Communication on Progress 2011

United Nations Global Compact

MN Pharmaceuticals

THE GLOBAL COMPACT
WE SUPPORT

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact.**

We welcome feedback on its contents.

About the Report

MN Pharmaceuticals has signed the United Nations Global Compact (UNGC) on May 26, 2010 and has committed to report its environmental, social and governance performance annually. This is the first Communication on Progress published by our company.

Although **the reporting period is 1.1.2010 – 31.12.2010**, important data from previous years are also included since this is the first Communication on Progress.

This Communication on Progress presents information to company stakeholders on all operations of MN Pharmaceuticals concerning **Human Rights Management**, **Protection of Labor Rights, Environmental Management and Fight against Corruption** in the scope of 10 principles of the UNGC.

In the first part of the report MN Pharmaceuticals is introduced, and information on corporate governance, stakeholder engagement and economic performance are presented. In the second part, implementation of the UNGC principles is reported separately under Human Rights Management, Protection of Labor Rights, Environmental Management and Fight against Corruption.

In order to facilitate comparison between COP reports in the future and to present the company performance in a transparent and accountable manner, **G3 Sustainability Reporting Guidelines of Global Reporting Initiative** is used. The GRI index can be found on page 2 of the report.

We appreciate your views on our Communication on Progress 2011 report. You can send your recommendations and questions to MN Pharmaceuticals Corporate Affairs Manager Dilek Durmaz Goleli, Pharm., who has been responsible of the preparation of this report.

Letter from the General Manager

"This first report we created in the framework of UN Global Compact, which we have signed as one of the most well-established companies of our country, provided us with an opportunity to see our performance and evaluate ourselves. A point we had observed with pleasure as the management of the company is that a lot of values mentioned in the Global Compact have been adopted by our employees and managers. I think, beginning with Mustafa Nevzat Pisak, the founder of our company, and members of his family and managers along the past years have contributed to this fact.

Considering the challenges met during the transition period of the pharmaceutical sector in our country, the past 2 years have not been very satisfactory and we don't expect it to be so in the next few years too. However, despite these difficulties, MN Pharmaceuticals has continued to progress successfully both in domestic and in foreign markets. Export operations we had initiated in 2004 have begun to give results. As MN Pharmaceuticals, it is our belief that the future of the pharmaceutical industry of our country is closely related to the export capability and capacity. We would like to emphasize that, as a company, we will continue to spend every effort to achieve it.

We will work without compromising the following values that have been respected since MN Pharmaceuticals was founded:

- To respect and trust the efforts of the employee
- Not to compromise the quality of the product
- Where required, to make any sacrifice for our country

as well as an aim to become not just a successful national player but an international one too."

M. Levent Selamoglu
General Manager

HISTORY OF THE COMPANY

MN Pharmaceuticals, **established in 1923** in Uskudar under the name **Mustafa Nevzat Laboratory**, is **one of the most well-established pharmaceutical companies of Turkey**. The laboratory, which had only 8 employees during its early years, is now one of the leading finished dosage forms and active pharmaceutical ingredients producer with its 1164 trained personnel and 5 production plants. Its facilities including an active pharmaceutical ingredient production were approved by authorities such as FDA, EMEA and MHRA. It is a leading national pharmaceutical company with **88-years of history** and has developed its own R&D department.

Professor Mustafa Nevzat Pisak who was the founder of the company had a great role in establishing contemporary pharmacy in Turkey. MN Pharmaceuticals has initiated many pioneers in the Turkish pharmaceutical industry and had important contributions to the development of the national pharmaceutical industry.

In 1923 the company was founded in Uskudar, Ihsaniye as a personal company under the name of Mustafa Nevzat Laboratory.

In 1933 it was moved to Divanyolu and then to Nuruosmaniye.

In 1957 it was moved to its new plant in Mecidiyekoy and was converted into a joint-stock company the same year.

In 1974, active pharmaceutical ingredient production began in Izmit.

