

# KARINCA LOJİSTİK A.Ş

## Communication on Progress 2009 Report



**KARINCA**  
KARINCA LOJİSTİK A.Ş.



## Chapter 1 - The Scope and Purpose of This Report

### **Communication on Progress**

The purpose of this report is to fulfill our annual Communication on Progress (COP) requirements for the UN Global Compact. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption

This is our first COP, as such, the scope of this report is an overview of our activities from 2007-2009 for which we aim to share our commitment to progress at minimum in two of the four areas of the UN Global Compact, within our first 5 years, in our company operations while keeping our responsibility to our customers, our environment, our employees and our community as a priority. Since this report is our first CoP, it also gives us an opportunity to set targets which we hope to meet and report on how we have progressed in those areas, in our next COP. We intend that our report be utilized by all our stakeholders.

### **THE DAY AFTER TOMORROW**



By the beginning, I would like to emphasize that the companies are some kind of legal entities which have no conscience or soul to run them itself but they have certain rights and obligations including the moral values. Their corporational behavior can not be completely separated from the interests, objectives and dreams of the stakeholders. The attitude of any entity is naturally depend on the decisions of policy makers, that is management.

If each person of KARINCA Logistics is or will be with me on this approach that I mentioned above then I can say that we, as a collective moral actor, can achieve our corporate social responsibilities not only for the day but also for the future. We need the acceptance and participation of our colleagues to have and keep the required value systems for sustainability.

We must always keep two basic concepts in our mind, those are humanity and civilisation. Every activity of nations, civil societies and companies whether this activity is singular or common affects these concepts and creates some negative and positive results for human being and communities. Since this reason, it is needed to work together as tri-sector partners. We have this intention and are ready to work with other significant actors.

Here, I would like to repeat that KARINCA Logistics will go on to fulfil the basic requirements outside or within the market to reach sustainable business cycles. In addition to this our core objective ,as we realised till now ,we will be able to generate and provide many contributions directly or potentially in our business and responsible areas for developing human, social and cultural rights, protecting

the environment against ecological challenges and contributing to common good and welfare all over the World.

Concerning UN Global Compact principles, it seems that KARINCA Logistics reached its short terms targets in 2010; KARINCA could also determine its corporate social responsibilities as a strategic tool for 2011 year and long term and goes on to enhance the existing perspectives. Decreasing of carbon emissions by renewal of our overland fleet with Euro 5 trucks , reducing energy consumption by 5 % , training the personnel in terms of quality assurance, social dialogue , health and safety ; implementing some risk assessments for environment and work conditions and lately green IT Works are some of our targets to be developed and achieved in 2011.

I ask and request from all of our stakeholders and service providers to realise their annual targets not only commercially but also socially in terms of our corporate responsibilities which have been already determined. I believe that we ,as a small sized company, will be able to progress much more by following our corporate action plan when compared to the past years.

We are a part of this World... That's a very concrete and clear fact.

The World needs a global ethic... So, we should contribute and inspire the others.

Nothing can be achieved unless doing something.

Best Regards;

**Fethi BATUK**

A handwritten signature in blue ink, appearing to read 'fethi batuk', with a stylized flourish at the end.

## Chapter 3 – Corporate Profile



### History

Founded in 1986, KARINCA has become an exceptional service provider using every logistical and information technology, creating transportation and logistical strategies for clients in Turkey and abroad and servicing every step of the supply chain. The founders of KARINCA have established the company 25 years ago to serve the customs, insurance, investment and incentive needs of the industry as individuals not satisfied with the foreign trade service they received and had difficulty accessing correct information.

### Our Values

The founders of KARINCA, as a fundamental principle, adopted the sharing of the information in the fastest and most accurate manner with their clients, business partners and employees. KARINCA values can be summarized as below:

**Solutions Oriented:** We value a solutions oriented approach, tackling not the problems but the solutions.

**Knowledge Sharing:** We give great importance to share our acquired experience and our sector knowledge, at all levels of our organization and among our people.

**Continuous Improvement:** We target to achieve the continuous improvement of its knowledge base and enhance the quality of its human resources.

**World Class Technology:** In order to measure performance, we focused on the use of world class technology in the best way possible.

