project, even though we don't engage in manufacturing activities.



Waste generated from our office activities (ton)

Type of waste	2018	2019	2020
Domestic waste	1,249	1,286	617
Waste oil	15.4	15.5	11
Paper	84.6	83.61	33
Medical waste*	0.243	0.261	0.08
Batteries*	2.36	0.68	0.249
Electronic waste*, **	N/A	0.24	0.35

* Hazardous waste
** Being reported as of 2019.

In order to prevent waste oil from mixing with domestic wastewater, we use oil trap systems. We dispose of hazardous waste such as batteries, toner, electronics, cables, and consumables resulting from our operations through licensed recycling companies having the required competency within the regulatory framework. Thus, we prevent hazardous waste from interacting with the environment.

Within the scope of product reuse, we sell secondhand devices as well as other types of scrap to companies using older technologies. We aim to revalue 100% of network infrastructure devices as part of such sales. Hence, we contribute to the circular economy system, which ensures that resources are not redundantly extracted or wasted, but recovered for reuse. As part of

the Modern Renewal Project launched in 2019, we renew or repair modem products no longer used by customers and make them ready for reuse. Within the scope of this project, 152,024 set-top boxes (STB), 63,303 Superbox products, 108,368 optical network terminals (ONT) and 404,431 modems were renewed in 2020. Thirty three percent (approximately 188 thousand) of the fiber modems used (approximately 569 thousand) and 60% (approximately 154 thousand) of the ADSL modems (approximately 259 thousand) used in 2020 were sourced from modems renewed within the year. In addition, 80% of the renewed STBs, 100% of the ONTs (installed upon determination of the functionality of ONT products) and 60% of the Superboxes were used in the same year and brought into the service of our customers. [SDG 12.2](#)

Secondhand sales and scrap sales volume* (ton)



* 100% revaluation of network related waste as scrap or second hand is aimed at.

We are well aware of the adverse impact of electronic waste on the ecosystem if not properly managed. Hence, we carry out our activities in this field with the utmost care. In order to convert risk into opportunity, we

utilize products classified as electronic waste, yet that include rich raw materials and materials suitable for reuse, as part of circular economy, thereby achieving financial savings and efficient use of limited resources.



#EĞİTİME DÖNÜŞTÜR

We started the "Recycle into Education" project, which is an electronic waste recycling campaign in Turkey, in cooperation with "TÜBİSAD (Informatics Industry Association)". Unused electronic devices that have become waste are collected at Turkcell stores in "electronic waste" boxes. The proceeds derived from the sale of these products were donated to TEGV (Turkey Education Volunteers Foundation) in previous years. Starting with the new school year, we began to donate these proceeds to the children of healthcare professionals, who lost their lives during the pandemic, through the KAHEV (Female Doctors Education Support Foundation). We recycled nearly 6.5 tons of electronic waste in 2020.

As part of the project, we also recycle the electronic waste of our employees. With this project, we not only aim to contribute to the transformation in education, but also raise awareness of the pollution caused by electronic waste and its potential for recycling. We also continue intensive campaign communications to raise awareness of the project among all our stakeholders. [SDG 12.2](#)



You may find information about the social benefit we create through our Recycle into Education project in our social values and relationships chapter.

With the environmentally-friendly invoice subscription, which we established through the **Telesales** channel, we reduce our printing and delivery costs, while significantly reducing our paper consumption and related environmental impact.

We carry out all transactions from new subscription to tariff changes, and from buying a new SIM card to settling invoices at Turkcell stores with a digital signature on a tablet in just seconds. Digital signature also makes it possible to subscribe to services that require at-home installation for our customers such as DSL, Superbox and

TV+. We expect to reduce paper consumption by 30% while digitizing approximately 11 million pages of documents annually with digital signature. Meanwhile, we enable companies from all industries to use the digital signature service.

The smart legal document automation solution, which we developed for our legal function that traditionally sees high paper consumption, helps reduce paper use and manual processes through robotic process automation. Accordingly, we reduce error risk, while becoming more environmentally-friendly and operating a more effective system.



Energy management

We address our energy management practices from two perspectives; the energy we consume as part of our activities and the energy we produce from renewable sources. As part of our mission to ensure optimum use of natural resources, and our environmentally-friendly business model based on shaping technology according to social needs, we prioritize the use of renewable energy resources. By 2030, we aim to meet all our electricity needs from renewable resources. As the first mobile operator in Turkey, having obtained the ISO 50001 Energy Management System standard, we make use of every opportunity to save energy.

With our Turkcell Energy Solutions subsidiary established in 2017 as part of Turkcell Group, we aim to become a consistent and transparent elec-

tricity energy supplier that operates within the boundaries of private law in the competitive environment, in order to supply low cost and environmentally-friendly energy. The value that we seek to create in this context is based on leveraging the increased synergy and activity arising from the provision of energy, energy solutions, and mobile and fixed benefits through an integrated approach.

We calculate and monitor our energy performance via an energy intensity performance indicator defined as the ratio of non-renewable energy consumption to net revenue. The Turkcell Energy Density ratio for 2020, including our total energy consumption, is calculated as 76,800 GJ/Petabyte. The specific measurement unit used in the energy intensity calculation is identified as "emission per petabyte."



Renewable energy

As part of our goals of meeting our entire electricity consumption from renewable sources by 2030 and becoming a net-zero company by 2050, we pioneer renewable energy investments by employing the self-consumption model in our buildings. We therefore target becoming a company that generates its electricity from environmentally-friendly resources.

We plan to meet our energy requirements from green energy sources by having power plants of our own and leasing renewable energy generation capacity from power plants in Turkey with a long-term approach.

SDG 7.2 SDG 13.1

As Turkcell Energy Solutions, we approach energy consumption and generation from an environmentalist perspective by installing solar energy power plants at our data centers and offices, and reducing the carbon emission within the self-consumption model framework. In 2020, the electricity generated by the self-consumption model reached an amount equivalent to the 1-year electricity consumption of 1,230 households. Furthermore, we stand to encourage environmentalist methods through electricity trade with renewable energy power plants. We continue our environmentalist approach with our renewable energy supply that is certificated with I-REC in 2020.

Turkcell Energy Solutions, which will continue its renewable energy investments in the coming periods, aims to make Turkcell a company that supplies its electricity from environmentally-friendly sources with zero carbon emissions.

With our group's first solar power plant, located in the Turkish Republic of Northern Cyprus, we generate 1.2 million kWh of electricity annually, preventing emission of 448 t CO₂e to the atmosphere. With this plant, we also reduce the demand load on the TRNC Turkish Electricity Authority (KIB-TEK) network and contribute to the digital infrastructure of the electricity network.

At the Ankara Data Center, the first in Turkey to generate its own energy via solar panels, we benefit from solar power through new generation panels installed on top of the building's parking lot, meeting part of our electricity demand from renewable sources. We avoided 112.5 t CO₂e GHG of emissions via our data center building that generates 300 thousand kWh of electricity a year. In addition, we are proud to be Turkey's sole company, two data centers of which have obtained Uptime OS Operational Sus-

tainability Gold certification. There are 64 data centers worldwide and 4 in Turkey that have obtained this certification. Our Gebze Data Center was the first in Turkey to receive the certificate in 2018 followed by our Ankara Data Center.

We continue to generate electricity from renewable resources through a solar energy scheme installed on the roof of the Turkcell Adana Plaza building. We utilize the energy generated through the self-consumption model to meet the electricity needs of our Adana Plaza building. We avoid around 26 t CO₂e of greenhouse gas emissions annually from a 70 thousand kWh electricity generation capacity.

We generated 1.6 million kWh electricity from renewables with 3 solar power projects in 2020. Hence, we met 0.2% of our energy consumption from renewables for the year.



Portable Solar Field solution, which we developed to meet communication needs in regions where the population increases periodically, but where access to energy resources is limited, is a product of our innovation activities. These communication stations, installed in various locations across Turkey, stand out for their environmentally-friendly nature and contribute to our sustainability goals. We are proud to share that our investments into renewable energy technologies will continue in the upcoming periods.

We design our processes to minimize the environmental impact not only in our direct operations, but throughout our entire value chain. In accordance with our green procurement practices, we evaluate the compliance of products we use to various environmental criteria such as energy efficiency and the sustainability of raw materials, and prioritize the use of products of low greenhouse gas emission.

Turkcell sets short- and long-term goals to reduce its negative environmental impact, carrying out reporting and activities accordingly. In 2021, Key Performance Indicators for renewable energy and techno waste have been

determined as a business target for the relevant teams. In 2021, preparations on the compliance process of suppliers with the Environmental and Human Rights Policies published by Turkcell have begun. The compliance of suppliers with Turkcell's ESG processes has also been assigned to the relevant objectives as business targets.

We carry out energy saving activities to ensure responsible use of our existing energy resources. We attach importance to the energy efficiency of our network equipment. We continue to replace air conditioning devices and energy infrastructure in data center system rooms with more efficient, state-of-the-art products. In calculating our energy savings, we consider the approximate annual savings of each field in which saving initiatives are implemented, and calculate annual savings by taking the total number of such fields into account. And in pursuit of achieving energy savings, we leverage practices such as fields without air conditioning, efficient rectifier technology, passive cooling, outdoor cabinets, power saving algorithms, renewable energy and GPON technology. SDG 7.3



The interaction of our natural capital with our other capitals

Natural resources, the supply of which is limited, is of great importance in our sustainable growth mission. We cover the effects of our use of natural resources through sustainable and green financing solutions in our financial capital. We ensure that long-term intellectual property practices as well as social and relational programs that take natural resources into account for sustainable development are implemented. We use our technological competencies to produce environmentally-friendly solutions and provide the most sustainable service to our customers.

Amount of total savings through energy saving activities and projects



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APPENDIX-1: Communication channels

Stakeholder group	Communication channels
Employees	Internal and External Meetings, C-level Open Door meetings, Assessments, Announcements, Dashboard, Reports, Awayday, Events, Information Reports, Periodic Publications and Bulletins
Suppliers	Supplier Management System (2020), Supplier Portal, Internal and External Meetings, Supplier Days, Cooperation Meetings with SME and Local Manufacturers, Turkcell Partner Network, Field Rental Owner Meetings, Technopark Meetings
Customers	Media, Turkcell.com.tr, Turkcell and Turkcell CEO Social Media Accounts
Shareholders and investors	Board of Directors Meetings, Conferences, Meetings and Road-show activities, Investor and Analyst Day Meetings, Quarterly Final Disclosures and Teleconferences on the Investor Relations Website, Material Disclosures via the Public Disclosure Platform, Annual and Interim Activity Reports, Frequently Asked Questions Section and Turkcell Investor Relations e-mail and Phone Lines
Public institutions and regulatory bodies	Official Correspondence with Ministries, Periodic, Subject-Specific or Sector-Wide Meetings, Workshops etc. Events, Public Opinion Documents, Information Reports, Presentations and Position Documents, Periodic Publications and Bulletins, Periodic Contents (Business Plans, Annual Plans, Strategy Documents, Action Plans etc.)
NGOs	Board of Directors Meetings, Working Group Meetings, Council Meetings, Workshops, Seminars and Conferences, Annual Forums and Meetings, Regional Events, Fairs, Award Ceremonies, Subject-Oriented Initiatives (via website and social media), Memberships, Working Groups Activities and Projects, Meetings, Joint Projects
Media	Direct Communication, Turkcell Media website, Turkcell and Turkcell CEO social media accounts, turkcell.com.tr,
Students	Curriculum Courses, Certificate Programs, Technical Trip, Project Competitions, Information Sharing Sessions, Sponsorships in parallel with Turkcell Academy's Vision of Raising Qualified Human Resources for the Sector
Academicians	Curriculum Courses and Certificate Programs in parallel with Turkcell Academy's Vision of Raising Qualified Human Resources for the Sector, Scholarship Opportunity for PhD Students studying in the Field of Artificial Intelligence with the Turkcell Foundation, Supporting Publications
Think tanks	Content and Contribution to Publications Prepared for the Sector

APPENDIX-2: Cooperated national, international and non-governmental organizations

3GPP	The 3 rd Generation Partnership Project
AUSDER	Intelligent Transportation System Association of Turkey
BCTR	Blockchain Turkey Platform
BGD	Information Security Association (ISA)
EDİDER	Digitalization in Energy Association
DEİK	Foreign Economic Relations Board of Turkey
ECTA	European Competitive Telecommunications Association
ETİD	Electronic Commerce Operators Association
ETSI	European Telecommunications Standards Institute
FIRST	Forum of Incident Response and Security Teams
FKB	Financial Institutions Union
GSMA	Global System for Mobile Communications Association
GTI	Global TD-LTE Initiative
IAPP	International Association of Privacy Professionals
IIC	International Institute of Communication
ItechLaw	International Technology Law Association
ITU	International Telecommunication Union
MOBİSAD	Mobile Communication Tools and Information Technologies Businessmen Association
M-TOD	Mobile Telecommunication Operators Association
MÜSİAD	Independent Industrialists and Businessmen Association
NGMN	Next Generation Mobile Networks
ÖDED	Payment and Electronic Money Association
PERYÖN	Turkey People Management Association
SKD	Business World and Sustainable Development Association
TELKODER	Turkish Competitive Telco Operators' Association
TOBB	The Union of Chambers and Commodity Exchanges of Turkey
TUYAD	Telecommunications Satellite and Broadcasting Business People Association
TÜBİSAD	Informatics Industry Association
TÜSİAD	Turkish Industry and Business Association
TÜYİD	Turkish Investor Relations Society
UN (UN Global Compact)	United Nations Global Compact
WTECH	Women's Association in Technology
YASED	International Investors Association



APPENDIX-3: Board of Directors memberships

Non-governmental organization	Board Member
BGD	BURHANETTİN AL
M-TOD	MURAT ERKAN, SERHAT DEMİR, GEDİZ SEZGİN
TÜYİD	ZEYNEL KORHAN BİLEK
TUYAD	BARIŞ ZAVAROĞLU
FKB	ZEYNEL KORHAN BİLEK
DEİK	AFİF DEMİRKIRAN (Associate Member)

APPENDIX-4: Turkcell 2020 awards

In addition to the awards in the relevant sections of the report, we were deemed worthy of the awards given below and much more in 2020.

Award	Content
GSMA Glomo Awards	"Most Innovative Application" award with BiP's translation feature at GLOMO, organized by World Mobile Operators Association GSMA
Turkey's Best Place to Work	"2019 Best Workplaces Program at" Kincentric Turkey - Best Employer award organized by Kincentric
Trust Awards 2020	Most Reliable Telecommunications Company
Şikayet var ACE Awards	First prize with Turkcell Diamond in the category of "Communication" Second prize in the "Service Provider" category and Turkcell TV+ third prize in the "Digital Platform" category.
Ace of M.I.C.E	Best Activity Award for the Ambassadors Summit 2018 held for Turkcell dealership employees. Best Children's Event with Children's Festival 2019 and Best Guerrilla Event with UEFA Super Cup Final Event 2019.
Eventex Awards	Turkcell 23 rd of April Children's Festival (2019), 1 gold and VoD (Voice of Directors) internal communication events, 1 silver, 4 bronze awards, total 6 awards.
Loyalty Magazine Awards	Award of the Best Corporate Social Responsibility Initiative with Intelligence Power
Whiz Kids' Mark at TEKNOFEST	Four awards for Turkcell Whiz Kids students
World HR Congress	"Best Orientation Program for New Employees" award with Turkcell Academy GNÇYTNK training program
Brandon Hall Excellence Awards	Separate awards for two trainings focused on financial development and leadership of Turkcell Akademi
50 HR Leaders who Discover the Future	One of the 50 HR Leaders Who Discover the Future - Serhat Demir, our Assistant General Manager Responsible for Turkcell Law, Regulation and Human Resources

Award	Content
Corporate Content Awards Europe	With our Smile and Make Them Smile project, two gold awards in the Best Use of Mobile and Best Content Targeted to the CSR Community categories
Media Excellence Awards	Social Cause - Related Campaign Award for our Smile and Make Them Smile project
MarTech Awards	First prize in the category of Best Use of Technology in Public Relations with our Smile and Make Them Smile project
Social Media Awards	Three bronze and one silver awards at the Social Media Awards Turkey - Jury Awards with our "Let Those Without Barriers Make Their Dreams Realize", and "Smile and Make them Smile" projects
Stevie Mena 2020	Gold Stevie award in "General Information Web Sites Innovation Award" category at Stevie Mena 2020 with our Turkspor.com.tr project
The Ones who Take Agriculture to the Future	At the Future of the Agriculture Forest Summit held under the auspices of the Ministry of Agriculture and Forestry, Turkcell won the "Carrying Agriculture to the Future" award with its Filiz Project.
Effie Awards Turkey	Gold Effie in Telecommunication Brands and Services category with Turkcell Fiber Speed Everywhere campaign with Superbox. Bronze Effie in the Tourism - Culture - Art category with fizy Inter-High School Music Competition.
HRO Today Association Awards	"Recruitment Team of the Year" award within the scope of Europe, Middle East and Africa regions
MediaCat - Felis Awards	With The "Bu mu Bu mu?" Campaign; Felis award in the "In-Store Customer Experience" category Achievement awards in "Use of Contact Point Technologies", "In-store Media Usage" and "Digital Installation" categories. With The "Şanslı Çark" Campaign; achievement award in the "Digital Installation" category
PSM Awards	Award in the social responsibility category with our free shopping project during the pandemic period for people over 65, which we implemented in cooperation with the Getir brand.
International Business Magazine Awards	Turkey's Best Mobile Network Solution Provider award with the SuperBox product
Asia Communication Awards	Network Transformation Initiative award with our "FMC - Fixed & Mobile Convergence" and "World's first live network 800G Capacity Carrier" projects carried out in the Transport Network
HR Brilliance Awards	Silver award in the "HR Team of the Year" category for the "Emotion - Situation Analysis with Artificial Intelligence" project we implemented in the GNÇYTNK 2020 process.
IDC Türkiye	At the IDC Cloud&Datacenter Summit 2020; Turkcell artificial intelligence platform and Turkcell public cloud project awards in the private cloud category at the Cloud awards given as part of the summit.
5th Most Admired Company at Capital & Zenna	In the "Most Admired Companies" survey published in Capital magazine, the 5 th Company, ranked 2 nd in the "Employee Satisfaction" category, and the 3 rd Company in the "Social Benefits Provided to Employees" category.
Awards for SDG	Platinum award in the Responsible Production and Consumption Category at the Sustainable Development Goals Awards of the CSR Summit with our Convert to Education Project



APPENDIX-5: GRI content index table

You can find the GRI items and related sections answered by the report within the scope of GRI 102-55 on this table. GRI items on material issues are marked with 🌟

GRI 102 General Disclosures (2016)

Disclosure	Report section	Page
Organizational Profile		
102-1 Name of the Organization	About the report	56
102-2 Activities, Brands, Products, and Services	About Turkcell	8
102-3 Location of Headquarters	Turkcell Küçükalyı Plaza, Aydınevler Mahallesi İnönü Caddesi No:20 Küçükalyı Ofispark B Blok – Maltepe / İSTANBUL	
102-4 Location of Operations	Turkcell Group: Developments in 2020	22
102-5 Ownership and Legal Form	About Turkcell	8
102-6 Markets Served	About Turkcell Turkcell Group: Developments in 2020	8 22
102-7 Scale of the Organization	About Turkcell Revenues from operations Diversity, inclusion and equal opportunity	8 111 131
102-8 Information on Employees and Other Workers	Diversity, inclusion and equal opportunity	131
102-9 Supply Chain	Value oriented, responsible supply chain management	207
102-10 Significant Changes to the Organization and its Supply Chain	Shareholder structure The marketing cooperation between Turkcell Europe GmbH, our company's subsidiary in Germany, and Telekom Deutschland Multibrand GmbH, a subsidiary of Deutsche Telekom, was terminated on April 30, 2020 in accordance with the relevant contract. In the reporting year, there was no significant change regarding the organization's supply chain	8
102-11 Precautionary Principle or Approach	Risk management and internal control mechanism	98
102-12 External Initiatives	Measuring the value created	76
102-13 Membership of Associations	Cooperated national, international and non-governmental organizations Board of Directors memberships	225 226
Strategy		
102-14 Statement from Senior Decision-maker	Message from the CEO	38
102-15 Key Impacts, Risks and Opportunities	Risk management and internal control mechanism	98
Ethics and Integrity		
102-16 Values, Principles, Standards, and Norms of Behavior	Our vision and mission	20
102-17 Mechanism for Advice and Concerns About Ethics	Human rights, work ethics and common values	81

GRI 102 General Disclosures (2016)

Disclosure	Report section	Page
Governance		
102-18 Governance Structure	Management Team support for value-creation process	84
102-19 Delegation	Management Team support for value-creation process	84
102-20 Responsibility at the Management Level of Environmental, Economic and Social Issues	Management Team support for value-creation process	84
102-21 Stakeholder Consultation on Economic, Environmental and Social Issues	Management Team support for value-creation process	84
102-22 Composition of the Highest Governance Body and its Commitments	Management Team support for value-creation process	84
102-23 Chair of the Highest Governance Body	Management Team support for value-creation process	84
102-24 Nomination and Selection of the Governance Body	Management Team support for value-creation process	84
102-26 The Role of the Highest Governance Body in Determining Purpose, Value and Strategy	Management Team support for value-creation process	84
102-29 Identifying and Managing Economic, Environmental and Social Impacts	Management Team support for value-creation process	84
102-31 Review of Economic, Environmental, and Social Topics	Risk management and internal control mechanism	98
102-32 Highest Governance Body's Role in Sustainability Reporting	Management Team support for value-creation process	84
102-33 Communicating Critical Concerns	Risk management and internal control mechanism	98
102-35 Remuneration Policies	Diversity, inclusion and equal opportunity Sustainability strategy	131 62
102-36 Process for Determining Remuneration	Transparent performance evaluation	135
Stakeholder Engagement		
102-40 List of Stakeholder Groups	Communication channels table	224
102-41 Collective Working Agreements	There are no collective bargaining practices for employees under Turkcell payroll.	
102-42 Identifying and Selecting Stakeholders	Interactions with our stakeholders	72
102-43 Approach to Stakeholder Engagement	Interactions with our stakeholders Communication Channels Table	72 224
102-44 Key Issues and Concerns	Material topics	73



GRI 102 General Disclosures (2016)

Disclosure	Report section	Page
Reporting Practice		
102-45 List of all Entities Included in the Organization's Consolidated Financial Statements or Equivalent Documents	Consolidated Financial Statements	292
102-46 Defining Report Content and Topic Boundaries	About the report	56
102-47 List of Material Topics	Material topics	73
102-48 Restatement of Information	Consolidated Financial Statements	292
102-49 Changes in Reporting	Material topics	73
102-50 Reporting Period	About the report	56
102-51 Date of Most Recent Report	In March 2019, Turkcell Annual Report covering our activities in 2019 and Turkcell Sustainability Report in July 2020 have been published.	
102-52 Reporting Cycle	About the report	56
102-53 Contact Point for Questions Regarding the Report	About the report	56
102-54 Claims of Reporting in Accordance with the GRI Standards	About the report	56
102-55 GRI Content Index	GRI content index table	228
102-56 External Assurance	External assurance has been obtained only for the items specified in the Turkcell 2020 Integrated Report.	

GRI 201 Economic Performance (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Strong financial performance	110
103-2 The Management Approach and its Components	Strong financial performance	110
103-3 Evaluation of the Management Approach	Capital market instruments performance, Sustainability indices and performance indicators, Share information and dividend yield	118 120 120
201-1 Direct Economic Value Generated and Distributed	Financial capital	106
201-2 Financial Implications and other Risks and Opportunities due to Climate Change	Climate crisis management	215

GRI 202 Market Presence (2016)

Disclosure	Report section	Page
202-1 Ratio of Standard Entry Level Wages by Gender and Local Minimum Wage	Diversity, inclusion and equal opportunity	131

GRI 203 Indirect Economic Impacts (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Base stations and public health	153
103-2 The Management Approach and its Components	Innovation and entrepreneurship Base stations and public health	164 153
103-3 Evaluation of the Management Approach	Base stations and public health	153
203-1 Infrastructure Investments and Services Supported	Strong infrastructure	152
203-2 Important Indirect Economic Impacts	Innovation and entrepreneurship Base stations and public health	164 153

GRI 204 Procurement Practices (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Value oriented, responsible supply chain management	207
103-2 The Management Approach and its Components	Value oriented, responsible supply chain management	207
103-3 Evaluation of the Management Approach	Value oriented, responsible supply chain management	207
204-1 Ratio of Spendings on Local Suppliers	Value oriented, responsible supply chain management	207

GRI 205 Anti-corruption (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Compliance with international capital markets and effective corporate governance practices	80
103-2 The Management Approach and its Components	Compliance with international capital markets and effective corporate governance practices	80
103-3 Evaluation of the Management Approach	Compliance with international capital markets and effective corporate governance practices	80
205-1 Activities Assessed in Terms of Corruption-Related Risks	Compliance with international capital markets and effective corporate governance practices	80
205-2 Communication and Training on Anti-Corruption Policies and Procedures	Compliance with international capital markets and effective corporate governance practices	80



GRI 206 Anti-competitive Behavior (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Competition management	83
103-2 The Management Approach and its Components	Competition management	83
103-3 Evaluation of the Management Approach	Competition management	83
206-1 Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices	Competition management	83

GRI 302 Energy (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Energy management	219
103-2 The Management Approach and its Components	Energy management	219
103-3 Evaluation of the Management Approach	Energy management	219
302-1 Energy Consumption within the Organization	Emissions management Renewable energy	215 220
302-3 Energy Intensity	Renewable energy	220
302-4 Reduction of Energy Consumption	Renewable energy	220

GRI 305 Emissions (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Emissions management	215
103-2 The Management Approach and its Components	Emissions management	215
103-3 Evaluation of the Management Approach	Emissions management	215
305-1 Scope 1 Emissions: Direct GHG Emissions	Emissions management	215
305-2 Scope 2 Emissions: Energy Indirect GHG Emissions	Emissions management	215
305-3 Scope 3 Emissions: Other Indirect GHG Emissions	Emissions management	215
305-4 Emission Intensity	Emissions management	215
305-5 Reduction GHG Emissions	Emissions management	215
305-6 Emissions of Substances That Deplete the Ozone Layer	Emissions management	215
305-7 NO _x , SO _x and Other Significant Air Emissions	Not applicable to Turkcell's operational boundaries.	

GRI 306 Waste management (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Waste management	217
103-2 The Management Approach and its Components	Waste management	217
103-3 Evaluation of the Management Approach	Waste management	217
306-2 Type and Wastes by Disposal Method	Waste management	217
306-3 Significant Leaks	Leaks and spills of liquid wastes are not within the scope of Turkcell's operation.	
306-5 Water Affected by Water Discharge and Water Discharges	Municipal water is used at offices within the scope of Turkcell operations. Water affected by Turkcell's drainage and water discharge is in the scope of water intended for human consumption.	

GRI 307 Environmental compliance (2016)

Disclosure	Report section	Page
307-1 Non-compliance with Environmental Laws and Regulations	Fight against climate change and effective energy management	214

GRI 308 Supplier environmental assessment (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Value oriented, responsible supply chain management	207
103-2 The Management Approach and its Components	Value oriented, responsible supply chain management	207
103-3 Evaluation of the Management Approach	Value oriented, responsible supply chain management	207
308-1 New Suppliers that were Screened Using Environmental Criteria	Value oriented, responsible supply chain management	207
308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken	Value oriented, responsible supply chain management	207



GRI 401 Employment (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Making a difference in employment	144
103-2 The Management Approach and its Components	Making a difference in employment	144
103-3 Evaluation of the Management Approach	Making a difference in employment	144
401-1 Recruitment and Employee Exchange	Making a difference in employment Diversity, inclusion and equal opportunity	144 131
401-2 Benefits Provided to Full Time Employees, but Not Provided to Temporary or Part-Time Employees	Employee loyalty and happiness	136
401-3 Maternity Leave	Diversity, inclusion and equal opportunity	131

GRI 402 Labor/Management Relations (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Employee loyalty and happiness	136
103-2 The Management Approach and its Components	Employee loyalty and happiness	136
103-3 Evaluation of the Management Approach	Employee loyalty and happiness	136
402-1 Minimum Notice Periods Regarding Operational Changes	Human capital management	130

GRI 403 Occupational Health and Safety (2018)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Safe and healthy work environment	137
103-2 The Management Approach and its Components	Safe and healthy work environment	137
103-3 Evaluation of the Management Approach	Safe and healthy work environment	137
403-1 Occupational Health and Safety Management System	Safe and healthy work environment Base stations	137 153
403-2 Hazard Identification, Risk Assessment, and Incident Investigation	Safe and healthy work environment Base stations	137 153
403-3 Occupational Health Services	Safe and healthy work environment No employees are excluded from the OHS Management System.	137
403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	Safe and healthy work environment	137
403-5 Worker Training on Occupational Health and Safety	Safe and healthy work environment	137
403-6 Promotion of Worker Health	Employee loyalty and happiness	136
403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	Safe and healthy work environment Base stations	137 153

GRI 403 Occupational Health and Safety (2018) continued

Disclosure	Report section	Page
403-8 Workers Covered by an Occupational Health and Safety Management System	Safe and healthy work environment Base stations	137 153
403-9 Work-related Injuries	Safe and healthy work environment	137
403-10 Work-related Ill Health	Safe and healthy work environment	137

GRI 404 Training and Education (2016)

Disclosure	Report section	Page
103-1 103-1 Explanation of the Material topic and its Boundary	Turkcell Academy	140
103-2 The Management Approach and its Components	Turkcell Academy	140
103-3 Evaluation of the Management Approach	Turkcell Academy	140
404-1 Average Hours of Training Per Year Per Employee	Turkcell Academy	140
404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs	Turkcell Academy	140
404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews	Transparent performance evaluation	135

GRI 405 Diversity and Equal Opportunity (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Diversity, inclusion and equal opportunity	131
103-2 The Management Approach and its Components	Diversity, inclusion and equal opportunity	131
103-3 Evaluation of the Management Approach	Diversity, inclusion and equal opportunity	131
405-1 Diversity of Governance Bodies and Employees	Diversity, inclusion and equal opportunity	131
405-2 Ratio of Basic Salary and Remuneration of Women to Men	Diversity, inclusion and equal opportunity	131

GRI 406 Non-discrimination (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Diversity, inclusion and equal opportunity	131
103-2 The Management Approach and its Components	Diversity, inclusion and equal opportunity	131
103-3 Evaluation of the Management Approach	Diversity, inclusion and equal opportunity	131
406-1 Incidents of Discrimination and Corrective Actions Taken	Diversity, inclusion and equal opportunity	131



GRI 407 Freedom of Association and Collective Bargaining (2016)

Disclosure	Report section	Page
407-1 Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining may be at Risk	Human rights, work ethics and common values Value oriented responsible supply chain management	81 207

GRI 408 Child Labor (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Value oriented responsible supply chain management	207
103-2 The Management Approach and its Components	Value oriented responsible supply chain management	207
103-3 Evaluation of the Management Approach	Value oriented responsible supply chain management	207
408-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor	Diversity, inclusion and equal opportunity Value oriented responsible supply chain management	131 207

GRI 409 Forced or Compulsory Labor (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Value oriented responsible supply chain management	207
103-2 The Management Approach and its Components	Value oriented responsible supply chain management	207
103-3 Evaluation of the Management Approach	Value oriented responsible supply chain management	207
409-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor	Diversity, inclusion and equal opportunity	131

GRI 410 Security Practices (2016)

Disclosure	Report section	Page
410-1 Security Personnel Trained in Human Rights Policies or Procedures	Safe and healthy work environment	137

GRI 413 Yerel Toplumlar (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Creating social value	194
103-2 The Management Approach and its Components	Creating social value	194
103-3 Evaluation of the Management Approach	Creating social value	194
413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs	Base stations and public health Creating social value	153 194
413-2 Operations with Significant Actual and Potential Negative Impacts on Local Communities	Base stations and public health	153

GRI 414 Supplier Social Assessment (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Value oriented responsible supply chain management	207
103-2 The Management Approach and its Components	Value oriented responsible supply chain management	207
103-3 Evaluation of the Management Approach	Value oriented responsible supply chain management	207
414-1 New Suppliers that were Screened Using Social Criteria	Value oriented responsible supply chain management	207
414-2 Negative Social Impacts in the Supply Chain and Actions Taken	Value oriented responsible supply chain management	207

GRI 415 Public Policy (2016)

Disclosure	Report section	Page
415-1 Political Contributions	Social investment projects	194

GRI 416 Customer Health and Safety (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Our public affairs	205
103-2 The Management Approach and its Components	Our public affairs	205
103-3 Evaluation of the Management Approach	Our public affairs	205
416-1 Assessment of the Health and Safety Impacts of Product and Service Categories	Base stations and public health	153
416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services	Base stations and public health	153

GRI 418 Customer Privacy (2016)

Disclosure	Report section	Page
103-1 Explanation of the Material topic and its Boundary	Cyber security	94
103-2 The Management Approach and its Components	Cyber security Digital business services (DBS)	94 173
103-3 Evaluation of the Management Approach	Cyber security	94

GRI 419 Socioeconomic Compliance (2016)

Disclosure	Report section	Page
419-1 Non-compliance with Laws and Regulations in the Social and Economic Area	Our Companies and sector developments	283



APPENDIX-6: UNGC progress table

Topic	UNGC Principles	2020 Turkcell Integrated Report Section
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Strong corporate governance Human capital
	Principle 2: make sure that they are not complicit in human rights abuses	Strong corporate governance Human capital
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human capital
	Principle 4: the elimination of all forms of forced and compulsory labor	Human capital Social values and relations
	Principle 5: the effective abolition of child labor	Human capital Social values and relations
	Principle 6: the elimination of discrimination in respect of employment and occupation	Human capital
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	Natural capital
	Principle 8: undertake initiatives to promote greater environmental responsibility	Natural capital
	Principle 9: encourage the development and diffusion of environmentally friendly technologies	Natural capital
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Strong corporate governance





APPENDIX-7: Sustainability Principles Compliance Framework table

Please find the reference to relevant report sections at which we addressed the Comply or Explain requirement of the principles.

	IR Section	Page
A. GENERAL PRINCIPLES		
A1. Strategy, Policy and Goals		
1	The Board of Directors determines ESG material issues, risks and opportunities, and creates ESG policies accordingly. In terms of the effective implementation of these policies; In-partnership directives, business procedures, etc. can be prepared. The Board of Directors takes decisions on these policies and discloses them to the public.	Management Team support for value-creation process 84
2	It determines the Partnership Strategy appropriate to the ESG policies, risks and opportunities. It determines and publicly discloses its short and long-term goals in line with the partnership strategy and ESG policies.	Management Team support for value-creation process 84
A2. Implementation/Monitoring		
1	It determines the committees/units responsible for the execution of ESG policies and makes them public. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year, and in any case within the maximum periods determined for the public disclosure of annual activity reports in the relevant Board regulations.	Management Team support for value-creation process 84
2	Creates and publicly discloses implementation and action plans in line with the short- and long-term goals set.	Management Team support for value-creation process 84
3	Determines the ESG Key Performance Indicators (KPI) and explains them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Sustainability strategy 62
4	Explaining the innovation activities that may improve the sustainability performance of business processes or products and services.	Intellectual capital 162 Social investment projects 194
A3. Reporting		
1	Reports the sustainability performance, goals and actions at least once a year and makes it public. Discloses the information on sustainability activities within the scope of the annual report	About the report 56
		About Turkcell 8 Strong corporate governance 80
2	It is essential to share information that is important for stakeholders in understanding the position, performance and development of the partnership in a direct and concise manner. It can also explain detailed information and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders.	Additionally, as listed in communication channels in Annex – 1 of the report, important statements are shared with the public through channels including Quarterly Result Disclosures and Material Disclosures (ÖDA) via the Public Disclosure Platform. 80

	IR Section	Page
3	It takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments concerning material issues in disclosures and reporting within the scope of the balanced approach.	About the report 56 Sustainability strategy 62
4	Delivers information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Sustainable Development Goals 76 Interaction of material topics 75
5	An explanation about the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	Strong corporate governance 80
A4. Verification		
1	Verification is done by independent third parties (independent sustainability assurance providers), and it discloses its sustainability performance measurements to the public and endeavors to increase the coverage of such verification processes.	Emissions management 215
B. ENVIRONMENTAL PRINCIPLES		
1	Explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Management Team support for value-creation process 84 Natural capital 212
2	Complies with environmental laws and other relevant regulations and explains them.	Fight against climate change and effective energy management 214
3	It explains the limitations of the environmental report to be included in the report prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	About the report 56 GRI content index 228
4	Describes the highest level responsible, relevant committees and tasks within the partnership on the issue of the environment and climate change.	Management Team support for value-creation process 84
5	Describes the incentives it offers for the management of environmental issues, including the achievement of goals.	Fight against climate change and effective energy management 214
6	Explains how environmental problems are integrated into business goals and strategies	Sustainability strategy 62 Energy management 219 Renewable energy 220
7	Explains the sustainability performance of business processes or products and services, and the activities undertaken to improve this performance.	Environmentally friendly and practical solutions through digitalization 171 Natural capital 212
8	It explains how it manages environmental issues along the partnership value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations.	Sustainability strategy 62 Fight against climate change and effective energy management 214
9	Explanation of involvement in policy-making processes on environmental issues (sectoral, regional, national and international); cooperation with the associations, related organizations and non-governmental organizations concerning the environment, and the duties it has taken, if any, and the activities it supports.	Measuring the value created 76 UNGC CFO Task Force 117 Contribution to exchanging knowledge and experience across all stakeholders 204 Appendix-2 225 Appendix-3 226



	IR Section	Page
10	Reports periodically comparable information on environmental impacts in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	Fight against climate change and effective energy management 214
11	It describes the standard, protocol, methodology, and base year details used to collect and calculate its data.	Emissions management (ISO 14064 GHG Emissions Calculation and Verification System) 215
12	Describing the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Natural capital 212
13	Sets short and long-term goals to reduce its environmental impact and explains these goals. It is recommended that these targets be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets set before, it provides information on the subject.	Renewable energy 220
14	Explains the strategy adopted and actions taken to combat the climate crisis.	Sustainability strategy Fight against climate change and effective energy management 62 214
15	Describes the program or procedures to prevent or minimize the potentially negative impact of the products and/or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.	High speed, high quality and inclusive services; Access to information and internet for everyone Renewable energy 158 220
16	It explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / benefits and cost savings they provide.	Natural capital 212
17	It reports the total energy consumption data (excluding raw materials) and describes the energy consumption as Scope-1 and Scope-2.	Emissions management 215
18	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Renewable energy Emissions management 220 215
19	Carries out studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Renewable energy 220
20	Explains renewable energy production and usage data.	Renewable energy 220
21	Explains energy efficiency projects and the amount of energy consumption and emission reduction resulting from them.	Renewable energy You can access our 2020 CDP Report at https://s.turkcell.com.tr/SiteAssets/Hakkimizda/en/corporate-social/programme-response-investor-CDP-2020.pdf 220

	IR Section	Page
22	It reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Water management 217
23	It explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).	Climate crisis management You can access our 2020 CDP Report at https://s.turkcell.com.tr/SiteAssets/Hakkimizda/en/corporate-social/programme-response-investor-CDP-2020.pdf 215
24	Describes the carbon credit information accumulated or purchased during the reporting period.	Fight against climate change and effective energy management 215
25	Explains the details where carbon pricing is applied within the partnership.	Climate crisis management You can access our 2020 CDP Report at https://s.turkcell.com.tr/SiteAssets/Hakkimizda/en/corporate-social/programme-response-investor-CDP-2020.pdf 215
26	Explains all mandatory and voluntary platforms on which it discloses environmental information.	You can access our 2020 CDP Report at https://s.turkcell.com.tr/SiteAssets/Hakkimizda/en/corporate-social/programme-response-investor-CDP-2020.pdf
C. SOCIAL PRINCIPLES		
C1. Human Rights and Employee Rights		
1	Develops a Corporate Human Rights and Employee Rights Policy declaring full compliance with the Universal Declaration of Human Rights, the ILO Conventions which Turkey has approved, and the legal framework and regulations governing human rights and working life in Turkey. Discloses the policy in question and the roles and responsibilities for its implementation.	Diversity, inclusion and equal opportunity Value oriented, responsible supply chain management 131 207
2	Provides equal opportunity in recruitment processes. Considering supply and value chain effects, it includes fair workforce, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Making a difference in employment Employee relations Diversity, inclusion and equal opportunity 144 184 131
3	Describes measures taken along the value chain for the protection of certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equality of opportunity.	Making a difference in employment Social investment projects 144 194
4	Reporting developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Explaining the regulations preventing the employment of child labor.	Diversity, inclusion and equal opportunity Value oriented, responsible supply chain management 131 207



	IR Section	Page
5	Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Human capital Our corporate social values and relations 128 184
6	Creates occupational health and safety policies and makes them public. Provides explanation of the precautions taken and accident statistics gathered to prevent work accidents and health.	Safe and healthy work environment 137
7	Public disclosure on personal data protection and data security policies.	https://www.turkcell.com.tr/tr/gizlilik-ve-guvenlik?page=kisisel-verilerin-korunmasi
8	Ethical policy explanation including work, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.	Human rights, work ethics and common values 81
9	Explains work done within the scope of social investment, social responsibility, financial inclusion and access to finance.	Digital transformation and inclusion 88
		Diversified financing 117
		Techfin's shining stars: Paycell and Financell 123
		High speed, high quality and inclusive services; Access to information and internet for everyone 158
10	Organizes informational meetings and training programs for employees on ESG policies and practices.	Social investment projects 194
		Sustainability strategy 62
		Compliance with international capital markets and effective corporate governance practices 80
C2. Stakeholders, International Standards and Initiatives		
1	Carries out its activities in the field of sustainability by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Material topics 73
2	It regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Customer complaints management 194
3	Conducts stakeholder communication continuously and transparently; It explains which stakeholders are contacted, for what purpose, on what issue and the frequency of communication, and also on developments in sustainability activities.	Interactions with our stakeholders 72
4	Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.)	About the report 56

	IR Section	Page
5	Publicly discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.) that it is a signatory or member, international principles adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles).	Measuring the value created Being the leader and pioneer company in our sector and country through representations 76 204
6	Concrete efforts to be included in the Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Sustainability indices and performance indicators 120
D. CORPORATE GOVERNANCE PRINCIPLES		
1	Within the scope of Capital Markets Board Corporate Governance Communique numbered II-17.1, it makes maximum effort to comply with all Corporate Governance principles in addition to the mandatory Corporate Governance principles.	Statement of compliance with corporate governance principles for the year 2020 255
2	While determining its corporate governance strategy, it considers the sustainability issues, the environmental impacts of its activities and the principles in this regard.	Sustainability strategy 62
3	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding stakeholders and to strengthen the communication with the stakeholders. It seeks the opinions of stakeholders while determining its measures and strategies regarding sustainability issues.	Statement of compliance with corporate governance principles for the year 2020 255
		Material topics 73
4	It implements social responsibility projects, awareness activities and trainings to raise awareness regarding sustainability issues and their importance.	Sustainability strategy Social investment projects Being the leader and pioneer company in our sector and country through representations 62 194 204
5	It endeavors to be a party to the international standards and initiatives on sustainability and to contribute to their related projects.	Measuring the value created Being the leader and pioneer company in our sector and country through representations 76 204
6	Discloses its policies and programs regarding anti-bribery and anti-corruption and tax integrity principle.	Anti-bribery and corruption policy Financial capital Our public affairs 177 106 205

Group companies and other information on corporate governance

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272 Conclusion of the subsidiary report



Our subsidiaries*

lifecell

lifecell started its operations in Ukraine in February 2005. In 2020, lifecell's 3-month active subscriber base expanded by 0.6 million to 8.1 million. lifecell sustained its leadership of the Ukrainian market in smartphone penetration, which had reached 81.2% by year-end.

lifecell was the first operator to launch 4.5G services for its customers in the 2600 MHz frequency band in 2018, followed by a successful launch in the 1800 MHz frequency band within the same year. lifecell had a geographical coverage of 31.8% and population coverage of 63.2% in Ukraine (3G and 4.5G) by year end.