In 1984, Yenibosna plant was built in addition to the Mecidiyekoy plant and penicillin-like products production unit was put into service. In 1996, cephalosporin-like products production unit was added

In 2000, the active pharmaceutical ingredients production plant was moved to its modern plants in Gebze-Sekerpinar. Production of active pharmaceutical ingredients, primarily antibiotics and oncolytics, are performed here.

In 2003, most of the plant in Mecidiyekoy was moved to Yenibosna.

In 2005, the strategic partnership agreement signed for marketing, sale and distribution of MN Pharmaceuticals products in USA. It was a very big success in the name of Turkish pharmaceutical industry and paved the way for other Turkish pharmaceutical companies to follow.

In November 2006, the active pharmaceutical ingredients and finished dosage forms facilities have been inspected by the US Food and Drug Administration (FDA) and both plants have been approved. The plants have been re-approved by the FDA inspectors in May 2009.

In May 2007, the first finished dosage forms were shipped from Turkey to the U.S.

In November 2008 the Oncolytic Products Plant was completed. It has been approved by the U.S. Food and Drug Administration (FDA) in May 2010 and by the European Medicine Agency (EMEA) in July 2010.

In December 2010, the first shipment of oncolytic drugs to USA was accomplished.

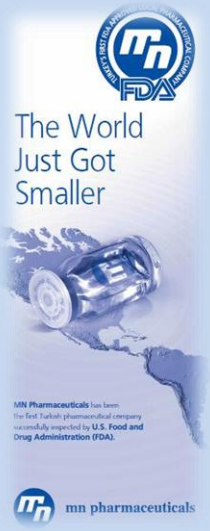
As a company that has pioneered many developments in the Turkish pharmaceutical industry, we are as old as the Turkish Republic and our vision is to continue and expand our leading role into international arena in creating the "firsts" of the national pharmaceutical industry, and to remain the preferred company for our business partners and employees.

PIONEERS IN TURKEY & MN PHARMACEUTICALS

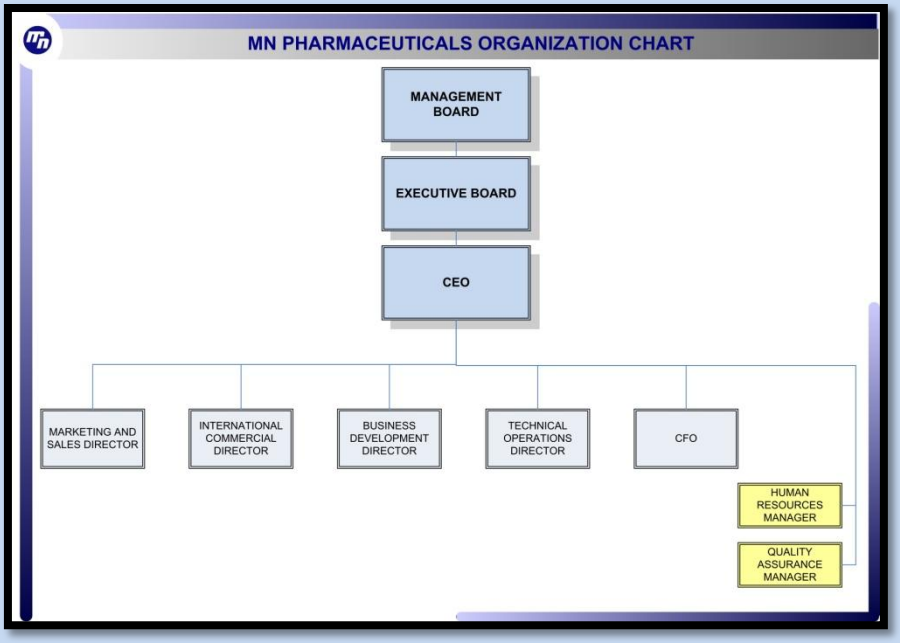
MN Pharmaceuticals which was established in Uskudar in 1923 under the name of Mustafa Nevzat Laboratories has undersigned many pioneering developments in the Turkish pharmaceutical industry and is a leader company in the development of national pharmaceutical industry.