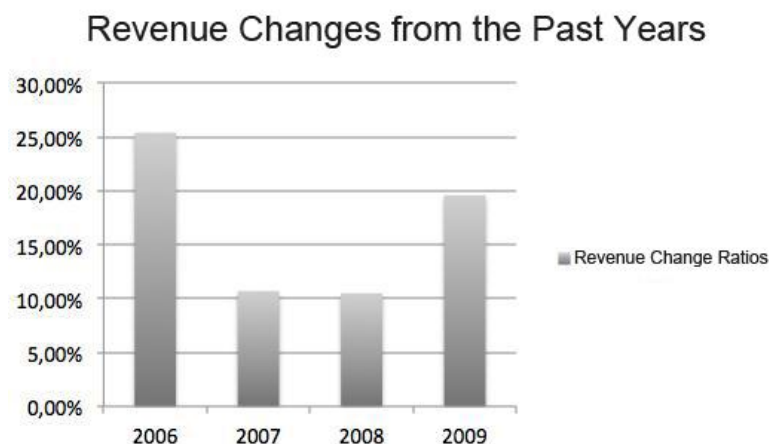
**Sustainability:** We accept and promise to protect and develop the human race and the environment as a pre-condition to our activities. In all our operations, our employees are responsible for the Company's Q-HSSE (Quality-Health, Safety, Security and Environment) performance. All the projects and work plans entail measurable quality, health, safety, security and environmental goals.

KARINCA, in all of its relations;

- Will respect the rights and the dignity of individuals,
- Will offer the best and correct solutions to meet the client's needs,
- Will make sure that the people living in the fields where KARINCA is operative, are beneficiary from KARINCA's presence.

## Financial Performance

The financial performance of KARINCA Logistics is not shared in the report due to the fact that the company is not a publicly offered company. The change in revenue is shown in the chart below.



## Products & Services

In the last two years, we have experienced significant growth in the demand of our existing products and services and we have made it an imperative to continuing growing sustainable and responsibly, with the universal principles as a guidance tool, to also meet the demand for new services, such as the Food Sector and Petroleum Distribution.

KARINCA serves its customers in a wide spectrum on logistics bases. These services can be listed as follows:

- International Freight (Land, Air, Sea, Railway)
- Energy Logistics Group
  - Fuel Transportation
  - Project Transportation
  - Field Management Services for Global Projects
  - Logistical Services for Petroleum and Gas Exploration Projects
- Customs Services
- Fleet Management
- Supply Chain Management
- Warehouse and Stock Management
- Logistics Services
  - Food
  - Textiles
  - Electronics
  - Others
- Expo/Fair Services

## **Air Freight**

We provide air cargo services to/from all airports worldwide. We proudly rank first in Turkey in terms of annual air cargo volume in air cargo. In order to deliver cargo on time, we strengthened our existing relationships with the leading air cargo companies which make it



possible to have deliver cargo at the destination at the requested time. Upon demand, a combination with land, sea or railway transportation can be made for our customers' conveniences. We make it a priority to provide the best air freight service available, even during peak seasons while providing quality control, re-packaging and package in services for the goods and products of our customers. We also provide special arrangements for full air cargo shipments as well as special projects, which we prepare for limited or oversized/weighted cargo.



## Sea Freight

We provide full (FCL) and groupage (LCL) container transport services from/to all ports in the world. In order to present cost-effective solutions, co-operate with leading shipping lines of the world in our special services such as cargo consolidation for per multiple consignees. Furthermore, we reinforce our skills in sea freight with combinations of overland, airfreight, railway transport and with its expert knowledge in custom clearance field. We prepare and apply project shipments for break bulk, IMCO and oversized cargos.

We provide import/export clearance, storage and any related logistics services for shipped cargos in all major ports. In order to better serve our valuable customers, we provide full-time track and trace of cargo via the private service of the KARINCA Logistics Operation System (KarLOS).

Centralized services are offered for issuing related documents, banking formalities, order management, custom clearance, stocking and stock-controlling and world-wide combination/distribution of products.

Charter party agreements for project shipments, contract management, shipper/consignee consolidations, storage, providing special equipments for garments are some of the value-added services in this field.

## Overland Transportation

As an economical, fast and reliable method, overland transportation is our area of expertise. We continuously seek for new opportunities and aim to develop new possibilities to deliver our clients goods- faster and more efficiently. As such, we maintain and update our vehicles and





equipments and renew them with technological enhancements and other necessities. Together with the satellite tracking and tracing system, we develop and implement projects in order to deliver goods to the end user or to the shelves in the most efficient and fastest way.

GPRS tracking system is used for 7/24 vehicle and load tracking.

## **Fuel Oil Distribution**

Since 2000, we provide fuel oil and petrol distribution services for our customers. Each of the tankers have a capacity of 35.000lts, equipped with special equipments, ADR systems and computer equipments (OBC) that has bottom loaded possibility. All over Turkey, the ADR trained drivers and their managers perform the fuel oil distribution.

## **Project Transports**



KARINCA's experience and know-how in logistics and engineering, is sufficient to make solution alternatives possible regardless of how complicated the project is or how hard the geographical locations are. In project transports which require special planning, KARINCA defines the basics of project solution by analyzing the

route and equipment, prepares the feasibility study and provides its customer with a couple of solution alternatives; also carefully studies and learns every relevant law and procedure in every project related country. By considering these federal/governmental laws and even local practices, KARINCA removes the risks and overcomes the potential difficulties in the very beginning and proposes the cost efficient alternatives.