In 2020, the number of three-month active subscribers using 3G and 4.5G reached 5.5 million, while mobile data usage per user grew by 64%. lifecell achieved strong operational performance in 2020, with revenue and EBITDA growth of 14.2% and 11.9%, respectively. Meanwhile, lifecell registered positive net income in 2020, which was a result of this strong operational performance. lifecell's revenues in TL terms rose 34.9% to TRY1,776 million.

In March 2020, lifecell, together with the other operators, launched its 4G service in Kiev metro, and provided its service in 45 underground metro stations.

During the period between March-May 2020, when lockdown measures were taken against the COVID-19 pandemic, lifecell continued its efforts towards the provision of high-quality services to its customers. In this period, lifecell launched new features in the BiP Messenger and BiP SOS package, introducing the BiP Emergency Virtual Number, and the multi-account management option in the My lifecell application. lifecell was the first op-



erator to launch eSIM in Ukraine and enabled the remote purchase of eSIM, free-of-charge delivery of lifecell SIM cards and mobile care services for its customers. lifecell also gave subscribers the flexibility to purchase service packages for their friends and relatives. As voice calls became much more popular for communication in Ukraine, lifecell provided additional offers and promotions, including unlimited call offers to any operators.

In 2020 lifecell continued to offer new services to its customers. The Paycell Mobile Wallet application helps its subscribers to make payments in a secure and comfortable way with minimum commission rates. Likar Online enables users to get remote consultancy from doctors. Over the Busuu education platform, users have the opportunity to learn new languages. With the cooperation of Universalna insurance company and lifecell, subscribers can purchase travel insurance. lifecell SCREEN users can receive screen repair insurance for their mobile devices. Meanwhile, lifecell was the first operator in Ukraine to allow

its subscribers to choose their eSIM numbers.

lifecell has actively participated in activities to combat COVID-19, donating 2 mechanical ventilators to the Ukraine COVID-19 control center. Furthermore, lifecell provided free of charge communication packages including 20 GB and 1500 voice minutes to over 13,000 health sector workers in March and April. Additionally, the operator sent over 8 million information messages to its subscribers on behalf of the Ministry of Health. Moreover, lifecell zero rated the traffic and voice calls to the numbers and web pages of the Ministry of Health and Ministry of Foreign Affairs.

lifecell became the first operator to test the 5G network segment at its headquarters in Kiev in March in cooperation with Ericsson. Furthermore, the company acquired a new license, increasing its 900 MHz frequency band from 3.8 MHz to 5.6 MHz for UAH121 million also in March. The new frequencies are used to provide LTE services to rural regions, and national and international highways. The respective license will be effective for five years as of July 1, 2020.



BeST

BeST (Belarusian Telecommunications Network), which joined the Turkcell Group in July 2008, became the first mobile operator to offer 3G services in Belarus in November 2009. As of 2020 year-end, BeST continued its rapid growth with 99.9% population coverage and 97.7% geographical coverage.

BeST became one of the first two operators to offer 4G services in August 2016 through LTE infrastructure established by beCloud. BeST provides 4G LTE services across all regions and major cities of Belarus with 35% 4G geographical coverage. The share of 4G subscribers reached 63% of the 3-month active subscriber base in 2020. Increasing 4G services penetration has led to an average monthly data consumption per user to 13 GB. The 4G network serves 73% of the total data traffic as of 2020.

While converting subscribers to 4G users, BeST continues to transform itself from a communication services provider to a digital operator by offering diversified digital services portfolio in accordance with Turkcell's strategy.

While the tariff plans that include data and terminal packages enable the growth of ARPU, BeST enriches customers' digital experiences by bringing together connectivity and content. Accordingly, BeST has included BiP, fizy, lifebox, Magazines, TV+, and Games Platform to its digital services portfolio.

BeST became the first mobile operator in Belarus to launch a digital SIM card activation service via a mobile appli-

cation using facial recognition technology based on a machine learning algorithm in 2020.

The service has been successfully developed by lifetech, which was established as a 99.9% subsidiary of BeST to serve in the fields of telecommunications and infrastructure solutions, information and communication technologies, software development and security systems.

lifetech successfully provides IT based solutions to Turkcell Group and other customers and carries out software development projects both in Belarus and other countries.

Kuzey Kibris Turkcell

Kuzey Kibris Turkcell was established in 1999 as a 100% owned subsidiary of Turkcell. Having operated until 2007 as part of a revenue sharing agreement with the Turkish Republic of Northern Cyprus Telecommunication Department, the Company signed an 18-year GSM license contract in the same year.

Kuzey Kibris Turkcell continues its activities as the leading operator of the TRNC with its infrastructure covering almost the entire population, and an active subscriber market share of 65.6* according to Information Technologies and Communications Authority data for Q3 of 2020.

Entering the fixed broadband market in TRNC with Lifecell Digital Ltd. in 2018, Kuzey Kibris Turkcell continues to serve in this field with the momentum it has gained in a short time. With Turkcell Home Internet, a first for the island, the people of TRNC are offered postpaid home internet service regardless of having a mobile line or being a Turkcell customer.

In 2020, Kuzey Kibris Turkcell registered revenue of TRY239.4 million on 7.7% annual growth.

Turkcell Global Bilgi

Turkcell Global Bilgi offers new generation services in customer experience closely following the digitalization trends and leveraging 21 years of experience in customer services. Turkcell Global Bilgi aims to enhance customer satisfaction and consequently its revenues creating customized solutions for more than 70 companies including Turkcell itself. The company continues its activities acting as strategic business partners of its customers.



Turkcell Global Bilgi employs nearly 16 thousand people in 25 locations; 19 in Turkey and 6 in Ukraine as at the end of 2020. The company leads the sector and creates value with 9,600 women employees, which make up 60% of the total workforce.

Turkcell Global Bilgi is among Turkey's top 500 IT companies and provides traditional call center services and also consultancy services such as research management, customer experience design and social media management. Turkcell Global Bilgi has realized own digital platforms in its R&D center and also provides robotic process automation, cloud-based switchboard infrastructure, digital assistant and self-service information technologies technical services to companies.

* Not all our subsidiaries are included in our Subsidiaries section. You can find the list of subsidiaries in our subsidiaries section of the IFRS report under note 40.

*Active subscriber base excluding telemetri subscriptions.



Global Tower

Global Tower, Turkey's leading tower company, today operates in four countries. Global Tower provides telecommunications infrastructure services including tower leasing, tower build & sell, contract management, maintenance services to mobile operators, radio and TV broadcasters, internet service providers, energy companies and public institutions. Global Tower also provides satellite services and solutions to its customers in accordance with its end-to-end services approach. The company currently offers closed circuit satellite services over 2 thousand points from its own infrastructure with geographic redundancy. The company aims to enrich product and service diversity by following industry trends.



Global Tower's 10,913 tower portfolio distribution as the end of 2020 is as follows:

- Turkey: 8,789 (owned: 4,341 right of use: 2,256, contract management: 2,192)
- Ukraine: 1,175 (owned)
- Belarus: 834 (right of use)
- TRNC: 115 (right of use)

Global Tower closely follows the transformation process of the global telecommunication infrastructure sector, from tower management to infrastructure management, and plans to introduce new emerging services in the industry with its customers. It is also observed that mobile operators in Turkey have a positive attitude towards infrastructure sharing and consolidation model which is pioneered by Global Tower, in parallel to recent global trends. A critical step can be taken in terms of operational savings and resource efficiency with new regulatory developments.

Superonline İletişim Hizmetleri A.Ş.

Superonline İletişim Hizmetleri A.Ş. was established in 2004 to operate under the Turkcell Superonline brand.

Turkcell Superonline provides services for the purpose of making and operating the necessary investments for the provision of telecommunication services, and undertaking the representation of domestic and foreign businesses that provide these services. In addition, Turkcell Superonline provides international and national mass voice transportation, providing private international rental data line for corporations and international internet access services, and develops individual and corporate internet services.

In 2020, Turkcell Superonline's revenues were TRY5.5 billion, while its EBITDA was TRY2.9 billion. As of the end of 2020, fiber subscriber base had reached 1.7 million. As of the end of 2020, Superonline provides fiber access to 3.8 million homepass with approximately 50 thousand km roll-out, in 23 cities. Turkcell Superonline fiber data accesses to households at speeds up to 10 Gbps. Turkcell Superonline, already shares its fiber infrastructure with Türksat and Vodafone Turkey through the infrastructure sharing cooperation agreements, and can provide internet service to more homepass.

Superonline has been authorized by ICTA to provide Internet Providing Ser-

vice, Fixed Telephone Service, Infrastructure Management Service, Satellite Communication Service, Cable Broadcast Service and Virtual Mobile Network Service. According to the regulations of the ICTA, authorizations can be definite term or indefinite depending on the type; definite term authorizations can be extended by making a renewal application to the ICTA in a certain period before the end of the authorization.

Turkcell Finansman

Established in March 2016, Turkcell Finansman A.Ş. provides financing solutions to corporate and individual customers as part of their purchases of technology-based services and products under the "Financell" brand. Financell is in the leader position with the highest customer number in the nonbank financial sector.

Financell serves its customers through around 1,300 Turkcell stores, 2,092 DSN+ (digital sales points) stores and digital sales channels in Turkey.

Turkcell Finansman which has an asset size of TRY2.5 billion as at the end of 2020 has granted TRY18 billion in loans to around 5.6 million customers to date, become one of the key players in the Turkish financing sector. Financell extended its services into the corporate lending market with its digital transformation loan. Through the credit risk and digital systems transformation projects carried out in 2020, Turkcell Finansman performs credit application assessments more rapidly and continues to manage its credit risk effectively. With the projects completed in 2020, financing services have also started to be provided to Corporate and Superonline customers. Thus, Financell provides financing solutions for all products and services sold by the Turkcell Group.

The company recently established a new techfin initiative, Turkcell Sigorta Aracılık Hizmetleri A.Ş., which aims to offer innovative solutions for customer risk management in risk management area with fast and easy-to-access

products. In this context, customers have the opportunity to readily access and purchase insurance products from all Turkcell channels, including call centers, digital channels, and dealers.

Turkcell Sigorta meets the insurance needs of customers by offering life insurance and device insurance, its main products, to individual customers who receive financing through Financell. Moreover, the personal accident insurance product has been introduced in 2020. The first end-to-end digital sales via QR code in Turkey have been realized, in addition to sales via the call center and store channels. It aims to secure its place in the market as a pioneering player in the field of insurtech with new and innovative optional insurance products to be launched in the future.



Turkcell Ödeme Hizmetleri ve Elektronik Para Hizmetleri - Paycell

Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. (TÖHAŞ) extended the scope of its operational permit obtained from the BRSA in 2016, with an E-Money license in 2017. With a rapid techfin transformation having taken place worldwide over the past 10 years, the Turkey market offers great potential for techfin services to expand through its attractive internal dynamics. In particular, the high young population, high smart device penetration rate, approximately 30 million unbanked potential users, still-high rate of cash use in shopping and in-

creasing e-commerce volume stand out as factors that will support the rapid rise in the penetration of techfin solutions. The COVID-19 pandemic that has impacted the world since the start of 2020 has accelerated this transformation. Particularly, changing living conditions and needs led to increased customer focus on digital platforms. E-commerce was one of the sectors most positively affected. In accordance with these needs and changing customer habits, our vision with Paycell is to enable more users to readily benefit from financial services through fast and secure payment solutions that we created by combining technology with financial services.

In 2020, Paycell continued to improve the products and services that it offers to its customers. Paycell, which serves over 12 thousand contracted merchants, expanded its solution portfolio for commercial businesses with the Android POS this year. Paycell Android POS, the first Android POS device to comply with relevant legislation, and registered by the Turkish Revenue Administration, provides cost and efficiency advantages to member merchants, while offering collection, stock tracking and e-invoice processes on a single platform. Paycell closed the year of 2020 with great success on the strength of these activities considering the needs of its customers, and continued to lead the techfin industry by reaching record transaction volumes in various products. While Paycell customers reached 4.7 million in 2020, the Paycell application, enriched with new functions, exceeded 9 million downloads. The total transaction volume through Paycell reached TRY9 billion.

Sofra Kurumsal ve Ödüllendirme Hizmetleri A.Ş.*

Sofra Kurumsal ve Ödüllendirme Hizmetleri A.Ş. is a meal card company established in 2018 in partnership with Turkcell, Belbim and PTT. It serves under the Paye Card brand. Paye Card has reached more than 16 thousand merchants across Turkey.

The Paye meal card is the first one that can be used on transportation. Paye Card, which is a contactless card, can be used at all points where the Istanbul Card is valid, aside from its meal card feature.

Paye offers an easy payment service that allows employees to save time while paying for their meals through its contactless payment feature. Paye Card offers fast and easy payment with the QR method at contracted stores and market chains with Paycell QR payment infrastructure.

Turkcell Teknoloji

Turkcell Teknoloji has been contributing to the development of the technology infrastructure of Turkcell, the leader telecommunication company of Turkey, since 2006, and offers its innovative solutions for the use of operators abroad. Within the framework of Turkcell's strategy to expand its products and services into international markets, Turkcell Teknoloji aims to develop new digital and ICT services in global standards in line with the latest technology and market requirements, and to expand in regions where Turkcell Group operates. Products and services developed by Turkcell Teknoloji serve over 100 million users in 15 countries today.

As one of Turkey's largest and most competitive R&D centers with over 1,000 R&D engineers as of 2020, Turkcell Teknoloji marked numerous achievements both in Turkey and the wider world. Turkcell Teknoloji aims to develop innovative technologies in communications and in the areas where it has an impact. The company also targets to be a leader, pioneer, and role model in Turkey by employing the most talented human capital in the R&D industry to the greatest possible extent. With the experience accumulated throughout the transformation of Turkcell from a technology-oriented network provider to a service-oriented experience provider, Turkcell Teknoloji strives to be an R&D center with innovative solutions developed for domes-

*We hold an 33% stake.



tic and international markets.

Turkcell Teknoloji focuses on roaming solutions, big data processing, business intelligence applications, smart cloud platform and platform-developed solutions, location based services and platforms, customer relationship management and solutions, network management solutions, next generation value added services, mobile financial systems, music and entertainment services, IPTV services, mobile marketing solutions, Internet of Things (IoT), geographic information systems, voice identification, AR/VR, 5G infrastructure projects, mobile communication solutions, campaign management systems, smart Sim card solutions, digital identity technologies, image and video processing based on artificial intelligence, text analysis (NLP), suggestion engines, voice analytics, robot assistants, robotics process automation, mobile analytical platforms, artificial intelligence in health, learning and education applications solutions, e-mail and search engine solutions, digital broadcast solutions, CDN (Content Delivery Network) solutions, Over-the-Top (OTT) and blockchain solutions.

Turkcell Teknoloji is the leader in the telecommunications sector in Turkey with 2,674 national and 167 international patent applications and more than 700 registered patents since 2008. Leading the development of

new technologies, Turkcell Teknoloji issued 23 academic and 95 technical publications on national and international platforms in 2020 which positively impacted the increased use of technology. Moreover, the technology experience of the ecosystem has been increased by sustained intensive product promotion, conference participation and training activities over various channels.

Lifecell Ventures

Established as a 100% Turkcell subsidiary in the Netherlands, Lifecell Ventures's mission is to offer digital communication, content-based entertainment, music, TV applications and technology solutions developed by Turkcell Group companies and technology partners to the global market. In 2017, the company launched its first international digital solution partnership with the Eastern Europe operator Moldcell with its "BiP" and "lifebox" products. Lifecell Ventures expanded digital solution partnerships in 2019 through the launch of "BiP" and "lifebox" with ALBtelecom, the Albanian mobile operator. With the agreement signed with Lifecell Ventures in January 2019, Digicel launched BiP, Billo (lifebox) and PlayGo (TV+) products in 32 countries in the Caribbean, Central America, and Asia Pacific regions as of fourth quarter 2020, adding them to its digital services portfolio. Digicel is also able to follow trends instantly

with RTM (Real Time Monitoring Solution) and RTA (Real Time Action Solution) technology solutions, and has gained the competence to make the best offer to its customers. Lifecell Ventures makes a significant contribution to digital export targets by increasing the penetration of digital services and technology solutions, and by providing strong business partnerships all over the world.

Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. (Turkcell Energy Solutions)

Having commenced its operations in 2018 with the "Enerjicell" brand, Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş., became one of the most important free-market electricity suppliers in Turkey in terms of the number of registered counters in 2019 serving its retail and corporate customers. Enerjicell, which focused on corporate customers in 2020, aims to change existing practice towards creating customer experience in the industry through its superior service quality.

Continuing its retail electricity service business, Enerjicell also expanded its business into renewable energy generation in 2019. Throughout the year, Enerjicell pioneered renewable energy investments in Turkcell's buildings with self-generated electricity consumption model. The company engaged in and completed rooftop solar panel projects, including the one in newly established Ankara datacenter. Planning to continue its renewable energy investments in the coming years, Enerjicell aims to transform Turkcell into a company, which will have carbon free emissions and generate electricity from environmentally-friendly resources.

Turkcell Sales and Digital Business Services

Turkcell Digital Services was established in early January 2019 in order to accompany our customers on their digital transformation journey and lead them as a strategic technology partner in this field by adding IT competencies to Turkcell's superior telecom infrastructure and competencies. As one of the companies most invested in Turkey's human resources and technologies, our main goal is to be a reliable technology partner that provides end-to-end, key solutions to our customers. We provide services in many different areas, including access services, cloud technologies, data center services, cyber security services, managed services, internet of things, big data analytics, business applications, sectoral solutions, and new generation technologies, which we offer to our customers on our strong infrastructure. While satisfying the telecommunication and IT needs of corporations with Turkcell assurance, expertise, and difference, we will remain motivated to further improving our service quality and developing products and services day by day in accordance with needs and expectations of our customers. We will continue to achieve this by leveraging our superior infrastructure, technology investments and highly-skilled human capital. By integrating our customers' existing infrastructure investments with new generation services, we build and implement their future technology investments together. This allows our customers to advance on their digital transformation journey with the most appropriate financial model and with new technology investment plans, enabling them to focus more on their own business.

Türkiye'nin Otomobili Girişim Grubu Sanayi Ve Ticaret A.Ş.

Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (TOGG) was established on June 25, 2018 within the framework of Turkey's Automobile Project implemented through the coordination of The Republic of Turkey Ministry of Industry and Technology and The Union of Chambers and Commodity Exchanges of Turkey. As one of the founding partners of this company with a 19% shareholding, we aim to be involved in fields promising great potential such as connected vehicles, smart cities and intelligent transportation. TOGG, aiming to develop new generation electric and connected

cars and to create a mobility ecosystem around those, communicated the progress achieved in design and engineering work to public and introduced the C-SUV concept vehicle along with C-Sedan model at the unveiling ceremony in December 2019. The ground-breaking ceremony of the factory took place in Gemlik / Bursa on July 18, 2020. The construction of the factory, where fully electric SUVs in 2022 and then sedan models will be manufactured, is aimed for completion within 18 months. We will continue to support the electric powered and brand-new automobile platform which is also in-line with Turkcell's sustainability focus.



Subsequent events after the reporting period

January 08, 2021

Announcement Regarding the Decision to Issue Lease Certificates

Our Company's Board of Directors resolved that our wholly owned subsidiary Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. shall issue management agreement based lease certificates (sukuk) in accordance with capital markets legislation through an asset leasing company at an amount of up to TRY200 million, in Turkish Lira terms, with maturities up to 12 months, in the domestic market, in one or more tranches, without public offering, as private placement and/or to be sold to institutional investors. The respective issuance is subject to approval of Capital Markets Board.

January 11, 2021

Announcement Regarding the News in the Media - Ziraat Bank Loan

This announcement concerns news and comments in the media which reportedly includes our Company regarding a loan granted by Ziraat Bank to a company located outside of Turkey. We neither utilized the respective loan nor we are a party to the loan agreement directly or indirectly. In this respect, the relevant loan has no impact on our Company's financial statements.

January 29, 2021

Announcement Regarding Turkcell Human Rights Policy and Turkcell Environmental Policy

Our Company's Board of Directors approved Turkcell Human Rights Policy and Turkcell Environmental Policy, which are attached below.

January 29, 2021

Announcement Regarding the Board Member Appointment

Our Company's Board of Directors has decided to appoint Ms. Figen Kılıç as a Board Member to the seat, which became vacant following Ms. Ingrid Maria Stenmark's resignation, pursuant to Article 363 of the Turkish Commercial Code.

February 03, 2021

Announcement Regarding the Capital Increase in Lifecell Ventures

The capital of our 100% owned subsidiary Lifecell Ventures Coöperatif U.A. ("Lifecell Ventures") is increased by EUR 15,000,000. Our Company's pre-emption rights with respect to the capital increase is fully paid.

March 08, 2021

Announcement Regarding the Incorporation of Turkcell Dijital İş Servisleri A.Ş.

Turkcell Dijital İş Servisleri A.Ş. with a capital of TRY 100,000, and the shares of which are fully owned by our Company's subsidiary Superonline İletişim Hizmetleri A.Ş. has been incorporated and registered.

The public disclosure regarding the incorporation of the company was postponed by respective board decision since it could have impacted investment decision of investors and stock price.



Statement of compliance with corporate governance principles for the year 2020

Turkcell İletişim Hizmetleri A.Ş. ("Turkcell" or the "Company") is aware of its responsibilities towards its stakeholders, with the belief that high standards of corporate governance are key to maintain successful business practices and to provide long-term economic value to the company's shareholders. Within this framework, having adopted the principles of "equality," "transparency," "accountability" and "responsibility" that constitute the basis of corporate governance in its activities, the Company exercises due diligence with regard to compliance with the Capital Markets Law ("CML") and the secondary regulations and resolutions of the Capital Markets Board ("CMB").

In parallel with corporate governance efforts established with the creation of the Investor Relations Department at the time of the IPO, and gained momentum in 2003, corporate governance mechanisms are being implemented in line with the corporate governance principles.

Turkcell İletişim Hizmetleri A.Ş. places a great importance on the full compliance with Corporate Governance Principles.

In the activity period that ended as of 31 December 2020, as the amendments in the articles of association provided the legal ground for the election of independent board members in the following general assembly meetings, our company aims full compliance with the partially complied principle numbered 4.3.7, as mandated in the annexes of the Corporate Governance Communiqué and in the relevant legislation.

On 21 October 2020, the following main amendments to the articles of association regarding corporate governance have been approved by the ordinary general assembly:

- (i) The size of the board of directors has been increased from seven members to a total of nine members;
- (ii) 15% of the total issued shares of Turkcell, owned by TVF Bilgi Teknolojileri İletişim Hizmetleri Yatırım Sanayi ve Ticaret Anonim Şirketi ("TVF BTİH") as the surviving entity from the Turkcell Holding A.S. ("Turkcell Holding") / TVF BTİH merger, have been re-classified as a separate class of Group A Shares (the "Group A Shares");
- (iii) A nomination privilege has been created on the Group A Shares, allowing the holders thereof to nominate four candidates for appointment of five members of the board of directors of the Company; a voting privilege has been created on the Group A Shares, allowing the holders thereof to cast six votes for each Group A Share in respect of the appointment of a. five members of the board of directors of the Company, and b. the chairman of the presiding committee of the general assembly of shareholders;
- (iv) All shareholders of the Company (including the holders of Group A Shares) are entitled to cast one vote per share on all other matters submitted to a vote of Turkcell's shareholders, including the appointment of the residual four members of the board of directors of Turkcell (including independent ones);
- (v) The chairman of the board of directors shall be elected among the members of the board of directors elected through the exercise of the privileges granted to Group A Shares;
- (vi) The meeting quorum requirement of the board of directors requires five members constituting the majority of full number of its members, and the decision quorum requires the affirmative vote of at least five members present in the meeting;
- (vii) A new article "Compliance with Corporate Governance Principles" is added to the articles of association.

Although full compliance with non-mandatory corporate governance principles provided for in the relevant legislation is aimed, it has yet to be achieved due to the challenges in the implementation of certain principles, the incompatibilities between some principles and the current structure of the Company and the market.

Currently, the principles yet to be fully complied with so far have not led to any conflicts of interest between the stakeholders.

In the activity period that ended as of 31 December 2020, necessary explanations are provided in the annual report; (i) the Corporate Governance Compliance Report ("CGCR") and (ii) the Corporate Governance Fact Sheet ("CGFS") and (iii) other relevant sections of the annual report as to the corporate governance principles in the annexes of the Communiqué on Corporate Governance with which the compliance is achieved as well as the ones that are not yet complied with.

Taking into account the amendments of the regulations and the practices, future efforts will continue to improve our corporate governance practices including the limited number of unimplemented principles and, to ensure, within the framework of these principles, the better operation of the mechanisms with respect to the corporate governance practices of the partnership.

Should the CGCR or CGFS be amended within the activity period, a material event disclosure will be made, and this amendment will be included in the interim activity reports.

2020 financial year Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2- The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	No information regarding this kind of activities were received from such person following the routine information requests made before the general assembly meetings.
1.3.8- Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10- The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				Donations and charities are included separately on the general assembly agenda; but information regarding the amount and beneficiaries of these donations and charities are given separately in the general assembly meeting within the scope of shareholders' right to obtain information.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			Results of general assembly meeting has been shared with the media through press release.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4.2-The company does not have shares that carry privileged voting rights.			X			Please see AoA: Article 7.2 and 7.3 https://s.turkcell.com.tr/SiteAssets/Hakkimizda/yatirimci-iliskileri/documents/pdf/Anasozlesme21102020_ENG.pdf
1.4.3- The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2- The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Thresholds determined by the respective legislation are in effect.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Turkcell distributed dividend in 2020.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				Without prejudice to 137/3, due to Article 7.5 of the AoA we ticked the "Partial" box.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1.2- The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.					X	(Communique on Material Events Disclosure Article-16/2) Central Securities Depository is updating the respective information available in PDP under the General Information heading. We also disclose these information as sourced by CSD on our website.
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Corporate web site related to public is available in English, Arabic and Russian language in addition to that Investor Relations page is provided both in Turkish and in English.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Employees' participation to the management is facilitated through internal regulations of the company and various company practices.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				We do not have a syndicate.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1- The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2- The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1- The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2- The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1- The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2- Duties and authorities of the members of the board of directors are disclosed in the annual report.			X			Since duties and responsibilities of the Board of Directors are determined by the Commercial Code we do not have specific chapter in our annual report regarding this topic.
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4- Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					The roles of chairman and chief executive officer our Company is separate.
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders..	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			This year's policy limit for Directors and Officers liability did not exceed 25% of the company capital.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9- The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			We do not have a policy which restrains female candidates from being appointed as a board member.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					Due to the epidemic, all members attended the meetings either online or physically.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no rule which restricts board member to serve outside the company.



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the number of the board of members, they are serving as a committee member in more than one committee.
4.5.6- Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No service has been received from an outside counsel in 2020.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Board of Directors' performance has not been evaluated.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Aggregate amount of the remuneration of board members and executives is disclosed in the annual report.

Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2020, Investor Relations Department attended 19 investor conferences, 15 of which was held virtually and 4 was physically and held 506 meetings in total with analysts and corporate investment funds.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/general-assembly-information
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Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided in English as well.
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The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	No transaction has been executed in the context of Principle 1.3.9
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The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	No related party transactions has been executed above the thresholds.
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The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II- 17.1)	No related party transactions has been executed above the threshold.
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The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/donation-policy
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The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/517918
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The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Not available.
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Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Not available.
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1.4. Voting Rights

Whether the shares of the company have differential voting rights	Yes
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In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Please see AoA: Article 7.2 and 7.3 https://s.turkcell.com.tr/SiteAssets/Hakimizda/yatirimci-iliskileri/documents/pdf/Anasozlesme21102020_ENG.pdf
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The percentage of ownership of the largest shareholder	26.2%
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1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
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If yes, specify the relevant provision of the articles of association.	Not available.
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/dividend-policy
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Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Dividends are distributed in 2020.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends.	Dividends are distributed in 2020.
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General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
21/10/2020	0	80%	0.01%	79.99%	https://s.turkcell.com.tr/SiteAssets/Hakkimizda/votirma-ilisikleri/documents/pdf/2019GK-tutanok-ENG.pdf	No question submitted	N/A	0	https://www.kap.org.tr/en/Bildirim/882825

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	https://www.turkcell.com.tr/en/aboutus/investor-relations https://www.kap.org.tr/en/sirket-bilgileri/genel/1103-turkcell-iletisim-hizmetleri-a-s
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/shareholder-structure https://www.kap.org.tr/en/sirket-bilgileri/genel/1103-turkcell-iletisim-hizmetleri-a-s
List of languages for which the website is available	Turkish, English, Arabic (Partial) and Russian (Partial)

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members.	Information provided in the Annual Report under Other Issues Regarding Corporate Governance section.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure.	Information provided in our website under "Investor Relations>Corporate Governance>Board Committees" heading and in the Corporate Governance Information Filings under section 4 which is attached to our annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings.	Information provided in the Corporate Governance Information Filings, which is attached to our annual report, under Section 4.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation.	Information provided in the Annual Report under Telecommunications Sector in Turkey and Developments in Our Company.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof.	Information provided under note 38 of IFRS report which is attached to our Annual Report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	We did not receive such services in 2020.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Information provided under note 40 of IFRS report which is attached to our Annual Report.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Information provided in the Annual Report under section Our Social Values and Relations.

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	It is not disclosed in the website of the Company.
The number of definitive convictions the company was subject to in relation to breach of employee rights	7
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
The contact detail of the company alert mechanism	E-mail: ethicscommittee@turkcell.com.tr Adres: Turkcell İletişim Hizmetleri A.Ş. Etik Kurulu Aydınlevler Mah. İnönü Cad. No.20, Küçükyalı / İstanbul

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Not available.
Corporate bodies where employees are actually represented	Not available.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Board of Directors, when necessary, get involved in the process through Nomination Committee within the framework of the Committee's roles& responsibilities.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Hiring process is carried out by taking Equal Opportunities Policy into consideration under the responsibility of the HR Department. During the hiring process objective criteria such as; a.Being Turkish citizen or having work permit in Turkey b.Termination of military service c.Not to be deprived from civil rights d.Not to have a disease that will prevent him/her from working or pose a threat to the environment e.Not to be sentenced for an infamous crime f.Not under obligation of an involuntary servitude g.To have a graduate degree h.To have required skills determined specifically to the title and role (such as experience, field of graduation, certificate etc.) i."Close Relatives" (Spouses, brothers/sisters, children, father, mother, uncle, maternal aunt, paternal aunt) of people working in Turkcell Group companies may not be employed in Turkcell Group Companies. Employees with no past experience are assessed within the special hiring programs such as GncYtnk. External candidate applications are made through My Career www.turkcell.com.tr
Whether the company provides an employee stock ownership programme	There isn't any employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	https://www.turkcell.com.tr/todiek/english.html
The number of definitive convictions the company is subject to in relation to health and safety measures	Not available.



3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	https://www.turkcell.com.tr/todiek/english.html
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate Social Responsibility
Any measures combating any kind of corruption including embezzlement and bribery	For our Company it is essential to carry out its activities in a fair, honest, legal and ethical manner. Turkcell Group Anti-Bribery and Corruption ("ABC") Policy demonstrates and reflects our Company's Board of Director's commitment to the highest prevailing national and international anti-corruption and bribery standards. Turkcell expects the same degree of commitment from group companies as well. Within the main framework of the ABC Policy; in April 2018 Corporate Governance & ABC Program Office has been established and an ABC program which provides necessary risk based trainings and establishes internal communication, and takes necessary preventive measures to ensure compliance with the rules has been initiated. With the establishment of the ABC Office, direct and efficient channels have been designed to access the Board of Directors, its committees and Senior Management with respect to ABC compliance related matters. ABC Office is the first contact point so that values and processes set by the ABC Program to be understood well and set these in motion along with Company's dynamics. (Please see https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/anti-bribery-and-corruption-policy to obtain more information on our ABC Policy). Starting from 1 January 2021, Corporate Governance & ABC Program Office continues its activities under the title of "Corporate Governance & Capital Markets Compliance Directorate" with the same direct reporting to Board and autonomous structure.

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	No evaluation has been conducted.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no executive member within the Board of Directors and all board members have A group signature authorization.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	12
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Information provided in the Annual Report under Efficient Risk and Crisis Management section.

Name of the Chairman	Bülent Aksu
Name of the CEO	Murat Erkan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	CEO and Chair functions are not combined.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	No disclosures have been made since the policy limit for Directors and Officers liability did not exceed 25% of company capital.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Not available.
The number and ratio of female directors within the Board of Directors	1 - 14% (Our woman board member Ingrid M. Stenmark resigned from her duty in October 2020)

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Bülent Aksu	Non-executive	Not independent director	07/03/2019	Not available	Not Applicable	Not Applicable	Yes
Hüseyin Aydın	Non-executive	Not independent director	08/03/2019	Not available	Not Applicable	Not Applicable	Yes
Tahsin Yazar	Non-executive	Independent director	06/03/2020	https://www.kap.org.tr/en/Bildirim/824811	Not considered	Not Applicable	No
Afif Demirkıran	Non-executive	Independent director	06/03/2020	https://www.kap.org.tr/en/Bildirim/824811	Not considered	Not Applicable	No
Nail Olpak	Non-executive	Independent director	06/03/2020	https://www.kap.org.tr/en/Bildirim/824811	Not considered	Not Applicable	Yes



4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	8
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	5 days before the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	We do not disclose the charter in the company's website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	We do not have such policy.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Information provided in our website under "Investor Relations> Corporate Governance> Board Committees" heading and in the Corporate Governance Information Filings under section 4 which is attached to our annual report.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Nail Olpak	Yes	Board member
Audit Committee		Afif Demirkıran	No	Board member
Audit Committee		Tahsiz Yazar	No	Board member
Corporate Governance Committee		Tahsin Yazar	Yes	Board member
Corporate Governance Committee		Nail Olpak	No	Board member
Corporate Governance Committee		Ali Serdar Yağcı	No	Not board member
Corporate Governance Committee		Emre Alpman	No	Not board member
Nomination Committee		Afif Demirkıran	Yes	Board member
Nomination Committee		Bülent Aksu	No	Board member
Nomination Committee		Tahsin Yazar	No	Board member
Early Detection of Risk Committee		Tahsin Yazar	Yes	Board member
Early Detection of Risk Committee		Afif Demirkıran	No	Board member
Early Detection of Risk Committee		Hüseyin Aydın	No	Board member
Remuneration Committee		Tahsin Yazar	Yes	Board member
Remuneration Committee		Bülent Aksu	No	Board member
Remuneration Committee		Nail Olpak	No	Board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Information provided in the Annual Report under Turkcell Group: 2020 Operational and Financial Review section.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/compensation-policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Information provided under note 39 of IFRS report which is attached to our Annual Report.