- Professor Mustafa Nevzat Pisak has published a book *Fenn-i İspenciyari* (Pharmaceutical Technology) that he had written in collaboration with Professor Ligor Taranakidis, Pharm. The second edition of *Fenn-i Ispenciyari* one of the important books of the history of Turkish pharmacy, was translated into modern Turkish by MN Pharmaceuticals. *Fenn-i Ispenciyari*, meaning the science of pharmacy and pharmaceutical technology, explains branches of the pharmaceutical science and history of pharmacy. It also gives information on various drugs and recipes to prepare them. Additionally, ethical, scientific and public responsibilities of pharmacists are also described in the section called "Duties of Pharmacists".
- Professor Mustafa Nevzat Pisak has worked to establish pharmacy education as it is in the western world during his teaching career until 1933. The first scientific analyses and controls in the production of drugs in Turkey was performed by Professor Mustafa Nevzat Pisak. MN Pharmaceuticals was the leader in establishing the first modern quality control systems in the Turkish pharmaceutical industry.

- In 1935, an injectable product of powdered insulin was manufactured for the first time in Turkey.
- In 1961, the first enteric-coated tablet was registered in Turkey (Entersal).
- In 1970s, the first production of freeze-dried products and oncolytic products in Turkey was started in MN Pharmaceutical production plants. The first antibiotic active pharmaceutical ingredient production in Turkey also began during these years.
- Studies on the development of analytical methods and monograph preparation were performed and these studies were published in the European Pharmacopeia.
- MN Pharmaceuticals Pharmacy Award, which is the first award in this field, was given for the first time in 1998 to support the scientific studies in the pharmaceutical field.
- In 2005, following the co-signing of a strategic partnership agreement for the sale, marketing and distribution of MN Pharmaceuticals products in the United States, the first ANDA file was approved by the U.S. Food and Drug Administration (FDA). This also led the way for the Turkish Drug Industry.
- Yenibosna Production Plants were inspected by FDA in November 2006 and May 2009 and were approved each time. MN Pharmaceuticals is the first Turkish pharmaceutical company to receive FDA approval for finished drug products. The first finished product shipment to the U.S. was in May 2007.
- MN Pharmaceuticals has the first oncolytics production plant that was approved by both U.S. Food and Drug Administration (FDA) that sets the standards for drug products worldwide and by European Medicine Agency (EMEA). The Oncolytics Production Unit that was completed in November 2008 received FDA approval in May 2010 and EMEA approval in July 2010.
- In December 2010, the first shipment of oncolytic drugs from Turkey to the U.S. was made.



OPERATIONAL STRUCTURE & PLANTS



The headquarters of MN Pharmaceuticals is in Gayrettepe, Istanbul. Finished dosage forms production facilities are located in Yenibosna, Istanbul and active pharmaceutical ingredients production plants are in Sekerpinar, Kocaeli.

In **Yenibosna production plants**, there are four separate production units. In one of the independent plants where pharmaceutical forms are manufactured, penicillin-like beta-lactam antibiotics are produced; in the other one cephalosporin-like beta-lactam antibiotics and in the third unit antibiotics other than the penicillin and cephalosporin groups are produced. Products that belong to other therapy groups are also produced in this third plant. Oncolytics production unit where liquid and freeze-dried vial dosage form anti-cancer drugs are produced serves as the fourth production unit. Production of all basic pharmaceutical forms at world standards is in accordance with the “Current Good Manufacturing Practices” (cGMP).

Sekerpinar Active Pharmaceutical Ingredients (API) plants are located on a 15,000 m² covered space in Cayırova, Kocaeli with 100 experienced personnel and modern equipments. Two production plants producing active pharmaceutical ingredients, a pilot plant, a small-scale production plant, a quality control laboratory, research and development laboratory, a waste water treatment facility and units supporting the production are located in this area.