KARINCA prepares the feasibility study, plans and manages the tailor-made projects; Provides all the logistics services a project necessitates, including packing, storing and warehouse management; Applies the necessary combination of land, sea, air and railway transportation in cases of break-bulk cargo or oversized cargo transportation; Provides customs services all over the world.

## **Logistics Services for Oil and Gas Exploration Projects**

KARINCA does have a strong role in the field of logistics service due to quality and reliable service approach to its customers dealing with oil and gas exploration field in the market. KARINCA has primarily built its strength & motivation on human resources in this field. Operations and project management team is composed of experienced and qualified professionals. In this way, our customers' employees should spend less time to administrative and bureaucratic jobs, supply and transportation issues thus able to focus on their own operations more.

## **Site Management Services for Global Projects**

KARINCA renders the site management services in the fields of "Turn Key Power Projects", "Petroleum and Chemical Material Procurement and Transportation Projects" and "Construction Projects".

These services can be grouped under the following headings as a basis:

- Construction of fields and plants; establishing logistic infrastructure
- Field and facilities management
- Shipments of equipment and supplies
- Supply and distribution of petroleum and chemicals
- Establishing IT system infrastructure and supply the needs of the IT system
- Environmental, occupational safety and health requirements procurement
- Security system establishment and fulfillment of the security needs
- Obtain the license and the necessary consents

KARINCA is providing analysis, design, management and consultancy services throughout all the phases of the supply chain. It designs the most appropriated solutions according to its customers' needs. While these services are given, your logistics operations are managed in the way to meet your commercial expectations while both of your processes and your Company strategies are also taken into consideration at the same time.

Our consultants who are experts in their fields, work together with your teams in order to re-engineer your logistics processes where necessary, by giving special importance to the evaluation of your Company's cost efficiency.

Throughout the project, your supply chain is being managed confidently by KARINCA on KARINCA Logistics Operations System (KarLOS) in order not to have any disturbances and problems.

Our expert teams prepare the Standard Operations Procedures (SOP) related to your logistics processes whenever it is necessary as well as giving trainings to your operational teams.

As value added services, KARINCA is also providing outsourcing services for the management of any process at any phase in the supply chain on behalf of your company, besides we are also hiring our professional expertise for your management positions for temporary periods.

KARINCA Project Management Approach is a 7-step process;

1. Preparation and Consensus in understanding: Making-up the project understanding and project preparations
2. Analysis: Detailed determination of the needs
3. Design: The formal agreement on how to approach the project, its deliverables and its limits
4. Planning: Following agreement, a detailed plan is created
5. Execution: After detailed planning and preparation, the project goes "live"
6. Closing and Control: Gradually phase out and preparation of project deliverables, test and control phases
7. Handover and Control: The formal end of the project, follow-up and control in the original environment.

It includes the following Service Fields:

- Minimization of the costs through the analysis, reporting and optimization of the logistics processes
- Training and management of the client's logistics teams
- Providing the client logistics support and services in their own facilities
- Defining the project and managing the logistics services according to the needs of the client

## **Railway Transportation**

Parallel to the developments in the global economy, railway transportation has become important when land, air and sea freight was not able to adequately meet the needs. We alternatively provide railway transportation services according to the needs of each customer.

## **Textile Logistics Services**



KARINCA started giving textile logistics services in 1999, since then, it has continued to extend its services in this field. In 2003, KARINCA acquired the Turkey operations of Meyer & Meyer as well as added some well known and important brands of Europe to its client list. Currently, KARINCA is the biggest logistics service provider in Turkey in terms of hanging logistics system capacity. KARINCA is providing services in many fields from warehousing to value added logistics services both for hanging goods as well as flat packed, boxed and palletized merchandise. KARINCA has found the opportunity to share some IT solutions and products in textile logistics with its customers in Turkey.

## Food Logistics Services

KARINCA Food Logistics Services are structured to be an entirely separate division within the company.

KARINCA Food Logistics Services are led by an expert management team and 200 personnel who are specialized in the food sector and present an activity range that includes warehousing, distribution and transportation in an efficient manner. KARINCA, in its warehouses that are located in İstanbul (Büyükdere, Kurtköy-1, Kurtköy-2), Ankara and İzmir, provides services under the approach of one stop shopping which operates distribution from one centre via



its cold chain transportation, warehousing and frigorific vehicles. As such it has the expertise and know-how and gives primacy to the food safety.

IT infrastructure is used in KARINCA depots intensively at any point in the management. Traceability is provided at all stages of production and delivery from the stage of shelf.