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	8	8
Corporate Governance Committee		50	50%	2	2
Nomination Committee		100%	67%	0	0
Early Detection of Risk Committee		100%	67%	6	6
Remuneration Committee		100%	67%	3	3

Other issues regarding corporate governance

Board Member Name-Surname	Duties Outside The Group: Company Name	Duties Outside The Group: Title/ Position	Still Working in the Related Company?
Bülent Aksu	Ministry of Treasury and Finance of Republic of Turkey	Deputy Minister	He left his position on January 29, 2021.
	World Bank	Deputy Governor at the World Bank	He left his position on January 29, 2021.
	G20	Deputy Minister of Finance at G20	He left his position on January 29, 2021.
	Asian Infrastructure Investment Bank (AIIB)	Turkey Deputy Governor at AIIB	He left his position on January 29, 2021.
	European Bank for Reconstruction and Development (EBRD)	Turkey Deputy Governor at EBRD	He left his position on January 29, 2021.
	Islamic Development Bank (IsDB)	Turkey Executive Director at IDB	He left his position on January 29, 2021.
	Asian Development Bank (ADB)	Turkey Governor at ADB	He left his position on January 29, 2021.
	African Development Bank (AfDB)	Turkey Governor at AfDB	He left his position on January 29, 2021.
	Economic Cooperation Organization Trade and Development Bank (ECOBANK)	Turkey Governor at ECOBANK	He left his position on January 29, 2021.
	Black Sea Trade and Development Bank (BSTDB)	Turkey Governor at BSTDB	He left his position on January 29, 2021.
	Pre-Accession Financial Cooperation Between Our Country and the European Union	National Authorizing Officer	He left his position on January 29, 2021.
	COMCEC (ISEDAK)	National Coordination Committee Membership	He left his position on January 29, 2021.
	Islamic Financial Services Board (IFSB)	General Assembly Membership	He left his position on January 29, 2021.
	Financial Stability Board (FSB)	General Assembly Membership	He left his position on January 29, 2021.
	FSB Middle East and North Africa Regional Advisory Group (MENA)	Member	He left his position on January 29, 2021.
	Financial Stability and Development Committee (FIKKO)	Member	He left his position on January 29, 2021.
	Ministry of Treasury and Finance - High Disciplinary Board	Chairman of the Board	He left his position on January 29, 2021.
	Financial Cooperation Coordination Board (Directorate for EU Affairs)	Member	He left his position on January 29, 2021.
	T. Eximbank A.Ş.	Chairman of the Board of Directors	He left his position on January 29, 2021.
	Hüda Gıda San. Tic. Ltd. Sti	Founding Partner	Yes

Board Member Name-Surname	Duties Outside The Group: Company Name	Duties Outside The Group: Title/ Position	Still Working in the Related Company?
Nail Olpak	Pak Yatırım İnşaat San. ve Tic. A.Ş.	Chairman of the Board of Directors	Yes
	Nora Elektrik Malzemeleri San. ve Tic. A.Ş.	Chairman of the Board of Directors	Yes
	Omn İnşaat San. ve Tic. A.Ş.	Chairman of the Board of Directors	Yes
	Avrupa Otoyolu Yatırım ve İşletme A.Ş.	Member of the Board of Directors	Yes
	Kmo Anadolu Otoyol İşletmesi A.Ş.	Member of the Board of Directors	Yes
	Marmara Otoyolu Yatırım ve İşletme A.Ş.	Member of the Board of Directors	Yes
	Marmara Otoyol İnşaatı Adi Ortaklığı Ticari İşletmesi	Member of the Board of Directors	Yes
	Krp Otoyol İnşaatı Adi Ortaklığı Ticari İşletmesi	Member of the Board of Directors	Yes
	Andeva Özel Eğitim İnşaat ve Özel Sağlık Hizmetleri A.Ş.	Company Partner	No
	T. Eximbank A.Ş.	Member of the Board of Directors	Yes
	Arikonak Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Naryuva Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narören Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Kirkkavak Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Nargüvem Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narboz Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Naryayla Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Nardeniz Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narkas Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narger Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narsa Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narbel Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narba Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narka Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narya Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Narkoca Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
	Kurfalli Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes
Narma Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes	
Narkan Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes	
Narbal Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes	
Nartok Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes	
Narkara Elektrik Enerjisi Üretim San. ve Tic. A.Ş.	Member of the Board of Directors	Yes	
Tahsin Yazar	-	-	-
Afif Demirkıran	-	-	-
Hüseyin Aydın	TC Ziraat Bankası	CEO & Member of the Board of Directors	Yes
	Türkiye Bankalar Birliği Başkanlığı	Chairman of the Board of Directors	Yes
	Türkiye Varlık Fonu Yönetimi A.Ş.	Member of the Board of Directors	Yes

Conclusion of the Subsidiary Report

01.01.2020 - 31.12.2020 Fiscal Year

Conclusion of the Report on the relationship among the Parent Company and the subsidiaries as per Article 199 of the Turkish Commercial Code:

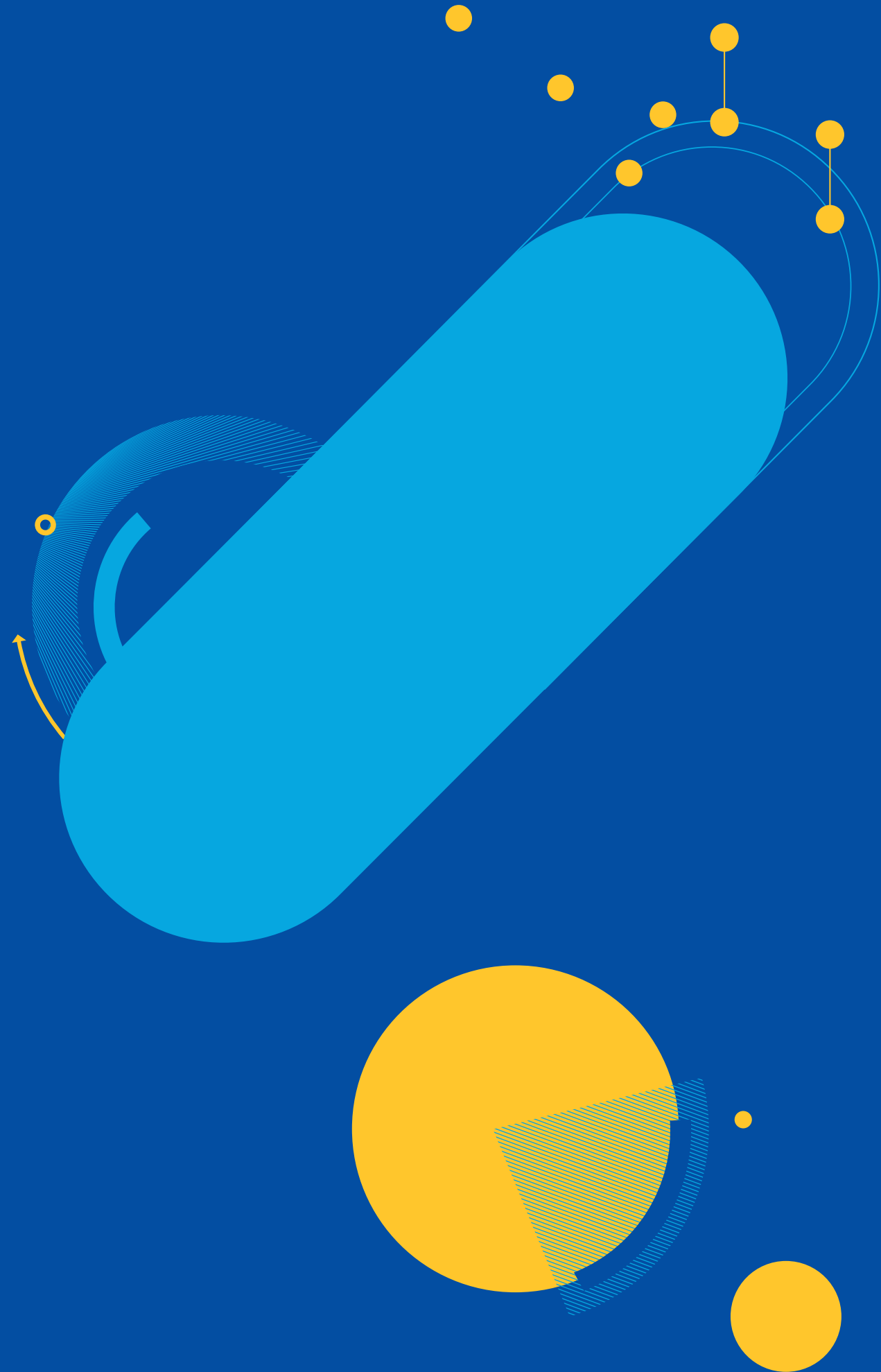
Details of the legal transactions of our Company with Turkcell Holding A.Ş. and its subsidiaries during the fiscal year 2020 are given in the above tables. There is neither any legal transaction made in favor of Turkcell Holding A.Ş. or one of its subsidiaries nor any action taken or avoided in favor of Turkcell Holding A.Ş. or one of its subsidiaries upon directive by Turkcell Holding A.Ş.

Details of services provided and/or fixed asset purchases/sales performed under operational activities carried out between our Company and Turkcell Holding A.Ş. and/or its subsidiaries that are fully in conformity with the market during the fiscal year 2020 are included in this Report.



Sectoral and financial information

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TURKCELL GROUP: 2020 FINANCIAL & OPERATIONAL REVIEW

Our audited annual consolidated financial statements including our consolidated statements of financial position as of December 31, 2020 and 2019 and our consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the two years in the period ended December 31, 2020 and the related notes included in this annual report have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Report"). The following financial and operational overview focuses principally on the developments and trends in our business in the full year 2020 and should be read in conjunction with the IFRS report. The figures are expressed in Turkish Liras (TRY) unless otherwise stated. A year on year comparison of key indicators is provided and figures in parentheses following the operational and financial results for the year end 2020 refer to the same item for the year end of 2019 unless otherwise stated. In the tables totals may not foot due to rounding differences. The same applies to the calculations in the text.

TURKCELL GROUP: FINANCIAL SUMMARY

Profit & Loss Statement (million TRY)	FY19	FY20	%Change
Revenue	25,137.1	29,103.7	15.8%
Cost of revenue ¹	(12,036.9)	(14,361.3)	19.3%
Gross Margin¹	52.1%	50.7%	(1.4pp)
Administrative expenses	(779.8)	(749.6)	(3.9%)
Selling and marketing expenses	(1,555.2)	(1,373.0)	(11.7%)
Net impairment losses on financial and contract assets	(338.9)	(349.6)	3.2%
EBITDA²	10,426.4	12,270.3	17.7%
EBITDA Margin	41.5%	42.2%	0.7pp
Depreciation and amortization	(5,046.6)	(5,974.8)	18.4%
EBIT³	5,379.9	6,295.5	17.0%
EBIT Margin	21.4%	21.6%	0.2pp
Net finance income / (costs)	(1,727.7)	(1,131.7)	(34.5%)
Finance income ⁴	297.5	2,119.5	612.4%
Finance costs ⁴	(2,025.1)	(3,251.2)	60.5%
Other income / (expense)	(346.6)	(523.3)	51.0%
Non-controlling interests	(30.2)	(2.5)	(91.7%)
Share of profit of equity accounted investees	(15.7)	(13.8)	(12.1%)
Income tax expense	(785.6)	(387.2)	(50.7%)
Discontinued operations	772.4	-	-
Net Income	3,246.5	4,237.1	30.5%

(1) Excluding depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 17 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(3) EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

(4) Fair value loss and interest expense regarding derivative instruments and the respective fair value gain and interest income regarding derivative instruments are represented on a net basis. Starting from Q219, interest income on financial assets and interest expenses for financial liabilities, both measured at amortized cost, are represented on a net basis. Historical periods were restated to reflect this change.

Consolidated Balance Sheet Data (Year End) (million TRY)	2019	2020	Change%
Cash and cash equivalents	10,238.7	11,860.6	15.8%
Total assets	45,715.0	51,498.4	12.7%
Long term debt	12,677.4	16,353.7	29.0%
Total debt	20,305.7	21,586.4	6.3%
Total liabilities	27,632.0	30,713.5	11.2%
Total equity	18,082.9	20,784.9	14.9%

Summary Consolidated Cash Flow Statement (million TRY)

	2019	2020	Change%
Net cash inflow from operating activities	9,026.6	13,092.8	45.0%
Net cash outflow from investing activities	(3,027.3)	(6,780.6)	124.0%
Net cash (outflow)/inflow from financing activities	(3,478.0)	(4,267.8)	22.7%
Effects of exchange rate changes on cash and cash equivalents	298.2	(422.5)	(241.7%)
Cash and Cash Equivalents	10,238.7	11,860.6	15.8%

Profitability and Solvency Ratios (%)

	2019	2020	Change%
Gross Profit Margin ¹	52.1%	50.7%	(1.4pp)
EBITDA Margin	41.5%	42.2%	0.7pp
EBIT Margin	21.4%	21.6%	0.2pp
Net Profit Margin	12.9%	14.6%	1.7pp
Total Liability / Equity Ratio	152.8%	147.8%	(5.0pp)
Net Debt / EBITDA Multiple	1.0x	0.8x	(0.2x)

(1) Excluding depreciation and amortization expenses.

EXPLANATIONS:

Revenue²: Turkcell Group revenues rose 15.8%.

Turkcell Turkey revenues grew 17.1% to TRY25,160 million (TRY21,487 million).

- Consumer business increased 15.7% driven by strong ARPU performance on the back of data and digital services usage, as well as residential business growth.

- Corporate revenues rose 23.5% supported by digital business services revenue growth of 30.1%.

- Wholesale revenues grew 12.3% to TRY1,293 million (TRY1,152 million).

Turkcell International revenues rose 26.9% to TRY2,542 million (TRY2,003 million).

Other subsidiaries³ revenues were at TRY1,401 million (TRY1,647 million).

Excluding finance business and sports betting operations, our consolidated revenue growth was 18.4% year-on-year in FY20.

Standalone digital services revenues grew 25.6% year-on-year in FY20.

Cost of revenue (excluding the depreciation and amortization): Cost of revenue (excluding depreciation and amortization) increased to 49.3% (47.9%) as a percentage of revenues. This was due mainly to the rise in cost of goods sold (2.3pp), despite the decline in cost of revenue of financial services (0.5pp) and other cost items (0.4pp) as a percentage of revenues.

Administrative expenses: Administrative expenses fell to 2.6% (3.1%) as a percentage of revenues, driven mainly by lower office overhead costs and travel expenses.

Selling and marketing expenses: Selling and marketing expenses declined to 4.7% (6.2%) as a percentage of revenues driven by the decline in selling expenses (0.8pp), marketing expenses (0.5pp) and other cost items (0.2pp) as a percentage of revenues.

Net impairment losses on financial and contract assets: Net impairment losses on financial and contract assets was at 1.2% (1.3%) as a percentage of revenues.

EBITDA⁴: EBITDA grew by 17.7% resulting in an EBITDA margin of 42.2% (41.5%) on 0.7pp improvement.

- Turkcell Turkey's EBITDA rose 20.4% to TRY10,585 million (TRY8,789 million) leading to an EBITDA margin of 42.1% (40.9%) on 1.2pp improvement.

- Turkcell International EBITDA increased 29.4% to TRY1,169 million (TRY904 million) driving an EBITDA margin of 46.0% (45.1%) on 0.9pp improvement.

- The EBITDA of other subsidiaries was at TRY516 million (TRY733 million).

Depreciation and amortization expenses: Depreciation and amortization expenses increased 18.4% in FY20.

Net finance expense: Net finance expense decreased to TRY1,132 million (TRY1,728 million). This was due mainly to lower foreign exchange losses after hedging and higher interest income on time deposits.

Discontinued operations: In accordance with our strategic approach and IFRS requirements, Fintur was classified as 'held for sale' and reported as discontinued operations as of October 2016.

(2) Please refer to the notes to the consolidated financial statements for the definition of Turkcell Turkey, Turkcell International and other subsidiaries.

(3) "Other subsidiaries" is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations.

(4) EBITDA is a non-GAAP financial measure.

On December 12, 2018, Turkcell signed a binding agreement, and on April 2, 2019 completed the transfer of its shares in Fintur to Sonera Holding B.V., the majority shareholder of Fintur. The final value of the transaction was EUR352.9 million. As the conditions precedent required for the share transfer were completed within Q119, TRY772 million profit generated from the transaction was reflected in the Q119 financial statements.

Income tax expense: Income tax expense declined 50.7% due mainly to lifecell's deferred tax income. Please note that in Q420 lifecell registered TRY689 million deferred tax income having recognized its accumulated losses as deferred tax assets.

Net income: Group net income increased 30.5% to TRY4,237 million (TRY3,246 million). Net income was positively impacted by TRY689 million deferred tax income registered by lifecell. Excluding the deferred tax income impact and other one-off expenses, we registered a net income of TRY3,953 million on a 39% rise on the back of strong operational performance and prudent financial risk management. You can see one-off expenses below:

One-off impacts (million TRY)	FY19
Sales of Fintur	772
Mobile tax settlement	(199)
Wireless tax (net of tax)	(116)
Compensation for Kcell SPA (Fintur)	(60)
Total	396

One-off impacts (million TRY)	FY20
lifecell deferred tax	689
Provision for litigation expenses	(243)
Litigation expenses	(146)
Other	(15)
Total	285

Total cash & debt: Consolidated cash as of December 31, 2020 decreased to TRY11,861 million from TRY13,524 million as of September 30, 2020 due mainly to the dividend payment, and the impact of TRY appreciation on our FX denominated cash. Excluding FX swap transactions, 74% of our cash is in US\$, 4% in EUR, and 22% in TRY.

Consolidated debt as of December 31, 2020 decreased to TRY21,586 million from TRY22,841 million as of September 30, 2020 due mainly to the impact of TRY appreciation on FX denominated debt. Please note that TRY2,099 million of our consolidated debt is comprised of lease obligations.

Consolidated debt breakdown excluding lease obligations:

- Turkcell Turkey's debt was at TRY17,469 million, of which TRY10,197 million (US\$1,389 million) was denominated in US\$, TRY5,624 million (EUR624 million) in EUR, TRY283 million (CNY253 million) in CNY, and the remaining TRY1,364 million in TRY.

- Finance company had a debt balance of TRY1,038 million, of which TR259 million (US\$36 million) was denominated in US\$, and TRY465 million (EUR52 million) in EUR with the remaining TRY314 million in TRY.

- The debt balance of lifecell was TRY980 million, fully denominated in UAH.

TRY1,202 million of lease obligations is denominated in TRY, TRY56 million (US\$8 million) in US\$, TRY186 million (EUR21 million) in EUR, and the remaining balance in other local currencies (Please note that the figures in parentheses refer to US\$ or EUR equivalents).

Net debt as of December 31, 2020 was at TRY9,726 million with a net debt to EBITDA ratio of 0.8 times. Excluding finance company consumer loans, our telco only net debt was at TRY7,788 million with a leverage of 0.7 times.

Turkcell Group had a long FX position of US\$132 million as at the end of the year. (Please note that this figure takes advance payments into account).

Capital expenditures: Capital expenditures including non-operational items were at TRY9,079 million.

In 2020, operational capital expenditures (excluding license fees) at the Group level was at 18.5% of total revenues.

Capital expenditures (million TRY)	FY19	FY20
Operational Capex	4,525.1	5,391.6
License and Related Costs	1.8	42.8
Non-operational Capex (Including IFRS15 & IFRS16)	2,697.8	3,644.6
Total Capex	7,224.7	9,078.9

Operational Review (Turkey):

Summary of Operational Data	FY19	FY20	Change%
Number of subscribers (million)	35.7	36.7	2.8%
Mobile Postpaid (million)	20.4	22.0	7.8%
Mobile M2M (million)	2.6	2.8	7.7%
Mobile Prepaid (million)	12.4	11.5	(7.3%)
Fiber (thousand)	1,484.7	1,664.3	12.1%
ADSL (thousand)	719.1	707.6	(1.6%)
Superbox (thousand) ¹	323.2	591.2	82.9%
Cable(thousand)	49.2	67.7	37.6%
IPTV (thousand)	719.7	871.3	21.1%
Churn (%)²			
Mobile Churn (%) ³	2.7%	2.3%	(0.4pp)
Fixed Churn (%)	2.1%	1.9%	(0.2pp)
ARPU (Average Monthly Revenue per User) (TRY)			
Mobile ARPU, blended	39.8	45.5	14.3%
Mobile ARPU, blended (excluding M2M)	42.7	49.1	15.0%
Postpaid	56.5	59.1	4.6%
Postpaid (excluding M2M)	64.3	67.0	4.2%
Prepaid	18.3	21.8	19.1%
Fixed Residential ARPU, blended	63.2	69.6	10.1%
Residential Fiber ARPU	64.9	70.9	9.2%
Average mobile data usage per user (GB/user)	7.4	11.7	58.1%
Mobile MoU (Avg. Monthly Minutes of usage per subs) blended	415.3	518.7	24.9%

(1) Superbox subscribers are included in mobile subscribers.

(2) Presentation of churn figures has been changed to demonstrate average monthly churn figures for the respective quarters.

(3) In Q117, our churn policy was revised to extend from 9 months to 12 months (the period at the end of which we disconnect prepaid subscribers who have not topped up above TRY10). Additionally, under our revised policy, prepaid customers who last topped up before March will be disconnected at the latest by year-end. As a regulatory requirement, we started to disconnect prepaid lines in accordance with new ICTA regulation, which requires deactivation of prepaid lines which lack residency documents by the 6th month of subscription starting from 2019. Furthermore, as required by the ICTA, the line of a deceased customer should either be transferred to a successor/another user or terminated. Lines, which are not transferred or terminated, are to be disconnected at the end of seven months.

(4) We historically recorded all TV-related revenue under Turkcell Superonline and presented the related ARPU under fixed residential ARPU. As previously announced, our TV business has become a separate standalone subsidiary. In order to reflect this change in our organization, we decided to shift mobile OTT TV ARPU from fixed residential ARPU into mobile ARPU starting from Q320. We note that mobile TV revenues are generated by mobile subscribers. IPTV revenues will continue to be recorded under Turkcell Superonline and included under residential fixed ARPU. In order to maintain comparability, we provide ARPU data for the last three years, revised to reflect this change on our investor relations website in financial and operational data spreadsheet.



The number of our subscribers in Turkey grew by 1.1 million net annual additions, reaching 36.7 million in FY20 despite the pandemic environment. Accordingly, we achieved our 1 million net subscriber additions target for the year thanks to our solutions that meet changing customer needs, our rich value proposition, and innovative campaigns that facilitate their lives.

On the mobile front, our subscriber base expanded to 33.4 million on 712 thousand net annual additions in FY20. Our postpaid subscribers grew on 1.6 million net annual additions, the highest of the past 11 years. Accordingly, our postpaid subscribers reached 65.7% (62.2%) of our mobile subscriber base as at the end of the year. Meanwhile, our prepaid subscribers declined 892 thousand in FY20, due mainly to the disconnection of 666 thousand inactive prepaid subscribers in Q420 in line with our churn policy. There were also 194 thousand disconnections in Q420 to reflect the regulatory change requiring deactivation of deceased customers' subscriptions.

On the fixed front, our subscriber base exceeded 2.4 million on 187 thousand net annual additions. Our fiber subscribers grew by 180 thousand annual net additions. Superbox, our fixed-wireless access offering, registered a strong performance in FY20. Accordingly, it had 268 thousand net annual additions. Meanwhile, our IPTV customer base rose to 871 thousand on 152 thousand annual net additions.

The average monthly mobile churn rate was 2.3% in 2020. The higher mobile churn rate in Q419 was due mainly to the lump sum disconnection of subscriptions in accordance with the ICTA regulation that requires deactivation of prepaid lines, that lack residency documents by the 6th month of subscription. Average monthly fixed churn rate was at 1.9% in FY20.

Our mobile ARPU (excluding M2M) 15.0% for the full year on the back of a larger postpaid subscriber base and upsell efforts, as well as increased data and digital services usage.

Fiber residential ARPU grew by 9.2% for the full year driven mainly by upsell efforts and the acquisition of higher revenue generating customers.

Average monthly mobile data usage per user increased 58.1% for the full year. This was driven mainly by the increasing number and data consumption of 4.5G users, as well as higher digital services usage. Accordingly, the average mobile data usage of 4.5G users reached 14.9 GB in Q420. The rising number of Superbox subscribers also had a positive impact on data consumption.

The number of 4.5G compatible smartphones on our network rose to 21.5 million on 2.3 million annual additions, comprising 91% of smartphones on our network. Total smartphone penetration had reached 81% as at the end of the year.

Forward Looking Statements

2021 guidance; revenue target of 14%-16%, EBITDA target of around TRY14 billion, and operational capex over sales ratio target of around 20%.



(1) Excluding license fee

Please note that this paragraph contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our last Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.



Our Companies and sector developments

Electronic Communications Sector in Turkey

According to the Market Data report published by Information and Communication Technologies Authority (ICTA), the regulatory authority of Turkish electronic communications sector, the number of companies in the sector is 458 as of the 3rd quarter of 2020, and the number of authorizations granted to these companies is 834.

In the first 3 quarters of 2020, the total net sales revenues of mobile operators [Turkcell İletişim Hizmetleri A.Ş. ("Turkcell"), Vodafone Telekomünikasyon A.Ş. ("Vodafone"), TT Mobil İletişim Hizmetleri A.Ş. ("TT Mobil")] and Türk Telekomünikasyon A.Ş. ("Türk Telekom") were approximately TRY42.3 billion, while the total net sales income of other operators was TRY14.1 billion. During the same period, the total amount of investments made by Turkcell, Türk Telekom, TT Mobil and Vodafone was realized as TRY8.4 billion.

Mobile Market

As of the 3rd quarter of 2020, there were 82.8 million mobile subscribers in Turkey, corresponding to approximately 99.6% penetration rate. (Mobile penetration rate excluding M2M devices and 0-9 age population is 109%).

The number of 4.5G subscribers was 76.5 million, while the number of 3G subscribers decreased to 4.4 million. The number of mobile broadband subscribers who receive 3G and 4.5G internet services via computers and mobile phones increased to 65 million.

As of the 3rd quarter of 2020, 64% of mobile subscribers were in postpaid tariffs, while 36% were in prepaid tariffs. The number of prepaid mobile broadband subscribers was 22.7 million and the number of postpaid mobile broadband subscribers was 42.3 million, while the number of M2M subscribers reached 6.1 million.

In the 3rd quarter of 2020, the number of mobile numbers ported increased by 6.8% compared to the previous quarter and realized as 3.3 million. As of November 24, 2020, total MNP transactions reached 146 million.

Regarding the subscriber market shares; Turkcell had 40.7%, Vodafone had 31.4% and TT Mobil had 27.9% of the market. Approximately 86.5% of mobile subscribers were individual consumers and 13.5% were corporate subscribers.

Monthly average data usage in mobile broadband was realized at the level of 9.3 GB, while the monthly average data usage of subscribers with a device and SIM card suitable for 4.5G service was 11 GB. In the 3rd quarter of 2020, the total mobile traffic volume increased by 12.3% compared to the same period of last year and reached 78.9 billion minutes.

Turkcell's revenue market share was 45.2% while Vodafone had 30.3% and TT Mobil had 24.5% of the revenues in the market.

The Broadband Internet Market

The number of broadband internet subscribers, which was around six million in 2008, reached 80.9 million (15.8 million fixed broadband, 65 million mobile broadband subscribers) as of the end of the 3rd quarter of 2020. Total internet subscribers increased 5% compared to the same period of the previous year. The number of xDSL subscribers reached to 10.6 million, while the number of fiber subscribers exceeded 3.7 million. The total length of fiber infrastructure of alternative operators had reached 91,810 km.

In the first 3 quarters of 2020, the total revenues related to internet service providers exceeded TRY8.6 billion. The average monthly data usage of fixed broadband internet subscribers reached 153 GB. In Turkey, approximately 69% of fixed broadband subscribers prefer packages with a connection of 10-35 Mbit/sec speed.

As of the 3rd quarter of 2020, the share of xDSL services offered by alternative operators in the broadband market is 26%.

TV Market

As of the 3rd quarter of 2020, there are 15 operators, which have the Cable Broadcasting Service (KYH) authorization. While the number of subscribers of Türksat's Cable TV is 1.33 million, the

operators providing IPTV services, Superonline (TV+) and TTNET (Tivibu) have 811 thousand and 858 thousand subscribers respectively.

The operators authorized to provide satellite platform services are Digital Platform Teknoloji Hizmetleri A.Ş. (Digitürk), Demirören TV Digital Platform İşletmeciliği A.Ş. (DSmart) and TTNET A.Ş. (Tivibu) that continue broadcasting actively.

Fixed Voice Market

As of the end of the 3rd quarter of 2020, there are 12.3 million fixed telephone subscribers, while the penetration rate is approximately 14.8%.

Legal and Regulatory Developments Concerning Our Industry and Our Companies

Updates Regarding Mobile Reference Interconnection Offers

With the Board Decision dated 20.05.2020 and numbered 2020/DK-ETD/151, the collateral items in the Reference Interconnection Offer of our Company has been updated to be valid as of 01.01.2021. The amount of the guarantee letter to be given to our Company by companies which interconnect with our Company were increased, our Company was given the authority to halt service immediately if unpaid debts and current usage of the SMS/MMS service exceeded the guarantee letter, and in case of a sudden traffic increase, companies were obliged to make interim payments in addition to providing additional collateral. It is predicted that the updates made to collateral conditions will be beneficial in reducing the collection risk experienced with companies which interconnect with our Company.

Developments Regarding Mobile Access and Call Origination Market

The deregulation decision regarding the Mobile Access and Call Origination Market, transition process of which was extended until 31.12.2019 with the Board Decision dated 03.04.2019 and numbered 2019/DK-SRD/097, entered into force as of 01.01.2020. With the decision, our Company is able to negotiate commercially for Mobile Virtual Network Operator (MVNO) requests, as

other two MNOs in Turkey. In the event that the operators cannot compromise and are requested, the authority of ICTA to operate the settlement procedure continues.

However, in the lawsuit filed for the cancelation of the Board decision dated 18.02.2013 and numbered 2013/DK-SRD/105 regarding acknowledgment of the Final Document about Mobile Networks Access and Call Origination Market, which is declaring our Company as the operator with Significant Market Power (SMP) in the Mobile Networks Access and Call Origination Market and thereby imposing certain obligations on our Company, the court found the claims of our company justified, and decided to cancel the transactions and decisions subject to the lawsuit. Subsequently, the ICTA appealed aforementioned decision, the 13th Chamber of the Council of State found the claims and defenses of the ICTA unfair and decided to approve the annulment decision. In the subsequent process, the ICTA made an application for a correction of the decision regarding the approval decision, the 13th Department of the Council of State decided to reject the ICTA's decision correction application, and in this way, the said court decision became final in favor of our Company.

Removal of Tariff Control Obligation for SMS/MMS Termination Services

With the Mobile Call Termination Market Analysis published by the Board Decision dated 08.09.2020 and numbered 2020/HR-SRD/258, it was decided to remove the cost-based tariff determination obligation being applied for the SMS/MMS termination services, as of 01.10.2021. Upon deregulation, the operators will be able to negotiate and determine SMS/MMS termination rates among themselves. In addition, IP interconnection has been included in the obligation to provide access and interconnection imposed on operators.

Abolition of Asymmetry in Mobile Termination Rates

Mobile termination rates have been determined asymmetrically (at different levels) since 2005 by the ICTA, in a manner that is against our Company, citing conditions such as mobile market conditions, traffic distribution, revenues,

number of subscribers and technological differences. In the lawsuit filed by our Company for cancellation of the rejection of the application filed to the ICTA on 13.11.2017 with the request to abolish the inequality (asymmetry) in mobile termination rates, the court decided to accept the case by finding the claims of our company justified with its decision dated 18.07.2019; ICTA appealed the case before Regional Administrative Court. Regional Administrative Court, which examined the request of appeal, sent the file to the Council of State for a new decision on the grounds that the case should be heard at the Council of State. While the case is currently pending in the Council of State examination, a comprehensive study on interconnection fee levels is being conducted by the ICTA.

On the other hand, the fact that there was no difference between the operators that could justify the asymmetry was determined by the decision of 13th Chamber of the Council of State dated 05.03.2015 and numbered E.2014/1750, K.2015/895.

Maximum Tariff Regulation on Mobile Electronic Communication Services

Maximum tariffs of the services (national/international voice and SMS, name/title change, line transfer, number change, SIM card change, line on/off, detailed invoice, unknown numbers service etc.) included in the Maximum Tariff Regulation of Mobile Electronic Communication Services are updated every six months by ICTA. Tariff were increased by 5.8% on 01.04.2020 and by 5.3% on 01.10.2020.

Developments in the Wholesale Fixed Local and Central Access Markets

With the Board Decision dated 17.01.2020 and numbered 2019/DK-SRD/338, the Final Document on Wholesale Fixed Local and Central Access Markets Analysis was published. Together with this market analysis, the incumbent operator (Türk Telekom) was designated as having Significant Market Power in related fixed broadband markets and obliged to offer cost-based IP-level Data Stream Access (IP Bitstream) and Ethernet Bitstream Access over its copper and fiber networks, to provide Virtual Unbundled Local Ac-

cess (VULA) service. Besides, the margin squeeze obligation has been imposed on the incumbent operator.

In this context, Türk Telekom's Draft Reference Offers (IP Bitstream Offer, Buy-Sell Wholesale Offer, Ethernet Bitstream Offer, Facility Sharing and Dark Fiber Offer, SSG/ME Internet Offer, Co-Location and Building Access Offer) which determine the conditions of the access obligations and the Draft Procedures and Principles for the Detection, Prevention and Elimination of Margin Squeeze have been submitted to the public opinion in 2020. Efforts to finalize the relevant documents are ongoing before BTK.

Regulation on Processing of Personal Data and Protection of Privacy in the Electronic Communications Sector

The "Regulation on the Processing of Personal Data and the Protection of Privacy in the Electronic Communication Sector" published in the Official Gazette on 04.12.2020 will enter into force on 04.06.2021, six months after its publication. The Regulation regulates the principles and procedures to be followed by operators operating in the electronic communications sector in terms of the data they obtain within the scope of providing electronic communications services, including legal person subscriptions. Detailed arrangements have been made in the Regulation on issues such as explicit consent processes within the scope of processing the data of subscribers and users, data security, reporting of risk and violation, number hiding, and automatic call forwarding.

Presidential Circular on Information and Communication Security Measures

Pursuant to the Presidency Circular on Information and Communication Security Measures, published in the Official Gazette numbered 30823 and dated 06.07.2019, the "Information and Communication Security Guide", was announced by the Presidential Digital Transformation Office on 27.07.2020, which sets out the information and communication security measures to be followed and related activities to be carried out by public institutions as well as the enterprises providing critical infrastructure services to ensure the se-

curity of critical data and information. The Guide aims to encourage the use of domestic products within the framework of measures to be taken by public institutions and concerned enterprises, and to prevent repetitive studies and investments.

ICTA Board Decisions Regarding the COVID Period

With the ICTA decision dated 31.03.2020 and numbered 2020/DK-THD/100; until the measures introduced by Presidential Circulars regarding the epidemic are lifted, operators have been given the opportunity to carry out call center services remotely without interruption, to send invoices electronically and to establish subscriptions remotely by receiving the information/documents required for new subscriptions first electronically and then by mail/cargo.

With the decision of the ICTA dated 31.03.2020 and numbered 2020/iK YED/099; it has been made possible to postpone by up to 3 (three) months the sending periods of information and documents prepared within the scope of the regular reports that we are obliged to submit to the authority.

Establishment of Electronic Communication Subscription Contracts in the Electronic Environment

Amendments to the Electronic Communications Law numbered 5809 made by the "Law on the Amendment of Certain Laws and Statutory Decrees" numbered 7247, which entered into force upon being published in the Official Gazette dated 26.06.2020 and numbered 31167, have regulated that the procedures and principles regarding the verification of the applicant's identity for the contracts to be established in an electronic medium will be determined by ICTA. The relevant procedures and principles have not yet been published.

Commercial Communication and Commercial Electronic Messages

With the Regulation on the Amendment of the Regulation on Commercial Communication and Commercial Electronic Messages published in the Official Gazette dated 28.08.2020 and numbered 31227, a new system [Commercial Electronic Message Management System ("CMMS")] that allows the registration

and management of consents given or refused for receipt of electronic commercial messages including the management of the consents and the complaints, has been introduced. The system obliges service providers who wish to send electronic commercial messages, to register with the CMMS and to transfer their existing consent data base. It has also been regulated that it is not permitted to send electronic commercial messages to recipients who have not officially consented the relevant service provider on the CMMS. Therefore, the service providers are expected to verify the consent given by the recipient before initiating the circulation of the electronic commercial messages.

Social Network Provider Regulations

With the amendments made within the scope of Law No. 5651 on Regulating Broadcasts via Internet and Fighting Crimes Committed Through Such Broadcasts, effective from 01.10.2020; new obligations have been introduced to overseas social network providers with daily access from Turkey exceeding 1 million, including appointing at least one person to be their representative in Turkey, and hosting the data from users in Turkey. It has been regulated that if regulations are not complied with, sanctions such as administrative fines, an advertising ban and bandwidth reduction may be imposed. After the amendments made to the Law No. 5651, The Procedures and Principles on the Social Network Provider were prepared by the ICTA and published in the Official Gazette dated 02.10.2020 and have entered into force. Regulation on Sales of Renewed Products

The Regulation on the Sale of Renewed Products

Products on the renewal of used mobile phones and tablets, warranty conditions of renewed devices, authorization of renewal centers, and regulation of the obligations of market actors entered into force on 22.08.2020. The standard published by the TSE on 17.02.2021 for renewal centers, which will sell renewed and certified used mobile phones, the purchase of second-hand mobile phones and tablets has been made more reliable for consumers, and

second-hand devices were enabled to be introduced to the ecosystem.

Amendment of Concession Agreements and Authorization Certificate within the Law No. 7061 on Amending Certain Tax Laws and Certain Other Laws

With the Law No. 7061, it has been possible to structure disputes regarding certain financial obligations. In addition, with the Law, changes have been made in the tax laws and other laws concerning the sector in order to eliminate the problems experienced in the calculation, collection and follow-up of taxes and other financial obligations taken from the electronic communications sector. It has been enacted in the Law that the operators applying for restructuring will be deemed to have applied to the ICTA for the amendment of the Concession Agreements and Authorization Certificate within the scope of these changes. The texts prepared by our Company and the ICTA regarding the amendments, were included in the Concession Agreements and Authorization Certificate upon the approval of the Council of State, and the signature processes were completed on 16.01.2020.

Cancellation of TRY138 Million Administrative Fine Imposed by the Ministry of Trade

As a result of the investigation conducted by the Ministry of Commerce for 2015, an administrative fine of TRY138 million was imposed on our Company due to alleged violations of distance contracts, subscriber agreements, agreement of sales on installment. A lawsuit was filed for the cancellation of the mentioned transactions and decisions by our company. The court found the claims of our Company to be justified and accepted the case and cancelled the administrative fine. The defendant administration appealed the decision following the rejection of defendant administration's appeal by Regional Administrative Court. The appeal process is pending.

Administrative Fine Imposed by the Competition Board

The Competition Board imposed an administrative fine of TRY92 million claiming that our Company had violated competition by determining the resale

price of units. Legal actions have been taken to withdraw the aforementioned administrative fine by our company.

The Competition Board accepted some of the objections of our Company and changed its previous decision; it abolished the fine of TRY92 million and decided the administrative fine of TRY61 million for our Company with its new decision. The administrative fine was paid with twenty five percent discount on 09.04.2020, in the amount of TRY45 million. Then, a lawsuit was filed for the stay of the execution and cancellation of the aforementioned administrative fine. The case is pending.

Lawsuits Regarding the Use of 444 Numbers

In three separate lawsuits filed by our Company with the request for the stay of execution and the cancellation of the ICTA's transactions that restrict/prevent the use of the 444 numbers, it was decided to cancel the ICTA transactions on the ground that it was illegal, and the cancellation decisions were finalized. Due to the decision to cancel the aforementioned ICTA transactions, an application has been made to the ICTA by our Company to execute the requirements of the court decisions and to eliminate the illegality in practice. Upon the implicit rejection of this application, another lawsuit was filed, and the court accepted this case in favor of our Company. After the defendant administration's appeal and the Regional Administrative Court rejection of the defendant administration's appeal, the ICTA appealed the aforementioned decision, and the appeal is pending. In the meantime, the ICTA conducts evaluations and legislation studies regarding this dispute.

Cancellation of Board Decision Increasing the ICTA's Obligation for 3G Coverage

In the lawsuit filed with the request for stay of execution and cancellation of the decision of the ICTA dated 21.07.2014 and numbered 2014/DK-YED/376, which changed the scope of the obligations subject to the Concession Agreement of Turkcell grounding on the amendment made in Laws No 6360 and 6447 and Metropolitan Municipali-

ty Law No.5216 and the transaction of the notification of this decision dated 14.08.2014 and numbered 151.99/50991, the Court has justified the claims of our Company with its decision notified on 17.04.2019 and decided to cancel the Board decision and the act. The defendant appealed the decision and the appeal is pending.

Amendment of the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies

"The maturity of loans used for the purchase of computers cannot exceed twelve months, the maturity of loans used for the purchase of tablets cannot exceed six months, the maturity of loans used for the purchase of mobile phones of up to three thousand five hundred Turkish Liras cannot exceed twelve months and the maturity of loans used for the purchase of mobile phones priced over three thousand five hundred Turkish Liras cannot exceed three months. The same terms shall apply for the restructuring of these loans." provision has been introduced in accordance with the Regulation Amending the Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies published in the Official Gazette on 14.01.2020. The Presidency Strategy and Budget Directorate is authorized to change the limitations in this article or to impose additional restrictions in this regard, considering the opinion of the T.R. Ministry of Treasury and Finance.

Amendment of the Regulation on the Principles and Rules to be implied in Retail Trade

The Regulation Amending the Regulation on the Principles and Rules to be Implied in Retail Trade was published in the Official Gazette dated 26.12.2020. Accordingly, the installment periods are determined as follows:

- three months for mobile phone sales with a price of over three thousand five hundred Turkish Liras,
- four months for sales of electronic goods such as video, camera and sound systems, and sales of televisions priced over three thousand five hundred Turkish Liras, six months for tablet computer sales,

- eighteen months for domestic expenses related to airlines, travel agencies and accommodation.

Cancellation Decision Given for TÖHAŞ Payment Order Case

The mobile payment services of TÖHAŞ between 01.07.2015-15.08.2018 were audited by the BRSA; subsequently, an administrative fine imposed on TÖHAŞ; in the amount of TRY18,762,982; a lawsuit has been filed by TÖHAŞ with the request for the stay of execution and cancellation of the aforementioned decisions and transactions. The hearing was held on 30.12.2020 in this case and it is expected that the court will grant a decision.