In the four separate production units in Active Pharmaceutical Ingredients production plants penicillin-group drug active substances, macrolide-group drug active substances and etodolac and other drug active substances are manufactured.

In November 2006, the API Plant has been inspected and approved by FDA. In June 2009, API Plant has been inspected and approved for the second time by FDA.

SCALE OF THE COMPANY

Approximately **1200 people** are employed at MN Pharmaceuticals.

In 2010, **93 million boxes of drugs** were produced in the finished dosage form production plants and **57,000 kg active pharmaceutical ingredients** were produced in the active pharmaceutical ingredients plants.

As of 31.12.2010, the value of **all company assets worth 321 millon Turkish liras**.

The company gets 85% of all its income from domestic sales (finished dosage forms, toll manufacturing and active pharmaceutical ingredients).

In 2010, 85% of the net sales were made in domestic and 15% in foreign markets.

PRODUCTS

MN Pharmaceuticals has **56 different drug trademarks** in the Turkish market. Of these, 53 are produced by MN Pharmaceuticals. Seven of these, from active pharmaceutical ingredients to finished dosage forms, are completely produced in MN Pharmaceutical plants.

THERAPY GROUPS IN OUR DRUG PORTFOLIO

Anabolical agents

Antianemic food supplements

Antidepressant agents

Antidiabetic agents

Amtiemetic agents

Antifungal agents

Antiinfective agents

Anticoagulant agents

Antineoplastic agents

Antipsychotic agents

Antiseborrheic agents

Antiulcerant agents

Antiviral agents

Enzyme preparations

Immunomodulator agents

Cardiovascular agents

Bone resorption inhibitors

Corticosteroid agents

Non-steroidal antiinflammatory agents

Muscle relaxants with peripheric effects

Muscle relaxants with central effects

MARKET PRESENCE

MN Pharmaceuticals is one of the leading producers of finished dosage forms and active pharmaceutical ingredients. It is in the service of human health since 1923.

According to **2010 Turkish drug market retail sales pharmacy data**, MN Pharmaceuticals **ranked 10th on the list of companies on unit basis**. Moreover, it ranked **4th among the national pharmaceutical companies** (the number of drug companies operating in Turkey is 300).

When the sales data is evaluated **on TL basis**, MN Pharmaceuticals **ranked 20th**. When the same method is applied **among the national drug companies, the company ranked 8th**.

Our company with our General Headquarters and Production Plants along with our one main representative office and 16 regional offices is currently operating within the boundaries of Turkey.

International markets where our products are marketed at are South and North America, Middle Europe, Eastern Europe, North Africa, West Africa, Middle East, Far East, North Asia, Turkic Republics, Balkan countries and Arabian Peninsula.

Our products can be accessed by patients in **30 countries** listed below:

Afghanistan	Georgia	Lebanon	Russia	Ukraine
Albania	Germany	Libya	Saudi Arabia	U.S.A.
Algeria	Iraq	Macedonia	Serbia	Uzbekistan
Azerbaijan	Kazakhstan	Malaysia	Sudan	Venezuela
Bosnia-Herz.	Kosovo	Moldova	Syria	Vietnam
Bulgaria	Latvia	North Cyprus	Turkmenistan	Yemen

The Board of Directors of MN Pharmaceuticals:

Honorary Chairman	: Nevhiz Pak
Chairman of the Board	: Mehmet Cengiz Sezen
Vice-President	: İ.M. İskender Pısak
Members	: M. Levent Selamoğlu (General Manager) : Ali Alp Akkor : Ayhan Aslan : Semra Bingöl : Ünal Bozkurt : M. Ferran Dinçer : A. Halit Gündüz

Our mission: To serve national and international community and to provide a healthier and happier life by producing high quality and cost-effective medicines.

Our vision: To continue and expand our leading role into international arena in creating the "firsts" of the national pharmaceutical industry, and to remain the preferred company for our business partners and employees.

Our values: Respect for people and society, honesty, integrity, trust and customer satisfaction.