## Electronic Logistics Services

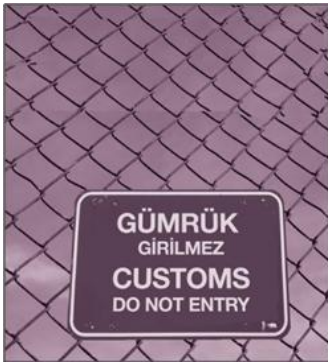
KARINCA has developed electronic products and consumer electronics logistics services since 2007 so improves the efficiency to serve the customers based upon its knowledge and operational experience in this area.

Within the frame of this operational service, fully integrated information systems are used in addition to the value-added services even e.g. product and tax label s/n tracking.

## Featured Services

- User Manual, Warranty Card and tax labeling
- Customs services
- Warehousing services
- Packing and packaging
- Product Quality Control
- Door to door distribution and delivery
- Returned, damaged and repaired product management
- Spare part operation
- System integration services
- Inventory and order management via Internet.

## Customs Clearance



Our Customs Clearance Division makes any definite time delivery programs possible, by carefully managing the customs process. The customs staff, who are specialists working around the clock, are ready to give support to our customers. The staff, work together with the customer representatives of any level and personally prepare the paperwork. KARINCA offices in customs areas and the KARINCA information system which has a direct link to the Customs Management and Exports Unions are our major assets that shorten the customs process time for our customers.

**KARINCA**  **E-GÜMRÜK**

**GÜMRÜKLEME**

**» İHRACAT**

- » İHRACAT İŞ TAKİBİ
- » İHRACAT TEŞVİK RAPORU

**» İTHALAT**

- » İTHALAT İŞ TAKİBİ
- » İTHALAT EVRAK TAKİBİ
- » İTHALAT TEŞVİK RAPORU
- » FİKTİF STOK RAPORU
- » ANTREPO STOK RAPORU
- » KONTROL BELGESİ RAPORU

**» SERBEST BÖLGE**

- » SERBEST BÖLGE İŞ TAKİBİ
- » SERBEST BÖLGE RAPORU

**» ÖZET BEYAN**

- » ÖZETBEYAN RAPORU
- » ÖZETBEYAN GEÇİCİ GİRİŞ RAPORU

**» GENEL**

- » REJİM AÇIKLAMALARI
- » TARİFE-MEVZUAT
- » GÜNLÜK KURLAR
- » MESAJ KUTUNUZ

**» ANA SAYFA**

**» ÇIKIŞ**

**İhracat İş Takibi**

**Başlangıç Tarihi:** 10 / 6 / 2006 [başlangıç tarihini sil](#)

**Bitiş Tarihi:** 11 / 7 / 2006 [bitiş tarihini sil](#)

**Fatura No:**

**Döviz Tutar (-%10 ~ +%10):**

**Beyanname No:**

**Müşteri Referans No:**

**Evrak Dosya No:**

**Araç Çıkış Gümrüğü:** HER HANGİ BİRİ [olan](#)

**Son Durum:** HER HANGİ BİRİ [olan](#)

[Ara >](#)

Lütfen görmek istediğiniz kayıtlarla ilgili kriterleri girip arama yapınız.  
Aramayı kriterlerden bir veya bir kaçını boş bırakarak da yapabilirsiniz.  
Fatura ve Referans Numaralarının bir kısmını -içinde geçen- yazarak da arama yapabilirsiniz.  
Aramayı kriter girmeden -boş- yaparsanız sizinle ilgili tüm kayıtlar görüntülenecektir

Veritabanı uygulaması:

Our employees, who are experts in the area of Customs Law and Customs Taxes, collaborate with our operations department and provide the service as a sole authority. Our national and international experience and knowledge base in customs clearance makes us capable of providing the most suitable and problem free service to our customers. This division follows up the customs clearance process until the shipment is cleared and delivered to its final destination. This process is integrated with the barcode (tax labeling) application software used for tracking operation.

We provide consulting services on importing and exporting issues and are able to plan and manage projects that are complex in structure that necessitate multi-route entries and exits. We also provide the service of auditing the projects' conformities to the body of current legislation. In addition, we offer consulting services for potential operations in free trade zones and help customers in their decision making process, assists in attaining the Free Trade Zone Operating License Permits and fulfills our customs clearance needs.

The required export-import documents are obtained from the national offices such as TSE –DTS Agriculture - Health Directorates.

## **Export Incentives**

We perform the necessary tasks for our customers, to get the provided incentives, in order to import the raw materials for their production of export goods, without VAT and customs tax payments and to close the relevant accounts after the export process.

## **Investment Incentives**

We help investors in the process of getting visas of investment completion and provides consulting services for obtaining and revising Investment Incentive Certificate which helps investors realize their land and building investments, to import the necessary machinery and equipment exempted from any kind of taxes and duty expenses and to cut-off the sum of their investments from their future tax payments as the investment deduction.