While this case was ongoing, the Tax Office sent a payment order for the collection of the aforementioned administrative fine; a lawsuit was filed with the request for the stay of execution and the cancellation of the payment order. In the lawsuit filed, the court decided to accept the case and cancelled the payment order subject to the case. Therefore, in the current situation, until the lawsuit filed for the cancellation of the administrative fine is concluded, the collection procedures should not be continued.

Limitation on Dividend Distributions

With the Provisional Article 13 introduced to the Turkish Commercial Code No. 6102 dated 13.01.2011 by "the Law on Reducing the Effects of the Novel Coronavirus Pandemic on Economic and Social Life and Law on Amendments to Certain Laws", which was published in the Official Gazette dated 17.04.2020 and entered into force as of the same date, it has been regulated that companies are allowed to decide to distribute up to twenty-five percent of their net profit for the year 2019 until 30.09.2020. The President is authorized to extend and shorten the specified period for three months, and with the Presidential Decision No. 2948 published in the Official Gazette dated 18.09.2020 and numbered 31248, the aforementioned period was extended until 31.12.2020.

Entry into Force of the Digital Service Tax

The Law numbered 7194 on Digital Service Tax and Amendment of Certain Laws and the Decree numbered 375 has entered into force on 01.03.2020; and the Communiqué on Application of Digital Service Tax was published in the Official Gazette dated 20.03.2020. The revenues obtained from the below-listed activities in Turkey are subject to digital service tax at the rate of 7.5% as set out by the Law.

- All kinds of advertising services offered in the digital environment,
- Services offered in digital environment for the sale of any audio, visual or digital content and for listening, viewing, playing, recording or using these contents in digital environment,
- Services regarding providing and operating digital environments where users can interact with each other,
- Intermediary services provided in digital environment by digital service providers for the aforementioned services as well as advertisements published on the websites of newspapers or magazines, or on the websites of audio and/or visual publishing companies, which are active only in digital environment, or during broadcast flows thereof.

If the taxpayer is a member of a consolidated group in terms of financial accounting, the group's total generated revenue regarding the services subject to the tax shall be taken into account when applying these limits.

Seizure of UYAP Asset Inquiries in the Electronic Environment

The Law on the Amendment of the Civil Procedure Law No. 7251 and Some Laws entered into force after being published in the Official Gazette No. 31199 dated 28.07.2020. With the change; in the enforcement proceedings, it is stipulated that the goods, rights or receivables of the debtor can be questioned through UYAP, and that the debtor's goods, receivable or receivables can be demanded directly through UYAP. As a result of the query made through the electronic system, it has been stated that the debtor's rights and / or property can be seized electronically by the enforcement offices based on the

request of the creditor who requests lien on the rights and/or property of the debtor, and the regulation containing the detailed regulation on this issue will be published.

The Recently Established Lifecell Cloud (Lifebox), Lifecell Music (fizy) and Lifecell TV (TV+ ott) Companies

Turkcell İletişim Hizmetleri A.Ş. within the scope of the decision of the Board of Directors dated 30.06.2020, transferred its fizy service to Lifecell Müzik ve Yayın İletim A.Ş., its lifebox service to Lifecell Bulut Çözümleri A.Ş., and Superonline İletişim Hizmetleri A.Ş. managed OTT activities of TV+ service to Lifecell TV Yayın ve Content Hizmetleri A.Ş.

Lifecell Music (fizy) & Lifecell TV (TV+ ott) License and Authorization Applications with RTÜK

With the Regulation on the Presentation of Radio, Television and Broadcasts on the Internet, which was published on 01.08.2019, radio, television and broadcasts on the internet and the transmission of these broadcasts on the internet are subject to license and authorization. In this context; (i) Lifecell Müzik Yayın ve İletim A.Ş. has applied for "Internet - İBYH Licence" for the "fizy" platform broadcasting on demand from the internet, (ii) for the TV+ (OTT) platform that transmits broadcasts from the internet - mobile environment, Lifecell TV Broadcasting and Content Services A.Ş. made the application for "Broadcasting Authorization on the Internet" to the Radio and Television Supreme Council ("Supreme Council") on 01.07.2020, and the decision of the Supreme Council on the applications is pending.

Transfer of BiP Platform and Establishment of BiP B.V.

With the decision of the Turkcell Board of Directors dated 29.04.2020, it was decided that the BiP platform owned by Lifecell Ventures Coöperatief U.A., one of our subsidiaries, to be transferred to our Company Turkcell İletişim Hizmetleri A.Ş. at a price to be determined in the valuation report to be prepared by the independent audit firm, by transferring the intangible rights constituting the platform. Accordingly, the transfer process was completed on 30.06.2020. Subsequently, in order to give the BiP

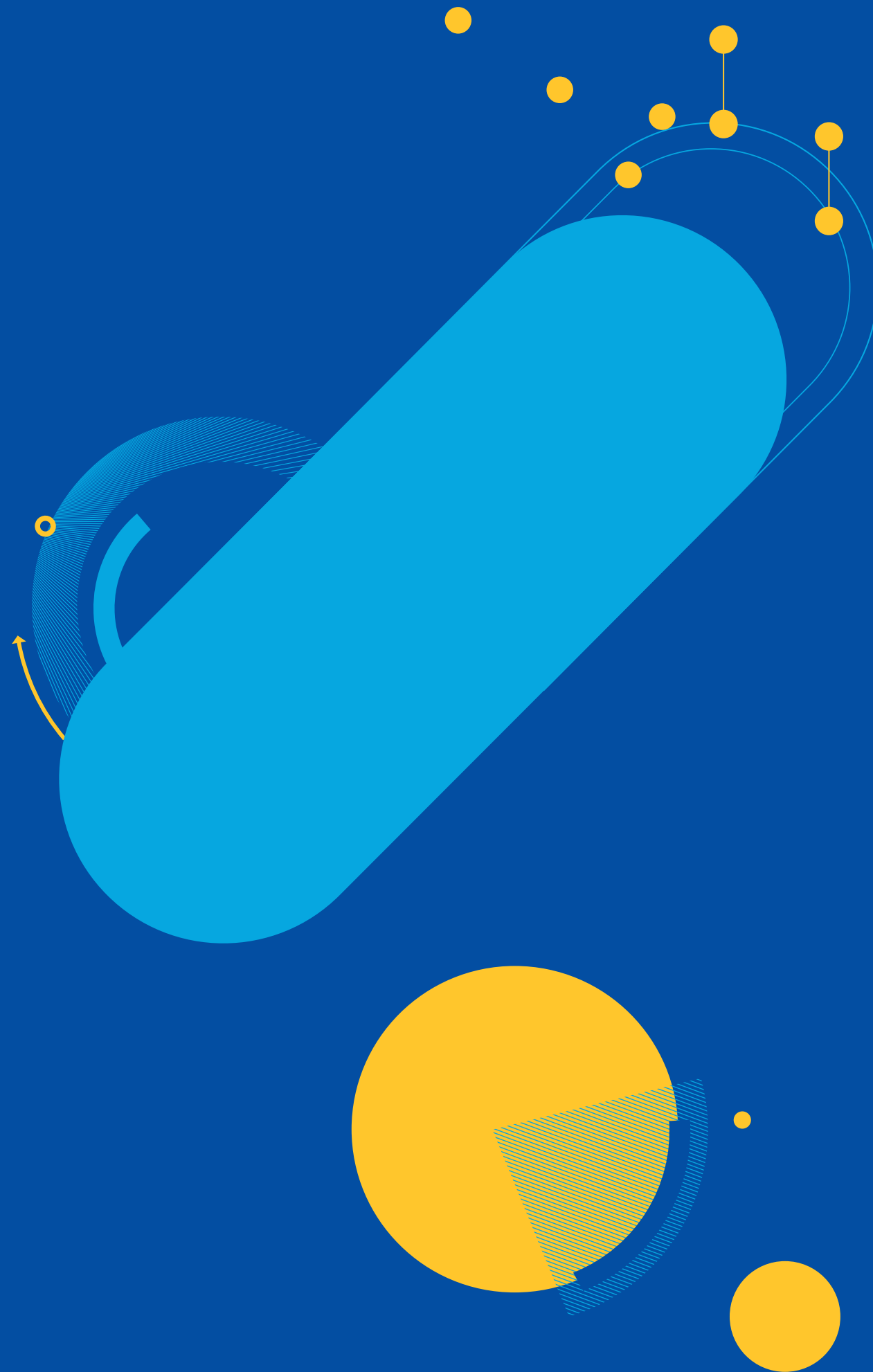
platform an independent quality, it was decided to transfer the BiP platform to BiP İletişim Teknolojileri ve Dijital Servisler A.Ş., one of our Company's subsidiaries, at a price to be determined in the valuation report to be prepared by the independent audit firm, with the decision of the Board of Directors dated 24.09.2020. This transfer process was completed on 31.12.2020.

In order to achieve Turkcell's vision of expanding its digital services and technology solutions in international markets, and to increase international penetration, on 07.09.2020 "Lifecell Digital Communication Technologies B.V." was incorporated in The Netherlands with a capital of EUR50,000 and registered with the trade registry, as a company fully owned by Lifecell Ventures Coöperatief U.A., one of our subsidiaries. It stores the data regarding sales of digital services and products, which are developed with the resources of Turkcell, in Turkey. On 04.12.2020, its trade name has been changed to "BiP Digital Communication Technologies B.V." and this change has been duly registered.

Independent auditor's report and consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT

This report is 106 pages.





Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Turkcell İletişim Hizmetleri A.Ş.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Turkcell İletişim Hizmetleri A.Ş. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of profit or loss, other comprehensive income, changes in equity and the cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing on Item 15b of the 2020 Annual Report to Shareholders. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Litigation contingencies

As described in Notes 2(d) and 38 to the 2020 consolidated financial statements, the Company recognizes liabilities in the consolidated financial statements for the resolution of pending litigation when management determines that a loss is probable and the amount of the loss can be reasonably estimated. In relation to legal cases, other than the provision of TRY253,633 thousand accounted for in the consolidated financial statements at 31 December 2020, no additional provision for an estimated loss is accrued for unfavorable outcomes when, after assessing the information available, (i) management concludes that it is not probable that a loss has been incurred in any of the pending litigation; or (ii) management is unable to estimate the loss or range of loss for any of the pending matters. The Company also discloses the contingency in circumstances where management concludes no loss is probable or reasonably estimable but it is reasonably possible that a loss may be incurred.

The principal considerations for our determination that performing procedures relating to litigation contingencies is a critical audit matter are there was significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reasonable estimate of the loss or range of loss for each claim can be made, which in turn led to a high degree of auditor judgment and effort in evaluating management's assessment of the loss contingencies associated with litigation claims and the audit effort involved the use of professionals with specialized skills and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's evaluation of litigation claims, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated, as well as financial statement disclosures. These procedures also included, among others, obtaining and evaluating the letters of audit inquiry with internal legal counsel, evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable, and evaluating the sufficiency of the Company's litigation contingency disclosures. Professionals with specialized skills and knowledge were also used to assist in the evaluation of Company's assessment towards ongoing legal cases.



Valuation of derivative instruments

As described in Notes 2(i) and 35 to the consolidated financial statements, the Company uses participating cross currency swap contracts to hedge its currency risk and interest risk. Management makes significant judgment to value derivative instruments and uses prices in the bid-ask price range that are considered the most appropriate are used instead of mid prices in valuation model. For the year ended December 31, 2020, as a result of valuation of participating cross currency swaps fair value change, derivative assets of TRY 797,060 thousand are recognized in the consolidated financial statements.

The principal considerations for our determination that performing procedures relating to management's valuation of the derivative instruments is a critical audit matter are there was significant judgment by management to determine the fair value of these instruments due to the use of an internally-developed model, which included significant judgment related to the bid-ask price range. This in turn led to a high degree of auditor subjectivity and judgment to evaluate the audit evidence obtained related to the valuation, and the audit effort involved the use of professionals with specialized skills and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to participating cross currency swaps' valuation, testing the completeness and accuracy of data provided by management and evaluating management's judgments related to the bid-ask price range. Professionals with specialized skills and knowledge were also used to assist in the valuation of Company's participating cross currency swaps.

Recognition and recoverability of deferred tax assets on tax losses

As more fully described in Note 9 to the consolidated financial statements, the Company recognises deferred tax assets based on their estimated recoverability and whether management judge that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. For the year ended December 31, 2020, a deferred tax asset in Ukraine of TRY 665,842 thousand has been recognised in respect of tax losses, as management concluded it is probable that the Ukraine entity, lifecell LLC will continue to generate taxable income in the future against which they can utilise these assets based on prospective financial information. Management's prospective financial information for the lifecell LLC included significant judgments and assumptions relating to revenue growth rates, interest rates, profitability measures and capital expenditures.



The principal considerations for our determination that performing procedures relating to recognition and recoverability of deferred tax assets on tax losses is a critical audit matter are the significant judgment by management when determining the recoverability of these assets, including a high degree of estimation uncertainty relative to the assumptions made including revenue growth rates, interest rates, profitability measures and capital expenditures; a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's assessment of deferred tax assets on tax losses.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the recognition of deferred tax assets, addressing accuracy of the prospective financial information and data used which included significant judgments and assumptions relating to revenue growth rates, interest rates, profitability measures and capital expenditures. These procedures also included, among others, testing the information used in the evaluation of recoverability of deferred tax assets, including prospective business plan.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

Istanbul, 26 April 2021

We have served as the Company's auditor since 2016.

TURKCELL İLETİSİM HİZMETLERİ AŞ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	31 December 2020	31 December 2019
Assets			
Property, plant and equipment	11	13,902,730	12,458,491
Right-of-use assets	15	2,380,174	1,783,096
Intangible assets	12	12,367,784	11,308,062
Investment properties	14	13,675	16,283
Trade receivables	19	222,451	148,159
Receivables from financial services	20	75,717	123,136
Contract assets	21	128,114	10,291
Deferred tax assets	18	836,608	189,342
Investments in equity accounted investees		103,926	41,701
Other non-current assets	17	883,842	304,270
Total non-current assets		30,915,021	26,382,831
Inventories	22	203,715	178,399
Trade receivables	19	3,465,797	3,133,975
Due from related parties		16,476	4,477
Receivables from financial services	20	1,886,381	2,319,122
Contract assets	21	972,052	933,969
Derivative financial instruments	35	917,437	845,513
Financial assets at amortized cost		172,363	5,368
Financial assets at fair value through other comprehensive income	25	529,610	345,602
Cash and cash equivalents	24	11,860,555	10,238,715
Other current assets	23	558,986	1,327,004
Total current assets		20,583,372	19,332,144
Total assets		51,498,393	45,714,975
Equity			
Share capital	26	2,200,000	2,200,000
Share premium		269	269
Treasury shares	26	(147,914)	(144,152)
Additional paid-in capital		35,026	35,026
Reserves		2,400,000	2,816,359
Remeasurements of employee termination benefit		(94,684)	(63,539)
Retained earnings		16,392,070	13,202,526
Total equity attributable to equity holders of Turkcell İletisim Hizmetleri AS ("the Company")		20,784,767	18,046,489
Non-controlling interests		171	36,455
Total equity		20,784,938	18,082,944

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

F2 **TURKCELL ILETISIM HIZMETLERI AS****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	31 December 2020	31 December 2019
Liabilities			
Borrowings	29	16,353,685	12,677,394
Employee benefit obligations	30	381,923	294,331
Provisions	33	411,931	337,404
Deferred tax liabilities	18	1,337,831	1,165,630
Contract liabilities	32	164,764	141,890
Other non-current liabilities	28	498,059	359,857
Total non-current liabilities		19,148,193	14,976,506
Borrowings	29	5,232,737	7,628,333
Current tax liabilities		134,175	121,258
Trade and other payables	34	4,976,605	4,117,471
Due to related parties		40,355	12,082
Deferred revenue	31	116,921	56,544
Provisions	33	630,288	342,812
Contract liabilities	32	315,070	290,408
Derivative financial instruments	35	119,111	86,617
Total current liabilities		11,565,262	12,655,525
Total liabilities		30,713,455	27,632,031
Total equity and liabilities		51,498,393	45,714,975

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

F3 **TURKCELL ILETISIM HIZMETLERI AS****CONSOLIDATED STATEMENT OF PROFIT OR LOSS****For the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	2020	2019	2018
Revenue	5	28,272,751	23,996,262	20,173,354
Revenue from financial services	5	830,987	1,140,873	1,119,121
Total revenue		29,103,738	25,137,135	21,292,475
Cost of revenue	10	(20,161,096)	(16,816,705)	(13,751,195)
Cost of revenue from financial services	10	(174,963)	(266,775)	(394,798)
Total cost of revenue		(20,336,059)	(17,083,480)	(14,145,993)
Gross profit		8,111,655	7,179,557	6,422,159
Gross profit from financial services		656,024	874,098	724,323
Total gross profit		8,767,679	8,053,655	7,146,482
Other income	6	96,585	140,705	241,435
Selling and marketing expenses	10	(1,372,953)	(1,555,189)	(1,626,714)
Administrative expenses	10	(749,612)	(779,755)	(673,370)
Net impairment losses on financial and contract assets	10	(349,595)	(338,857)	(346,390)
Other expenses	6	(619,835)	(487,295)	(381,582)
Operating profit		5,772,269	5,033,264	4,359,861
Finance income	8	2,119,483	297,450	1,677,114
Finance costs	8	(3,251,164)	(2,025,118)	(3,364,072)
Net finance costs		(1,131,681)	(1,727,668)	(1,686,958)
Share of loss of equity accounted investees		(13,775)	(15,712)	(87)
Profit before income tax		4,626,813	3,289,884	2,672,816
Income tax expense	9	(387,193)	(785,630)	(495,481)
Profit from continuing operations		4,239,620	2,504,254	2,177,335
Gain from discontinued operations (attributable to owners of the Company)		-	772,436	-
Profit for the year		4,239,620	3,276,690	2,177,335
Profit for the year is attributable to:				
Owners of the Company		4,237,086	3,246,487	2,021,065
Non-controlling interests		2,534	30,203	156,270
Total		4,239,620	3,276,690	2,177,335
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	27	1.94	1.49	0.93
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	27	1.94	1.14	0.93
Basic and diluted earnings per share for profit from discontinued operations attributable to owners of the Company (in full TL)	27	-	0.35	-

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

F4
TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	2020	2019	2018
Profit for the year		4,239,620	3,276,690	2,177,335
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Remeasurements of employee termination benefits	30	(37,230)	(36,385)	12,699
Income tax relating to remeasurements of employee termination benefit:		6,085	8,005	(2,794)
		(31,145)	(28,380)	9,905
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		29,352	431,810	424,817
Exchange differences arising from discontinued operations		-	104,986	425,371
Fair value reserve		(1,970)	4,451	-
Cash flow hedges - effective portion of changes in fair value		1,523,123	221,488	630,191
Cash flow hedges - reclassified to profit or loss	35	(1,513,209)	(439,365)	(611,035)
Cost of hedging reserve - changes in fair value		(589,856)	97,373	(390,267)
Cost of hedging reserve - reclassified to profit or loss		102,212	(21,768)	42,665
Loss on hedges of net investments in foreign operations		(368,959)	(55,389)	-
Income tax relating to these items	9	167,028	(56,728)	(154,409)
-Income tax relating to exchange differences		7,729	(99,234)	(226,667)
-Income tax relating to fair value reserve		483	(979)	-
-Income tax relating to hedges of net investments		72,684	12,186	-
-Income tax relating to cost of hedging reserve		92,089	(16,634)	76,472
-Income tax relating to cash flow hedges	35	(5,957)	47,933	(4,214)
		(652,279)	286,858	367,333
Other comprehensive income/(loss) for the year, net of income tax		(683,424)	258,478	377,238
Total comprehensive income for the year		3,556,196	3,535,168	2,554,573
Total comprehensive income for the year is attributable to:				
Owners of the Company		3,553,662	3,505,496	2,398,930
Non-controlling interests		2,534	29,672	155,643
Total		3,556,196	3,535,168	2,554,573
Total comprehensive income for the year attributable to owners of the Company arises from:				
Continuing operations		3,553,662	2,628,074	1,957,396
Discontinued operations		-	877,422	441,534
Total		3,553,662	3,505,496	2,398,930

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Share capital	Treasury shares	Additional paid-in capital	Share premium	Legal Reserve(*)	Fair Value Reserve (*)	Net investment Hedge (*)	Hedging reserve (*)	Cost of hedging reserve (*)	Reserve for non-controlling interest (*)	Remeasurements of employee termination benefit	Foreign currency translation reserve (*)	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	2,200,000	(56,313)	35,026	269	1,643,024	-	-	-	-	(540,045)	(44,776)	439,700	11,312,276	14,989,161	55,927	15,045,088
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	518,874	518,874	-	518,874
Retained total equity at 1 January 2018	2,200,000	(56,313)	35,026	269	1,643,024	-	-	-	-	(540,045)	(44,776)	439,700	11,831,150	15,508,035	55,927	15,563,962
Profit for the period	-	-	-	-	-	-	-	-	-	-	9,905	894,295	2,021,065	2,021,065	156,270	2,177,335
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	14,942	(271,130)	(270,147)	9,905	894,295	2,021,065	2,398,930	(627)	377,238
Total comprehensive income	-	-	-	-	-	-	-	14,942	(271,130)	(270,147)	9,905	894,295	2,021,065	2,398,930	(627)	377,238
Transfer to legal reserves	-	-	-	-	592,898	-	-	-	-	-	-	-	(392,898)	(94,620)	-	(94,620)
Acquisition of treasury shares (-)	-	(94,620)	-	-	-	-	-	-	-	-	-	-	(1,900,000)	(1,800,601)	(20,982)	(20,982)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,900,000)	(1,800,601)	(58,778)	(1,949,379)
Dividends paid (Note 26)	-	9,399	-	-	-	-	-	-	-	-	-	-	11,359,317	15,921,744	131,810	16,953,554
Balance at 31 December 2018	2,200,000	(141,534)	35,026	269	2,235,922	-	-	14,942	(271,130)	(810,192)	(34,871)	1,333,995	11,359,317	15,921,744	131,810	16,953,554
Balance at 1 January 2019	2,200,000	(141,534)	35,026	269	2,235,922	-	-	14,942	(271,130)	(810,192)	(34,871)	1,333,995	11,359,317	15,921,744	131,810	16,953,554
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	3,246,487	3,246,487	30,203	3,276,690
Other comprehensive income, net of income tax	-	-	-	-	-	3,472	(43,203)	(169,944)	58,971	(66,675)	(38,668)	505,056	3,246,487	3,246,487	(531)	3,246,478
Total comprehensive income/(loss)	-	-	-	-	-	3,472	(43,203)	(169,944)	58,971	(66,675)	(38,668)	505,056	3,246,487	3,246,487	(531)	3,246,478
Acquisition of treasury shares (-)	-	(9,998)	-	-	-	-	-	-	-	-	-	-	(9,998)	(9,998)	-	(9,998)
Transfer to legal reserve	-	-	-	-	537,183	-	-	-	-	-	-	-	(537,183)	(537,183)	-	(537,183)
Dividends paid (Note 26)	-	7,380	-	-	-	-	-	-	-	-	-	-	(1,010,000)	(1,002,620)	(125,027)	(1,127,647)
Sale of associate (Note 16)	-	(144,152)	35,026	269	2,773,105	3,472	(43,203)	(155,002)	(212,159)	876,867	(63,539)	(1,388,905)	13,202,526	18,046,489	36,455	18,082,944
Balance at 31 December 2019	2,200,000	(144,152)	35,026	269	2,773,105	3,472	(43,203)	(155,002)	(212,159)	876,867	(63,539)	(1,388,905)	13,202,526	18,046,489	36,455	18,082,944
Balance at 1 January 2020	2,200,000	(144,152)	35,026	269	2,773,105	3,472	(43,203)	(155,002)	(212,159)	876,867	(63,539)	(1,388,905)	13,202,526	18,046,489	36,455	18,082,944
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	4,237,086	4,237,086	2,534	4,239,620
Other comprehensive income, net of income tax	-	-	-	-	-	(1,487)	(296,275)	3,957	(995,555)	(66,675)	(31,145)	37,081	4,237,086	(683,424)	-	(683,424)
Total comprehensive income/(loss)	-	-	-	-	-	(1,487)	(296,275)	3,957	(995,555)	(66,675)	(31,145)	37,081	4,237,086	(683,424)	-	(683,424)
Acquisition of treasury shares (-)	-	(9,994)	-	-	-	-	-	-	-	-	-	-	(9,994)	(9,994)	-	(9,994)
Transfer to legal reserve	-	-	-	-	235,920	-	-	-	-	-	-	-	(235,920)	(235,920)	-	(235,920)
Dividends paid (Note 26)	-	6,232	-	-	-	-	-	-	-	-	-	-	(811,622)	(805,390)	(32,856)	(838,246)
Sale of associate (Note 16)	-	(147,914)	35,026	269	3,009,025	1,985	(339,478)	(151,045)	(607,714)	-	(94,084)	(487,227)	16,392,070	20,784,767	171	20,784,938
Balance at 31 December 2020	2,200,000	(147,914)	35,026	269	3,009,025	1,985	(339,478)	(151,045)	(607,714)	-	(94,084)	(487,227)	16,392,070	20,784,767	171	20,784,938

(*) Included in Reserves in the consolidated statement of financial position.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

F5

F6 TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	2020	2019	2018
Cash flows from operating activities:				
Profit for the year from				
Continuing operations		4,239,620	2,504,254	2,177,335
Discontinued operations		-	772,436	-
Profit for the year including discontinued operations		4,239,620	3,276,690	2,177,335
Adjustments for:				
Depreciation and impairment of property, plant and equipment and investment properties	11-14	2,426,263	2,199,830	1,894,445
Amortization of intangible assets and right of use assets	12-15	3,548,516	2,846,735	2,393,529
Net finance expense		901,530	1,442,773	983,881
Fair value adjustments to derivatives		(2,016,859)	(570,204)	(1,719,610)
Income tax expense	9	387,193	785,630	495,481
(Gain) on sale of property, plant and equipment		(23,950)	(47,169)	(43,727)
Unrealized foreign exchange losses on operating assets		4,384,197	1,832,636	2,954,304
Provisions		1,230,295	920,924	796,520
Share of equity accounted investees		13,775	15,712	87
Loss/(gain) on sale of subsidiary		1,387	-	(110,308)
Adjustments to (earnings) due to disposal of assets held for sale		-	(772,436)	-
Non-cash other adjustments		(13,840)	(15,557)	-
		15,078,127	11,915,564	9,821,937
Change in operating assets/liabilities				
Change in trade receivables	19	(618,545)	(881,333)	273,110
Change in due from related parties	39	(11,208)	10,025	(5,870)
Change in receivables from financial services	20	429,950	1,651,180	(69,991)
Change in inventories	22	(25,316)	2,035	(76,883)
Change in other current assets	23	547,475	(299,790)	53,957
Change in other non-current assets	17	(71,752)	(38,112)	142,133
Change in due to related parties	39	27,484	(33,135)	40,072
Change in trade and other payables	34	614,418	92,427	(501,980)
Change in other non-current liabilities	28	739	(8,122)	(242,384)
Change in employee benefit obligations	30	(20,850)	(36,231)	(32,764)
Change in short term contract asset	21	(38,636)	(223,146)	(711,928)
Change in long term contract asset	21	(117,823)	(6,778)	(3,513)
Change in deferred revenue		82,254	45,402	54,391
Change in short term contract liability	32	24,662	34,652	255,756
Change in long term contract liability	32	22,874	10,292	131,598
Changes in other working capital		(543,289)	(506,303)	(981,764)
Cash generated from operations		15,380,564	11,728,627	8,145,877
Interest paid		(1,653,675)	(2,090,718)	(1,658,308)
Income tax paid		(634,094)	(611,354)	(657,715)
Net cash inflow from operating activities		13,092,795	9,026,555	5,829,854
Cash flows from investing activities:				
Acquisition of property, plant and equipment	11	(3,904,443)	(3,195,069)	(2,960,648)
Acquisition of intangible assets	12	(3,375,915)	(2,821,111)	(2,264,912)
Proceeds from sale of property, plant and equipment		99,843	81,192	103,864
(Payments for)/proceeds from advances given for acquisition of property, plant and equipment		(501,339)	156,936	(204,817)
Contribution of increase of share capital in joint ventures/associates		(76,000)	(38,000)	(19,500)
Proceeds from sale of subsidiary		1,229	2,219,644	118,528
Cash inflows from financial asset at fair value through other comprehensive income		976,576	84,655	-
Cash outflows from financial asset at fair value through other comprehensive income		(972,188)	(369,591)	(39,877)
Payments for financial assets at amortized cost		(23,298)	-	-
Interest received		994,899	854,018	731,793
Net cash outflow from investing activities		(6,780,636)	(3,027,326)	(4,535,569)
Cash flows from financing activities:				
Dividends received for treasury share		6,232	7,380	9,399
Proceeds from derivative instruments		2,085,585	1,924,363	1,054,345
Repayments of derivative instruments		(866,650)	(1,101,876)	(710,522)
Proceeds from issues of loans and borrowings		22,983,201	29,060,490	44,341,070
Proceeds from issues of bonds		494,987	311,649	2,188,313
Repayment of borrowings		(26,354,532)	(31,297,901)	(43,987,127)
Repayment of bonds		(455,878)	(225,794)	(191,312)
Dividends paid to shareholders		(811,622)	(1,010,000)	(1,900,000)
Dividends paid to non-controlling interest in subsidiaries		(32,856)	(125,027)	(58,778)
Acquisition of treasury shares		(9,994)	(9,998)	(94,620)
Payments of lease liabilities		(1,302,335)	(1,215,320)	(1,164,879)
Other cash (outflows)/inflows from financing activities		(3,951)	204,077	(20,272)
Net cash outflow from financing activities		(4,267,813)	(3,477,957)	(534,383)
Net increase in cash and cash equivalents		2,044,346	2,521,272	759,902
Cash and cash equivalents at 1 January		10,238,715	7,419,239	4,712,333
Effects of exchange rate changes on cash and cash equivalents		(422,506)	298,204	1,947,004
Cash and cash equivalents at 31 December	24	11,860,555	10,238,715	7,419,239

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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TURKCELL ILETISIM HIZMETLERI AS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2020

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

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F8 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

1. Reporting entity

Turkcell Iletisim Hizmetleri Anonim Sirketi (the "Company" or "Turkcell") was incorporated in Turkey on 5 October 1993 and commenced its operations in 1994. The address of the Company's registered office is Maltepe Aydınevler Mahallesi Inonu Caddesi No: 20, Kucukyali Ofisspark/Istanbul. It is engaged in establishing and operating a Global System for Mobile Communications ("GSM") network in Turkey and regional states.

In April 1998, the Company signed a license agreement (the "2G License") with the Ministry of Transport and Infrastructure of Turkey (the "Turkish Ministry"), under which it was granted a 25-year GSM license in exchange for a license fee of USD 500,000. The License permits the Company to operate as a stand-alone GSM operator and releases it from some of the operating constraints in the Revenue Sharing Agreement, which was in effect prior to the 2G License. Under 2G license, the Company pays in cash the Undersecretariat of the Treasury (the "Turkish Treasury") a monthly tax levy, namely a 'treasury share' equal to 15% of the Company's gross revenue from Turkish GSM operations. The Company continues to build and operate its GSM network and is authorized to, among other things, set its own tariffs within certain limits, charge peak and off-peak rates, offer a variety of service and pricing packages, issue invoices directly to subscribers, collect payments and deal directly with subscribers. Following the 3G tender held by the Information Technologies and Communications Authority ("ICTA") regarding the authorization for providing IMT-2000/UMTS services and infrastructure, the Company has been granted the A-Type license (the "3G License") providing the widest frequency band, at a consideration of EUR 358,000 (excluding Value Added Tax ("VAT")). Payment of the 3G license was made in cash, following the necessary approvals, on 30 April 2009.

On 26 August 2015, "Authorization Tender on IMT Services and Infrastructure" publicly known as "4.5G license" tender, was held by the ICTA and the Company was awarded with a total frequency band of 172.4 MHz for 13 years. The tender price is EUR 1,623,460 (excluding VAT of 18%). IMT authorization period expires on 30 April 2029 and operators were able to commence service delivery for 4.5G starting from 1 April 2016. 2x1.4 MHz frequency band in 900MHz spectrum and 2 units of 2x5 MHz frequency bands in 2100 MHz spectrum were commenced on 1 December 2015, while remaining packages were commenced on 1 April 2016.

The Company is obliged to pay the ICTA a monthly treasury share equal to 90% of 15% of gross revenue and 10% is paid for a universal service fund. In addition, the Company pays annual contributions in an amount equal to 0.35% of net revenue to the ICTA's expenses and 5% of net revenue to ICTA as a frequency fee (TRx).

On 21 October 2020, the following main amendments to the articles of association have been approved by the Ordinary General Assembly:

- (i) The size of the board of directors has been increased from seven members to a total of nine members;
- (ii) 15% of the total issued shares of Turkcell, owned by TVF Bilgi Teknolojileri Iletisim Hizmetleri Yatirim Sanayi ve Ticaret Anonim Sirketi ("TVF BTIH") as the surviving entity from the Turkcell Holding A.S. ("Turkcell Holding") / TVF BTIH merger, have been re-classified as a separate class of Group A Shares (the "Group A Shares");
- (iii) A nomination privilege has been created on the Group A Shares, allowing the holders thereof to nominate four candidates for appointment of five members of the board of directors of the Company; a voting privilege has been created on the Group A Shares, allowing the holders thereof to cast six votes for each Group A Share in respect of the appointment of
 - a. five members of the board of directors of the Company, and
 - b. the chairman of the presiding committee of the general assembly of shareholders;



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TURKCELL ILETISIM HIZMETLERI AS**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

1. Reporting entity (continued)

- (iv) All shareholders of the Company (including the holders of Group A Shares) are entitled to cast one vote per share on all other matters submitted to a vote of Turkcell's shareholders, including the appointment of the residual four members of the board of directors of Turkcell (including independent ones);
- (v) The chairman of the board of directors shall be elected among the members of the board of directors elected through the exercise of the privileges granted to Group A Shares;
- (vi) The meeting quorum requirement of the board of directors requires five members constituting the majority of full number of its members, and the decision quorum requires the affirmative vote of at least five members present in the meeting; and
- (vii) So long as the above mentioned privileges are in effect, unlimited authority to represent and bind Turkcell regulated under Article 370 of Turkish Commercial Code shall be exercised by two members of the board of directors of the Company, including at least one member of the board of directors of the Company appointed through the exercise of the said privileges by the holders of Group A Shares.

The completion of the transactions announced on 17 June 2020 between the Company's direct and indirect shareholders and certain of its related parties, Turkiye Varlik Fonu ("TVF"), through Turkiye Varlik Fonu Yonetimi A.S., TVF BTIH, T.C. Ziraat Bankasi A.S. ("Ziraat Bankasi") took place on 22 October 2020, at the completion date among other things, (i) Telia Finland Oy ("Telia"), the holder of 47.09% shares of Turkcell Holding (indirectly 24.02% in Turkcell) divested of all of its interest in Turkcell's shareholding structure by selling its shares to TVF BTIH; (ii) Cukurova Telecom Holdings Limited, the holder of 52.91% shares of Turkcell Holding according to public announcements (indirectly 26.98% in Turkcell) divested all of its interest in shareholding structure by selling its shares to TVF BTIH; (iii) following the merger of Turkcell Holding with TVF BTIH, IMTIS Holdings S.a.r.l. ("IMTIS Holdings") acquired 24.8% of the issued shares of Turkcell, from TVF BTIH.

As announced on 13 November 2020, IMTIS Holdings, the direct shareholder of the Company, holding 545,600,000 Group B ordinary and tradable shares corresponding to 24.8% of the issued shares, agreed to sell 110,000,000 of Turkcell shares corresponding to 5% of the issued shares to institutional investors. The transaction is completed on 12 November 2020. Following completion of the transactions, capital shares and voting rights of TVF BTIH and IMTIS Holdings in the Company have become 26.2% and 19.8%, respectively. Proportion of the Company's shares that are traded in domestic and foreign stock exchanges increased from 48.95% to 53.95% (Note 26).

The Group's immediate and ultimate parents are TVF BTIH and TVF as of 31 December 2020, respectively. TVF has been established with the Law No. 6741 and published in the Official Gazette dated 26 August 2016.

In order to ensure compliance with corporate governance principles of the Capital Markets Board ("CMB"), three independent board members were appointed in 2013. Additionally, two board members were appointed at the General Assembly dated 29 April 2013 as per the resolution of CMB. Also in 2013, two members were chosen from the independent nominees list submitted by Telia to CMB. On 29 March 2018, in accordance with the shareholder proposal at the Ordinary General Assembly, three new members were elected to serve for three years instead of three members who are not among independent members appointed by the CMB. Two new board members were appointed on 7 and 8 March 2019 in lieu of board members who had resigned at various dates in 2019. These two board members were reappointed for three years in the Ordinary General Assembly Meeting held on 12 September 2019. One of the board members resigned on 27 November 2019, and on 13 December 2019 a new board member was appointed for the vacant seat. Three new independent board members were appointed in lieu of existing three independent board members in board of directors with the CMB decision dated 5 March 2020.

F10 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

1. Reporting entity (continued)

On 21 October 2020, amendment on articles of association regarding increasing number of board of directors from seven to nine was approved at the Ordinary General Assembly Meeting. On 22 October 2020, two board members resigned. The Company's board of directors consists of a total of five non-executive members including three independent members as of 31 December 2020.

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a joint venture. Subsidiaries of the Company, their locations and their nature of operations are disclosed in Note 40. The Company's and each of its subsidiaries' and associate's financial statements are prepared as at and for the year ended 31 December 2020.

2. Basis of preparation and summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries and the Group's interest in an associate and a joint venture.

(a) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The accounting policies, presentation and methods of computation are consistent with those of the previous financial year and corresponding reporting period, unless otherwise stated.

The Group adopted IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers" for the first time for the year commencing 1 January 2018. The Group also elected to early adopt IFRS 16, "Leases" for the first time for the year commencing 1 January 2018.

The General Assembly has the power to amend and reissue the financial statements. The consolidated financial statements as at and for the year ended 31 December 2019 were authorized for issue by the Board of Directors on 20 February 2020.

The consolidated financial statements as at and for the year ended 31 December 2020 were authorized for issue by the Board of Directors on 19 February 2021 and updated to reflect subsequent events after the original date of authorization for inclusion in its annual report on Form 20-F.

(b) Historical cost convention

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS as issued by the IASB. The financial statements have been prepared on a historical cost basis, except for the following measured at fair value:

- Derivative financial instruments,
- Consideration payable in relation to the acquisition of Belarusian Telecom,
- Financial asset at fair value through other comprehensive income.



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TURKCELL ILETISIM HIZMETLERI AS**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(c) Functional and presentation currency****(i) Transactions and balances**

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as assets held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on assets classified as at fair value through other comprehensive income are recognized in other comprehensive income.

Foreign exchange gains and losses are recognized in profit or loss, except:

- For capitalized foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs eligible for capitalization.

Foreign exchange differences are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within finance income or finance costs.

(ii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Equity for each balance sheet presented is translated at historic cost at the date of transaction,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average monthly exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- All resulting exchange differences are recognized in other comprehensive income and accumulated in the foreign currency translation reserve, in equity.

On consolidation, exchange differences arising from the translation of borrowings and other financial instruments designated as hedges of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

F12 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(d) Use of estimates and judgments**

The preparation of the consolidated financial statements requires the use of accounting estimates. Management also needs to exercise judgment in applying the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

Allowance for doubtful receivables

The Group maintains an allowance for doubtful receivables for estimated losses resulting from the inability of the Group's subscribers and customers to make required payments. The Group bases the allowance on the likelihood of recoverability of trade receivables, receivables from financial services and other receivables; when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that events have an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. The allowance is periodically reviewed. The allowance charged to expenses is determined in respect of receivable balances, calculated as a specified percentage of the outstanding balance in each aging group, with the percentage of the allowance increasing as the aging of the receivable progresses.

Capitalization and useful lives of assets

The useful lives and residual values of the Group's assets are estimated by management at the time the asset is acquired and regularly reviewed for appropriateness. The Group defines useful lives of its assets in terms of the assets' expected utility to the Group. This judgment is based on the experience of the Group with similar assets. In determining the useful life of an asset, the Group also follows technical and/or commercial obsolescence arising on changes or improvements from a change in the market. The useful lives of the telecommunication licenses are based on the duration of the license agreements.

Gross versus net presentation of revenue

When the Group acts as principal in sale of goods or rendering of services, revenue from customers and costs with suppliers are reported on a gross basis. When the Group acts as agent in sale of goods or rendering of services, revenue from customers and costs related to suppliers are reported on a net basis, representing the net margin earned. Whether the Group is acting as principal or agent depends on management's analysis of both legal form and substance of the agreement between the Group and its business partners; such judgments impact the amount of reported revenue and costs but do not impact reported assets, liabilities or cash flows.