OUR LABOR RIGHTS PRINCIPLES

Not to force employees to work
Not to employ child labor
To guarantee occupational health and safety
To fully comply with regulations on working hours and conditions

As MN Pharmaceuticals management, we pledge to

Fullfil our legal responsibilities,

Obtain more objective results by using scientific methods in all recruitment phases,

Not to discriminate our employees based on religion, language, gender, physical disability or age,

Protect confidentiality of private information of our employees,

Value recommendations and ideas of our employees and to implement and honor applicable ones,

Establish and use systems that would enable our employees to improve, work more productively and advance in their careers,

Fairly determine wages and additional benefits of our employees within the resources of the company,

Take necessary measure to protect environment and to promote occupational health and safety.

Our Human Resources Policy

Our human resources policy aims to enrich MN Pharmaceuticals family with individuals that are respectful to people and society, reliable, honest and would share our vision and value customer satisfaction. Our capable HR department also aims to develop human resources applications in order to improve performance, motivation and loyalty of our employees.

To this end our objectives can be listed as;

To make sure that human resources and recruitment procedures are up to date with the organizational changes performed on the basis of the strategic plans and targets,

To assure that all recruitment procedures and systems are well-established, maintained and reviewed regularly,

To make each employee feel that s/he is a member of the MN Pharmaceuticals family,

To employ individuals that embrace our vision, mission and values and those that can move the company ahead,

To develop and establish training programs aimed at improving personal and occupational skills of our employees,

By applying performance evaluation system, to make sure that employee targets and capabilities identified according to the company goals and are evaluated fairly and objectively.

Our Health, Safety and Environment Policy

The executive committee of MN Pharmaceuticals is aware that a job environment that is healthy, safe and environmentally-friendly is necessary. In order to prevent environmental pollution, occupational accidents and injuries at MN Pharmaceuticals Drug Production plants and to make regular improvements in these areas, we pledge to;

Comply with legal and other requirements that we are obliged to implement concerning environmental and occupational safety,

Take measure to reduce risks that can lead to occupational accidents and injuries,

Preserve natural resources and reduce their consumption as much as possible,

Reduce waste as much as possible and support re-cycling and reuse,

Use technologies that are least harmful to environment and safest for employees as long as they are commercially and technologically viable**,**

Share knowledge with our employees, suppliers and business partners on environmental protection and occupational health and safety through effective communication and training.

As MN Pharmacuticals, top management sets specific targets annually in the scope of **ISO 14001 and OHSAS 18001 Management Systems** related to Environment and Occupational Health and Safety. These targets are shared with employees at the beginning of every year. At the end of the year, results and progress are evaluated together with employees. This practice was performed at MN Pharmaceuticals Active Pharmaceutical Ingredients (API) Plant in 2010. It is going to be implemented at Yenibosna Plant in 2011.

MEDICINE ADVERTISING POLICY

Advertising of MN Pharmaceutical drugs to health care professionals is done in compliance with **Regulations on Advertising Activities of Medical Products for People**, which was passed into law by the Parliament on 23.10.2003. The purpose of the Regulations is to specify the rules for advertising medical products within the scope of ethical principles.

In compliance with the Regulation, MN Pharmaceuticals undertakes the following **in advertising medical products to patients**;

We will explain the specifics of the product in an informative, scientific, safe, objective and clear way,

We will not state facts that depend on a study with insufficient sample size, insufficient scientific facts and that lack detailed investigation,

We will not give misleading, exaggerated or unproven information that may cause unnecessary use or unexpected risky conditions.

We will not claim that the use of product will give guaranteed results, that it has no side effects or that it will give better or equivalent results compared to another therapy or medical product,

We will not advise that in case patient does not use its product, his/her health will be affected negatively,

We will not imply that the medical product is food, cosmetic or another consumer product,

We will not claim to cure by inappropriate, misleading statements that may cause panic,

We will not make misleading comparisons by referring to the effectiveness of pharmacological strength of drugs,

We will not encourage patients to make a diagnosis on his/her own by describing a case history or presenting it in detail.

