

2011

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS REPORT

UNIVERSAL KIMYA

Supporting the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption aligns with our Company values, with our code of ethics and with our sustainability goals.

Universal Kimya

16.09.2011

Statement of continued support by the Chief Executive Officer (CEO)



I am pleased to confirm that Universal Kimya supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Universal Kimya will make clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

Sincerely yours,

Mr. Emir AGBAS - CEO

INTRODUCTION

For the first year, Universal Kimya is providing a COP report for the United Nations Global Compact. Period covered by our COP report is based on 2009 corporate data for the period ending 30/09/2010. We will publish our COP report on our website in order to make it available for our stakeholders.

The annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles of the United Nations Global Compact is a key requirement for participating in Global Compact. Our COP Report is designed as a supplement to another document that may also be of interest Code of Ethics. With this report we aim to measure and communicate economic, environmental and social performance of Universal.

Except as otherwise indicated by the context, the terms "Company" or "Universal" as used herein mean Universal Kimya and its subsidiaries.

A BRIEF SUMMARY

TOMORROW'S SOLUTIONS TODAY:

- Universal delivers next-generation cleaning solutions to meet growing sustainable customer needs.
- Universal Green Products achieve biodegradable certification which permits an organization to verify and market its products' sustainability attributes and guide future improvements.

HIGHLIGHTS: Three Major Accomplishments for 2009

- Through our product which is IZKA Project winner we helped to solve heavy industry workers' problem in a sustainable and economic way.
- With our environmentally friendly products we have cooperated with Turkish Marine Environment protection Association and developed a green range of cleaning products helping consumers to clean sustainably.
- We have achieved to receive the Environment Protection Awards of AOSB for the two consecutive years 2006, 2007 respectively.

CHALLENGES:

- While we made progress with our green products, there are challenges in bringing these sustainable products to commercial markets quickly.
- We will continue to search for greener raw materials and greener projects where our company, along with collaborating partners, can achieve successful results to world challenges.

Corporate Profile

Cleaning is fundamental to our lives. Universal plays a vital role in industries as diverse; food, building and construction, household care, aviation, hospital, kitchen, laundry, personal care and pool.

A company within the chemical industry has achieved making "environmental protection" its top priority since 1994, when it was first established. As the population of the world increased, we chemists never forgot the responsibilities that were upon us. Since 1994, Universal Kimya has been giving technical and hygienic customer service with our highly qualified personnel to our customers such as: the military, municipal buildings, factories, hospitals, hotels, schools and many more. With our slogan "**Longevity is Our Strategy**", we are more determined than ever. It helped us to put more effort into tomorrow's cleaner world because "**We are all responsible for the future**". The company has more than 300 products manufactured at its modern plant in Turkey. The company is organized into the following eight operating product segments.

- Kitchen Hygiene
- Laundry Hygiene
- Building Care Hygiene
- General Hygiene
- Personal Hygiene
- Pool Hygiene
- Hospital Hygiene
- Food and Drinking Industry Hygiene
- Aviation Industry Hygiene

STRATEGY and PROFILE of UNIVERSAL KIMYA

Statement from CEO presenting company description and overall vision



Since becoming an innovative company, we have raised the efficiency of our operations while striving to strengthen group management through subsidiaries. We have also taken an active stance toward fulfilling our corporate social responsibilities and helping to solve global environmental issues.

Supporting the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption aligns with our Company values, with our code of ethics and with our sustainability goals.

Universal Kimya has many efforts that support implementation of the UN Global Compact.

- Our Code of Ethics addresses many of the ethical principles and policies created to deal with environmental and employee health as well as product and client's safety. All directors, officers and employees are expected to adhere to the Code of Ethics in the daily performance of their job responsibilities. We expect the same from our suppliers and customers. The code of Ethics can be found on our Company's website.
- Following the success of our previous years' environment Health and achievements, we set the bar higher with the introduction of a more ambitious, next-generation set of goals.

We are developing business overseas, which we intend to expand into a pillar of the Company's operations. Meanwhile in America we are enhancing services for overseas customers working closely with our subsidiaries. Other aspects of our business development include e-commerce and sales through web base with credit card services.