Contracted handset sales

The Company, the distributors and dealers offer joint campaigns to the subscribers which may include the sale of device by the dealer and/or distributor and a communication service to be provided by the Company. The Company does not recognize any revenue for the device in these transactions by considering the factors below:

- the Company is not the primary obligor for the sale of handset,
- the Company does not have control over the sale prices of handsets,
- the Company has no inventory risk.

F13 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(d) Use of estimates and judgments (continued)*****Multiple performance obligations and price allocation***

In arrangements which include multiple elements where the Group acts as principal, the Group considers that these bundled elements involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. A good or service is distinct if both of the following criteria are met:

- The good or service is capable of being distinct,
- The promise to transfer the good or service is distinct within the context of the contract.

The arrangement consideration is allocated to each performance obligation identified in the contract based on relative stand-alone selling prices. If an element of a transaction is not distinct, then it is accounted for as an integral part of the remaining elements of the transaction.

Income taxes

The calculation of income taxes involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through formal legal process.

As part of the process of preparing the consolidated financial statements, the Group is required to estimate the income taxes in each of the jurisdictions and countries in which it operates. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue and reserves for tax and accounting purposes.

The recognition of deferred tax assets is based upon whether it is probable that future taxable profits will be available against which unrecognized tax losses and temporary differences can be utilized. Recognition, therefore, involves judgment regarding the future financial performance of the particular legal entity in which the deferred tax asset has been recognized.

Provisions, contingent liabilities and contingent assets

As detailed and disclosed in Note 38, the Group is involved in a number of investigations and legal proceedings (both as a plaintiff and as a defendant) arising in the ordinary course of business. All these investigations and litigations are evaluated by the Group Management and disclosed (unless information concerning provisions are very sensitive, and full disclosure could prejudice the outcome of cases) or accounted for in the consolidated financial statements. Future results or outcome of these investigations and litigations might differ from these Group Management's expectations. As at the reporting date, the Group Management believes that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount by considering current conditions and circumstances.

Annual impairment review

The Group's non-current are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

F14 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(d) Use of estimates and judgments (continued)*****Fair value measurements and valuation process***

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Company can engage third party qualified experts to perform the valuation, if necessary. The management works closely with the qualified external experts to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 36.

(e) Changes in accounting policies

Other than the adoption of the new and revised standards as explained in Note 2(z), the Group did not make any significant changes to its accounting policies during the current year.

(f) Changes in accounting estimates

If the application of changes in the accounting estimates affects the financial results of a specific period, the changes in the accounting estimates are applied in that specific period, if they affect the financial results of current and following periods; the accounting estimate is applied prospectively in the period in which such change is made. A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate.

The Company does not have significant changes in accounting estimates during the year.

(g) Comparative information and revision of prior period financial statements

The consolidated financial statements of the Group have been prepared consistent with prior periods.

(h) Principles of consolidation and equity accounting**(i) Business combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination comprises:

- The fair value of the assets transferred,
- Liabilities incurred to the former owners of the acquired business,
- Equity interests issued by the Group,
- The fair value of any asset or liability resulting from a contingent consideration arrangement, and
- The fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previously held equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

F15 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(h) Principles of consolidation and equity accounting (continued)****(i) Business combinations (continued)**

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Contingent consideration classified as equity is not subject to remeasurement. Instead, any gain or loss at settlement is recorded as an adjustment to equity through other comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries comprise all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively.

Non-controlling interest has not been attributed to Belarus Telekom on the grounds that net assets of Belarus Telekom is negative, Belarus Telekom is financed solely by the Company and management's assessment of relevant articles of the share purchase agreement with the non-controlling shareholder.

The Group sold six financial loans amounting to TL 439,364 between 2017 and 2019 to Aktif Yatirim Bankasi A.S. Turkcell Varlik Finansmani Fund (the "Fund") founded by Aktif Yatirim Bankasi A.S. in order to create funds for the issuance of Asset Backed Securities ("ABS") which were issued by the Fund in a structure where Turkcell Finansman A.S. ("Turkcell Finansman") acted as the source organization. These aforementioned funds are all expired and there are no issued ABS as of 31 December 2020. Turkcell Finansman transferred its contractual rights to receive cash flows from the financial loans that have been sold to the Fund resulting in de-recognition of the related assets from its financial statements. Moreover, the Group did not consolidate the Fund since the activities of the Fund are not controlled by the Group and the Fund has been defined as a structured entity.

F16 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(h) Principles of consolidation and equity accounting (continued)***(iii) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to the non-controlling and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(iv) Business combinations under common control

Business combinations between entities or businesses under common control are excluded from the scope of IFRS 3. In a business combination under common control, assets and liabilities of the acquired entity are stated at predecessor carrying values. Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity at the date of the transaction is recognized in equity. The acquired entity's results and financial position are incorporated as if both entities (acquirer and acquiree) had always been combined, or using the results from the date when either entity joined the Group, where such a date is later.

(v) Put option over shares relating to non-controlling interests

Where a put option is written by the Group on shares in an existing subsidiary held by non-controlling interests, the Group recognizes a financial liability at the present value of the redemption amount to reflect the put option. If the ownership risks and rewards of the shares relating to the put option is attributable to Group, the non-controlling interest is derecognized. The difference between the put option liability and the non-controlling interests derecognized is recognized in equity. For business combinations after 1 January 2009, subsequent changes in the fair value of the put option liability are recognized in profit or loss.

Reserve for put option over shares relating to non-controlling interests included in equity arises from the difference between the fair value of the put option written by Fintur Holdings B.V. ("Fintur") on non-controlling shares in one of its subsidiaries and the derecognized non-controlling interests relating to that put option.

F17 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(h) Principles of consolidation and equity accounting (continued)***(vi) Investments in associates and joint ventures*

An associate is an entity over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method of accounting, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in that entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

On acquisition of an associate, any excess of the cost of the investment over the Group's share of the net fair values of the associate's identifiable assets and liabilities is recognized as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as part of the Group's share of the associate profit or loss in the period in which the investment is acquired.

The carrying amount of equity-accounted investments is tested for impairment. The Group measures an associate that is classified as held for sale at the lower of its carrying amount at the date of classification as held for sale and fair value less costs of disposal. Equity accounting ceases once an associate is classified as held for sale.

(i) Financial instruments*Classification*

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss) and
- Those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(i) Financial instruments (continued)***Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(i) Financial instruments (continued)***Measurement (continued)***(ii) Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances are measured on either of the following bases:

- 12 month expected credit losses (ECLs): these are ECLs that result from possible default events within the 12 months after the reporting date and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies lifetime ECL measurement for all group companies except Turkcell Finansman which applies both 12 month and lifetime ECL (general approach).

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position where the Group has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This policy had also been applied before 1 January 2018.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See Note 36 for a description of the Group's impairment policies.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(i) Financial instruments (continued)****Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control of the Group
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(i) Financial instruments (continued)****Derivatives and hedging activities**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Fair values of foreign exchange forwards, interest rate and foreign exchange swaps (IRS, Cross Currency Swaps etc.) and options are calculated with market levels of interest rates and Central Bank of Republic of Turkey ("CBRT") exchange rates via Bloomberg financial terminal. If market levels are not available for valuation date, fair value for forward contracts will be the value of the discounted future value of the difference between contract price level and forward value of CBRT exchange rate with risk free rates for the period. Interest rate and currency swaps will be valued with the difference of the discounted cash flows of each leg of the swaps using risk free rates and CBRT exchange rates. Option transactions will be valued with option pricing models using risk free rates and CBRT exchange rates.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ("aligned time value") are recognized within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss.

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(i) Financial instruments (continued)****Derivatives and hedging activities (continued)***(i) Cash flow hedges that qualify for hedge accounting (continued)*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss.

The Group has started to apply hedge accounting as of 1 July 2018 for existing participating cross currency swap and cross currency swap transactions in accordance with IFRS 9 hedge accounting requirement. IFRS 9 includes new hedge accounting rules aiming alignment with risk management activities.

The Group enters into participating cross currency swap and cross currency swap transactions in order to hedge the changes in cash flows of foreign exchange denominated fixed and floating rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "other comprehensive income/expense items to be reclassified to profit or loss" as a "hedging reserve" in equity, and the ineffective portion is recognized in profit or loss. The changes recognized in equity is reclassified and included in profit or loss in the same period when the hedged cash flows effect the profit or loss. In addition, time value of options included in participating cross currency swaps are accounted for cost of hedging and recognized under other comprehensive income.

The new effectiveness test model may be qualitative depending on the complexity of hedging relationship provided that it is prospective only. The 80-125% range in IAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

Under IFRS 9, a hedging relationship is discontinued in its entirety when as a whole it ceases to meet the qualifying criteria after considering the rebalancing of the hedging relationship. Voluntary discontinuation when the qualifying criteria are met is prohibited. Hedge accounting is discontinued when the risk management objective for the hedging relationship has changed, the hedging instrument expires or is sold, terminated or exercised, there is no longer an economic relationship between the hedged item and hedging instrument or when the effect of credit risk starts dominating the value changes that result from the economic relationship.

When the Group discontinues hedge accounting for a cash flow hedge it shall account for the amount that has been accumulated in the cash flow hedge reserve in accordance as follows;

-if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur.

-When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(i) Financial instruments (continued)****Derivatives and hedging activities (continued)***(ii) Foreign currency hedge of net investments in foreign operations*

The Company designates its foreign currency bank loans to hedge its net investment in a foreign operation. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognized in other comprehensive income while any gains or losses relating to the ineffective portion is recognized in the income statement. Tax effects of foreign exchange gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations is recognized under other comprehensive income as well.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement (Note 16).

(j) Property, plant and equipment*(i) Recognition and measurement*

Items of property, plant and equipment are stated at historical cost less depreciation and impairment losses. Property, plant and equipment related to the Company and its subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period ended on 31 December 2005. Since the inflation accounting commenced on 1 January 2011, property, plant and equipment related to the subsidiaries operating in Belarus are adjusted for the effects of inflation. However, the decrease in inflation rate in subsequent years led the three-year cumulative rate as of the end of 2014 to decrease to 65%. Accordingly, the economy of Belarus was considered as transitioning out of hyperinflationary status and in 2015 it was determined to be appropriate to cease applying IAS 29. Therefore, subsidiaries operating in Belarus ceased applying IAS 29 in 2015.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located, if any.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Changes in the obligation to dismantle, remove assets on sites and to restore sites on which they are located, other than changes deriving from the passing of time, are added or deducted from the cost of the assets in the period in which they occur. The amount deducted from the cost of the asset shall not exceed the balance of the carrying amount on the date of change, and any excess balance is recognized immediately in profit or loss. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(j) Property, plant and equipment (continued)***(ii) Subsequent costs*

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iii) Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Land is not depreciated.

The estimated useful lives are as follows:

Buildings	21 – 25 years
Mobile network infrastructure	4 – 20 years
Fixed network infrastructure	3 – 25 years
Call center equipment	4 – 8 years
Equipment, fixtures and fittings	2 – 10 years
Motor vehicles	4 – 6 years
Leasehold improvements	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iv) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

(k) Intangible assets*(i) Telecommunication licenses*

Separately acquired telecommunication licenses are stated at historical cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less amortization and impairment losses.

Amortization

Amortization is recognized in the statement of profit or loss on a straight-line basis by reference to the license period. The useful lives for telecommunication licenses are as follows:

Telecommunications licenses	3 – 25 years
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The Company has been granted the 2G, 3G and 4.5G licenses on 27 April 1998, 30 July 2009 and 26 August 2015, respectively. The licenses are effective for 25, 20 and 13 years, respectively.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(k) Intangible assets (continued)***(ii) Computer software*

Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software such that it will be available for use,
- Management intends to complete the software and use or sell it,
- There is an ability to use or sell the software,
- It can be demonstrated how the software will generate probable future economic benefits,
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Amortization

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives. The useful lives for computer software are as follows:

Computer software	3 – 8 years
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Amortization methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are stated at historical cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less amortization and impairment losses. Indefeasible Rights of Use ("IRU") are rights to use a portion of an asset's capacity granted for a fixed period of time. IRUs are recognized as intangible asset when the Group has specific indefeasible rights to use an identified portion of an underlying asset and the duration of the right is for the major part of the underlying asset's useful economic life. IRUs are amortized over the shorter of the underlying asset's useful economic life and the contract term.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(k) Intangible assets (continued)***(iii) Other intangible assets (continued)**Amortization*

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives. The useful lives for computer software are as follows:

Transmission line software	5 – 10 years
Central betting system operating right	7 – 10 years
Customer base	2 – 15 years
Brand name	9 – 10 years
Indefeasible right of use	15 years

Amortization methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(l) Investment properties*Recognition and measurement*

Investment properties are properties held for rental yields and/or for capital appreciation (including property under construction for such purposes). Investment properties are stated at historical cost less depreciation and impairment losses.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The estimated useful lives are as follows:

Investment Property	25 - 45 years
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Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

F27 **TURKCELL ILETISIM HIZMETLERI AS****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****As at and for the year ended 31 December 2020**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(m) Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Cost of inventory is determined using the weighted average method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. At 31 December 2020 and 2019, inventories mainly consisted of mobile phone and its accessories, tablet, sim-cards, and tower construction materials.

(n) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. For the purposes of assessing impairment, assets are grouped at the lowest levels (cash-generating units) for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(o) Employee benefits*(i) Short-term obligations*

Liabilities for salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as employee benefit obligations in the statement of financial position.

(ii) Termination benefits

In accordance with the labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated based on 30 days' pay up to a of maximum full TL 7,117 as at 31 December 2020 (31 December 2019: TL 6,380), per year of employment at the rate of pay applicable at the date of retirement or termination. Termination benefits paid to key executive officers are presented as other expenses. Reserve for employee termination benefits is computed and reflected in the consolidated financial statements on a current basis. Discount rate used for calculating employee termination benefit as of 31 December 2020 is 3.01% (31 December 2019: 3.60%). The reserve is calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from retirement of employees. Reserve for employee termination benefits is calculated annually by independent actuaries using the projected unit credit method.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(o) Employee benefits (continued)***(iii) Defined contribution plans*

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

The Group provides a cash-settled share-based payment plan for selected employees in return for their services. For cash-settled share-based payment transactions, the Group measures services received and the liability incurred at the fair value of the liability. Liabilities for cash-settled share-based payment plan are recognized as employee benefit expense over the relevant service period. The fair value of the liability is re-measured at each reporting date and at the settlement date. Any changes in fair value are recognized in profit or loss for the period.

(v) Personnel bonus

Provision for bonus is provided when the bonus is a legal obligation, or past practice would make the bonus a constructive obligation and the Group is able to make a reliable estimate of the obligation.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Onerous contracts

Present obligation arising under an onerous contract is recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Dismantling, removal and restoring sites obligation

The Group is required to incur certain costs in respect of a liability to dismantle and remove assets and to restore sites on which the assets were located. The dismantling costs are calculated according to best estimate of future expected payments discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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2. Basis of preparation and summary of significant accounting policies (continued)**(q) Revenue**

Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized when control is transferred to the customer.

Revenue from telecommunication services includes postpaid and prepaid revenue from voice, data, messaging and value-added services, interconnect revenue, monthly fixed fees, SIM card sales and roaming revenue. The Company transfers control of these services over time and, therefore, satisfies the performance obligations and recognizes revenue from telecommunication services over time.

With respect to prepaid revenue, the Group generally collects cash in advance by selling prepaid top up to distributors. In such cases, the Group does not recognize revenue until subscribers use the telecommunication services.

Services may be bundled with other products and services and these bundled elements involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. A good or service is distinct if both of the following criteria are met:

- The good or service is capable of being distinct,
- The promise to transfer the good or service is distinct within the context of the contract.

The arrangement consideration is allocated to each performance obligation identified in the contract on a relative stand-alone selling price. If an element of a transaction is not a distinct, then it is accounted for as an integral part of the remaining elements of the transaction.

Revenue from device sales is recognized when control of the device has transferred, being the time when delivered to the end customer. For device sales made to intermediaries, revenue is recognized at the time when control of the device has been transferred, being when the products are delivered to the intermediary and the intermediary has no general right to return the device to receive a refund. If control is not transferred, revenue is deferred until sale of the device to an end customer by the intermediary or expiry of any right of return.

The Group, the distributors and dealers offer joint campaigns to the subscribers which may include the sale of device by the dealer and/or the distributor and the sale of communication service by the Group. In certain campaigns, dealers make the handset sale to the subscribers, the instalments of which will be collected by the Group based on the letters of undertaking signed by the subscribers. With the letter of undertaking, the dealer assigns its receivables from handset sales to the distributor and the distributor assigns its receivables to the Group.

The Group pays the distributor the net present value of the instalments to be collected from the subscribers and recognizes contracted receivables in its statement of financial position. The undue portion of assigned receivables from the distributors which were paid upfront by the Group is classified as "undue assigned contracted receivables" in trade receivables (Note 19). When monthly installment is invoiced to the subscriber, related portion is presented as "receivables from subscribers". The Group collects the contracted receivables in installments during the contract period and does not recognize any revenue for the handset in these transactions when the Group does not act as principal for the sale of handset.

Starting from 2016 the Group and distributors started to offer the option to buy a device through consumer financing loan, which will be collected by Turkcell Finansman. The Group carries a risk of collection in these transactions. Turkcell Finansman collects the purchased credit from the subscriber during the contract period and does not record revenue related to the device when it does not act as principal for the sale of device. Revenue from financial services comprise of interest income generated from consumer financing activities. Interest income is recognized as it accrues, using the effective interest method.

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2. Basis of preparation and summary of significant accounting policies (continued)**(q) Revenue (continued)**

Monthly fixed fees represent a fixed amount charged to postpaid subscribers on a monthly basis without regard to the level of usage. Fixed fees are recognized on a monthly basis when billed. Monthly fixed fees are included in telecommunication services revenues.

Revenues from the betting business comprise of mainly the net takings earned to a maximum of 1.4% of gross takings as the head agent of fixed odds betting games and mobile agent revenues of 7.25% of mobile agency turnover after deducting VAT and gaming tax as the head agent. Revenues from the betting business are recognized at the time all services related to the games are fully rendered. Under the agreement signed with Spor Toto Teskilat Mudurlugu A.S. ("Spor Toto"), Inteltek Internet Teknoloji Yatirim ve Danismanlik A.S. ("Inteltek") is obliged to undertake any excess payout, which is presented on a net basis.

Azerinteltek QSC ("Azerinteltek") received authorization from Azeridmanservis Limited Liability Company set under the Ministry of Youth and Sport of the Republic of Azerbaijan to organize, operate, manage and develop the fixed odds and paramutual sports betting business. Since Azerinteltek acts as principal, total consideration received from the player less payout (distribution to players) and amounts collected from players on behalf of Ministry of Sports is recognized at the time all services related to the games are fully rendered.

Azerinteltek has been authorized for Lottery games by Azerlotereya. Azerinteltek has been generating commission revenue over Lottery games turnover through its own agencies by applying 15% commission rate according to the agreement between Azerinteltek and Azerlotereya. Commission revenues are recognized at the time all services related to the games are fully rendered.

Call center revenues are recognized at the time services are rendered during the contractual period.

When the Group sells goods or services as a principal, revenue and operating costs are recorded on a gross basis. When the Group sells goods or services as an agent, revenue and operating costs are recorded on a net basis, representing the net margin earned. Whether the Group is considered to be acting as principal or agent in the transaction depends on management's analysis described below and such judgments impact the amount of reported revenue and operating costs but do not impact reported assets, liabilities or cash flows:

Indicators that an entity is a principal:

- The entity is primarily responsible for fulfilling the promise to provide the specified good or service,
- The entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer,
- The entity has discretion in establishing the price for the specified good or service.

The Company and the Ministry of Transport and Infrastructure of Turkey, Directorate General of Communications mutually agreed to extend the contract, to establish and operate mobile communication infrastructure and operation in uncovered areas, until 30 June 2021 and to add mobile broadband services to the existing infrastructure providing GSM services under Universal Service Law and to operate the new and existing networks together. As of 31 December 2020, the Company has recognized TL 223,965 (31 December 2019: TL 191,235) revenue from its operations related to this contract. Since the Company acts as principal, revenue and operating costs are reported on a gross basis in the consolidated financial statements.

The revenue recognition policy for other revenues is to recognize revenue as services are provided.

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2. Basis of preparation and summary of significant accounting policies (continued)**(q) Revenue (continued)**

Contract costs eligible for capitalization as incremental costs of obtaining a contract comprise commission on sale relating to prepaid and postpaid contracts with acquired or retained subscribers. Contract costs are capitalized in the month of service activation if the Group expects to recover those costs. Contract costs comprise sales commissions to dealers and to own salesforce which can be directly attributed to an acquired or retained contract. Contract costs are classified as intangible assets in the consolidated financial statements. The asset is amortized on a straight-line basis over the customer lifetime, consistent with the pattern of recognition of the associated revenue.

(r) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and tax losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g., the Research and Development Tax Incentive regime in Turkey or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

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2. Basis of preparation and summary of significant accounting policies (continued)**(s) Earnings per share**

The Group does not have any potential ordinary shares in issue, therefore basic and diluted earnings per share ("EPS") are equal. Since basic and diluted EPS are equal, the Group presents both basic and diluted EPS on one line described as "Basic and diluted EPS".

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the financial year, excluding treasury shares. In Turkey, entities can increase their share capital by distributing "Bonus share" to shareholders from retained earnings. In computing earnings per share, such "Bonus share" distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration when determining the weighted-average number of shares outstanding.

(t) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants, and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

(u) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs of disposal.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs of disposal. A gain is recognized for any subsequent increases in fair value less costs of disposal of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of derecognition.

An associate must meet the conditions to be classified as held for sale. It is first measured in accordance with applicable standards. Such standard is IAS 28, whereby the share of profits and remeasurement of carrying amounts are done in accordance with normal associate rules up to the point of classification as held for sale.

The associate is then measured in accordance with IFRS 5. It is measured at the lower of carrying amount and fair value less costs of disposal. Equity accounting is ceased from the date the held for sale criteria are met.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

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2. Basis of preparation and summary of significant accounting policies (continued)**(v) Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(w) Dividends

Provision is made for any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(x) Subsequent events

Events after the reporting date; includes all events between the reporting date and the date on which the financial statements are authorized for issue, even if any announcement of profit or other selected financial information has been made publicly disclosed.

In case of events requiring correction after the reporting date, the Group corrects this new situation accordingly. Events that are not required to be adjusted subsequent to the reporting date are disclosed in the notes to the consolidated financial statements.

(y) Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assesses whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly;
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and
- The Group has the right to direct use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing the how and for what purpose the asset is used. If these decision are predetermined;
 - The Group has the right to operate the asset or,
 - The Group designed the asset in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

TURKCELL ILETISIM HIZMETLERI AS

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2. Basis of preparation and summary of significant accounting policies (continued)

(y) Leases (continued)

Right of use asset

The Group recognizes a right-of use asset and a lease liability at the lease commencement date.

The right of use asset is initially recognized at cost comprising of:

- Amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the Group and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end date of the useful life of the right-of-use asset or the end date of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability (Note 29).

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- Amounts expected to be payable under a residual value guarantee and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease if the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured (a) increasing the carrying amount to reflect interest on lease liability; (b) reducing the carrying amount to reflect the lease payments made, and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of reassessment of certainty to exercise an extension option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Group remeasures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, or the its incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.



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2. Basis of preparation and summary of significant accounting policies (continued)

(y) Leases (continued)

Lease Liability (continued)

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments, including change to reflect changes in market rental rates following a market rent review, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Group uses the revised discount rate that reflects changes in the interest rate.

The Group recognizes the amount of the remeasurement of lease liability as an adjustment to the right of use asset. Where the carrying amount of the right of use asset is reduced zero and there is further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

The Group accounts for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

The Group as a Lessor

When the Group acts an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use-asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(z) New standards and interpretations

i) Standards, amendments and interpretations applicable as at 31 December 2020

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other IFRSs:
 - Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
 - Clarify the explanation of the definition of material,
 - Incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

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2. Basis of preparation and summary of significant accounting policies (continued)**(z) New standards and interpretations (continued)****i) Standards, amendments and interpretations applicable as at 31 December 2020 (continued)**

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- **Amendment to IFRS 16, "Leases" - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020

- **IFRS 17, "Insurance contracts";** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

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(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. Basis of preparation and summary of significant accounting policies (continued)**(z) New standards and interpretations (continued)****ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020 (continued)**

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from Annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Group has elected to early adopt the interest rate benchmark reform - Phase 2 as issued in August 2020 which will be effective as of 1 January 2021 and the new rates will be used as of 1 January 2022.
- **Amendments to IFRS 17 and IFRS 4, "Insurance contracts", deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

The Group does not expect material impact of new standards and interpretations on the Group's accounting policies.

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3. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management policies are set to determine and analyze the risks faced, to establish the appropriate risk limits and to observe the commitment to those limits. These policies are constantly reviewed to make sure they reflect the Group's operations and the changes in market conditions.

Credit risk

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, financial asset at fair value through other comprehensive income, financial asset at amortize cost, derivative financial instruments, contract assets, trade receivables, receivables from financial services, due from related parties and other current and non-current assets (Note 36).

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group may require collateral in respect of financial assets. Also, the Group may demand letters of guarantee from third parties related to certain projects or contracts. The Group may also demand certain pledges from counterparties if necessary, in return for the credit support it gives related to certain financings (Note 19).

In monitoring customer credit risk, customers are grouped according to whether they are subscribers, financial services customers, other corporate customers and aging profile, maturity and existence of previous financial difficulties. Trade receivables and contract assets are mainly related to the Group's subscribers. The Group's exposure to credit risk on trade receivables and contract assets is influenced mainly by the individual payment characteristics of postpaid subscribers. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and contract assets. This allowance comprises the general provision which is determined based on a loss event.

Investments are preferred to be in liquid securities. The counterparty limits are set monthly depending on their ratings from the most credible rating agencies and the amount of their paid-in capital and/or shareholders equity. Policies are in place to review the paid-in capital and rating of counterparties periodically to ensure credit worthiness.

The Group signs local and international derivative agreements in order to be able to execute financial derivative transactions with financial institutions that are believed to have sufficient credit ratings.

The Group's policy is to provide financial guarantees only to subsidiaries and distributors. At 31 December 2020, guarantees of TL 2,171,281 were outstanding (31 December 2019: TL 3,323,318).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held demand deposits of TL 975,753 (31 December 2019: TL 632,022) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (Note 36) and cash and cash equivalents (Note 24) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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3. Financial risk management (continued)**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Group uses derivatives in order to manage market risks. All such transactions are carried at within the guidelines set by the Group Treasury.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and RMB. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group holds a significant portion of its cash and cash equivalent in foreign currencies in order to manage foreign exchange risk. In addition, derivative financial instruments are used to manage exposure to fluctuations in foreign exchange rates and since 1 July 2018 the Company applies hedge accounting. Details of the Company's foreign exchange risk is disclosed in Note 36.

(ii) Interest rate risk

The Group's exposure to interest rate risk is related to its financial assets and liabilities. The Group manage its financial liabilities by providing an appropriate distribution between fixed and floating rate loans. Floating rate exposures can be changed to fixed rate exposures based on short term and long term market expectations via financial derivatives. The use of financial derivatives is governed by the Group Treasury's policies approved by the Audit Committee, which provide written principles on the use of derivatives. The Group's borrowings and receivables are carried at amortized cost. The borrowings are periodically contractually repriced (Note 36) and are also exposed to the risk of future changes in market interest rates.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There are ongoing studies for these changes. The Group's risk exposure that is directly affected by the interest rate benchmark reform is its USD 367,787 floating-rate debt. The Group has hedged this debt with participating cross currency, cross currency and interest swaps, and it has designated at participating cross currency swap in a cash flow hedge of the variability in cash flows of the debt, due to changes in 6-month USD LIBOR that is the current benchmark interest rate after the publication of Phase-2 in August 2020. The nominal amount of these derivative instruments is USD 431,359 and the nominal amount of the hedged part of these instruments is USD 276,069.

The Group treasury department oversees the Group's USD LIBOR transition plan. This transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of the USD LIBOR-referenced floating-rate debt and the participating cross currency swap and updating hedge designations.

Effect of IBOR reform – significant assumptions

In calculating the change in fair value attributable to the hedged risk of the floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to an alternative benchmark rate during 2022, and the spread will be similar to the spread included in the participating cross currency swap used as the hedging instrument;
- No other changes to the terms of the floating-rate debt are anticipated; and
- The Group has incorporated the uncertainty over when the floating-rate debt will move to an alternative benchmark rate, the resulting adjustment to the spread, and the other aspects of the reform that have not yet been finalized by adding an additional spread to the discount rate used in the calculation.

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4. Segment information

The Group has two reportable segments in accordance with its integrated communication and technology services strategy - Turkcell Turkey and Turkcell International. While some of these strategic segments offer the same types of services, they are managed separately because they operate in different geographical locations and are affected by different economic conditions.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker function is carried out by the Board of Directors, however Board of Directors may transfer the authorities, other than recognized by the law, to the CEO and other directors.

Turkcell Turkey reportable segment includes the operations of Turkcell, Turkcell Superonline Iletisim Hizmetleri A.S. ("Turkcell Superonline"), Turkcell Satis ve Dijital Is Servisleri Hizmetleri A.S. ("Turkcell Satis"), group call center operations of Global Bilgi Pazarlama Danismanlik ve Cagri Servisi Hizmetleri A.S. ("Turkcell Global Bilgi"), Turkcell Bilisim Servisleri A.S. ("Turkcell"), Turkcell Teknoloji Arastirma ve Gelistirme A.S. ("Turkcell Teknoloji"), Kule Hizmet ve Isletmecilik A.S. ("Global Tower"), Rehberlik Hizmetleri Servisi A.S. ("Rehberlik"), Turkcell Gayrimenkul Hizmetleri A.S. ("Turkcell Gayrimenkul"), Lifecell Dijital Servisler ve Cozumler A.S. ("Lifecell Dijital Servisler"), Lifecell Bulut Cozumleri A.S. ("Lifecell Bulut"), Lifecell TV Yayin ve Icerik Hizmetleri A.S. ("Lifecell TV"), Lifecell Muzik Yayin ve Iletim A.S. ("Lifecell Muzik") and BiP Iletisim Teknolojileri ve Dijital Servisler Anonim Sirketi ("BiP Iletisim"). Turkcell International reportable segment includes the operations of Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom"), East Asian Consortium B.V. ("Eastasia"), Lifecell LLC ("lifecell"), Lifecell Ventures Cooperatief U.A ("Lifecell Ventures"), Beltel Telekomunikasyon Hizmetleri A.S. ("Beltel"), CJSC Belarusian Telecommunications Network ("Belarusian Telecom"), LLC UkrTower ("UkrTower"), LLC Global Bilgi ("Global LLC"), Turkcell Europe GmbH ("Turkcell Europe"), Lifetech LLC ("Lifetech"), Beltower LLC ("Beltower"), Lifecell Digital Limited ("Lifecell Digital"), Yaani Digital BV ("Yaani") and BiP Digital Communication Technologies B.V ("BiP Digital"). The operations of these legal entities aggregated into one reportable segment as the nature of services are similar and most of them share similar economic characteristics. Other reportable segment mainly comprises the non-group call center operations of Turkcell Global Bilgi and the operations of Turkcell Finansman, Turkcell Odeme Hizmetleri A.S. ("Turkcell Odeme"), Turkcell Enerji Cozumleri ve Elektrik Satis Ticaret A.S ("Turkcell Enerji"), Paycell LLC and Turkcell Sigorta Aracilik Hizmetleri A.S ("Turkcell Sigorta").

The Board primarily uses adjusted EBITDA to assess the performance of the operating segments. Adjusted EBITDA definition includes revenue, cost of revenue excluding depreciation and amortization, selling and marketing expenses and administrative expenses.

Adjusted EBITDA is not a financial measure defined by IFRS as a measurement of financial performance and may not be comparable to other similarly titled indicators used by other companies. Reconciliation of Adjusted EBITDA to the consolidated profit for the year is included in the accompanying notes.

According to the resolution of the General Assembly dated 6 July 2020, the trade name of Turkcell Ozel Finansman A.S. ("TOFAS") was changed to Lifecell Iletisim Teknolojileri ve Dijital Servisler A.S. ("Lifecell Iletisim") and its business activity is determined and announced as providing digital services and products as of 21 July 2020. The trade name of Lifecell Iletisim was changed to BiP Iletisim on 14 December 2020. BiP Iletisim has started its operations relating to providing digital services and products as of October 2020, and its operations are reported in Turkcell Turkey reportable segment.

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4. Segment information (continued)

	Turkcell Turkey		Turkcell International		All other segments		Intersegment eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total segment revenue	25,160,240	21,487,156	2,542,410	2,002,789	2,073,626	2,217,979	(672,538)	(570,789)	29,103,738	25,137,135
Inter-segment revenue	(98,110)	(79,318)	(87,955)	(94,703)	(486,473)	(396,768)	672,538	570,789	-	-
Revenues from external customers	25,062,130	21,407,838	2,454,455	1,908,086	1,587,153	1,821,211	-	-	29,103,738	25,137,135
Adjusted EBITDA	10,585,039	8,789,179	1,169,488	903,896	541,694	765,798	(25,923)	(32,454)	12,270,298	10,426,419
Net impairment losses on financial and contract assets	(295,978)	(223,879)	(2,845)	(5,109)	(50,772)	(109,869)	-	-	(349,595)	(338,857)

	Turkcell Turkey		Turkcell International		All other segments		Intersegment eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total segment revenue	21,487,156	18,092,586	2,002,789	1,456,980	2,217,979	2,113,681	(570,789)	(370,772)	25,137,135	21,292,475
Inter-segment revenue	(79,318)	(46,355)	(94,703)	(69,657)	(396,768)	(254,760)	570,789	370,772	-	-
Revenues from external customers	21,407,838	18,046,231	1,908,086	1,387,323	1,821,211	1,858,921	-	-	25,137,135	21,292,475
Adjusted EBITDA	8,789,179	7,403,822	903,896	612,697	765,798	801,687	(32,454)	(30,224)	10,426,419	8,787,982
Net impairment losses on financial and contract assets	(223,879)	(248,171)	(5,109)	(4,088)	(109,869)	(94,131)	-	-	(338,857)	(346,390)

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4. Segment information (continued)

	2020	2019	2018
Profit for the period	4,239,620	3,276,690	2,177,335
<i>Add(Less):</i>			
(Profit)/loss from discontinued operations	-	(772,436)	-
Profit from continuing operations	4,239,620	2,504,254	2,177,335
Income tax expense	387,193	785,630	495,481
Finance income	(2,119,483)	(297,450)	(1,677,114)
Finance costs	3,251,164	2,025,118	3,364,072
Other income	(96,585)	(140,705)	(241,435)
Other expenses	619,835	487,295	381,582
Depreciation and amortization	5,974,779	5,046,565	4,287,974
Share of loss of equity accounted investees	13,775	15,712	87
Consolidated adjusted EBITDA	12,270,298	10,426,419	8,787,982

Geographical information

In presenting the information based on geographical segments, segment revenue is based on the geographical location of operations and segment assets are based on the geographical location of the assets.

	2020	2019	2018
Revenues			
Turkey	26,648,183	23,229,046	19,636,682
Ukraine	1,800,983	1,322,116	923,181
Belarus	395,363	366,314	293,181
Turkish Republic of Northern Cyprus	229,652	209,109	169,014
Netherlands	28,863	8,396	366
Germany	694	2,154	1,580
Azerbaijan	-	-	268,471
	29,103,738	25,137,135	21,292,475

	31 December 2020	31 December 2019
Non-current assets		
Turkey	26,165,209	22,737,468
Ukraine	3,390,246	3,030,095
Belarus	264,864	219,281
Turkish Republic of Northern Cyprus	244,710	198,732
Unallocated non-current assets	849,992	197,255
	30,915,021	26,382,831

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5. Revenue

	Turkcell Turkey		Turkcell International		Other		Intersegment eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Telecommunication services	21,676,330	19,157,657	2,299,682	1,780,793	-	-	(58,507)	(60,147)	23,917,505	20,878,303
Equipment revenues	3,194,083	2,130,135	122,901	115,905	-	-	-	-	3,316,984	2,246,040
Revenue from financial services	-	-	-	-	845,189	1,141,712	(14,202)	(839)	830,987	1,140,873
Call center revenues	25,397	21,851	34,566	17,008	415,366	308,126	(43,358)	(34,542)	431,971	312,443
Commission fees on betting business	-	-	-	-	-	132,300	-	-	-	132,300
Other	264,430	177,513	85,261	89,083	813,071	635,841	(556,471)	(475,261)	606,291	427,176
Total	25,160,240	21,487,156	2,542,410	2,002,789	2,073,626	2,217,979	(672,538)	(570,789)	29,103,738	25,137,135

	Turkcell Turkey		Turkcell International		Other		Intersegment eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Telecommunication services	19,157,657	16,636,497	1,780,793	1,281,595	-	-	(60,147)	(58,335)	20,878,303	17,859,757
Equipment revenues	2,130,135	1,209,745	115,905	101,350	-	-	-	-	2,246,040	1,311,095
Revenue from financial services	-	-	-	-	1,141,712	1,121,768	(839)	(2,647)	1,140,873	1,119,121
Call center revenues	21,851	12,954	17,008	9,763	308,126	211,195	(34,542)	(30,740)	312,443	203,172
Commission fees on betting business	-	-	-	-	132,300	200,315	-	-	132,300	200,315
Revenue from betting business	-	-	-	-	-	268,470	-	-	-	268,470
Other	177,513	233,390	89,083	64,272	635,841	311,933	(475,261)	(279,050)	427,176	330,545
Total	21,487,156	18,092,586	2,002,789	1,456,980	2,217,979	2,113,681	(570,789)	(370,772)	25,137,135	21,292,475

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5. Revenue (continued)

	2020				
	Turkcell Turkey	Turkcell International	Other	Intersegment eliminations	Consolidated
Telecommunication services	21,676,330	2,299,682	-	(58,507)	23,917,505
At a point in time	254,619	14,821	-	-	269,440
Over time	21,421,711	2,284,861	-	(58,507)	23,648,065
Equipment revenues	3,194,083	122,901	-	-	3,316,984
At a point in time	3,105,851	122,901	-	-	3,228,752
Over time	88,232	-	-	-	88,232
Revenue from financial services	-	-	845,189	(14,202)	830,987
At a point in time	-	-	245,223	(14,202)	231,021
Over time	-	-	599,966	-	599,966
Call center revenues	25,397	34,566	415,366	(43,358)	431,971
At a point in time	-	-	-	-	-
Over time	25,397	34,566	415,366	(43,358)	431,971
All other	264,430	85,261	813,071	(556,471)	606,291
At a point in time	48,626	9,132	-	-	57,758
Over time	215,804	76,129	813,071	(556,471)	548,533
Total	25,160,240	2,542,410	2,073,626	(672,538)	29,103,738
At a point in time	3,409,096	146,854	245,223	(14,202)	3,786,971
Over time	21,751,144	2,395,556	1,828,403	(658,336)	25,316,767

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5. Revenue (continued)

	2019				
	Turkcell Turkey	Turkcell International	Other	Intersegment eliminations	Consolidated
Telecommunication services	19,157,657	1,780,793	-	(60,147)	20,878,303
At a point in time	198,734	10,555	-	-	209,289
Over time	18,958,923	1,770,238	-	(60,147)	20,669,014
Equipment revenues	2,130,135	115,905	-	-	2,246,040
At a point in time	2,050,055	115,905	-	-	2,165,960
Over time	80,080	-	-	-	80,080
Revenue from financial services	-	-	1,141,712	(839)	1,140,873
At a point in time	-	-	222,930	(839)	222,091
Over time	-	-	918,782	-	918,782
Call center revenues	21,851	17,008	308,126	(34,542)	312,443
At a point in time	-	-	-	-	-
Over time	21,851	17,008	308,126	(34,542)	312,443
Commission fees on betting business	-	-	132,300	-	132,300
At a point in time	-	-	-	-	-
Over time	-	-	132,300	-	132,300
All other	177,513	89,083	635,841	(475,261)	427,176
At a point in time	37,726	19,300	2,306	(657)	58,675
Over time	139,787	69,783	633,535	(474,604)	368,501
Total	21,487,156	2,002,789	2,217,979	(570,789)	25,137,135
At a point in time	2,286,515	145,760	225,236	(1,496)	2,656,015
Over time	19,200,641	1,857,029	1,992,743	(569,293)	22,481,120

6. Other income and expense

Recognized in the statement of profit or loss:

	2020	2019	2018
Gain on sale of fixed assets	23,950	47,169	43,727
Gain on modification of lease contract	13,840	1,484	-
Non-interest income from banks	12,245	2,477	5,996
Rent income	8,839	6,522	4,637
Gain on sale of investments	-	-	110,308
Other	37,711	83,053	76,767
Other income	96,585	140,705	241,435
Litigation expenses	(387,352)	(303,879)	(87,099)
Donation expenses	(60,778)	-	(176,321)
Supplementary contributions to retailers	(46,804)	-	-
Subscriber returns	(22,722)	-	-
Restructuring cost	(13,051)	(91,710)	(9,840)
Other	(89,128)	(91,706)	(108,322)
Other expense	(619,835)	(487,295)	(381,582)

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7. Employee benefit expenses

	2020	2019	2018
Wages and salaries (*)	2,820,500	2,434,790	1,968,882
Employee termination benefits (**)	38,879	31,799	29,140
Defined contribution plans	14,677	12,785	9,361
	<u>2,874,056</u>	<u>2,479,374</u>	<u>2,007,383</u>

(*) Wages and salaries include compulsory social security contributions, bonuses and share based payments.