Moreover, within the framework of MN Pharmaceuticals Medicine Advertising Policy, we pledge the following:

When our products are presented to health care professionals, no financial advantages will be provided or proposed,

Citations, data or other visual materials that are taken from medical journals or other scientific studies to be used in our presentations will be true to the original and they will be used by citing the source,

No financial support will be provided for health professionals attending scientific conferances except those presenting papers and publications or exhibiting posters and those participating for academic purposes.

MN Pharmaceuticals is a company that values its stakeholders and communicates with them on a regular basis. Our partners can be listed as our **employees, clients, physicians, pharmacies, pharmacy warehouses, universities, medical and pharmacy faculty students, NGOs in this sector and government agencies**.

EMPLOYEES

MN Pharmaceuticals, owing to its good communication with its employees, aims to increase the employees, skills, their motivation and maintain their loyalty to the company.

Communication channels: Proposal system, Rota magazine, billboard panels, electronic communication, social sport activities, periodical meetings, subject-based polls, employee clubs.

In the scope of ISO 14001 and OHSAS 18001, **Review Meetings** are held at least once a year. In addition, there are **Occupational Health and Safety Committees** in both plants; the Committees consisting of 30 employees meet once a month and occupational health and safety issues in our plants are discussed. Representatives of the top management, relevant unit managers and blue-collar employee representatives come together during these meetings.

Employees satisfaction of the shuttle service *used in Sekerpinar Active Pharmaceutical Ingredients Plant was* ***evaluated in 2010 through a survey*** *that had a participation rate of 100%.*

The results of this survey were analyzed by the top management and they were communicated to the service provider. Since 90% of the employees reported unsatisfaction with the service, the service provider was asked to replace drivers.

In line with survey results, shuttle vehicles which were not appropriate were also replaced. A similar survey is going to be conducted at Yenibosna plant in 2011.

The objectives of **the Employee Proposal System** that was initiated in 2010 with the catchphrase “Tell your idea, come one step forward” are to motivate employees to come up with applicable ideas for the benefit of the company, to increase motivation by supporting management, to decrease costs and to enhance client satisfaction by improving service quality.

Proposals of employees were collected under the subject-headings of efficiency, time improvement and creatibility. They are analyzed by evaluation committees formed by relevant unit managers and top executives that used a standardized system. Each proposal were given points and awarded on that basis.

In 2010, 22.2% of the proposals were found to be applicable and 18 workers were awarded.

EMPLOYEE PROPOSAL SYSTEM	
Percent of Employees Making Proposals	5,4%
Proposals per Employee	0,1
Percent of Applicable Proposals	22,2%

Our proposal system is becoming more popular among our employees and thus serves as a tool to enhance employee loyalty to the company.

CLIENTS

Client complaints are evaluated annually according to the Quality Management Procedure and the top management is informed. In addition, in the annual product review report of each product, complaints during the year are evaluated.

In our active pharmaceutical ingredient (API) plant, client complaints are evaluated according to the quality-system approved procedure. Complaints are transmitted directly to **the Quality Assurance Unit** via email or by exporting directorate and recorded by electronic means. In addition, technical operations directorate is always informed of each complaint.

Client complaints are classified into two categories as **critical and non-critical complaints** and the response duration varies according to this classification. The response duration is 7 days for critical and 30 days for non-critical complaints.

Upon receival of a complaint, an investigation is performed according to the subject of complaint. Investigations are conducted by Production (including storage and

packaging activities), Quality Control and R&D units under the coordination of Quality Assurance Unit. The method and scope of investigation are decided by relevant units. Sampling plan and tests to be conducted are identified. When necessary, production batch record is re-investigated. All these studies are documented in **the Investigation Protocol** or in **Direct Client Complaint Form**.