Overseas Business



We opened our first overseas office in America, New Jersey. The creation of the America office demonstrates our intention to pursue business overseas and marks a major acceleration of our project development business in that country. We will contribute internationally through a variety of business

activities linked to expressway operations and management in America and other countries.

I hope that this COP Report facilitates the readers' understanding of Universal's efforts for a better and cleaner world.

Emir AĞBAS
Chairman and CEO

HUMAN RIGHTS

Businesses should support and respect the protection of internationally proclaimed human rights; and make sure they are not complicit in human rights abuses.

Our Policy and Goals



Universal Kimya and its employees respect to basic human right principles and support the Universal Declaration of Human Rights. We respect the diversity of working styles and make an effort to increase opportunities for female, disabled and elderly employees to work in a comfortable environment.

We prohibit harassment of one employee by another employee, supervisor or third party for any reason including, but not limited to: veteran status, race, color, religion, sex, national origin, age and physical or mental disability. Harassment of third parties by our employees is also prohibited.

At present, women represent about 50% of our employees; however they make up 60% of our new hires. We plan to hire more women and encourage their participation in the workplace.

We are committed to providing a safe and comfortable workplace for our employees and safe products for our clients. To promote safety and hygiene in the workplace we regularly provide the necessary resources and training to assist the employee in this area.

In the unfortunate event of an accident, we thoroughly investigate the cause and implement proactive measures to prevent recurrence.

Currently we are planning to increase the hours of training to make our employees more conscious about health and safety at work.

Additionally, our factory is accredited to **OHSAS 18001** (for health and safety). This means that we are subject to an assurance programme and are audited against rigorous standards. We are accredited to ISO 13485 (for medical equipments disinfectants) in 2011.

Implementations, Measurements of Outcomes and what's planned for the next Year

To remain attentive to the health-care needs of employees, we have a HR representative who makes sure that our employees have physical examinations and health consultations. We maintained the health of the employees by spring and autumn physical checkups in a year.

Employees who work in production department also receive regular health checks to improve safety awareness and prevent injuries that might arise because of chemicals used. We maintained the health of the employee is essential to the safe operation of production.

We are planning to conduct a HR survey to our subsidiary offices to review our current practices and also address any issues that may arise. We are planning to implement it online for a better efficiency and more effective use of the data.

We are planning to offer trainings about human rights and sexual harassment.

With respect to sexual harassment, we are planning to have a helpline within human resources.

LABOUR



Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and eliminate discrimination in respect of employment and occupation.

Our Policy and Goals

We are aware of that all commercial enterprises can rightly be termed members of society, and as such, we make it our principle to act fairly, observe all laws and regulations, respect the integrity of local cultures and customs, and perform our business activities in compliance with a code of social ethics.

We do not use directly or indirectly forced labour or child labour. We expect our suppliers and partners to act the same.

Implementations, Measurements of Outcomes and What's planned for the next Year

We conclude a labor agreement with employees, that guarantees employees' right to organize labor terms and conditions.

We have a recruitment standard for employing university or national college graduates requiring that all new employees be 18 years old or more.

In the HR survey to our subsidiary offices, we check if they observe the domestic laws about the discrimination, particularly about the employment of individuals with disabilities, and address any issues that may arise.

The proportion of female employees in management positions continues to grow year by year.

ENVIRONMENT



Business should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Our Policy and Goals

Company policy requires adherence to all applicable laws and other governmental and industry standards for protection of the environment.

Additionally, our factory is accredited to **ISO 14001** (for environment). This means that we are subject to an assurance programme and are audited against rigorous standards.

We are planning to publish our Code of Ethics on our website in a portable format to notify our employees and clients. We will also consolidate periodic planning and results monitoring as well as active internal and external communication.

Since we stepped in the sector, we have taken an active attitude to fulfill our corporate social responsibilities and been striving to solve global environmental problems as well as strengthening our R&D efforts and the effectiveness of our operations.