(**) Remeasurements of employee termination benefits for the years ended 31 December 2020, 2019 and 2018 amounting to TL 37,230, TL 36,385 and TL (12,699) respectively are reflected in other comprehensive income.

Employee benefit expenses are recognized in cost of revenue, selling and marketing expenses and administrative expenses.

8. Finance income and costs

Recognized in the statement of profit or loss:

	2020	2019	2018
Cash flow hedges - reclassified to profit or loss	1,410,997	-	568,370
Net fair value gains and interest on derivative financial instruments	317,820	-	654,933
Interest income	366,695	288,010	395,045
Other	23,971	9,440	58,766
Finance income	<u>2,119,483</u>	<u>297,450</u>	<u>1,677,114</u>
Net foreign exchange losses	(2,409,550)	(1,039,618)	(2,695,045)
Net interest expenses for financial assets and liabilities measured at amortized cost	(811,439)	(874,535)	(552,101)
Net fair value losses and interest on derivative financial instruments	-	(550,438)	-
Cash flow hedges - reclassified to profit or loss	-	461,133	-
Other	(30,175)	(21,660)	(116,926)
Finance costs	<u>(3,251,164)</u>	<u>(2,025,118)</u>	<u>(3,364,072)</u>
Net finance costs	<u>(1,131,681)</u>	<u>(1,727,668)</u>	<u>(1,686,958)</u>

Net foreign exchange losses mainly include foreign exchange losses on borrowings, bonds issued and cash and cash equivalents.

Foreign exchange losses from Belarusian Telecom and lifecell exclude foreign exchange losses incurred in the foreign operations' individual financial statements, which have been recognized directly in equity under foreign currency translation reserve in the consolidated financial statements in accordance with the accounting policy for net investment in foreign operations as disclosed in Note 2c.

Interest income and expense on financial assets measured at amortized cost are shown netted of on consolidated statement of profit or loss. The Company has gross interest income and expense on financial assets at amortized cost amounting to TL 281,993, TL (1,093,432), TL 316,932, TL (1,191,467), and TL 255,019, TL (807,120) for the years ended 31 December 2020, 2019 and 2018, respectively.



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9. Income tax expense

	2020	2019	2018
Current income tax expense	(724,688)	(570,509)	(654,953)
Deferred income tax credit/(expense)	337,495	(215,121)	159,472
Total income tax expense	<u>(387,193)</u>	<u>(785,630)</u>	<u>(495,481)</u>

Income tax expense is attributable to profit from continuing operations.

Income tax relating to each component of other comprehensive income

	2020	2019	2018
	Before tax	Tax (expense)/ credit	Net of tax
Foreign currency translation differences	29,352	7,729	37,081
Change in cash flow hedge reserve	9,914	(5,957)	3,957
Change in cost of hedging reserve	(487,644)	92,089	(395,555)
Fair value reserve	(1,970)	483	(1,487)
Hedges of net investments in foreign operations	(368,959)	72,684	(296,275)
Remeasurements of employee termination benefits	(37,230)	6,085	(31,145)
	<u>(856,537)</u>	<u>173,113</u>	<u>(683,424)</u>
	2019	2018	2017
Foreign currency translation differences	536,796	(99,234)	437,562
Change in cash flow hedge reserve	(217,877)	47,933	(169,944)
Change in cost of hedging reserve	75,605	(16,634)	58,971
Fair value reserve	4,451	(979)	3,472
Hedges of net investments in foreign operations	(55,389)	12,186	(43,203)
Remeasurements of employee termination benefits	(36,385)	8,005	(28,380)
	<u>307,201</u>	<u>(48,723)</u>	<u>258,478</u>
	2018	2017	2016
Foreign currency translation differences	850,188	(226,667)	623,521
Change in cash flow hedge reserve	19,156	(4,214)	14,942
Change in cost of hedging reserve	(347,602)	76,472	(271,130)
Remeasurements of employee termination benefits	12,699	(2,794)	9,905
	<u>534,441</u>	<u>(157,203)</u>	<u>377,238</u>

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9. Income tax expense (continued)

Reconciliation of income tax expense

	2020	2019	2018
Profit from continuing operations before income tax expense	4,626,813	3,289,884	2,672,816
(Loss) from discontinued operations before income tax expense	-	772,436	-
Profit before income tax expense	<u>4,626,813</u>	<u>4,062,320</u>	<u>2,672,816</u>
Tax at the Turkey's tax rate	(1,017,899)	(893,710)	(588,020)
Difference in overseas tax rates	(3,825)	(12,580)	7,617
Effect of exemptions (*)	130,718	123,878	198,160
Previously unrecognized tax losses used to reduce deferred tax expense (**)	665,842	-	-
Utilization of previously unrecognized tax losses	6,746	-	-
Effect of amounts which are not deductible and permanent differences	(123,738)	(134,538)	(91,778)
Tax exemptions from sale of subsidiary and associate (***)	-	169,936	24,268
Change in unrecognized deferred tax assets (****)	(47,094)	(41,681)	(50,551)
Adjustments for current tax of prior years	3,452	3,880	2,510
Tax effect of investment in associate and joint venture	(2,794)	(2,592)	-
Other	1,399	1,777	2,313
Total income tax expense	<u>(387,193)</u>	<u>(785,630)</u>	<u>(495,481)</u>

(*) Mainly comprises of research and development tax credit exemption. For the year ended 31 December 2018, includes the exemption effect of sales of Fintur amounted to TL 76,164.

(**) Mainly comprises the deferred tax credit of TL 665,842 which relates to the carried-forward tax losses of lifecell. lifecell has recorded positive taxable profits for the year ended 31 December 2020, mainly as a result of increased subscriber numbers and cost management. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable profits based on the business plan of lifecell. The tax losses can be carried forward indefinitely and have no expiry date.

(***) For the years ended 31 December 2019 and 2018, includes the Group's transfer of its total shareholding in Fintur and Azerintelek, respectively (Note 39).

(****) Mainly comprises of unused tax losses for which no deferred tax asset has been recognized.

The Turkish entities within the Group are subject to corporate tax at the rate of 20%. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting tax exempt income. On 5 December 2017, Turkey's Law No. 7061 on the Amendment of Certain Tax Laws and Some Other Laws, and which was adopted on 28 November 2017, was published in the Official Gazette. The Law increases the corporate tax rate under Corporate Tax Law, No. 5520, from the current 20% rate to 22% for tax years 2018, 2019, and 2020; the change took effect on the Law's date of publication. The corporate tax rate decreases to 20% in 2021.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the end of the fourth month following the closing of the accounting year to which they relate. Corporate tax payment is made by the end of the month in which the tax return is filed. The tax authorities may, however, examine such returns and the underlying accounting records, and may revise assessments within a five-year period. Advance tax returns are filed on a quarterly basis.

In Turkey, the transfer pricing provisions have been stated under Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets out the details of implementation.

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9. Income tax expense (continued)

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

The deduction of 100% of the research and development expenses is allowed when the taxpayers are made these expenditures exclusively for new technology and information researches.

Dividend payments of Turkish resident corporations to Turkish real persons, foreign corporations and foreign real persons are subject to 15% withholding tax. It is possible to apply reduced withholding tax rate for dividend payments made to abroad, under the scope of provisions of an applicable double taxation treaty. On the other hand, dividend payments made to Turkish resident companies are not subject to withholding tax.

Dividend income of Turkish taxpayers received from other Turkish taxpayers is exempted from corporate tax. However, dividends received from participation shares and stocks of fund and investment partnerships cannot utilize from this exemption.

75% of the profits arising from the sale of affiliate shares, founders' shares, redeemed shares and preemptive rights that are held by the corporations for at least two years are exempted from corporate tax. However, as of 5 December 2017, the date of the publication of the Law No. 7061, 50% of the profits arising from the sale of immovable properties included in the assets of corporations for two years are exempted from corporate tax. The exemption rate had been 75% prior to this date. In order to benefit from these exemptions, profits must be recorded under a passive fund account on the balance sheet and not withdrawn for 5 years. Also, the sale amounts must be received until the end of the second calendar year following the sale.

Pursuant to Article 10/13-h of Law No.7143 published in the Official Gazette dated 18 May 2018 and numbered 30425;

- For the resident real persons and institutions,
- Income from the sale of non-resident subsidiary shares,
- Participation income from non-resident subsidiaries,
- Commercial income through permanent establishment and permanent representatives abroad,

including those obtained until the date 31 October 2018, are exempted from income tax or corporation tax under condition that incomes are transferred from the effective date of Article until 31 December 2018. In accordance with the Presidential Decree dated 29 August 2018 and numbered 48, the terms of the Article have been extended for 6 months. In this way, including those obtained until the date 30 April 2019, income from the sale of non-resident subsidiary's shares are exempted from corporation tax under condition that incomes are transferred until 30 June 2019.

- For the resident real persons and institutions, income from the liquidation of non-resident institutions are exempt from income tax or corporation tax under condition that incomes are transferred to Turkey until the date 31 December 2018. In accordance with the President Decision dated 29 August 2018 and numbered 48, the terms of the Article have been extended for 6 months. In this way, income from the liquidation of non-resident institutions are exempted from corporation tax under condition that incomes are transferred until 30 June 2019.

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10. Expenses by nature

Breakdown of expenses by nature for the years ended 31 December 2020, 2019 and 2018 is as follows:

Cost of revenue:

	2020	2019	2018
Depreciation and amortization (*)	(5,974,779)	(5,046,565)	(4,287,974)
Cost of goods sold	(3,301,984)	(2,278,283)	(1,284,180)
Treasury share	(2,418,800)	(2,191,427)	(1,884,556)
Interconnection and termination expenses	(2,247,647)	(1,909,614)	(1,763,414)
Employee benefit expenses	(1,741,591)	(1,447,037)	(1,148,445)
Radio expenses	(921,153)	(734,583)	(508,884)
Frequency expenses	(887,243)	(802,950)	(622,390)
Transmission expenses	(426,036)	(335,980)	(326,080)
Universal service fund	(330,932)	(297,053)	(256,454)
Roaming expenses	(214,478)	(238,147)	(226,806)
Cost of revenue from financial services (**)	(135,237)	(240,297)	(378,477)
Others	(1,736,179)	(1,561,544)	(1,458,333)
	(20,336,059)	(17,083,480)	(14,145,993)

(*) As at 31 December 2020, depreciation and amortization expenses include depreciation and amortization expenses related to the financial services amounting to TL 39,726 (31 December 2019: TL 26,478; 31 December 2018: TL 16,321).

(**) As at 31 December 2020, cost of revenue from financial services includes employee benefit expenses related to the financial services amounting to TL 18,166 (31 December 2019: TL 11,358; 31 December 2018: TL 8,532).

Selling and marketing expenses:

	2020	2019	2018
Employee benefit expenses	(634,367)	(547,136)	(433,997)
Marketing expenses	(507,921)	(554,538)	(551,127)
Selling expenses	(173,064)	(349,269)	(555,158)
Others	(57,601)	(104,246)	(86,432)
	(1,372,953)	(1,555,189)	(1,626,714)

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10. Expenses by nature (continued)*Administrative expenses:*

	2020	2019	2018
Employee benefit expenses	(479,932)	(473,843)	(416,409)
Service expenses	(58,255)	(52,756)	(35,257)
Consultancy expenses	(53,105)	(51,308)	(38,252)
Collection expenses	(52,189)	(57,097)	(37,525)
Maintenance and repair expenses	(20,139)	(26,610)	(26,867)
Travel and entertainment expenses	(17,009)	(34,644)	(38,406)
Other	(68,983)	(83,497)	(80,654)
	(749,612)	(779,755)	(673,370)

Net impairment losses on financial and contract assets:

	2020	2019	2018
Net impairment losses on financial and contract assets	(349,595)	(338,857)	(346,390)
	(349,595)	(338,857)	(346,390)

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11. Property, plant and equipment

Cost	Balance as at 1 January 2020	Additions	Disposals	Transfers	Disposal of subsidiaries	Impairment expenses/(reversals)	Transfer to investment property	Effects of movements in exchange rates	Balance as at 31 December 2020
Network infrastructure (All operational)	22,022,991	818,989	(699,727)	2,671,001	(15,536)	-	-	125,400	24,923,118
Land and buildings	1,211,323	68,667	(2,004)	212,943	-	-	(6,781)	1,101	1,485,249
Equipment, fixtures and fittings	866,409	93,428	(10,954)	8,961	(3,482)	-	-	1,532	955,894
Motor vehicles	44,518	2,098	(1,690)	-	(4)	-	-	77	44,999
Leasehold improvements	335,837	7,149	(62)	341	(1,574)	-	-	402	342,093
Construction in progress	666,328	2,921,952	(11,372)	(2,898,087)	-	(2)	-	2,480	681,299
Total	25,147,406	3,912,283	(725,809)	(4,841)	(20,596)	(2)	(6,781)	130,992	28,432,652
Accumulated depreciation									
Network infrastructure (All operational)	11,382,813	2,270,537	(656,472)	-	(15,536)	4,183	-	105,298	13,090,823
Land and buildings	285,626	73,594	-	-	-	-	(5,528)	620	354,312
Equipment, fixtures and fittings	673,927	53,914	(7,865)	-	(3,287)	-	-	1,182	717,871
Motor vehicles	37,840	3,714	(1,593)	-	(4)	-	-	70	40,027
Leasehold improvements	308,709	19,622	(49)	-	(1,574)	-	-	181	326,889
Total	12,688,915	2,421,381	(665,979)	-	(20,401)	4,183	(5,528)	107,351	14,529,922
Net book amount	12,458,491	1,490,902	(59,830)	(4,841)	(195)	(4,185)	(1,253)	23,641	13,902,730

Depreciation expenses for the years ended 31 December 2020, 2019 and 2018 amounting to TL 2,425,566 , TL 2,196,902 and TL 1,888,834, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on property, plant and equipment for the years ended 31 December 2020, 2019 and 2018 are TL 4,185, TL 18,007 and TL 34,382, respectively and are recognized in depreciation expenses.

Capitalization rates and amounts other than borrowings made specifically for the purpose of acquiring a qualifying asset are 3.1%, 6.5% and 6.8%; TL 100,051 and TL 123,449 and TL 75,054 for the years ended 31 December 2020, 2019 and 2018 respectively.

Impaired network infrastructure mainly consists of damaged or technologically inadequate mobile and fixed network infrastructure investments.

Network infrastructure mainly consists of mobile and fixed network infrastructure investments.

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11. Property, plant and equipment (continued)

Cost	Balance as at 1 January 2019	Additions	Disposals	Transfers	Impairment expenses/(reversals)	Effects of movements in exchange rates	Balance as at 31 December 2019
Network infrastructure (All operational)	19,132,278	708,891	(756,889)	1,982,073	-	956,638	22,022,991
Land and buildings	929,901	52,877	-	220,637	-	7,908	1,211,323
Equipment, fixtures and fittings	803,500	97,225	(48,813)	1,446	-	13,051	866,409
Motor vehicles	40,106	3,833	(491)	-	-	1,070	44,518
Leasehold improvements	327,492	5,418	(7)	317	-	2,617	335,837
Construction in progress	512,087	2,354,918	(2,058)	(2,216,841)	(3,125)	21,347	666,328
Total	21,745,364	3,223,162	(808,258)	(12,368)	(3,125)	1,002,631	25,147,406
Accumulated depreciation							
Network infrastructure (All operational)	9,446,217	2,006,650	(738,527)	31,327	14,543	622,603	11,382,813
Land and buildings	239,088	58,292	-	(16,359)	-	4,605	285,626
Equipment, fixtures and fittings	633,507	80,254	(39,143)	(11,440)	-	10,749	673,927
Motor vehicles	34,230	2,923	(296)	-	-	983	37,840
Leasehold improvements	276,006	30,776	(7)	-	339	1,595	308,709
Total	10,629,048	2,178,895	(777,973)	3,528	14,882	640,535	12,688,915
Net book amount	11,116,316	1,044,267	(30,285)	(15,896)	(18,007)	362,096	12,458,491

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12. Intangible assets

Turkcell

The carrying amounts of 2G, 3G and 4.5G licenses are TL 103,460, TL 320,599 and TL 3,320,721, respectively (31 December 2019: TL 149,443, TL 359,071 and TL 3,723,232, respectively).

lifecell

lifecell owns nine activity licenses: a technology neutral license, issued for 3G, one license for international and long-distance calls and seven PSTN licenses for seven regions in Ukraine. As of 31 December 2020, lifecell owns twenty frequency use licenses for IMT (LTE-2600, LTE-1800, LTE-900), IMT-2000 (UMTS), GSM-900, GSM-1800, and microwave Radiorelay and Broadband Radio Access, which are regional and national. Additionally, lifecell holds a specific number range — three NDC codes for mobile network, twenty-eight permissions on a number resource for short numbers, ten permissions on a number resource for SS-7 codes (six regional and four international), one permission on a number resource for Mobile Network Code, eight permissions on a number resource for local ranges for PSTN licenses, two permissions on service codes for alternative routing selection for international and long-distance fixed telephony, and one permission on a code for global telecommunication service “800”. The carrying amount of lifecell’s licenses is TL 1,217,173 (31 December 2019: TL 1,254,713).

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12. Intangible assets (continued)

Cost	Balance at 1 January 2020	Additions	Disposals	Transfers	Impairment expenses/ (reversals)	Disposal of subsidiaries	Acquisition through business combinations	Effects of movements in exchange rates	Balance at 31 December 2020
Telecommunication licenses	9,132,617	695	(32,445)	10,110	-	-	-	77,756	9,188,733
Computer software	10,133,924	1,621,210	(31,808)	107,819	-	(10,164)	-	14,846	11,835,827
Transmission line software	74,379	14,120	-	-	-	-	-	-	88,499
Central betting system operating right	12,426	-	-	-	-	(12,426)	-	-	-
Indefeasible right of usage	117,618	9,709	-	32,668	-	-	-	-	159,995
Brand name	7,740	1,518	-	-	-	-	-	225	9,483
Customer base	15,512	-	-	-	-	-	-	-	15,512
Goodwill (*)	32,834	-	-	-	-	-	7,176	-	40,010
Subscriber acquisition cost	3,248,859	1,573,606	(37,307)	-	-	-	-	2,695	4,787,853
Other	93,942	20,968	(388)	39	-	-	71,652	530	186,743
Construction in progress	13,452	134,089	(712)	(145,795)	-	-	-	108	1,142
Total	22,883,303	3,375,915	(102,660)	4,841	-	(22,590)	78,828	96,160	26,313,797
Accumulated amortization									
Telecommunication licenses	3,632,968	636,749	(28,052)	(7,700)	-	-	-	19,238	4,253,203
Computer software	6,290,133	1,023,203	(24,295)	-	18,460	(10,164)	-	6,857	7,304,194
Transmission line software	71,602	7,471	-	-	-	-	-	-	79,073
Central betting system operating right	12,375	-	-	-	-	(12,375)	-	-	-
Indefeasible right of usage	40,420	8,854	-	7,700	-	-	-	-	56,974
Brand name	7,040	-	-	-	-	-	-	-	7,040
Customer base	12,648	437	-	-	-	-	-	-	13,085
Subscriber acquisition cost	1,447,606	721,637	(37,307)	-	-	-	-	1,819	2,133,755
Other	60,449	38,158	(107)	-	-	-	-	189	98,689
Total	11,575,241	2,436,509	(89,761)	-	18,460	(22,539)	-	28,103	13,946,013
Net book amount	11,308,062	939,406	(12,899)	4,841	(18,460)	(51)	78,828	68,057	12,367,784

(*) On 13 May 2019, Turkcell signed a share purchase agreement to acquire 100% of the shares of Yaani (formerly "NTENT Netherlands BV"). The transfer of legal shares was completed on 14 May 2019. The acquisition date has been determined as 1 June 2020. The total consideration transferred amounting to USD 12,310 (TL 78,828) has been accounted for under 'Goodwill' in the 30 June 2020 financial statements. In accordance with a purchase price allocation report prepared by qualified external experts, total acquisition amount has been allocated to 'Intangible assets' amounting to USD 10,472 (TL 71,652), 'Deferred tax assets' amounting to USD 2,618 (TL 17,913) and 'Goodwill' amounting to TL 7,176. Management worked closely with the qualified external experts to establish the appropriate valuation techniques and inputs to the model.

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12. Intangible assets (continued)

Cost	Balance at	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance at
	1 January 2019						31 December 2019
Telecommunication licenses	8,722,998	8,871	(17,035)	29,161	-	388,622	9,132,617
Computer software	8,539,038	1,441,780	(44,952)	89,729	-	108,329	10,133,924
Transmission line software	73,139	1,240	-	-	-	-	74,379
Central betting system operating right	11,981	445	-	-	-	-	12,426
Indefeasible right of usage	117,618	-	-	-	-	-	117,618
Brand name	7,040	700	-	-	-	-	7,740
Customer base	15,512	-	-	-	-	-	15,512
Goodwill	32,834	-	-	-	-	-	32,834
Subscriber acquisition cost	2,034,053	1,232,539	(39,496)	-	-	21,763	3,248,859
Other	50,005	50,334	(61)	(8,972)	-	2,636	93,942
Construction in progress	18,007	85,202	-	(96,991)	(585)	7,819	13,452
Total	19,622,225	2,821,111	(101,544)	12,927	(585)	529,169	22,883,303
Accumulated amortization							
Telecommunication licenses	2,948,235	611,197	(17,035)	-	17	90,554	3,632,968
Computer software	5,481,895	768,238	(41,214)	7,770	1,902	71,542	6,290,133
Transmission line software	67,017	4,585	-	-	-	-	71,602
Central betting system operating right	12,074	301	-	-	-	-	12,375
Indefeasible right of usage	31,855	8,565	-	-	-	-	40,420
Brand name	7,040	-	-	-	-	-	7,040
Customer base	12,211	437	-	-	-	-	12,648
Subscriber acquisition cost	974,200	495,861	(39,496)	-	-	17,041	1,447,606
Other	37,526	29,032	(61)	(7,940)	36	1,856	60,449
Total	9,572,053	1,918,216	(97,806)	(170)	1,955	180,993	11,575,241
Net book amount	10,050,172	902,895	(3,738)	13,097	(2,540)	348,176	11,308,062

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12. Intangible assets (continued)

Amortization expenses for the years ended 31 December 2020, 2019 and 2018 amounting to TL 2,454,969, TL 1,920,756 and TL 1,580,319, respectively include impairment losses and are recognized in cost of revenue. Impairment losses on intangible assets for the years ended 31 December 2020, 2019 and 2018 are TL 18,460, TL 2,540 and TL 3,232, respectively and are recognized in amortization expenses.

Computer software includes capitalized software development costs that meet the definition of an intangible asset. The amount of capitalized development costs is TL 244,204 for the year ended 31 December 2020 (31 December 2019: TL 206,064). The amortization expenses related to capitalized software development costs for the years ended 31 December 2020, 2019 and 2018 amounting to TL 46,601, TL 47,591 and TL 40,934, respectively are recognized in cost of revenue.

13. Impairment of assets

The Group's cash-generating units (CGUs) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the CGU is estimated. The recoverable amount of the CGU is its fair value less cost of disposal. At 31 December 2020, no impairment test has been carried out since there was no indication of impairment in any of the Group's CGUs.

14. Investment properties

	31 December 2020	31 December 2019
Cost		
Opening balance	46,283	145,759
Addition	-	987
Disposal	(15,985)	-
Transfer to property, plant and equipment	6,781	(100,463)
Closing balance	37,079	46,283
Accumulated depreciation		
Opening balance	(30,000)	(130,334)
Transfer to property, plant and equipment	(5,528)	103,262
Depreciation and impairment charges during the year	(697)	(2,928)
Disposal	12,821	-
Closing balance	(23,404)	(30,000)
Net book amount	13,675	16,283

Determination of the fair values of the Group's investment properties

The Group engages qualified external experts, authorized by the Capital Markets Board of Turkey, to perform the valuation of investment properties. Management works closely with the qualified external experts to establish the appropriate valuation techniques and inputs to the model. The fair values of these investment properties were determined using a variety of valuation methods: *income capitalization approach* and *market approach*. In estimating the fair values of the properties, the highest and best use of the property is its current use.

Rent income from investment properties during the year ended 31 December 2020 is TL 5,855 (31 December 2019: TL 4,078 and 31 December 2018: TL 3,092). There is TL 294 direct operating expense for investment properties during the year ended 31 December 2020 (31 December 2019: TL 522 and 31 December 2018: None).

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14. Investment properties (continued)

The Group's investment properties and their fair values at 31 December 2020 and 2019 are as follows:

31 December 2020	Level 1	Level 2	Level 3	Valuation Method
Investment properties in Gebze	-	-	22,340	Income capitalization approach
Investment properties in Ankara	-	15,160	-	Market approach
Investment properties in Aydin	-	2,515	-	Market approach
	<u>-</u>	<u>17,675</u>	<u>22,340</u>	
31 December 2019	Level 1	Level 2	Level 3	Valuation Method
Investment properties in Gebze	-	-	21,520	Income capitalization approach
Investment properties in Ankara	-	14,400	-	Market approach
Investment properties in Istanbul	-	14,585	-	Market approach
	<u>-</u>	<u>28,985</u>	<u>21,520</u>	

Significant unobservable inputs and sensitivity of fair values of respective investment properties are as follows:

In the "income capitalization" approach, a significant increase/(decrease) in rentals will cause a significant increase/(decrease) in the fair value. In addition, a slight decrease/(increase) in risk premium and discount rate which are calculated by considering current market conditions will cause a significant increase/(decrease) in the fair value.

In the "market approach", a significant increase/(decrease) in the market value of any properties which are located in similar areas with similar conditions will cause a significant increase/(decrease) in the fair value.

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15. Right of use assets

Closing balances of right of use assets as of 31 December 2020 and 31 December 2019 and depreciation and amortization expenses for the years ended 31 December 2020 and 31 December 2019 is stated as below:

	Tangible			Intangible			Total
	Site Rent	Building	Network equipment	Other	Right of way	License	
Balance at 1 January 2020	1,082,193	96,073	69,036	132,364	1,379,666	22,984	403,430
Depreciation and amortization charge for the year	(576,941)	(42,097)	(275,038)	(135,085)	(1,029,161)	(18,657)	(64,386)
Balance at 31 December 2020	1,182,847	229,240	218,104	348,334	1,978,525	24,956	401,649
Balance at 1 January 2019	1,021,638	135,158	50,538	109,883	1,317,217	8,643	332,385
Depreciation and amortization charge for the year	(506,386)	(54,605)	(150,282)	(159,784)	(871,057)	(8,849)	(54,922)
Balance at 31 December 2019	1,082,193	96,073	69,036	132,364	1,379,666	22,984	403,430

As at 31 December 2020, the Company has additions to right of use assets amounting to TL 1,791,823 (31 December 2019: TL 1,209,008) and interest expense on lease liabilities amounting to TL 289,718 (31 December 2019: TL 282,769). Depreciation and amortization expenses amounting to TL 1,093,547 (31 December 2019: TL 925,979) are recognized in cost of revenues.

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16. Discontinued operations

Disposal of Fintur

In 2016, the Group has committed to the plan to exit from Fintur operations in relevant jurisdictions and initiated an active program to locate a buyer for its associate. In this regard, Fintur has been classified as held for sale and reported as discontinued operation starting from 1 October 2016.

Equity accounting for Fintur ceased as of 1 October 2016, and in accordance with IFRS 5, Fintur has been measured at the lower of the carrying amount and fair value less costs to sell.

The Company signed the definitive agreement on 12 December 2018 to transfer its total shareholding in Fintur to the other shareholder of Fintur, Sonera Holding B.V. ("Sonera Holding"). The transfer to Sonera Holding and the transfer of proceeds completed on 2 April 2019 subsequent to receipt of regulatory approvals on 29 March 2019. The final transaction value is realized as TL 2,229,595 (EUR 352,851). The share transfer has been completed in 2019, gain on sale of the associate, amounting to TL 772,436 has been recognized under profit from discontinued operations in the consolidated financial statements.

Reconciliation of Fintur sales for the period ended 31 December 2019 is stated as below:

	31 December 2019
Consideration received or receivable:	
Cash	2,229,595
Total disposal consideration	2,229,595
Carrying amount of net assets sold	(1,825,292)
Gain on sale before income tax and reclassification of foreign currency translation reserve	404,303
Reclassification of foreign currency translation reserve	368,133
Income tax expense on gain	-
Gain on sale after income tax	772,436

Subsequent to recognition of gain on sale of Fintur for the three months period ended 31 March 2019, the Company has recognized compensation expense, which has been paid on 23 July 2019 according to Kcell Share Purchase Agreement amounting to TL 59,224 (USD 10,448).

17. Other non-current assets

	2020	2019
Advances given for property, plant and equipment	561,298	59,959
Prepaid expenses	141,201	133,914
Deposits and guarantees given	78,401	34,602
Receivables from the Public Administration	72,848	72,848
VAT receivable	29,025	1,902
Others	1,069	1,045
	883,842	304,270



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18. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities at 31 December 2020 and 2019 are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment and intangible assets	123,871	145,242	(2,117,594)	(1,915,567)	(1,993,723)	(1,770,325)
Investment	-	32,926	-	-	-	32,926
Derivative instruments	27,177	24,303	(407,740)	(349,797)	(380,563)	(325,494)
Reserve for employee termination benefits and provisions	258,675	167,589	(1,362)	(36,289)	257,313	131,300
Trade and other payables	26,511	81,558	(149,827)	(14,823)	(123,316)	66,735
Tax losses carried forward	1,101,043	258,040	(3,254)	-	1,097,789	258,040
Tax allowances	5,158	59,176	-	-	5,158	59,176
Other assets and liabilities (*)	638,991	586,769	(2,872)	(15,415)	636,119	571,354
Deferred tax assets/(liabilities)	2,181,426	1,355,603	(2,682,649)	(2,331,891)	(501,223)	(976,288)
Offsetting	(1,344,818)	(1,166,261)	1,344,818	1,166,261	-	-
Net deferred tax assets/(liabilities)	836,608	189,342	(1,337,831)	(1,165,630)	(501,223)	(976,288)

(*) Mainly comprises of loans, bonds, prepaid expenses and lease liabilities deferred tax assets.

Movement in deferred tax assets/ (liabilities) for the years ended 31 December 2020 and 2019 were as follows:

	2020	2019
Opening balance	(976,288)	(709,628)
Income statement charge	337,495	(215,121)
Tax charge relating to components of other comprehensive income	173,113	(48,723)
Exchange differences	(35,543)	(2,816)
Closing balance, net	(501,223)	(976,288)

The Group did not recognize deferred income tax assets of TL 551,847 (31 December 2019: TL 1,199,670) in respect of tax losses amounting to TL 2,986,951 (31 December 2019: TL 6,588,723) that can be carried forward against future taxable income. The unused tax losses were incurred mainly by Belarusian Telecom that are not likely to generate taxable income in the foreseeable future.

Unused tax losses will expire at the following dates:

Expiration Date	Amount
2021	212,836
2022	136,298
2023	201,770
2024	345,681
2025	1,196,884
2026	45,470
2027	571,210
2028	188,354
Indefinite	88,448
Total	2,986,951

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19. Trade receivables and accrued revenue

	31 December 2020	31 December 2019
Receivables from subscribers	2,263,544	2,090,242
Accounts and notes receivable	766,921	745,442
Undue assigned contracted receivables	435,332	298,291
	<u>3,465,797</u>	<u>3,133,975</u>

Trade receivables are shown net of provision for impairment amounting to TL 617,932 as at 31 December 2020 (31 December 2019: TL 620,247). Movements in provision for impairment of trade receivables and due from related parties are disclosed in Note 36. The accounts and notes receivable represent receivables from distributors and roaming receivables. The Group's exposure to currency risk and credit risk arising from trade receivables are disclosed in Note 36.

Letters of guarantee received with respect to the accounts and notes receivable amounted to TL 351,698 and TL 332,180 at 31 December 2020 and 2019, respectively.

The undue assigned contracted receivables are the remaining portion of the assigned receivables from the distributors related to the handset campaigns which will be collected from subscribers by the Company in instalments. When the monthly instalment is billed to the subscriber, that portion is transferred to "Receivables from subscribers". The Company measures the undue assigned contracted receivables at amortized cost, bears the credit risk and recognizes interest income throughout the contract period.

The accrued revenue represents accrued revenue from subscribers. Due to the high volume of subscribers, there are different billing cycles. Accordingly, an accrual is made at the end of each reporting period to accrue revenue for services rendered but not billed. The undue assigned contracted receivables related to handset campaigns, which will be billed after one year amounted to TL 172,261 (31 December 2019: TL 116,462) is presented under non-current trade receivable amounted to TL 222,451 (31 December 2019: TL 148,159).

20. Receivables from financial services

	31 December 2020	31 December 2019
Current receivables from financial services	1,886,381	2,319,122
Non-current receivables from financial services	75,717	123,136
	<u>1,962,098</u>	<u>2,442,258</u>

Movements in provision for impairment of receivables from financial services are disclosed in Note 36.

Starting from 2016 the Group and its distributors have offered handset campaigns where subscribers can buy handsets using loans placed by Turkcell Finansman. The Group assumes credit risk in these transactions. Turkcell Finansman collects the loan from the subscriber during the contract period and the Group does not recognize handset revenue unless it is acting as principal in the handset sale.

21. Contract assets

Current contract assets:

	31 December 2020	31 December 2019
Contract assets	972,052	933,969
	<u>972,052</u>	<u>933,969</u>

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21. Contract assets (continued)

Non-current contract assets:

	31 December 2020	31 December 2019
Contract assets	128,114	10,291
	<u>128,114</u>	<u>10,291</u>

The contract assets represent contract assets from subscribers. Due to the high volume of subscribers, there are different billing cycles. Accordingly, an accrual is made at the end of each reporting period to accrue revenue for services rendered but not billed. Contract assets also include contracted receivables related to handset campaigns, and the portion which will be billed after one year is presented under long term contract assets.

22. Inventory

As of 31 December 2020, inventories amounting to TL 203,715 which consist of mainly mobile phone and its accessories, tablet, sim-cards and tower construction materials (31 December 2019: TL 178,399).

23. Other current assets

	31 December 2020	31 December 2019
Receivables from the Ministry of Transport and Infrastructure of Turkey	224,563	669,621
Prepaid expenses	163,657	135,881
VAT receivable	49,490	109,777
Advances given to suppliers	48,141	90,454
Receivables from tax office	20,864	99,882
Other advances given	-	65,263
Other	52,271	156,126
	<u>558,986</u>	<u>1,327,004</u>

24. Cash and cash equivalents

	31 December 2020	31 December 2019
Cash in hand	179	131
Banks	11,852,022	10,238,310
- Demand deposits	975,753	632,022
- Time deposits	10,876,269	9,606,288
Other cash and cash equivalents	8,354	274
Cash and cash equivalents	<u>11,860,555</u>	<u>10,238,715</u>

As at 31 December 2020, the average effective interest rates of TL, USD and EUR time deposits are 17.4%, 2.8% and 1.8% (31 December 2019: 10.7%, 2.3% and 0.4%) respectively.

As at 31 December 2020, average maturity of time deposits is 30 days (31 December 2019: 38 days).

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25. Financial assets

Debt investments at fair value through other comprehensive income

Debt investments at FVOCI comprise the following investments in listed and unlisted securities:

Current Assets	31 December		Fair value hierarchy	Valuation technique
	2020	2019		
Listed debt securities	529,610	345,602		
	529,610	345,602		
Fair values				
	31 December 2020	31 December 2019	Fair value hierarchy	Valuation technique
Financial assets at fair value through other comprehensive income	272,334	-	Level 2	Present value of the estimated future cash flows based on observable yield curves and period end FX rates
	257,276	345,602	Level 1	Pricing models based on quoted market prices at the end of the reporting period.
Total	529,610	345,602		

As of 31 December 2020 and 2019, the nominal and fair value amounts of financial assets are as follows:

Currency	31 December 2020		Maturity
	Nominal amount (original currency)	Fair value (in TL)	
EUR	10,000	91,229	5 February 2021
EUR	20,000	181,105	13 March 2021
EUR	20,000	178,375	17 December 2021
EUR	1,995	19,718	16 February 2026
TRY	24,108	24,819	2 March 2022
TRY	24,312	24,362	2 March 2022
USD	300	1,966	21 February 2022
USD	996	8,036	10 August 2024
Total financial assets		529,610	



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25. Financial assets (continued)

Debt investments at fair value through other comprehensive income (continued)

Currency	31 December 2019		Maturity
	Nominal amount (original currency)	Fair value (in TL)	
EUR	17,990	121,456	29 May 2020
EUR	10,000	67,773	5 February 2021
EUR	20,000	133,072	17 December 2021
EUR	2,000	15,026	16 February 2026
USD	300	1,878	21 February 2022
USD	1,000	6,397	10 August 2024
Total financial assets		345,602	

During the year, the following gains (losses) were recognized in other comprehensive income.

	31 December 2020	31 December 2019
Gains / (Losses) recognized in other comprehensive income		
Related to debt securities	(1,487)	3,472
	(1,487)	3,472

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26. Equity

Share capital

As at 31 December 2020, share capital represents 2,200,000,000 (31 December 2019: 2,200,000,000) authorized, issued and fully paid shares with a par value of TL 1 each. In this respect, share capital presented in the consolidated financial statements refers to nominal amount of registered share capital.

Each holder of shares is entitled to receive dividends as declared and their vote entitlements are determined as explained in Note 1.

Companies with their shareholding percentage are as follows:

	31 December 2020		31 December 2019	
	(%)	TL	(%)	TL
Public Share	53.95	1,187,004	48.95	1,077,004
TVF BTIH	26.20	576,400	-	-
IMTIS Holdings	19.80	435,600	-	-
Turkcell Holding	-	-	51.00	1,122,000
Other	0.05	996	0.05	996
Total	100.00	2,200,000	100.00	2,200,000
Inflation adjustment to share capital		(52,352)		(52,352)
Inflation adjusted capital		2,147,648		2,147,648

As at 31 December 2020, total number of shares pledged as security is 995,509 (2019: 995,509).

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of a company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash dividends in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Treasury shares

During 2020, the Company purchased 816,290 of its shares on-market with prices ranging from full TL 12.09 to full TL 12.35. The buyback was approved by the Board of Directors on 27 July 2016 and 30 January 2017. Total amount of TL 9,994 was deducted from equity (2019: TL 9,998).

Dividends**Inteltek:**

According to the resolution of the Ordinary General Assembly Meeting of Inteltek dated 13 March 2020, the shareholders resolved to pay a dividend amount equal to TL 38,029 out of profits for the year ended 31 December 2019 and a dividend out legal reserves amount equal to TL 34,985 (2019: TL 277,837 in total). The aggregate amount of dividends has been paid on 23 March 2020.

Turkcell:

On 24 September 2020, the Company's General Assembly has approved a dividend distribution for the year ended 31 December 2019 amounting to TL 811,622 (2019: TL 1,010,000); this represents a gross cash dividend of full TL 0.36892 per share. The dividend has been paid to the shareholders on 30 November 2020.