## Chapter 4 – Strategy and Management

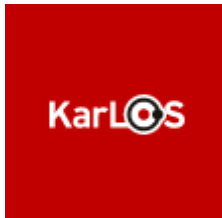
**In 2003, KARINCA began its Corporate Quality Management activities and in 2006, we received the following certifications:**

- **ISO 9001**
- **14001 ve**
- **OHSAS 18001**



Within the framework of our quality related activities, we are audited annually by an independent part by a team of 10.

Our Fundamental Policy is to improve our service quality permanently and enable our employees and our customers to perceive the efficiency. The Quality Performances that are being carried out throughout the company are followed up by ERP (enterprise resource planning) system and the regular documentation is kept in archive then the reports and other outputs are commonly shared with our customers.

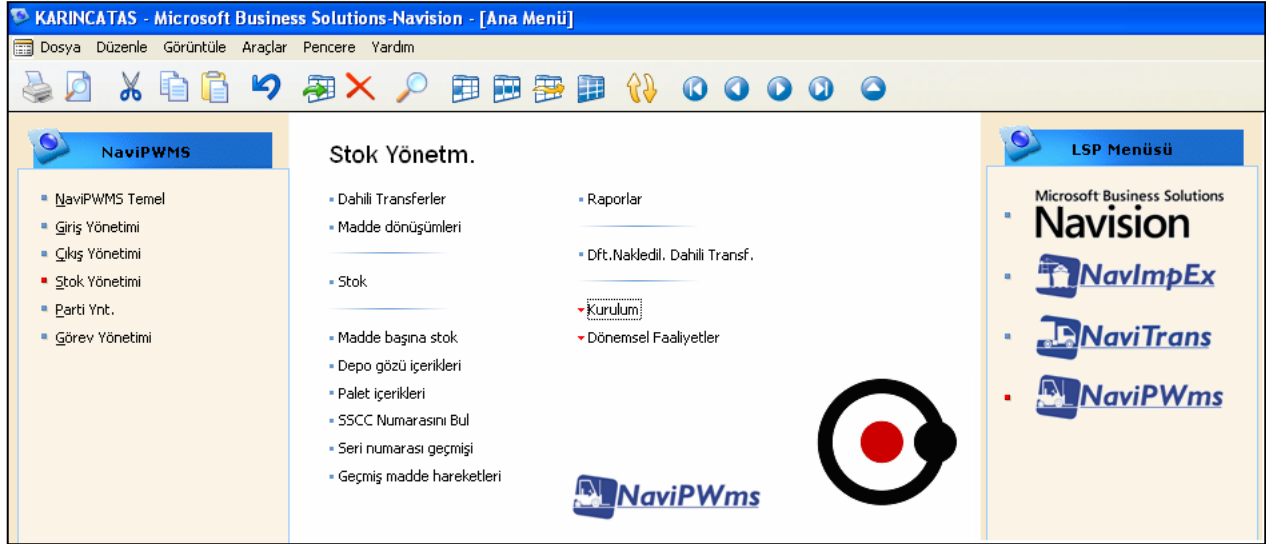


The journey of KARINCA Lojistik A.Ş that has started in 1986 has exposed to a turning point in 2005 from the point of view of the services offered to its customers. KARINCA has developed a unique system i.e. KarLOS - KARINCA Logistics Operations System- in order to eliminate the integration problems of customers related to IT infrastructure and to serve them in the field of logistics information service.

KARINCA Logistics Operations System (KarLOS) was designed flexible to fulfill the specific needs of the customers as well as to have the correct and real time information exchange with multi-points accessibility, fully integrated, workflow driven and accessible points and a central data warehouse features. The system has been constantly developed towards the needs. Besides, depending on the flexibility in the structure of the system, the users are able to get the most detailed reports as quickly as they want.

KarLOS consists of the following operational modules;

- KARINCA Transport Management System
- KARINCA Logistic Services Management System
- KARINCA Accounting and Financial Management System
- KARINCA Customs Management System



## Management



**Hüseyin Göçer**

Chairman of the Board of Directors

**Fethi Batuk**

Board Member - CEO

**Gürhan Ertür**

Board Member

**Niyazi Göçer**

Board Member

**Atila Ören**

Board Member - Coordinator  
Logistics Services Group

**Ümit Şarman**

Board Member - Coordinator of  
Energy Logistics Group

## Chapter 5 – Our Responsibility to Our Environment



KARINCA is aware of environmental corporate responsibility as one of the leading companies signed the Global Leading Applications in Turkey. The fundamental primary requirement for KARINCA is "to pursue continuous improvement and efficiency" and "to adopt protecting the people and environment as a prerequisite accepted and undertaken for all business activities". In respect of all of efforts, the employees of the company are responsible for the performance of HSE-S

(Health Safety Environment and Security). All our projects include the business plans, measurable quality, health, environment and safety objectives.