Our goal is to progress continuously with the structure of questioning domestic and overseas suppliers to produce environmentally friendly cleaning supplies.

Our company co-operates with governments and competent international organizations for the purpose of information exchange. Furthermore we encourage our clients in operating sustainably. We train our clients about sustainable operation hints & tips.

Implementations, Measurements of Outcomes and What's planned for the next Year

Where regulations allow, we use recycled plastic in our packaging and all our cartons. The labels are made from recycable materials.

We make the most of natural light. We are planning to cut our lighting costs by as much as 15%, just by asking staff and guests to turn lights off in rooms and corridors that aren't being used.

We recycle all packaging and paper disposals and ensure that we rinse out the corrosive containers first.

Our production processes are designed to operate in atmospheric pressure and at room temperature as well as being more focused on producing concentrated chemicals which will both have a much more lower carbon footprint. We encourage our stakeholders in operating sustainably through our concentrated cleaning chemicals which will travel fewer chemical miles. By producing concentrates we also reduce packaging waste, In addition we advice our clients to recycle packaging after rinsing them.

And for the year 2011 and 2012 we plan to co-operate our clients and work with suppliers and our energy provider to identify energy saving opportunities.

Our customers are in the knowledge that they should not overconcentrate and waste the product through our training programs and technical expertise. They use only as much solution as they need. They use our dosing and diluting control systems will ensure correct dosing each time.

Our customers can prevent scale in the dishwasher with our product as 3 mm of scale increases energy costs by 25 %. Dirty / dusty heat exchangers can increase your costs by 26%.

ACCOMPLISHMENTS

WINNER OF IZKA PROJECT -2009



Industrial hand cleaning cream which is an import product was not a cost efficient option for all local companies due to high prices. Heavy stains which are formed on the hands of the heavy industry workers were used to be removed by using heavy chemicals since the soap-style products were not effective in this issue. Working in close contacts with the industrial sector leads us to identify the needs of workers in this arena.

We reported our R&D project on this subject to IZKA which is a leader and effective in Sustainable Local Development. We have been the winner out of several attendees with our *"Hand Cleaning Lotion for Economic Solutions and for a Green Future"* project.

Rabbit Lotion which is biodegradable and derived from citrus is an economic and environmentally friendly product. Rabbit Lotion is used with only very small amount water and rinsed quickly which lets the clients to save water and time. It also contains pumice which has enormous reserves in Turkey. In this connection, we have provided the export promotion of our country. In addition;

- Company employment has increased.
- We had the initiative to protect the heavy industry workers' health and the environment by supplying an economical and green substitution of an expensive import product.
- The product started to be exported abroad.
- Eliminated the problem of heavy-industry workers.
- Employers got rid of the high-cost products.

TURMEPA



The sea provides 70 % of the oxygen and 20% of the protein consumed by humans. In our framework of Corporate Social Responsibility we encourage our stakeholders in protecting the sea and the environment while benefiting from what the sea offers us.

Environmentally friendly cleaning products which are specially formulated and produced by Universal Kimya have been launched by carrying out a common project with the Association of DenizTemiz (Turkish Marine Environment Protection Association). Marine and environmental-friendly products are now on the market with the brand TURMEPA. Revenue gained is to be used in projects at combating marine and environment pollution. And with our new e-commerce business development we are planning to increase the sales of

ANTI-CORRUPTION

Businesses should work against corruption in all its forms, including extortion and bribery



Universal Kimya has zero tolerance of corruption and committed to be complied with all laws relevant to the corruption. Our Company policy stipulates conditions that transaction with clients and other parties should be based on an objective assessment of price, service and quality. Universal Kimya prohibits our employees from personally accepting payments, such as success fees and commissions, from other parties in connection with Company operations. Additionally, our factory is accredited to **ISO 9001** (for assuring quality at all stages of company operations). This means that we are subject to an assurance programme and are audited against rigorous standards.

Universal Kimya with its internal control practices provides training and necessary efforts to identify potential risk areas.

We are planning to compose a Code of Business Conduct and we will ask provide on-line Anti-Corruption training for designated employees based on job level and responsibility criterias.