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27. Earnings per share

	2020	2019	2018
Numerator:			
Profit attributable to owners of the Company	4,237,086	3,246,487	2,021,065
Denominator:			
Weighted average number of shares (*)	2,183,106,193	2,183,922,483	2,184,750,233
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	1.94	1.49	0.93

(*) Refer to Note 26 - Treasury shares

Numerator:			
Profit from continuing operations attributable to owners of the Company	4,237,086	2,474,051	2,021,065
Denominator:			
Weighted average number of shares (*)	2,183,106,193	2,183,922,483	2,184,750,233
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	1.94	1.14	0.93

(*) Refer to Note 26 - Treasury shares

Numerator:			
Profit from discontinuing operations attributable to owners of the Company	-	772,436	-
Denominator:			
Weighted average number of shares (*)	2,183,106,193	2,183,922,483	2,184,750,233
Basic and diluted earnings per share for profit from discontinued operations attributable to owners of the Company (in full TL)	-	0.35	-

(*) Refer to Note 26 - Treasury shares

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28. Other non-current liabilities

	2020	2019
Consideration payable in relation to the acquisition of Belarusian Telecom	475,879	359,554
Deferred revenue	22,180	303
	498,059	359,857

Consideration payable in relation to the acquisition of Belarusian Telecom represents the present value of the long-term contingent consideration payable to the seller. Payment of USD 100,000 (equivalent to TL 734,050 as of 31 December 2020) is contingent on the financial performance of Belarusian Telecom, and based on management's estimations, the amount is expected to be paid in instalments between 2025 and 2030 (31 December 2019: in instalments between 2026-2030). The discount rate used for calculating present value of the consideration payable in relation to the acquisition of Belarusian Telecom as of 31 December 2020 ranges between 4.3% and 5.6% (31 December 2019: 5.2% and 6.1%).

29. Loans and borrowings

	31 December 2020	31 December 2019
Non-current liabilities		
Unsecured bank loans	7,779,354	6,092,170
Secured bank loans	151,543	-
Lease liabilities	1,521,713	1,101,303
Debt securities issued	6,901,075	5,483,921
	16,353,685	12,677,394
Current liabilities		
Unsecured bank loans	4,049,824	6,712,297
Secured bank loans	144,261	2,415
Lease liabilities	577,173	431,752
Debt securities issued	461,479	481,869
	5,232,737	7,628,333



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29. Loans and borrowings (continued)

The company has used loans in accordance with the loan agreement previously signed with J.P.Morgan and AB Svensk Exportkredit under the Swedish Export Credit Organization ("EKN") insurance. As of 31 December 2020, the Company has used USD 47,100 and USD 29,410 loan on 1 April 2020 and 27 November 2020, respectively, with a fixed interest rate of 3.84%.

As at 31 December 2020, the company signed a green loan agreement amounting to EUR 50,000 with ING European Financial Services Plc. The respective loan has a maturity of 5 years and its annual interest rate is Euribor+1.95%. The loan facility is utilized to finance sustainable investments such as renewable energy, energy efficiency, green digital services and green buildings under the internationally recognized Green Loan Principles. The loan will be repaid at once at the end of the 5-year maturity term. The loan was fully utilized on 20 March 2020.

The company has signed a loan agreement amounting to USD 90,000 with ING BANK N.V. and AB Svensk Exportkredit within the scope of the EKN insurance on 18 December 2020, which can be used for financing the products and services procured from Ericsson AB and Ericsson Telekomunikasyon A.S.. Each tranches has a period of 15 months respectively and the last tranche will be available until April 2024. The repayments of the tranches will be made in 2 equal installments per year and with a fixed interest rate of 3.04%.

The company has signed a loan agreement amounting to EUR 500,000 with the China Development Bank on 10 August 2020, which can be used for the infrastructure investment financing of the Group for 3 years, and can be utilized both in EUR and RMB. The maturity of the loan is 8 years and the first 3 years are without principal repayment. The annual interest rate of the loan is Euribor+2.29% for the EUR tranche and the fixed 5.15% for the RMB tranche.

Within the scope of buy-back decisions on 27 July 2016, 30 January 2017 and 24 March 2020, the Company sold their debt securities issued with a total nominal value of USD 20,500 as at 31 December 2020.

The company has decided to prepay and close its Club loan, which was utilized under the credit agreement disclosed on 17 September 2015 and which is to fully mature on 16 September 2020. Accordingly, the last two principal payments of the loan, which are due in June 2020 and September 2020 as per the credit agreement and which in total amounted to EUR 148.4 million and USD 166.7 million were made on 23 March 2020.

On 4 June 2020, CMB approval has been taken on issuance of management agreement based lease certificates in accordance with capital markets legislation in the domestic market, in Turkish Lira terms, at an amount up to TL 600,000, on various dates and at various amounts without public offering, as private placement and/or to be sold to institutional investors within one year. On 18 November 2020, the Company has issued management agreement based lease certificates amounting TL 50,000 with the maturity of 23 March 2021.

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29. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

	31 December 2020				31 December 2019			
	Currency	Interest rate type	Nominal interest rate	Payment period	Carrying amount	Nominal interest Rate	Payment period	Carrying amount
Unsecured bank loans	EUR	Floating	Euribor+2.0%-Euribor+2.2%	2021-2026	5,624,277	Euribor+1.3%-Euribor+2.2%	2020-2026	5,638,726
Unsecured bank loans	USD	Floating	Libor+2.1%-Libor+2.4%	2021-2028	2,384,622	Libor+1.5%-Libor+2.2%	2020-2028	4,478,457
Unsecured bank loans	TL	Fixed	6.5%-16.9%	2021	1,627,198	9.5%-11.5%	2020	1,442,818
Unsecured bank loans	UAH	Fixed	6%-10.9%	2021-2023	980,207	11.5%-18.0%	2020	1,043,883
Unsecured bank loans	USD	Fixed	3.8%	2030	501,036	-	-	-
Unsecured bank loans	EUR	Fixed	1.5%-1.8%	2021-2022	428,565	-	-	-
Unsecured bank loans	RMB	Fixed	5.2%-5.5%	2021-2026	283,273	5.5%	2020-2026	200,583
Secured bank loans	USD	Floating	Libor+1.7%	2023	259,427	-	-	-
Secured bank loans	EUR	Floating	Euribor+1.3%	2021	36,377	-	-	-
Secured bank loans (*)	BYN	Fixed	-	-	-	11.5%	2020	2,415
Debt securities issued	USD	Fixed	5.8%	2021-2028	7,311,688	5.8%	2020-2028	5,810,989
Debt securities issued	TL	Fixed	15.0%	2021	50,866	14.0%	2020	154,801
Lease liabilities	TL	Fixed	9.8%-45.0%	2021-2048	1,201,988	12.8%-45.0%	2020-2048	735,211
Lease liabilities	UAH	Fixed	8.1%-24.0%	2021-2069	555,597	16.6%-24.0%	2020-2067	521,496
Lease liabilities	EUR	Fixed	1.0%-10.0%	2021-2034	185,557	1.0%-7.9%	2020-2031	162,786
Lease liabilities	BYN	Fixed	11.5%-15.0%	2021-2028	99,259	11.7%-15.0%	2020-2028	94,998
Lease liabilities	USD	Fixed	3.9%-10.9%	2021-2028	56,485	3.9%-10.8%	2020-2027	18,564
					21,586,422			20,305,727

(*) Belarusian Telecom pledged certain property, plant and equipment to secure these bank loans. Also, these bank loans are secured by the Government of the Republic of Belarus (Note 37).

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30. Employee benefits

	31 December 2020	31 December 2019
Retirement pay liability provision	301,459	222,164
Unused vacation provision	80,464	72,167
	381,923	294,331

Provision for employee termination benefits

Movements in provision for employee termination benefits are as follows:

	2020	2019
1 January	222,164	160,613
Service cost	38,304	35,831
Remeasurements	37,230	36,385
Interest expense	25,535	25,566
Benefit payments	(21,774)	(36,231)
31 December	301,459	222,164

The sensitivity of provision for employee termination benefits to changes in the significant actuarial assumptions is:

31 December 2020 Sensitivity Level	Interest Rate		Inflation Rate	
	1% increase	1% decrease	1% increase	1% decrease
Change in assumption	(14.1%)	17.3%	17.6%	(14.6%)
Impact on provision for employee termination benefits	(42,566)	52,122	53,117	(43,953)

31 December 2019 Sensitivity Level	Interest Rate		Inflation Rate	
	1% increase	1% decrease	1% increase	1% decrease
Change in assumption	(14.2%)	17.4%	17.9%	(14.7%)
Impact on provision for employee termination benefits	(31,547)	38,657	39,767	(32,658)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Defined contribution plans

Obligations for contribution to defined contribution plans are recognized as an expense in the consolidated statement of profit or loss as incurred. The Group incurred TL 14,677, TL 12,785 and TL 9,361 in relation to defined contribution retirement plan for the years ended 31 December 2020, 2019 and 2018, respectively.

Share based payments

The Group has a share performance based payment plan (cash settled incentive plan) in order to build a common interest with its shareholders, support sustainable success, and ensure loyalty of key employees. The KPIs of the plan are; the total shareholder return in excess of weighted average cost of capital (WACC), and ranking of total shareholder return in comparison with BIST-30 and peer group. Bonus amount is determined according to these evaluations, and it is distributed over a three-year payment plan.

As of 31 December 2020, the Group recognized expenses of TL 12,085 regarding this plan (31 December 2019: TL 28,199).

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31. Deferred revenue

Deferred revenue primarily consists of rent income and it is classified as current at 31 December 2020 and 2019. The amount of deferred revenue is TL 116,921 and TL 56,544 as at 31 December 2020 and 2019, respectively.

32. Contract liabilities

Current contract liabilities:

	31 December 2020	31 December 2019
Contract liabilities	315,070	290,408
	315,070	290,408

Non-current contract liabilities:

	31 December 2020	31 December 2019
Contract liabilities	164,764	141,890
	164,764	141,890

Contract liabilities primarily consists of right of use sold but not used by prepaid subscribers.

Revenue recognized in the current reporting period relating to carried forward contract liabilities is TL 290,408 (2019: TL 255,756).

The following table shows unsatisfied performance obligation result as of 31 December 2020;

	31 December 2020
Telecommunications service	900,816
Equipment revenues	423,948
Total	1,324,764

Management expects that 61% of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognized as revenue during next reporting periods. The remaining 39% will be recognized in the 2021 financial year.



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33. Provisions

Non-current provisions:

	Legal claims	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2020	13,635	323,769	337,404
Provisions recognized	11,033	7,840	18,873
Unwinding of discount	-	21,521	21,521
Transfer to current provisions	(7,774)	-	(7,774)
Remeasurements	-	39,504	39,504
Effect of changes in exchange rates	-	2,403	2,403
Balance at 31 December 2020	16,894	395,037	411,931

	Legal claims	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2019	9,364	259,358	268,722
Provisions recognized	12,187	29,080	41,267
Unwinding of discount	-	14,262	14,262
Transfer to current provisions	(7,916)	-	(7,916)
Effect of changes in exchange rates	-	21,069	21,069
Balance at 31 December 2019	13,635	323,769	337,404

Provision for legal claims are recognized for the probable cash outflows related to legal disputes. Refer to Note 38.

The Group is required to incur certain costs in respect of a liability to dismantle and remove assets and to restore sites on which the assets were located. The dismantling costs are calculated according to best estimate of future expected payments discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

It is expected that the obligations for dismantling, removing and site restoration will be realized in accordance with the useful life of GSM services materials.

Additions to obligations for dismantling, removing and site restoration during the period are non-cash transactions and are recorded against property, plant and equipment.

Obligations for dismantling, removing and site restoration are discounted using a discount rate of 9.9% at 31 December 2020 (31 December 2019: 6.1%).



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33. Provisions (continued)

Current provisions:

	Legal claims(**)	Bonus(*)	Total
Balance at 1 January 2020	17,840	324,972	342,812
Provisions recognized	232,879	590,187	823,066
Payments	(6,109)	(537,598)	(543,707)
Transfers from non-current provisions	7,774	-	7,774
Effect of changes in exchange rates	1,249	(906)	343
Balance at 31 December 2020	253,633	376,655	630,288

	Legal claims(**)	Bonus(*)	Total
Balance at 1 January 2019	8,593	298,475	307,068
Provisions recognized	4,369	521,647	526,016
Payments	(4,344)	(501,234)	(505,578)
Transfers from non-current provisions	7,916	-	7,916
Effect of changes in exchange rates	1,306	6,084	7,390
Balance at 31 December 2019	17,840	324,972	342,812

(*) Includes share-based payment (Note 30).

(**) Refer to Note 38.

34. Trade and other payables

	2020	2019
Payable to suppliers	3,563,918	2,728,485
Taxes payable	668,260	523,584
Accrued treasury share, universal service fund contribution and contributions to the ICTA's expenses	533,440	562,536
Accrued selling and marketing expenses	4,477	100,792
Other	206,510	202,074
	4,976,605	4,117,471

Payable to suppliers arises in the ordinary course of business.

Taxes payables include VAT payables, special communications taxes payable, frequency usage fees payable to the ICTA and personnel income taxes payable.

Accrued selling and marketing expenses mainly result from services received from third parties related to the marketing activities of the Group, but not yet invoiced.

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35. Derivative financial instruments

The fair value of derivative financial instruments at 31 December 2020 and 2019 are attributable to the following:

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Held for trading	360,047	41,132	443,880	72,539
Derivatives used for hedging	642,623	66,851	483,448	-
Total	1,002,670	107,983	927,328	72,539

At 31 December 2020, the total held for trading derivative financial assets of TL 917,437 (31 December 2019: TL 845,513) also includes a net accrued interest expense of TL 85,233 (31 December 2019: TL 81,815) and the total held for trading derivative financial liabilities of TL 119,111 (31 December 2019: TL 86,617) also includes a net accrued interest expense of TL 11,128 (31 December 2019: TL 14,078).

Derivatives used for hedging

Participating cross currency swap and cross currency swap contracts

The notional amount and the fair value of participating cross currency swap and cross currency swap contracts for hedging purposes at 31 December 2020 are as follows:

	Sell		Buy		Fair Value	Maturity
	Currency	Notional amount	Currency	Notional amount		
<i>Participating cross currency swap contracts</i>						
TL	1,903,692	EUR	366,800	221,937	23 October 2025	
TL	239,107	EUR	48,012	17,202	22 April 2026	
TL	118,650	EUR	17,146	35,940	22 April 2026	
TL	224,536	USD	40,010	55,830	22 April 2026	
TL	220,055	USD	40,010	42,674	22 April 2026	
TL	184,622	USD	32,008	42,554	22 April 2026	
TL	159,500	USD	28,007	42,068	22 April 2026	
TL	156,999	USD	24,006	14,793	22 April 2026	
TL	125,231	USD	20,005	27,096	22 April 2026	
TL	92,887	USD	16,004	17,169	22 April 2026	
TL	85,206	USD	16,004	28,131	22 April 2026	
<i>Cross currency swap contracts</i>						
TL	99,127	RMB	162,121	97,229	22 April 2026	
Derivatives used for hedge accounting financial assets					642,623	

EUR 414,812 participating cross currency swap contracts includes TL 1,121,303 guarantees after the CSA agreement.

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35. Derivative financial instruments (continued)

Interest rate swap contracts

The notional amount and the fair value of interest rate swap contracts for hedging purposes at 31 December 2020 are as follows:

Sell		Buy		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>Interest rate swap contracts</i>					
USD	80,020	USD	80,020	(31,749)	22 April 2026
USD	40,010	USD	40,010	(15,112)	22 April 2026
USD	32,008	USD	32,008	(10,656)	22 April 2026
USD	28,007	USD	28,007	(9,334)	22 April 2026
Derivatives used for hedge accounting financial liabilities				(66,851)	

Held for trading

Cross currency swap, participating cross currency swap, FX swap and interest rate swap contracts

The notional amount and the fair value of cross currency swap, participating cross currency swap, FX swap and interest rate swap contracts for hedging purposes at 31 December 2020 are as follows:

Sell		Buy		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>Cross currency swap contracts</i>					
TL	45,504	EUR	7,200	20,853	23 September 2021
TL	99,154	USD	17,143	31,140	20 March 2023
TL	98,537	USD	17,143	31,575	20 March 2023
TL	30,707	RMB	38,801	14,535	22 April 2026
<i>Participating cross currency swap contracts</i>					
TL	218,295	EUR	32,008	67,361	22 April 2026
TL	148,117	EUR	24,006	62,688	22 April 2026
TL	146,677	EUR	24,006	80,075	22 April 2026
TL	73,747	EUR	10,861	19,909	22 April 2026
TL	98,295	USD	16,004	13,356	22 April 2026
TL	95,944	USD	16,004	17,978	22 April 2026
<i>FX swap contracts</i>					
TL	73,135	USD	10,000	319	6 January 2021
<i>Interest rate swap contracts</i>					
USD	17,778	USD	17,778	258	29 September 2028
Held for trading derivative financial assets				360,047	



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35. Derivative financial instruments (continued)

Held for trading (continued)

FX swap, interest swap and participating cross currency swap contracts

The notional amount and the fair value of FX swap, interest swap and participating cross currency swap contracts for hedging purposes at 31 December 2020 are as follows:

Sell		Buy		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>FX swap contracts</i>					
EUR	5,000	USD	6,116	(148)	5 January 2021
EUR	33,000	USD	40,075	(3,148)	12 January 2021
TL	186,488	USD	25,000	(2,851)	6 January 2021
TL	73,865	USD	10,000	(411)	6 January 2021
RMB	10,500	USD	1,544	(488)	13 January 2021
<i>Interest swap contracts</i>					
USD	22,222	USD	22,222	(1,141)	29 September 2028
<i>Participating cross currency swap contracts</i>					
TL	195,850	USD	25,000	(3,811)	20 November 2025
TL	155,340	USD	20,000	(5,890)	20 November 2025
<i>Cross currency swap contracts</i>					
TL	188,851	EUR	19,900	(11,663)	2 December 2021
TL	224,100	EUR	24,000	(2,021)	21 December 2022
TL	154,600	USD	20,000	(6,747)	20 November 2025
Total held for trading derivative financial liabilities				(38,319)	

Currency forward contracts

The notional amount and the fair value of currency forward contracts for trading purposes at 31 December 2020 are as follows:

Buy		Fair Value	Maturity
Currency	Notional amount		
USD	500	(194)	31 January 2021
USD	500	(212)	28 February 2021
USD	500	(216)	31 March 2021
USD	500	(221)	30 April 2021
USD	500	(226)	29 May 2021
USD	500	(232)	30 June 2021
USD	500	(237)	31 July 2021
USD	500	(242)	31 August 2021
USD	500	(250)	30 September 2021
USD	500	(253)	30 October 2021
USD	500	(262)	30 November 2021
USD	500	(268)	31 December 2021
Held for trading derivative financial liabilities		(2,813)	

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35. Derivative financial instruments (continued)

Derivatives used for hedging

Participating cross currency swap and cross currency swap contracts

The notional amount and the fair value of participating cross currency swap and cross currency swap contracts for hedging purposes at 31 December 2019 are as follows:

Sell		Buy		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>Participating cross currency swap contracts</i>					
TL	1,820,280	EUR	433,400	148,066	23 October 2025
TL	257,478	EUR	56,004	7,675	22 April 2026
TL	85,593	USD	18,668	21,581	22 April 2026
TL	145,000	USD	50,000	97,030	16 September 2020
TL	128,833	USD	33,333	57,280	16 September 2020
TL	97,833	USD	33,333	63,358	16 September 2020
TL	64,667	USD	16,667	28,394	16 September 2020
TL	245,951	USD	46,670	9,893	22 April 2026
<i>Cross currency swap contracts</i>					
TL	115,628	RMB	189,107	50,171	22 April 2026
Derivatives used for hedge accounting financial assets				483,448	

EUR 489,404 participating cross currency swap contracts includes TL 833,786 guarantees after the CSA agreement.



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35. Derivative financial instruments (continued)

Held for trading

Cross currency swap, participating cross currency swap, FX swap and option contracts

The notional amount and the fair value of cross currency swap, participating cross currency swap, FX swap and option contracts for hedging purposes at 31 December 2019 are as follows:

Sell		Buy		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>Cross currency swap contracts</i>					
TL	242,873	USD	70,500	178,968	16 September 2020
TL	269,451	USD	70,500	148,452	22 December 2020
TL	137,952	USD	24,000	5,625	20 March 2023
TL	138,816	USD	24,000	5,044	23 March 2023
TL	84,224	EUR	15,040	10,691	23 September 2021
TL	91,008	EUR	14,400	5,141	23 September 2021
TL	35,818	RMB	45,259	944	22 April 2026
<i>Participating cross currency swap contracts</i>					
TL	172,772	EUR	28,002	9,904	22 April 2026
TL	171,092	EUR	28,002	21,355	22 April 2026
TL	227,750	EUR	37,336	8,705	22 April 2026
TL	77,520	EUR	12,000	1,097	16 September 2020
TL	261,912	USD	46,670	12,195	22 April 2026
TL	108,349	USD	18,668	3,930	22 April 2026
TL	135,051	USD	23,335	4,674	22 April 2026
TL	215,354	USD	37,336	7,813	22 April 2026
TL	174,000	USD	30,000	1,506	15 June 2026
TL	186,050	USD	32,669	9,936	22 April 2026
<i>FX swap contracts</i>					
USD	20,000	TL	117,860	67	27 February 2020
USD	20,000	TL	117,900	51	27 February 2020
<i>Option contracts</i>					
EUR	25,000	USD	28,038	186	3 January 2020
USD	50,000	TL	275,000	11	3 January 2020
Held for trading derivative financial assets				436,295	

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35. Derivative financial instruments (continued)

Held for trading (continued)

Currency forward contracts

The notional amount and the fair value of currency forward contracts for trading purposes at 31 December 2019 are as follows:

Buy			
Currency	Notional amount	Fair Value	Maturity
USD	30,000	2,081	28 February 2020
USD	7,500	952	30 March 2020
USD	7,500	916	29 June 2020
USD	10,000	1,038	30 March 2020
USD	10,000	1,016	29 June 2020
USD	7,500	797	30 March 2020
USD	7,500	785	29 June 2020
Held for trading derivative financial assets		7,585	

FX swap, interest swap and participating cross currency swap contracts

The notional amount and the fair value of FX swap, interest swap and participating cross currency swap contracts for hedging purposes at 31 December 2019 are as follows:

Sell		Buy			
Currency	Notional amount	Currency	Notional amount	Fair Value	Maturity
<i>FX swap contracts</i>					
EUR	50,000	USD	55,488	(3,005)	07 January 2020
EUR	75,000	USD	83,232	(4,512)	07 January 2020
EUR	175,000	USD	194,560	(8,508)	08 January 2020
EUR	50,000	USD	55,588	(2,432)	08 January 2020
EUR	50,000	USD	55,588	(2,434)	08 January 2020
EUR	85,000	USD	94,397	(4,748)	08 January 2020
EUR	90,000	USD	100,492	(2,301)	21 January 2020
EUR	20,000	USD	22,332	(510)	21 January 2020
EUR	175,000	USD	195,346	(4,875)	22 January 2020
EUR	50,000	USD	55,825	(1,448)	28 January 2020
EUR	70,000	USD	78,154	(2,036)	28 January 2020
EUR	90,000	USD	100,484	(2,612)	28 January 2020
EUR	50,000	USD	55,825	(1,448)	28 January 2020
TL	11,211	USD	1,860	(3)	28 February 2020
<i>Interest swap contracts</i>					
USD	93,340	USD	93,340	(7,802)	22 April 2026
USD	46,670	USD	46,670	(3,101)	22 April 2026
USD	37,336	USD	37,336	(959)	22 April 2026
USD	32,669	USD	32,669	(849)	22 April 2026
<i>Participating cross currency swap contracts</i>					
TL	105,848	USD	18,668	(14,265)	22 April 2026
TL	162,552	USD	28,002	(4,691)	22 April 2026
Total held for trading derivative financial liabilities				(72,539)	



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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	Fair values		Fair Value hierarchy	Valuation Techniques
	31 December 2020	31 December 2019		
a) Participating cross currency swap contracts (*)	797,060	495,436	Level 3	Pricing models based on discounted cash Present value of the estimated future cash flows based on unobservable yield curves and end period FX rates
-Held for trading	251,666	62,159		
-Derivatives used for hedging	545,394	433,277		
b) FX swap, currency, interest swap and option contracts	100,440	351,768	Level 2	Present value of the estimated future cash flows based on observable yield curves and end period FX rates
-Held for trading	70,062	301,597		
-Derivatives used for hedging	30,378	50,171		
c) Currency forward contracts	(2,813)	7,585	Level 2	Forward exchange rates at the balance sheet date
-Held for trading	(2,813)	7,585		

(*) Since the bid-ask spread is unobservable input; in the valuation of participating cross currency swap contracts, prices in the bid- ask price range that were considered the most appropriate were used instead of mid prices. If mid prices were used in the valuation the fair value of participating cross currency swap contracts would have been TL 168,882 lower as at 31 December 2020 (31 December 2019: TL 116,684).

There were no transfers between fair value hierarchy levels during the year.

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

The following tables present the Group's financial assets and financial liabilities measured and recognized at fair value at 31 December 2020 and 2019 on a hedge accounting basis:

Fair values								
Currency	Nominal Value	Maturity Date	31 December 2020	31 December 2019	Fair Value hierarchy	Hedge Ratio	Change in intrinsic value of outstanding hedging instruments since 1 January	Change in value of hedging item used to determine hedge effectiveness
<i>Participating cross currency swap contracts</i>								
EUR Contracts	366,800	23 October 2025	221,937	148,066	Level 3	1:1	968,122	(968,122)
EUR Contracts	65,158	22 April 2026	53,142	7,675	Level 3	1:1	161,325	(161,325)
USD Contracts	-	16 September 2020	-	246,062	Level 3	1:1	1,570	(1,570)
USD Contracts	216,054	22 April 2026	270,315	31,474	Level 3	1:1	340,553	(340,553)
<i>Cross currency swap contracts</i>								
CNY Contracts	162,121	22 April 2026	97,229	50,171	Level 2	1:1	46,858	(46,858)
<i>Interest rate swap contracts</i>								
USD Contracts	180,045	22 April 2026	(66,851)	-	Level 2	1:1	-	-

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

Fair values

Currency	Nominal Value	Maturity Date	31 December 2019	31 December 2018	Fair Value hierarchy	Hedge Ratio	Change in intrinsic value of outstanding hedging instruments since 1 January	Change in value of hedging item used to determine hedge effectiveness
<i>Participating cross currency swap contracts</i>								
EUR Contracts	433,400	23 October 2025	148,066	208,462	Level 3	1:1	293,774	(293,774)
EUR Contracts	56,004	22 April 2026	7,675	64,670	Level 3	1:1	36,344	(36,344)
USD Contracts	133,333	16 September 2020	246,062	394,975	Level 3	1:1	61,424	(61,424)
USD Contracts	46,670	22 April 2026	9,893	-	Level 3	1:1	15,215	(15,215)
USD Contracts	18,668	22 April 2026	21,581	9,234	Level 3	1:1	13,436	(13,436)
<i>Cross currency swap contracts</i>								
CNY Contracts	189,107	22 April 2026	50,171	53,583	Level 2	1:1	19,172	(19,172)

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35. Derivative financial instruments (continued)**Fair value of derivative instruments and risk management (continued)**

Movements in the participating cross currency swap contracts for the years ended 31 December 2020 and 31 December 2019 are stated below:

	31 December 2020	31 December 2019
Opening balance	495,436	653,142
Cash flow effect	(695,892)	(582,580)
<i>Total gain/loss:</i>		
Gains recognized in profit or loss	997,516	424,874
Closing balance	797,060	495,436

Net off / Offset

The Company signed a Credit Support Annex (CSA) against the default risk of parties in respect of a EUR 366,800 participating cross currency swap transaction executed on 15 July 2016 and restructured respectively on 26 May 2017 and 9 August 2018. Additionally, in the 25 June 2019, The Company signed a new CSA to EUR 48,012 participating cross currency swap transaction. As per the CSA, the swap's current (mark-to-market) value will be determined on the 10th and 24th calendar day of each calendar month, and if the mark-to-market value is positive and exceeds a certain threshold, the bank will be posting cash collateral to the Company which will be equal to an amount exceeding the threshold (i.e. if the mark-to-market value is negative, the Company would be required to post collateral to the bank by an amount exceeding the threshold).

With respect to valuations, on a bi-weekly basis, a transfer will take place between the parties only if the mark-to-market value changes by at least EUR 1,000. Following the execution of CSA, the bank transferred to the Company EUR 268,563 as collateral (31 December 2020: TL 2,419,189) which was the amount exceeding the threshold and the Company transferred EUR 144,083 as collateral to the bank (31 December 2020: TL 1,297,886) which was the amount exceeding the threshold. The Company clarified this with the derivative assets included in the statement of financial position because it has the legal right to offset the collateral amount TL 1,121,303 that it recognizes under the borrowings and intends to pay according to the net fair value. This amount was netted from the borrowings and deducted from the derivative instruments in the balance sheet. As of 31 December 2020, were this transaction not conducted, derivative financial instruments assets would have been TL 2,038,740 and current borrowings TL 6,354,040.

Market risk

The Group uses various types of derivatives to manage market risks. All such transactions are carried out within the guidelines set by the treasury and risk management department. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

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35. Derivative financial instruments (continued)**Fair value of derivative instruments and risk management (continued)****Currency risk**

The Group's risk management policy is to hedge its estimated foreign currency exposure in respect of borrowing payments with various maturities at any point in time. The Group uses participating cross currency contracts to hedge its currency risk, mostly with a maturity of over one year from the reporting date. These contracts are generally designated as cash flow hedges.

The Group designates the hedge ratio, between the amount of the hedged item and the hedging instrument is 1:1 to hedge its currency risk.

The time value of options in participating cross currency swap contracts are included in the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity in a cost of hedging reserve. The Group's policy is for the critical terms of the participating cross currency contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are;

- The effect of the counterparties' credit risk on the fair value of the swap contracts, which is not part of the hedged risk and associated credit risk considered to be very low at inception in the fair value of the hedged cash flows attributable to the change in exchange rates;

- The entire fair value of the derivative contracts including currency basis was designated as the hedging instrument in cash flow hedge. The hypothetical derivative is modelled to exclude the impact of currency basis.

Interest rate risk

The Group adopts a policy of ensuring that its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using cross currency and interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparties' credit risk on the fair value of the swap contracts, which is not part of the hedged risk and associated credit risk considered to be very low at inception in the fair value of the hedged cash flows attributable to the change in interest rates;

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

Cash flow sensitivity analysis for variable-rate instruments

A reasonable potential change of 100 basis points in interest rates and 10% change in foreign exchange currency at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or Loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2020				
Participating cross currency swap contracts	1,158,627	849,915	(516,772)	(247,934)
Cross currency swap contracts	49,843	45,528	11,132	12,642
Cash Flow sensitivity (net)	1,208,470	895,443	(505,640)	(235,292)
	Profit or Loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2019				
Participating cross currency swap contracts	376,920	519,967	(102,693)	(180,974)
Cross currency swap contracts	17,631	16,516	(16,644)	(18,114)
Cash Flow sensitivity (net)	394,551	536,483	(119,337)	(199,088)

36. Financial instruments

Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

		2020	2019
Trade receivables	19	3,688,248	3,282,134
Contract assets	21	1,100,166	944,260
Receivables from financial services	20	1,962,098	2,442,258
Cash and cash equivalents (*)	24	11,860,376	10,238,584
Derivative financial instruments	35	917,437	845,513
Other current & non-current assets (**)	23	124,822	98,736
Financial assets at amortized cost		172,363	5,368
Financial assets at fair value through other comprehensive income	25	529,610	345,602
Due from related parties		16,476	4,477
		20,371,596	18,206,932

(*) Cash in hand is excluded from cash and cash equivalents.

(**) Prepaid expenses, VAT receivable, receivable from the Ministry of Transport and Infrastructure of Turkey, other and advances given are excluded from other current assets and other non-current assets.



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36. Financial instruments (continued)

Credit risk (continued)

Credit quality:

The maximum exposure to credit risk for trade and subscriber receivables, other assets and cash and cash equivalent arising from sales transactions, including those classified as due from related parties at the reporting date by type of customer is:

Other assets at 31 December 2020 (*)	Not Due	Less Than 30 Days Past Due		Less Than 60 Days Past Due		Less Than 90 Days Past Due		Less Than 120 Days Past Due		Less Than 150 Days Past Due		Less Than 3 years Past Due		Less Than 4 years Past Due		Less Than 5 years Past Due		Total
		Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due		
Gross Carrying Amount	16,188,078	296,758	62,726	45,682	36,112	31,368	727,462	290,736	257,790	118,718	627,380	17,936,712						
Loss Allowance	71,273	5,042	3,148	3,726	5,334	5,947	250,393	163,799	118,718	118,718	627,380							
(*) Other Assets includes trade receivables, subscriber receivables, derivative financial instruments, financial assets, other assets, cash and cash equivalent and due from related parties.																		
Contract assets at 31 December 2020	Not Due	Less Than 30 Days Past Due		Less Than 60 Days Past Due		Less Than 90 Days Past Due		Less Than 120 Days Past Due		Less Than 150 Days Past Due		Less Than 3 years Past Due		Less Than 4 years Past Due		Less Than 5 years Past Due		Total
Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	
Gross Carrying Amount	1,105,409	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,105,409
Loss Allowance	5,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,243
(*) Other Assets includes trade receivables and subscriber receivables from financial services.																		
Other assets from financial services at 31 December 2020 (**)	Not Due	Less Than 30 Days Past Due		Less Than 60 Days Past Due		Less Than 90 Days Past Due		Less Than 120 Days Past Due		Less Than 150 Days Past Due		Less Than 3 years Past Due		Less Than 4 years Past Due		Less Than 5 years Past Due		Total
Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	
Gross Carrying Amount	1,798,720	109,724	22,023	8,714	7,021	6,044	157,821	5,479	1,100	2,116,646								
Loss Allowance	11,483	1,192	407	204	3,483	3,146	128,084	5,449	1,100	154,548								

(**) Other Assets includes trade receivables and subscriber receivables from financial services.

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36. Financial instruments (continued)

Credit risk (continued)

Credit quality (continued):

Other assets at 1 January 2020 (*)	Not Due	Less Than 30 Days Past Due		Less Than 60 Days Past Due		Less Than 90 Days Past Due		Less Than 120 Days Past Due		Less Than 150 Days Past Due		Less Than 3 years Past Due		Less Than 4 years Past Due		Less Than 5 years Past Due		Total	
		Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due		
Gross Carrying Amount	13,395,590	383,085	109,594	134,229	74,380	63,995	807,941	299,149	180,029	15,447,992									
Loss Allowance	22,884	5,013	8,284	9,497	12,666	11,415	243,399	177,160	137,260	627,578									

(*) Other Assets includes trade receivables, subscriber receivables, derivative financial instruments, financial assets, other assets, cash and cash equivalent and due from related parties.

Contract assets at 1 January 2020	Not Due	Less Than 30 Days Past Due		Less Than 60 Days Past Due		Less Than 90 Days Past Due		Less Than 120 Days Past Due		Less Than 150 Days Past Due		Less Than 3 years Past Due		Less Than 4 years Past Due		Less Than 5 years Past Due		Total
		Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	
Gross Carrying Amount	948,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	948,950
Loss Allowance	4,690	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,690

Other assets from financial services at 1 January 2020 (**)	Not Due	Less Than 30 Days Past Due		Less Than 60 Days Past Due		Less Than 90 Days Past Due		Less Than 120 Days Past Due		Less Than 150 Days Past Due		Less Than 3 years Past Due		Less Than 4 years Past Due		Less Than 5 years Past Due		Total	
		Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due	Due		
Gross Carrying Amount	2,065,573	239,942	50,513	25,239	11,345	10,755	200,867	1,524	-	2,605,758									
Loss Allowance	15,773	2,780	859	452	5,466	5,036	131,645	1,489	-	163,500									

(**) Other Assets includes trade receivables and subscriber receivables from financial services.

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36. Financial instruments (continued)

Impairment losses

Individual receivables, which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. The Group considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the customer,
- Probability that the customer will enter bankruptcy or financial reorganization and
- Default or delinquency in payments.

Receivables for which an impairment provision was recognized are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognized in profit or loss within net impairment losses on financial and contract assets (Note 10). Subsequent recoveries of amounts previously written off are credited against Net impairment losses on financial and contract assets (Note 10).

Movements in the provision for impairment of trade receivables, contract assets, other assets and due from related parties are as follows:

	31 December 2020	31 December 2020
	Contract Asset	Other Asset
Opening balance	4,690	627,578
Provision for impairment recognized during the year	553	452,506
Amounts collected	-	(153,674)
Receivables written off during the year as uncollectible	-	(300,119)
Disposal of subsidiaries	-	(49)
Exchange differences	-	1,138
Closing balance	5,243	627,380
	31 December 2019	31 December 2019
	Contract Asset	Other Asset
Opening balance	7,370	730,811
Provision for impairment recognized during the year	1,105	376,107
Amounts collected	-	(147,858)
Transfer	(3,785)	3,785
Receivables written off during the year as uncollectible	-	(346,049)
Exchange differences	-	10,782
Closing balance	4,690	627,578

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36. Financial instruments (continued)

Impairment losses (continued)

Movements in the provision for impairment of trade receivables, subscriber receivables, other assets and cash and cash equivalents from financial services are as follows:

	31 December 2020	31 December 2019
Opening balance	163,500	200,273
Provision for impairment recognized during the year	126,246	245,365
Amounts collected	(76,036)	(135,862)
Receivables written off during the year as uncollectible	-	(147,067)
Exchange differences	(96)	791
Unused amount reversed (*)	(59,066)	-
Closing balance	154,548	163,500

(*) Turkcell Finansman signed a transfer of claim agreement with a debt management company to transfer some of its doubtful receivables stemming from the years 2016 and 2019. Transferred doubtful receivables comprise of balances that Turkcell Finansman started legal proceedings for.

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36. Financial instruments (continued)

Liquidity risk

The table below analyses the Group's financial liabilities by considering relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- gross settled derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows,

	31 December 2020						31 December 2019							
	Carrying Amount	Contractual cash flows	6 months or less	6-12 Months	1-2 years	2-5 years	More than 5 Years	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 Years
Non-derivative financial liabilities														
Secured bank loans	295,804	(306,496)	(91,265)	(54,792)	(107,483)	(52,956)	-	2,415	(2,587)	(1,329)	(1,258)	-	-	-
Unsecured bank loans	11,829,178	(12,828,540)	(3,040,325)	(1,136,973)	(2,197,659)	(5,426,921)	(1,026,662)	12,804,467	(13,688,718)	(4,246,288)	(2,586,232)	(1,338,152)	(3,684,289)	(1,833,757)
Debt securities issued	7,362,554	(10,044,816)	(2,645,17)	(2,119,957)	(423,914)	(4,941,992)	(4,202,436)	5,965,790	(8,446,514)	(3,188,861)	(1,688,861)	(337,723)	(1,013,168)	(6,607,901)
Lease liabilities	2,098,886	(3,210,148)	(480,282)	(360,908)	(540,721)	(987,430)	(840,807)	1,553,055	(2,456,542)	(382,558)	(261,285)	(406,413)	(662,767)	(743,519)
Trade and other payables*	3,563,918	(3,713,551)	(3,712,172)	(430)	(949)	-	-	2,728,485	(2,789,258)	(2,694,568)	(94,690)	-	-	-
Due to related parties	40,355	(40,355)	(40,355)	-	-	-	-	12,082	(12,082)	(12,082)	-	-	-	-
Consideration payable in relation to acquisition of Belarusian Telecom (Note 28)	475,879	(734,050)	-	-	-	(24,382)	(709,668)	359,554	(594,020)	-	-	-	-	(594,020)
Derivative financial liabilities														
Participating Cross Currency Swap and FX swap contracts	119,111	(265,863)	(44,853)	(46,645)	(70,212)	(101,591)	(2,562)	86,617	(139,936)	(46,104)	(14,625)	(25,514)	(49,492)	(4,201)
Buy		3,077,236	792,428	363,174	579,502	1,055,551	286,581		8,577,016	6,947,440	130,640	254,156	708,073	536,707
Sell		(3,343,069)	(837,281)	(409,819)	(649,714)	(1,157,142)	(289,143)		(8,716,952)	(6,993,544)	(145,265)	(279,670)	(757,565)	(540,908)
TOTAL	25,785,685	(31,145,819)	(7,673,769)	(1,811,705)	(3,340,938)	(11,535,272)	(6,782,135)	23,492,465	(28,129,657)	(7,701,790)	(3,126,951)	(2,107,802)	(5,409,716)	(9,783,398)

* Advances received, license fee accruals, taxes and withholding taxes payable are excluded from trade and other payables.