### **Awarded Certificates**

As a result of our consideration to environmental policies, KARINCA Logistics was awarded ISO 14001:2004 Environmental management systems certificate based upon successful system maintenance related to the environmental policy and applications. Having the certifications e.g. ISO 9001:2008, 14001 and OHSAS 18001 KARINCA has also maintained an integrated system in the field of HSE-S (Health Safety Environment and Security). We carry out all our activities based upon permanent development and improvement considering the potential effects of our activities on air, water, ground, natural resources, flora and the people as well as environmental issues. Thus, taking the measures preventing the environmental pollution is the first priority in our professional life. Even we care the environment for not only preventing the environmental impacts but also reducing any and all types of harmful effects that we may lead to environment. In 2007, our company that was awarded ISO 14001:2004 environmental management conformance has also been certified by the audits in 2009.



The number of our employees has shown an increase by 96% to 902 in 2009 from 460 in 2007. During this period, despite it was expected to increase the consumption of using the resource in parallel with the increasing number of employees, we gained 12% savings consumption in basic expense items such as fuel consumption in electricity, water supply and heating due to efficiency measures taken by using the highest level of technology. We are proud of reducing the consumption of resources while we are growing up more as a result of our consideration of efficiency in all operations we carry out.

The table of electricity consumption in our central building is given as follows;

| Year                         | Unit           | 2007    | 2008    | 2009    | 2007-2009<br>Change |
|------------------------------|----------------|---------|---------|---------|---------------------|
| Number of employees          |                | 162     | 192     | 242     | 49%                 |
| Electricity consumption      | kWh            | 456.731 | 457.952 | 412.568 | -10%                |
| Water consumption            | M <sup>3</sup> | 2.395   | 2.252   | 2.228   | -7%                 |
| Fuel consumption for heating | M <sup>3</sup> | 14.242  | 13.328  | 12.604  | -12%                |

The most effective factor beyond our success is to consider maximum efficiency evaluating each work as a whole project.

Transparency that has been reflected on each operation held by KARINCA is the basic proof in our approach to IT technologies. In order to catch this point, we have built a flexible infrastructure having the qualifications that;

- It is measurable;
- It can be monitored;
- It can be audited ;
- 7/24 running efficiently;
- It is designed to reflect every tiny development in technology and support the decision taking stage of our directors and particularly our customers.

Based upon this approach, we are able to follow up the outcomes of each project permanently thus we can respond promptly when it is necessary.

| Date | Region           | Description           | Weight - Kg | Total /TL |
|------|------------------|-----------------------|-------------|-----------|
| 2008 | CENTRAL BUILDING | Scrap paper & plastic | 26.760      | 2.673     |
| 2009 | CENTRAL BUILDING | Scrap paper & plastic | 52.186      | 5.213     |
|      | GENERAL TOTAL    |                       | 78.949      | 7.886     |

In order to minimize the impacts on the environment, we apply highly active policy in recycling of the packaging wastes arising under our operations. In 2008, the scrap paper and plastic of 26.8 tons were moved to licensed national institutes and such number increased by 95% in 2009 and reached to 52 tons. In 2009, we have started to follow up the recycling statistics of other two plants as well as the central building.

From the other side, we also emphasize the importance of our social responsibility requiring considering the impacts of the products we transport under safe conditions as well as our products. Therefore any activity of our vehicles including high risk is followed up and reported fastidiously. In addition, we organize the training schedules enabling our drivers to have developed skills and also prevent any potential risk related to the operations. In such scope, the trainings including 960 hours- 40 days to 219 people in 2007, 961 hours- 40 day to 269 people in 2008 and 1185 hours- 49 day to 284 people in 2009 were successfully organized.

## Chapter 6 – Our Responsibility to Our Employees



### **Labour**

All labour operations at KARINCA Logistics are handled by the Human Resources (HR) Department. The department is a managerial department within the organization and reports to the CEO directly.

The Human Resources Department is responsible for the following operations in terms of labour issues:

#### **1. Job Descriptions and Organizational Planning**

The HR Department is responsible for the organizational planning of KARINCA Logistics including departmental duties, employee distribution and need-based assessment for each department as well as job descriptions according to the company needs and the global standards set forth by ISO quality standards. Additionally, each job description entails the daily duties of each personnel as well as educational, professional and personal competencies.

#### **2. Recruitment**

The search and selection process is handled by the HR Department. General job applications can be made through a job application form on the website of the company under the Human Resources page. Additionally, specific job ads are posted on recruitment websites as well as national newspapers. All applications are evaluated objectively.

### **3. Wages and Other Compensations**

Wages and other compensations such as bonuses are prepared by the Human Resources Department and paid by the accounting department. Wages are determined by job title, professional experience and number of years in the company and rearranged annually.

### **4. Social Security and Insurance**

The social security and insurance of employees is handled by the Social Security Institution of Turkey. ([www.sgk.gov.tr](http://www.sgk.gov.tr)) All employees of KARINCA are insured by state insurance and the premiums are determined according to the monthly wages as requested by the government. The pension plans of employees are determined by the state regulations and followed thoroughly. The insurance papers of any new recruits must be completed and filed to the state at most one business day before their first day at work.

### **5. Training and Development**

Training and development operations at Karınca Logistics are coordinated through the HR department. The company holds trainings according to job descriptions and departmental needs. Each personnel is given technical training as necessary per their job description. The orientation and annual training for technical personnel is longer than



administrative personnel. The most complex training for the personnel is on fuel products, a joint training program prepared by Shell/BP. The company uses its own experts from various departments for trainings and also coordinates with outsource trainers and training companies for specific programs.



## **6. Performance Management**



The HR department established a pilot 180 degree performance assessment system in 2010 whereby department managers assess the performance of their employees and report to the department. The department will use this information as a long-term assessment tool for job continuity, promotions, compensations as well as disciplinary actions as a performance management system. The pilot program will turn into a mandatory monthly performance assessment system in 2011.

## **7. Order and Compliance**

The HR department is responsible for the documentation and action for disciplinary issues of employees. The order of conduct for the company is received by each personnel during orientation with the Employee Handbook in which the disciplinary and ethical guidelines of the organization are set forth. In minor cases, the employee may receive a verbal warning or a written warning. Written warnings can be used as a reason for termination if repeated. Severe disciplinary or ethical misconducts can result in immediate termination.

## **8. Outsource Management**

KARINCA Logistics works with many outsource companies to further its operations nationally and globally. By carefully selecting outsource companies and following their performance, the company aims at building long-term outsource relations that will represent KARINCA among its employees.

## **9. Workplace Health and Safety**

The health and safety operations at KARINCA Logistics includes the overall health, occupational health, job safety and the continuity of the rules set by the organization. Training programmes are organized to all employees to provide a safe work environment. The managerial staff receives a general training while the technical staff receives through training. The training programme led by Shell and BP is a vital part of the technical training.



Furthermore, workplace health and safety instructions are displayed visually as well as in written document to all employees.

Other than these stated responsibilities, the HR department deals with all issues relating to labour issues and is responsible for the all labour issues for this report.

Discrimination among employees is an important consideration for the department and no cases of discrimination were reported in the company's past. All employees of the organization are of Turkish origin and the company has no employees working outside of the country. There is no unionization within the organization and the right to collective bargaining for employees are handled according to the Labor Act of Turkey. (Law No: 4857)

The organization has a policy of not employing anyone under the age of 18. The only exception to this principle is for interns whose programs are coordinated with vocational institutions.

All employees are responsible to the company rules and guidelines as presented in the Employee Handbook. The handbook is given to each employee after recruitment with a brief introduction and orientation for the company.

## Chapter 7 – Our Responsibility to Society

KARINCA Logistics is one of the first parties in Turkey that have signed Global Leading Applications Convention as the biggest step of corporate citizenship in the world; our company has been signed the convention in 2007 so KIS (Global Leading Applications Convention) principles have been considered as the foundation to integrate the corporate social responsibility with our operations. Our company is fully aware of the environmental and social responsibility arising under the commercial activities of our company so every employee takes part in this integration of social and environmental principles with the corporate operations, policies, strategies and projects. It provides the social responsibility with an understanding of working culture instead of remaining as if only conscious level. The primary goal at each duty held in scope of a certain social responsibility perspective is to use the resources efficiently. This approach also provides our colleagues with advantages in business activities. Additionally, the environment is protected along with the reduction of fuel consumption i.e. Co2 emission.

Thanks to KARINCA Logistics Operations System (KarLos), the transport time is reduced and all possible risks can be followed up from a common centre in basis of a central data warehouse, workflow fully integrated, multi- point accessibility, accurate and real -time electronic information exchange. The nature of the products we carry in densely populated urban centers and untouched natural areas or sensitive areas such as the route is due to last through all kinds of risk are monitored carefully our system. At the same time, to prevent the accident risks for hundreds of vehicles in our fillet, the drivers and the transport staff are involved in permanent trainings. We deem it as our responsibility towards our customers, our colleagues and society we take part.

KARINCA Logistics realizes the social responsibility projects as well as providing the integration of KIS principles with every stage of our activities from the planning to the operation.

The biggest goal for the future is to have the vehicles that are consuming less fuels thus less carbon emissions in our vehicle fleet. Supporting every tiny effort in such matter we contribute in realization of our goal. For this purpose, KARINCA Logistics is the logistics sponsor in Shell Eco-marathon competition that is organized by Shell in Berlin-Germany. The competition focuses on a training program aiming at using the less energy to get the longest distance. With this project, it is aimed to protect the environment that has been polluted constantly, to control the energy use.