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36. Financial instruments (continued)**Foreign exchange risk**

The Group's exposure to foreign exchange risk at the end of the reporting period, based on notional amounts, was as follows:

	31 December 2020		
	USD	EUR	RMB
Foreign currency denominated assets			
Other non-current assets	69	11	-
Financial asset at fair value through other comprehensive income	8,848	64,956	-
Due from related parties - current	-	-	-
Trade receivables and contract assets	13,234	15,239	-
Other current assets	11,769	3,737	-
Cash and cash equivalents	1,061,644	85,856	4,801
	1,095,564	169,799	4,801
Foreign currency denominated liabilities			
Loans and borrowings - non-current	(342,930)	(543,680)	(160,398)
Debt securities issued - non-current	(940,137)	-	-
Lease obligations - non-current	(6,822)	(17,000)	-
Other non-current liabilities	(64,829)	-	-
Loans and borrowings - current	(85,526)	(244,057)	(92,931)
Debt securities issued - current	(55,938)	-	-
Lease obligations - current	(721)	(3,598)	-
Trade and other payables - current	(174,039)	(23,944)	(487,738)
Due to related parties	-	(11)	-
	(1,670,942)	(832,290)	(741,067)
Loans defined as hedging instruments (*)	-	164,634	-
Exposure related to derivative instruments			
Participating cross currency swap and FX swap contracts	440,036	535,939	190,421
Currency forward contracts	256,118	-	-
Net exposure	120,776	38,082	(545,845)

(*) The Company designated EUR 164,634 of bank loan, as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe from EUR to Turkish Lira. Foreign exchange gains/losses of the related loans are recognized under equity as "gains/(losses) on net investment hedges" in order to offset the foreign exchange gains/(losses) arising from the translation of the net assets of investments in foreign operations to Turkish Lira.

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36. Financial instruments (continued)**Foreign exchange risk (continued)**

	31 December 2019		
	USD	EUR	RMB
Foreign currency denominated assets			
Other non-current assets	71	5,412	-
Financial asset at fair value through other comprehensive income	1,393	50,721	-
Due from related parties - current	152	581	-
Trade receivables and contract assets	17,383	38,496	-
Other current assets	10,602	4,979	-
Cash and cash equivalents	173,376	1,203,574	-
	202,977	1,303,763	-
Foreign currency denominated liabilities			
Loans and borrowings - non-current	(351,444)	(577,675)	(192,367)
Debt securities issued - non-current	(923,188)	-	-
Lease obligations - non-current	(2,399)	(19,282)	-
Other non-current liabilities	(60,529)	-	-
Loans and borrowings - current	(402,507)	(385,371)	(44,880)
Debt securities issued - current	(55,060)	-	-
Lease obligations - current	(725)	(5,178)	-
Trade and other payables - current	(156,320)	(44,103)	(555)
Due to related parties	(1,022)	(51)	-
	(1,953,194)	(1,031,660)	(237,802)
Loans defined as hedging instruments	-	145,105	-
Exposure related to derivative instruments			
Participating cross currency swap and FX swap contracts	1,830,226	(430,816)	234,367
Net exposure	80,009	(13,608)	(3,435)

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36. Financial instruments (continued)

Exposure to currency risk

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, the analysis excludes net foreign currency investments.

A 10% strengthening/weakening of the TL, UAH, BYN, EUR against the following currencies as at 31 December 2020 and 31 December 2019 would have increased/(decreased) profit or loss before by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Sensitivity analysis 31 December 2020				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- USD net asset/liability	88,656	(88,656)	-	-
2- Hedged portion of USD risk (-)	-	-	(14,984)	14,984
3- USD net effect (1+2)	88,656	(88,656)	(14,984)	14,984
4- EUR net asset/liability	34,304	(34,304)	-	-
5- Hedged portion of EUR risk (-)	-	-	(79,669)	79,669
6- EUR net effect (4+5)	34,304	(34,304)	(79,669)	79,669
7- Other foreign currency net asset/liability (RMB)	(61,036)	61,036	-	-
8- Hedged portion of other foreign currency risk (-) (RMB)	-	-	(192)	192
9- Other foreign currency net effect (7+8)	(61,036)	61,036	(192)	192
Total (3+6+9)	61,924	(61,924)	(94,845)	94,845

Sensitivity analysis 31 December 2019				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- USD net asset/liability	47,527	(47,527)	-	-
2- Hedged portion of USD risk (-)	-	-	(6,135)	6,135
3- USD net effect (1+2)	47,527	(47,527)	(6,135)	6,135
4- EUR net asset/liability	(9,050)	9,050	-	-
5- Hedged portion of EUR risk (-)	-	-	(39,558)	39,558
6- EUR net effect (4+5)	(9,050)	9,050	(39,558)	39,558
7- Other foreign currency net asset/liability (RMB)	(290)	290	-	-
8- Hedged portion of other foreign currency risk (-) (RMB)	-	-	(1,379)	1,379
9- Other foreign currency net effect (7+8)	(290)	290	(1,379)	1,379
Total (3+6+9)	38,187	(38,187)	(47,072)	47,072

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36. Financial instruments (continued)

Interest rate risk

As at 31 December 2020 and 2019 the interest rate profile of the Group's variable rate interest-bearing financial instruments was:

	Note	31 December 2020		31 December 2019	
		Effective Interest Rate	Carrying Amount	Effective interest rate	Carrying Amount
Variable rate instruments					
USD floating rate loans	29	3.2%	(2,644,049)	4.4%	(4,478,457)
EUR floating rate loans	29	2.2%	(5,660,654)	2.2%	(5,638,726)

Sensitivity analysis

Cash flow sensitivity analysis for variable rate instruments:

An increase/decrease of interest rates by 100 basis points would have (decreased)/increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis at 31 December 2020 and 2019:

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 December 2020				
Variable rate instruments (financial liability)	(23,510)	23,510	-	-
Cash flow sensitivity (net)	(23,510)	23,510	-	-
31 December 2019				
Variable rate instruments (financial liability)	(225,528)	225,528	-	-
Cash flow sensitivity (net)	(225,528)	225,528	-	-

Fair values

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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36. Financial instruments (continued)**Fair values (continued)****Valuation inputs and relationships to fair value**

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of contingent consideration.

	Fair value at		Unobservable Inputs	Inputs		Relationship of unobservable inputs to fair value
	31 December 2020	31 December 2019		31 December 2020	31 December 2019	
Contingent consideration	475,879	359,554	Risk-adjusted discount rate	%4.3-%5.6	5.2%-6.1%	An increase/decrease in the discount rate by 100 bps would change FV by TL (35,686) and TL 39,070, respectively.
			Expected settlement date	in instalments between 2025-2030	in instalments between 2026-2030	If expected settlement date increase/decrease by 1-year, FV would change by TL (23,724) and TL 24,978, respectively.

Changes in the consideration payable in relation to acquisition of Belarusian Telecom for the years ended 31 December 2020 and 31 December 2019 are stated below:

	2020	2019
Opening balance	359,554	358,304
Losses recognized in profit or loss	116,325	1,250
Closing balance	475,879	359,554

Financial assets:

Carrying values of a significant portion of financial assets do not differ significantly from their fair values due to their short-term nature. Fair values of financial assets are presented in Note 25.

Financial liabilities:

As at 31 December 2020 and 31 December 2019; for the majority of the borrowings, the fair values are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Material differences are identified only for the following borrowings:

As at 31 December 2020:

	Carrying amount	Fair value
Bank loans	4,615,559	4,646,152

As at 31 December 2019:

	Carrying amount	Fair value
Bank loans	4,149,275	4,192,304

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36. Financial instruments (continued)**Fair values (continued)****Financial liabilities (continued):**

As at 31 December 2020, the fair value of debt securities issued by the Company in 2015 and 2018 with a nominal value of USD 500,000 each and fixed interest rate (Note 29), is TL 3,976,852 (31 December 2019: TL 3,058,366) and TL 3,972,232 (31 December 2019: TL 2,961,300), respectively.

Fair value of cash and cash equivalents and debt securities issued are classified as level 1 and fair value of other financial assets and liabilities are classified as level 2.

37. Guarantees and purchase obligations

At 31 December 2020, outstanding purchase commitments with respect to property, plant and equipment, inventory, advertising and sponsorship amount to TL 840,208 (31 December 2019: TL 819,508). Payments for these commitments will be made within 4 years.

The Group is contingently liable in respect of letters of guarantee obtained from banks and given to public institutions and private entities, and financial guarantees provided to subsidiaries amounting to TL 4,146,811 at 31 December 2020 (31 December 2019: TL 4,842,015).

38. Commitments and Contingencies

The following disclosures comprise of material lawsuits and investigations against the Company.

Disputes on Special Communication Tax and Value Added Tax*Disputes on SCT for the year 2011*

The Large Taxpayers Office levied Special Communication Tax (SCT) and tax penalty on the Company as a result of the Tax Investigation for the year 2011. The Company filed lawsuits for the cancellation of the notification regarding the aforementioned SCT assessment. The court partially accepted and partially rejected the cases and the parties appealed the decisions regarding the parts against them. The Large Taxpayers Office has collected TL 80,355 calculated for the parts against the Company for the assessment of the SCT for the year 2011 by offsetting the receivables of the Company from Public Administrations. While the cases are pending before the court of appeal the Company filed application for the restructuring as per Law no. 6736. The tax Office has rejected the application. The Company has also filed a case for the cancellation of aforementioned rejection act of the Tax Office. In this case, with the decision that notified to the Company on 14 April 2020, the Council of State decided to cancel the rejection act regarding the application for the restructuring. The Large Taxpayers Office and Ministry of Treasury and Finance appealed the decision. The Company replied the appeal request in due time. The appeal process is pending.

In the cases regarding the cancellation of the SCT assessment for the year 2011, Council of State accepted the appeal and decided to reverse the first instance court decisions in favor of the Company, on the ground that; in the case filed for the cancellation of the rejection act regarding the request to restructure the cases filed for the year 2011, the court decided in favor of the Company and since the mentioned case will affect these cases, finalization of the respective decision should be waited. The Large Taxpayers Office applied for the correction of the decisions. The Company replied to application for the correction of the decisions. The Council of State, rejected the correction of decision requests of the Large Taxpayers Office, in favor of the Company.

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38. Commitments and Contingencies (continued)**Disputes regarding the Law on the Protection of Competition**

The investigation initiated by the Competition Board with respect to the practices of the Company regarding the distributors and their dealers in the distribution network. As a result of the investigation the Competition Board rejected the claims that Turkcell determined the resale price. But with the same decision, The Competition Board decided to apply administrative fine on the Company amounting to TL 91,942, on the ground that the Company forced its sub dealers to actual exclusivity. The Company filed a lawsuit on 8 December 2011 for the stay of execution and cancellation of the aforementioned Board decisions regarding the parts against itself. The Court rejected the case. The Company appealed the decision, but the Council of State Plenary Session of the Chambers for Administrative Cases decided to approve the first instance court's decision. The Company made an individual application to the Constitutional Court, against the respective decision within due time. The Constitutional Court process is pending.

Also, the Large Taxpayers Office issued a payment order regarding the aforementioned administrative fine. The Company has not made any payments and filed a lawsuit for the stay of execution and cancellation of the payment order. The Court accepted the case. The Large Taxpayers Office appealed the decision. As a result of the appeal process, due to the reverse decision of the Council of State about the first instance court decision, the case file was sent to the first instance court and the trial of the case is pending before the same.

Three private companies filed a lawsuits against the Company in relation with this case claiming in total of TL 112,084 together with up to 3 times of the loss amount to be determined by the court for its material damages by reserving its rights for surpluses allegedly. Among these cases, in the case filed for the compensation of total TL 110,484 material damages together with compensation amounting to three times of the damage and interest, the court decided to reject the case in favor of the Company, at the hearing on 12 June 2019. The plaintiff appealed the case before Regional Administrative Court. The appeal process, before Regional Administrative Court, is pending. The other cases are also pending.

On the other hand, a lawsuit was filed by a third party, for the cancellation of the part of the aforementioned Competition Board decision, regarding the rejection of the claims that Turkcell determined the resale price. The Council of State cancelled this part of the aforementioned Competition Board decision. Thereafter Competition Board launched a new investigation and as a result of it the Competition Board decided to apply administrative fine amounting to TL 91,942 on the Company. The Company has taken all legal actions by requesting the cancellation of the aforementioned decision and its withdrawal by the Competition Authority. The Competition Authority accepted some of the objections of the Company and reduced the administrative fine to TL 61,294 with its decision.

The aforementioned fine that amount of TL 61,294 was paid with twenty five percent discount on 9 April 2020, in the amount of TL 45,971. Then, a lawsuit was filed on 10 April 2020 for cancellation of the aforementioned administrative fine. The hearing was held on 19 January 2021 in this case and it is expected that the court will grant a decision.

Ministry of Commerce Administrative Fine

As a result of the investigation conducted by the Ministry of Commerce for the year 2015, against the Company due to the alleged violation on distance contracts, hire purchase agreements and subscriber agreements, Ministry of Commerce imposed an administrative fine in the amount of TL 138,173. The Company filed a lawsuit for the cancellation of the related transactions. The Court accepted the case in favor of the Company and cancelled the administrative fine. Istanbul Governorship appealed the decision before Regional Administrative Court. Regional Administrative Court rejected the appeal request in favor of the Company. Istanbul Governorship appealed the decision before the Council of State. The Company replied this request in due time. As a result of the appeal process, the Council of State decided to reverse the Regional Administrative Court's decision and decided to send the case file to the Regional Administrative Court to decide after having an expert examination.



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38. Commitments and Contingencies (continued)**ICTA Investigation Regarding the R&D Obligations (Period of 2013-2016)**

ICTA initiated an investigation on the obligation of investing to products in electronic communication network and communication services, partly from suppliers which have a R&D center in Turkey; partly from the products manufactured in Turkey by SME suppliers which are established to develop products or systems in Turkey; and partly from products that are certified to be domestic goods within the framework of the relevant legislation. As a result of the investigation ICTA has decided to imposed an administrative fine of TL 18,031 to Turkcell. The administrative fine notified to Turkcell on 29 January 2021 and was paid on 26 February 2021 as TL 13,523 with taking on the account the early payment discount (1/4). The Company filed totally ten different lawsuits for the cancellation of the administrative fines. There has not been any progress in the cases yet.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits is more than probable, thus, the amount of TL 13,523 that will be paid in February 2021 is recognized as liability in the consolidated financial statements as at and for the period ended 31 December 2020 (31 December 2019: None).

ICTA Investigation Regarding the R&D Obligations (Period of 2016-2017)

ICTA initiated an investigation on the obligation of investing to products in electronic communication network and communication services, partly from suppliers which have a R&D center in Turkey; partly from the products manufactured in Turkey by SME suppliers which are established to develop products or systems in Turkey; and partly from products that are certified to be domestic goods within the framework of the relevant legislation. As a result of the investigation ICTA has decided to imposed an administrative fine of TL 31,139 to Turkcell. The administrative fine notified to Turkcell on 29 January 2021 and was paid on 26 February 2021 as TL 23,354 with taking on the account the early payment discount (1/4). The Company filed totally seven different lawsuits for the cancellation of the administrative fines. There has not been any progress in the cases yet.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits is more than probable, thus, the amount of TL 23,354 that will be paid in February 2021 is recognized as liability in the consolidated financial statements as at and for the period ended 31 December 2020 (31 December 2019: None).

Other ongoing lawsuits and tax investigations

In 2019, JSC Kazakhtelecom initiated arbitration proceedings against the Company related to its acquisition of JSC Kcell shares, which was subsidiary of the Fintur. The total claim against Turkcell and other shareholder Telia Company A.B. amounts to TL 484 million (USD 66 million) plus interest, of which Turkcell's share amounts to TL 137 million (USD 19 million) under the scope of agreements signed by parties. The arbitration proceeding continues.

On the other hand, JSC Kazakhtelecom has initiated another arbitration case against the Company and Telia Company A.B with the claim of indemnification due to revocation of a frequency license. At the current stage, the total claim has not been specified by JSC Kazakhtelecom. The arbitration proceeding continues.

Probability of an outflow of resources embodying economic benefits for 2018 and 2019 fiscal years with regards to notification of Information and Communication Technologies Authority for radio fee related to 2018 fiscal year was considered by the Company management. In this respect, TL 128,429 was paid in November 2019 by reserving our right to take legal actions and legal actions were taken for 2018 fiscal year. The lawsuits are pending. On the other hand, additional TL 13,465 for 2018/December was paid with reservation on 29 January 2021 with regards to notification of Information and Communication Technologies Authority for the same reason. Treasury share investigation related with the periods of July, August and September of 2020 fiscal year is an ongoing process.

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38. Commitments and Contingencies (continued)

Other ongoing lawsuits and tax investigations (continued)

In addition, following tax investigations which were started previous periods (i) prepaid card sales and other transactions for 2017 fiscal year regarding SCT, (ii) 2018 fiscal year transactions regarding SCT, Corporate Income Tax and Value Added Tax closing minutes have been signed and Central Commission of Report Consideration meeting has been held. Evaluation of Commission is still going on.

In addition, in accordance with the "Contract for the Establishment and Operation of Mobile Communication Infrastructure Service in Settlements Without Mobile Coverage" signed with the Ministry of Transport and Infrastructure, since the fees reflected to the Ministry should be subject to special communication tax and assessment has been made for the 2015 and 2016 periods. Application has been made for the assessment on 11 December 2020 to benefit for the structuring provisions of the Law No.7256 and the application has been approved. In this context, 51,174 TL was paid in March 2021 in advance.

On the other hand, mobile payment services provided by Turkcell Odeme were investigated within the scope of the Law No. 6493 and secondary legislation issued pursuant to this Law. As a result of the investigation, an administrative fine was imposed on Turkcell Odeme in the amount of TL 18,763. Turkcell Odeme filed a lawsuit for the cancellation of the aforementioned administrative fine. The hearing was held on 30 December 2020 in this case. The Court decided to accept the case in favor of the Company and cancelled the administrative fine subject to the case.

While this case was ongoing, the Tax Office sent a payment order for collection of the aforementioned administrative fine. Turkcell Odeme filed a lawsuit for the cancellation of the payment order. The Court accepted the case and cancelled the payment order. Tax office appealed the decision before the Regional Administrative Court. The Company replied this appeal request in due time. The Regional Administrative Court, rejected the appeal request of the Tax Office in favor of the Company.

Based on the management opinion, an outflow of resources embodying economic benefits is deemed as probable on some of the aforementioned lawsuits and investigations, thus, TL 242,521 provision is recognized in the consolidated financial statements as at and for the year ended 31 December 2020 (31 December 2019: None).

39. Related parties

Due to the change of the ultimate parent, the Group reevaluated the related party entities and reflected the transactions on 31 December 2020 financial statements.

Transactions with key management personnel

Key management personnel comprise the Group's members of the Board of Directors, chief officers and other directors.

There are no loans to key management personnel as of 31 December 2020 and 2019.

The Group provides additional benefits to key management personnel and contributions to retirement plans based on a pre-determined ratio of compensation.

	31 December 2020	31 December 2019	31 December 2018
Short-term benefits	86,478	78,775	80,868
Termination benefits	6,548	56,720	121
Share based payments	5,760	6,247	11,473
Long-term benefits	1,085	653	755
	99,871	142,395	93,217

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39. Related parties (continued)

The following transactions occurred with related parties:

	2020	2019	2018
Revenue from related parties			
Enerji Piyasaları İşletme A.S. ("EPIAS") (**)	23,737	-	-
Türk Hava Yolları A.S. ("THY") (**)	14,374	-	-
Turksat Uydu Haberleşme Kablo TV ve İşletme A.S. ("Turksat") (**)	10,408	-	-
Ziraat Bankası (**)	10,285	-	-
Türkiye Vakıflar Bankası TAO ("Vakıfbank") (**)	6,234	-	-
Borsa İstanbul A.S. ("BİST") (**)	3,458	-	-
Güneş Express Havacılık A.S. ("Sun Express") (**)	2,867	-	-
Türkiye Halk Bankası A.S. ("Halkbank") (**)	2,296	-	-
Sofra Kurumsal ve Odullendirme Hizmetleri A.S. ("Sofra")	1,221	-	-
Posta ve Telgraf Teskilatı A.S. ("PTT") (**)	870	-	-
Kredi Kayıt Bürosu A.S. ("KKB") (**)	657	-	-
Sonera Holding	-	772,436	-
Kyivstar GSM JSC ("Kyivstar") (*)	-	27,050	52,946
Telia Carrier Germany GmbH ("Telia Carrier")	-	12,934	7,941
Vimpelcom OJSC ("Vimpelcom") (*)	-	6,191	5,418
Other	6,206	7,004	8,176
	82,613	825,615	74,481

Related party expenses

	2020	2019	2018
EPIAS (**)	80,689	-	-
Sofra	25,477	8,874	-
Turksat (**)	14,023	-	-
Boru Hatları İle Petrol Tasıma A.S. ("BOTAS") (**)	3,654	-	-
PTT (**)	1,682	-	-
Kyivstar (*)	-	40,210	77,174
Telia Carrier	-	7,503	6,047
Vimpelcom (*)	-	1,228	2,751
Wind Telecomunicazioni S.P.A. ("Wind") (*)	-	274	4,812
Turkcell Vakfı	-	-	44,247
Other	2,071	2,000	9,878
	127,596	60,089	144,909

(*) Transactions with Vimpelcom, Kyivstar and Wind include transactions until 18 June 2019.

(**) Transactions with related parties through TVF BTİH include transactions as of 22 October 2020 and onwards.

Details of the financial assets and liabilities with related parties as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Banks - Time deposits	6,713,484	-
Banks - Demand deposits	106,799	-
Other cash and cash equivalents	8,354	-
Bank borrowings	(55,902)	-
Debt securities issued	(50,866)	-
Lease liabilities	(65,577)	-
	6,656,292	-



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39. Related parties (continued)

As of 31 December 2020, the amount of letters of guarantee given to the related parties is TL 67,455 (31 December 2019: None).

Details of the time deposits at related parties as of 31 December 2020 are as follows:

	31 December 2020	31 December 2019
Ziraat Bankasi	2,338,812	-
Vakifbank	2,307,202	-
Halkbank	1,904,505	-
Ziraat Katilim Bankasi A.S.	162,965	-
	6,713,484	-

Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
796,073	USD	2.9%	January 2021	5,843,574
610,140	TRY	17.4%	January 2021	610,140
28,838	EUR	1.5%	January 2021	259,770
				6,713,484

Details of the bank borrowings at related parties as of 31 December 2020 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
49,993	RMB	5.2%	June 2021	55,902
				55,902

Details of the debt securities issued at related parties as of 31 December 2020 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 December 2020
50,000	TRY	15.0%	March 2021	50,866
				50,866

Details of the lease liabilities at related parties as of 31 December 2020 are as follows:

Currency	Effective Interest Rate	Payment Period	31 December 2020
EUR	0.2% - 3.7%	2021 – 2024	65,202
TRY	12.8% - 26.8%	2021	341
USD	4.0%	2023	34
			65,577

Interest income from related parties:

	2020	2019	2018
Ziraat Bankasi	33,838	-	-
Halkbank	32,762	-	-
Vakifbank	27,509	-	-
Other	1,611	-	-
	95,720	-	-

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39. Related parties (continued)

Interest expense to related parties:

	2020	2019	2018
Halkbank	1,968	-	-
Ziraat Bankasi	1,736	-	-
Ziraat Yatirim Menkul Degerler A.S.	506	-	-
Other	65	-	-
	4,275	-	-

Revenue from related parties are generally related to telecommunication, call center and other miscellaneous services. Transactions between the Group and EPIAS are related to the energy services; transactions between the Group and Sofra are related to meal coupon services; transactions between the Group and BOTAS are related to infrastructure services; transactions between the Group and Halkbank, Ziraat Bankasi and Vakifbank are related to banking services; transactions between the Group and PTT are related to cargo transportation; transactions between the Group and Turksat are related to telecommunication services and transactions between the Group and BIST are related to stock market services. Receivables from related parties are not collateralized.

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40. Subsidiaries

The Group's ultimate parent company is TVF, while subsidiaries, associates and a joint venture of the Company as at 31 December 2020 and 31 December 2019 are as follows:

Subsidiaries Name	Country of Incorporation	Business	Effective Ownership Interest	
			31 December 2020 (%)	31 December 2019 (%)
Turktell	Turkey	Information technology, value added GSM services and entertainment investments	100	100
Turkcell Superonline	Turkey	Telecommunications, television services and content services	100	100
Turkcell Satis	Turkey	Sales, delivery and digital sales services	100	100
Turkcell Teknoloji	Turkey	Research and development	100	100
Turkcell Gayrimenkul	Turkey	Property investments	100	100
Turkcell Enerji	Turkey	Electricity energy trade and wholesale and retail electricity sales	100	100
Turkcell Finansman	Turkey	Consumer financing services	100	100
Turkcell Sigorta	Turkey	Insurance agency activities	100	100
Turkcell Odeme	Turkey	Payment services and e-money license	100	100
Lifecell Dijital Servisler ⁽¹⁾	Turkey	Development and providing of digital services and products	100	-
Lifecell Bulut ⁽¹⁾	Turkey	Cloud solutions services	100	-
Lifecell TV ⁽¹⁾	Turkey	Online radio, television and on-demand streaming services	100	-
Lifecell Muzik ⁽¹⁾	Turkey	Radio, television and on-demand streaming services	100	-
Global Tower	Turkey	Telecommunications infrastructure business	100	100
UkrTower	Ukraine	Telecommunications infrastructure business	100	100
Beltower	Republic of Belarus	Telecommunications infrastructure business	100	100
Eastasia	Netherlands	Telecommunications investments	100	100
Kibris Telekom	Turkish Republic of Northern Cyprus	Telecommunications	100	100
Lifecell Digital	Turkish Republic of Northern Cyprus	Telecommunications	100	100
Turkcell Global Bilgi	Turkey	Customer relations and human resources management	100	100
Global LLC	Ukraine	Customer relations management	100	100
Rehberlik	Turkey	Directory assistance	100	100
Lifecell Ventures	Netherlands	Telecommunications investments	100	100
Lifecell	Ukraine	Telecommunications	100	100
Paycell LLC	Ukraine	Consumer financing services	100	100
Turkcell Europe	Germany	Telecommunications	100	100
Yaani	Netherlands	Internet search engine and browser services	100	100
BiP Digital ⁽²⁾	Netherlands	Providing digital services and products	100	-
BiP Iletisim ⁽²⁾	Turkey	Providing digital services and products	100	100
Beltel	Turkey	Telecommunications investments	100	100
Belarusian Telecom	Republic of Belarus	Telecommunications	80	80
Lifetech	Republic of Belarus	Information technology, programming and technical support	80	80
Inteltek ⁽³⁾	Turkey	Information and entertainment services	-	55
			Effective Ownership Interest	
Associates Name	Country of Incorporation	Business	31 December 2020 (%)	31 December 2019 (%)
TOGG	Turkey	Electric passenger car development, production and trading activities	19	19
			Effective Ownership Interest	
Joint Venture Name	Country of Incorporation	Business	31 December 2020 (%)	31 December 2019 (%)
Sofra	Turkey	Meal coupons and cards	33	33

⁽¹⁾ On 28 February 2020, Lifecell Dijital Servisler, which will develop and provide digital services and products, was incorporated by Turktell, a subsidiary of the Group, under the laws of Republic of Turkey. On 21 April 2020, Lifecell Bulut, which will provide cloud solutions services, Lifecell TV, which will provide online radio, television and on-demand streaming services and Lifecell Muzik, which will provide radio, television and on-demand streaming services, were incorporated by Lifecell Dijital Servisler which is 100% owned by Turktell, a subsidiary of the Group.

⁽²⁾ On 21 July 2020, the trade name of TOFAS was changed to Lifecell Iletisim and its business activity is determined and announced as providing telecommunication services. On 7 September 2020, Lifecell Digital Communication Technologies B.V ("Lifecell Communication"), which will provide digital services and products, was incorporated by Lifecell Ventures, a subsidiary of the Group. On 30 September 2020, 100% of the shares of Lifecell Iletisim were transferred to Lifecell Communication and the transaction was registered and announced as of 12 October 2020. The trade names of Lifecell Communication and Lifecell Iletisim were changed to BiP Digital and BiP Iletisim on 4 December and 14 December 2020, respectively.

⁽³⁾ The Company has signed a definitive agreement on 29 July 2020 to transfer its total shareholding in Inteltek to other shareholder of aforementioned, Intralot Iberia Holding SAU. The transfer of shares and proceeds were completed on 30 September 2020. The final value of the transaction is realized as TL 6,063. Subsequently, the Company loses its control over Inteltek. This transaction has no material effect on the Group's financial statements.

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40. Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests in the Company are disclosed below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Individually immaterial subsidiaries with non-controlling interest				2,534	21
Inteltek	Turkey	-	45.00%	-	30,182	-	36,307
				<u>2,534</u>	<u>30,203</u>	<u>171</u>	<u>36,455</u>

Summarized financial information in respect of Inteltek is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	31 December 2020	31 December 2019
Inteltek		
Current assets	-	84,896
Non-current assets	-	6,516
Current liabilities	-	6,286
Non-current liabilities	-	4,444
Equity attributable to owners	-	80,682
	2020	2019
Revenue	-	141,783
(Expenses) / Income (net)	-	(74,711)
Gain on Sale of Investments	-	-
Profit for the year	-	67,072
Other comprehensive income/(loss) for the year	-	640
Dividend paid to non-controlling interests	-	(125,027)
Net cash (outflow)/inflow from operating activities	-	(63,238)
Net cash inflow from investing activities	-	20,001
Net cash outflow from financing activities	-	(277,837)
Effects of foreign exchange rate fluctuations on cash and cash equivalents	-	14,979
Net cash (outflow)/inflow	-	(306,095)

Inteltek operated games of chance and assigned mobile sub agencies to operate the fixed odds and paramutual betting games basing on the agreements executed with Spor Toto. The term of the agreement executed between Spor Toto and Inteltek has been expired on 29 August 2019. In this context, activities of Inteltek ceased on 29 August 2019. The Company has signed a definitive agreement on 29 July 2020 to transfer its total shareholding in Inteltek to other shareholder of aforementioned, Intralot Iberia Holding SAU. The transfer of shares and proceeds were completed on 30 September 2020 (Note 40).

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41. Cash flow information

Net financial liabilities reconciliation:

	Debt securities issued	Loans	Lease liabilities	Total	Derivative Assets, net	Total
Balance at 1 January 2020	(5,965,790)	(12,806,882)	(1,533,055)	(20,305,727)	758,896	(19,546,831)
Cash inflows	(494,987)	(22,983,201)	-	(23,478,188)	2,085,585	(21,392,603)
Cash outflows	885,647	26,817,471	1,302,335	29,005,453	(866,650)	28,138,803
Other non-cash movements	(1,787,424)	(3,152,370)	(1,868,166)	(6,807,960)	(1,179,505)	(7,987,465)
Balance at 31 December 2020	(7,362,554)	(12,124,982)	(2,098,886)	(21,586,422)	798,326	(20,788,096)

	Debt securities issued	Loans	Lease liabilities	Total	Derivative Assets, net	Total
Balance at 1 January 2019	(5,210,562)	(13,531,027)	(1,413,956)	(20,155,545)	1,190,797	(18,964,748)
Cash inflows	(311,649)	(29,060,490)	-	(29,372,139)	1,924,363	(27,447,776)
Cash outflows	563,241	32,003,647	1,215,320	33,782,208	(1,101,876)	32,680,332
Other non-cash movements	(1,006,820)	(2,219,012)	(1,334,419)	(4,560,251)	(1,254,388)	(5,814,639)
Balance at 31 December 2019	(5,965,790)	(12,806,882)	(1,533,055)	(20,305,727)	758,896	(19,546,831)

42. Subsequent events

On 8 January 2021, the Group announced that its subsidiary, Turkcell Odeme, shall issue management agreement based lease certificates in accordance with capital markets legislation through an asset leasing company at an amount of up to TL 200,000, with maturities up to 12 months, in the domestic market, in one or more tranches, without public offering, as private placement and/or to be sold to institutional investors.

In accordance with the resolution of TOGG's board of directors, the Group made capital advance payments to TOGG amounting to TL 103,626 in January, February and March 2021.

On 15 April 2021, the Company's General Assembly has approved a dividend distribution for the year ended 31 December 2020 amounting to TL 2,585,787; this represents a gross cash dividend of full TL 1.17536 per share. The dividend will be paid to the shareholders in three instalments on 30 April, 30 July and 27 October 2021.

On 22 April 2021, a temporary article is added to the Turkey's Corporate Tax Law No. 5220 which was published in the Official Gazette. The Law increases the corporate tax rate under Corporate Tax Law from the current 20% rate to 25% for the tax year 2021 and to 23% rate for the tax year 2022; the change took effect on the Law's date of publication. It is expected to continue with 20% afterwards.

Our Offices

Location	Address
ADANA PLAZA	Turhan Cemal Berikel Bulvarı No: 212 Seyhan Adana
ANKARA PLAZA	Eskişehir Yolu 9.Km.No:264 Pk:06510 Söğütözü Ankara
ANKARA DC	Turkcell Ankara Veri Merkezi Malıköy Anadolu OSB Mahallesi 12. Cadde Sincan / ANKARA
ANTALYA PLAZA	Kızıltoprak Mah. 915 Sok. No:3 Muratpaşa Antalya
BAŞKENT NDC	Başkent İvedik Mahallesi 1323. Cadde No:37 Yenimahalle Ankara
BEYOĞLU FLAGSHIP	Meşrutiyet Caddesi No 71 Beyoğlu İstanbul
BORNOVA NDC	Kazım Dirik Mah. 367/7 Sokak No:12 Bornova İzmir
BURSA PLAZA	Organize sanayi Bölge Müd. Kırmızı Cad. No:4 Nilüfer Bursa
ÇORLU NDC	Yulaflı Mah. Hacı Şeremet Mevkii Karın-Balin Gıda Fb. karşısı Çorlu Tekirdağ
DAVUTPAŞA NDC	Maltepe Mah Davutpaşa Cad. Serçekale Sok. No2 Zeytinburnu-İstanbul
DİYARBAKIR PLAZA	Urfa bulvarı Bağcılar Mah No 184 Turkcell plaza bağlar Diyarbakir
DUDULLU DC	Dudullu OSB Nato Yolu 4. Cadde No:1 Ümraniye-İst
EDİRNE DC	Şükrü Paşa Mah. Kırıyık Cad. Hilly Otel Yanı No254 Edirne
ERZURUM NDC	İlica yolu Organize sanayi bölgesi 4.Sok Erzurum
GAZİANTEP NDC	Kocaoğlan Mah. Demokrasi Bulvarı no:185 / 1 Şahinbey Gaziantep
GEBZE DC	Gebze OSB, Tembelova Mevkii Mah. 3300 Sok. No: 3314 Gebze-Kocaeli
HATAY NDC	Güzelbirlik Mah. Yunus Emre Cad. No:11-B Güzelburç Hatay
İZMİR PLAZA	Kazım Dirik Mah. 367/7 Sokak No:12 Bornova İzmir
İZMİR DC	İTOB 10005 sokak no:37 Torbalı - İzmir
İZMİT NDC	Yahya Kaptan Mah. Bahçeşehir Sok. No :30 İzmit/Kocaeli
KARTAL PLAZA	Topselvi Mahallesi Dipçik Sokak No 31
KAYSERİ NDC	Kayseri Organize Sanayi Bölgesi 13. Cadde No:16 Melikgazi- Kayseri
KONYA OFİS	Parsana Mh.Zümrütova Sok.No:1 Selçuklu/Konya
KONYA NDC	Horozluhan Mah Sihhiye Sok No:6 1.ORG SAN. Selçuklu Konya
KÜÇÜKYALI PLAZA	Aydınevler Mahallesi İnönü Caddesi No:20 B Blok 34854 Maltepe İstanbul
MAHMUTBEY NDC	Mahmutbey Mah İnönü Caddesi No: 89 Bağcılar İstanbul
MALATYA NDC	Hoca Ahmet Yesevi Mah. 7. Sok. Mahrukatçılar Sitesi No: 34 Merkez Malatya
MALTEPE PLAZA	Yeni Mah. Pamukkale Sok. No: 3 Soğanlık Mevkii - Kartal İstanbul
MERSİN NDC	Portakal Mah. 80050 Sok. No:3 Toroslar \Mersin
MUĞLA NDC	Musluhittin Mahallesi Atatürk Bulvarı No:61 Muğla
SAKARYA OFİS	Bahçelievler Mah. Cumhuriyet Cd. Kamelya Sk. No:16 Serdivan Sakarya
SAMSUN NDC	Mimar Sinan Mah. 160.sok.No:18 PK:55200 Atakum Samsun
TEKNOLOJİ PLAZA	Yenimahalle Pamukkale sok. No:11 Cevizli/Kartal
TEPEBAŞI PLAZA	Meşrutiyet Caddesi No 71 Beyoğlu İstanbul
TRABZON NDC	Mısırlı Mah. Hasan Turfanda yolu No:1 Çukurçayır Trabzon
VAN NDC	İpek yolu 8 km yeni mahalle sahil sokak no. 27 Edremit Van

Glossary

Abbreviation	Explanation
3G	A third generation mobile telecommunication system established according to IMT-2000/UMTS standards, or standards developed based on these standards
4.5G	A generation containing technologies of more advanced features than standard 4G technology
5G	A generation containing technologies having more advanced features than standard 4G technology
6G	6 th generation advanced communication technologies are expected to enter our lives in the 2030s in the wake of 5G
ARPU	Average monthly revenue generated per mobile subscriber
Backhaul	Wired/wireless communication technologies and tools that provide the connection between base stations and the Core Network
Base Station	A fixed transceiver device in each cell of a mobile communications network enabling communication between mobile phones and radio signals within the cell
Beacon	A location-based data provider utilized in My Dream Companion project
C#	A Microsoft programming language developed for net technology
Carrier Aggregation	A technique allowing more bandwidth and consequently higher speeds to be obtained by joining frequencies called carriers
CELTIC	EUREKA Cluster focusing on the Information and Communications Technology and Telecommunications
DSS	Digital Service Provider
ER	Integrated Reporting
<ER>	Integrated Reporting Framework
ESG	Environmental, Social, Governance
EUREKA	(Exceptional Unconventional Research Enabling Knowledge Acceleration) It is an intergovernmental R&D organization financed by governments of more than forty countries
Gbps	A data transmission speed
GRI	Global Reporting Initiative
GSM	This is a digital mobile communication system, standardized by the European Communications Standards Institute and based on digital transmission with roaming and the cellular network structure being used in Europe, Japan and various other countries
GSMA	(The GSM Association - Global System for Mobile Communications) The GSM Association is a community consisting of mobile operators and telecom-related companies with the aim of standardizing and developing the Mobile Telecommunications Sector
HD	High Definition Broadcast
ICTA	Information Communication Technologies Authority
IDC	(International Data Corporation) American market research company examine the development of technology
IMS	(IP multimedia subsystem) Platform to provide a new generation of wired, wireless service providers
IoT	(Internet of Things) The mobilization, interpretation and communication/interaction of the data received through sensors



Abbreviation	Explanation
IIRC	International Integrated Reporting Council
IT	Tools for generating, collecting, accumulating, processing, recovering, disseminating, protecting, and assisting
ITEA	EUREKA Cluster program supporting innovative, industry-driven, pre-competitive R&D projects in the area of Software-intensive Systems & Services
LTE	Technology that ensures to achieve very high speeds by combining carriers in the same or different frequency bands
LTE-Advanced	A mobile communications standard comprising advanced features such as carrier coupling, which enables mobile broadband speed of over 150 MBps in LTE
M2M	Machine to Machine is the general name of the technology that allows devices to exchange information and conduct transactions without human intervention
MHz	(Megahertz) A frequency unit
NB-IoT	A technology defined by 3GPP for Internet of Things
NGMN	An organization (Next Generation Mobile Networks Association), of which Turkcell is a member, and which several operators, suppliers and universities in the world are a part of, giving direction to technology standards and technology producing companies in relation to operator requirements
NPS	(Net Promoter Score) The score that measures whether or not customers recommend the products they use to others
Roaming	A mobile communication feature that allows the subscribers of a network to use their cell phones and numbers within the coverage of another operator
RTM	(Real Time Monitoring) 24/7 monitoring and reporting system on the system
SASB	Sustainability Accounting Oversight Board
Scratch	Scratch is a programming language developed by MIT (Massachusetts Institute of Technology), which has a user-friendly interface, designed for the use of children between the ages 8 and 16
SDG	Sustainable Development Goals
SD-WAN	Acronym for software-defined networking in a wide area network (WAN)
SMS	A mobile communication system allowing users to receive and send messages that can be constituted of both alphabetic and numerical characters of up to 160 characters, to and from mobile phones through a short message service
Tbps	(TeraBytes Per Second) One trillion bits or bytes per second
NGO	Non-Governmental Organisations
UN	United Nations
UNGC	United Nations Global Compact
WEF	World Economic Forum

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