## Chapter 8 – Sustainable Targets

KARINCA has identified its goal in scope of the Quality, Environment and Safety.

### Long Term Goals

- Taking the measures to reduce the emissions in all operations;  
Green investments to balance the operational emissions;
- Increasing the support given to the civil social organizations for the human rights in Turkey and the world;
- Organizing the trainings to include also the families of employees in the fields of environmental and occupational safety and health.



In order to catch the long term goals, 2011 targets and responsible departments are identified to take part in the organization.

| NO. | TARGET IDENTIFICATION   | TARGET MONITORING OFFICER  |
|-----|---|--|
| 1.  | Ensure a reduction in energy consumption by 5%.   | Director of Administrative Affairs<br>Quality and Systems<br>Development Manager |
| 2.  | Increase the trainings reducing the risk of fuel transport and product spillage<br>Intensify the site audits and enable the good examples in this issue to be expanded; | Fuel Distribution Services<br>Division Manager                                   |
| 3.  | Implement the Customer evaluation questionnaires at more frequent intervals.  | Operations Managers<br>Quality and Systems<br>Development Manager                |

|     |   |  |
|-----|---|--|
| 4.  | Organize the trainings requiring 200 man x hours per year to the employees in scope of first aid, occupational health and safety, emergency, quality practices. | Quality and Systems Development Manager.<br>OH & S Manager.<br>Human Resources Manager.  |
| 5.  | Internal audits twice a year at each department thus to identify and follow up an action plan according to the audit results;                                   | Quality and Systems Development Manager.<br>OHS Manager.                                 |
| 6.  | Monthly meetings to be held by OH&S Committee; follow up the decisions taken in the meeting and apply the action plan accordingly;                              | OH & S Manager.<br>Quality and Systems Development Manager.                              |
| 7.  | Enabling the vehicle damage rate and damage amounts to be reduced by 10%  | Operations Managers  |
| 8.  | On time delivery complying with the delivery terms given the customers  | Operations Managers  |
| 9.  | Improve the efforts towards preventing the environmental pollution;   | Quality and Systems Development Manager.   |
| 10. | Complete Green IT works;  | Information Technology Directorate.<br>Quality and Systems Development Manager.          |
| 11. | Increase the operational efficiency as a result of completion of the Enterprise Resource Planning ( ERP );<br>Maximize the control of the operation;            | All managers   |
| 12. | Quality, environment and occupational health& safety risk assessment thus take the action accordingly;  | Management Representative<br>Quality and Systems Development Manager.<br>OH & S Manager. |

## Bölüm 9 – UN Global Compact



Global Compact is the world's largest volunteer corporate citizenship initiative. KARINCA Logistics has undertaken that it agrees and accepts the enterprise applications based on the global principles shall provide a more stable, equitable and prosperous market and support the societies by this purpose.

Established in 2000, Global Compact had 7000 participating companies as well as 700 international nonprofit organizations and labor organizations from over 100 countries by 2009. As stated in numerous decisions promoting and approving the work of the initiative, it's a process also supported by United Nations Member Countries.

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.



The UN Global Compact has two objectives:



1. Mainstream the ten principles in business activities around the world
2. Catalyze actions in support of broader UN goals.

It is expected from the convention parties to make efforts for the implementation of the policy composed of these 10 principles. The implementation of the principles is the process of ongoing, long-term performance. The progress report is the most important tool to measure and communicate the company's economic, social and environmental performance. It is essential to have the special measurements tracking the performance in order to ensure the development permanently.

Therefore, this report that was prepared by KARINCA Logistics as a signatory party in the KIS Convention is offered as an evaluation work of the past period and serves as a guide to identify the targets of the next years.

### **The Ten Principles**

The 10 principles of the Global Compact are adapted from the following documents:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

### **Human Rights**

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

Principles 2- make sure that they are not complicit in human rights abuses.

## **Labour**

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

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

Principle 5- the effective abolition of child labour; and

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

## **Environment**

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

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

Principles 9- encourage the development and diffusion of environmentally friendly technologies.

## **Anti-Corruption**

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

## Chapter 10 – Contact Information

### **Işık Kabadayı**

Quality and System Development Manager

Karınca Lojistik A.Ş.

E-mail: [isik.kabadayi@karincalogistics.com](mailto:isik.kabadayi@karincalogistics.com)

Tel: +90.212.866 18 66

GSM: +90 533 927 42 18

[www.karincalogistics.com](http://www.karincalogistics.com)

### **Serra Şen**

Managerial Assistant

Karınca Lojistik A.Ş.

E-mail: [serra.sen@karincalogistics.com](mailto:serra.sen@karincalogistics.com)

Tel: +90.212.866 18 66

GSM: +90 533 924 57 95

[www.karincalogistics.com](http://www.karincalogistics.com)