If the problem for complaint is verified at the end of the investigation, the root cause is determined and an investigation form is prepared by specifying the necessary corrective and preventive actions. As a result of this report, a Complaint Response to the client is written including corrective actions taken. Furthermore, in order to avoid recurring of the problem, corrective actions specified to the client are monitored and their effectiveness is checked.

EDUCATION INSTITUTIONS

For MN Pharmaceuticals, contributions to society and education are one of its priorities. Supporting pharmaceutical studies through partnerships with universities are also important for the company. One of its contributions is the **Professor Mustafa Nevzat Pisak Conference Hall at the Faculty of Pharmacy of Marmara University** which was opened in May 26, 2010 in honor of the founder of MN Pharmaceuticals. The conference hall was re-built with the support of MN Pharmaceuticals. Handwritings and decorative figures on the walls were also restored during the project.

MN Pharmacuticals organizes **MN Pharmaceuticals Pharmacy Award** every two years to motivate scientific studies in the field of pharmacy. This award is not only important for the development of the field of pharmacy, but also presents an opportunity for researchers advance in their careers. This is the first award in this field. The award is given to a doctorate thesis in the field of pharmacy every two years. Requirements include having a pharmacy diploma and the thesis being accepted by a relevant faculty. The award jury consists of professors selected from the 11 pharmacy faculties in Turkey.

Among other projects of the company to support the community and pharmacy education is **the MN Pharmaceutical, Medical and Cultural Center**. It used to be the building of the historical MN Pharmaceuticals laboratory. Now renovated, the Center hosts pharmacy and medical seminars and cultural activities. Various meeting and organizations for MN Pharmaceuticals employees and partners are also held here. Internal training sessions and introductory meetings for physicians and pharmacists also take place at the Center.

Mustafa Nevzat Pisak Professional Training Center located at Bakırkoy Industrial High School was established with the support of MN Pharmaceuticals. Mustafa Nevzat Pisak Professional Training Center had started to function in 1982 at Bakirkoy Industrial Profession High School as one of the 5 centers in Istanbul. In 2001, following completion of its building by a grant from MN Pharmaceuticals, it has moved to its current building.

PUBLIC INSTITUTIONS

MN Pharmaceuticals aims to provide our nation and the whole world with high quality, reliable, and cost-friendly products. So far it has supported many R&D projects. Some of these projects are being implemented within the framework of **TUBITAK-TEYDEB Technology and Innovation Funding Programs**.

Objectives of the TUBITAK-TEYDEB projects include contributing to industrial research and technology development, improving university-industry relations and technology management and supporting technology culture and Turkish competitiveness at international level. The Technology and Innovation Funding Program aims to increase research-technology development capability, innovation culture, and competitiveness of Turkish companies.

The projects that were implemented at MN Pharmaceuticals plants with the support of TUBITAK-TEYDEP are listed below:

Place	Project Name	Project Beginning-End Dates	Status
MN API Plants	Development of production methods of new drug active ingredients	01.09.2009-30.11.2011	In progress
	Development of production methods of new active ingredients	01.05.2007-31.08.2009	Completed
MN Yenibosna Drug Plants	Development of formulations of new drugs for injection	01.12.2009-30.11.2012	In progress
	Development of formulations for new freeze dried products for injection	01.07.2007-30.06.2010	Completed
	Development of some formulations for chronical use not yet available in Turkey	01.05.2010-30.04.2013	In progress
	Development of formulations of oncolytic drugs for injection	01.05.2007-30.04.2010	Completed
	Development of formulations of freeze-dried oncolytic products	01.01.2009-31.12.2011	In progress

Below is a list of the benefits gained with these completed and on-going projects:

- Development of new products and new processes,
- Financial support for continuation of the project,
- Prestige,
- Cooperation with research institutions (Istanbul University, Gebze High Technology Institute, TUBİTAK MAM),
- Verifying the quality of R&D project,
- Improved ability to develop technology,
- Systemization in procurement of consultancy services,
- More-developed R&D infrastructure,
- Documentation of data formed during R&D activities,
- Enhanced team spirit of all the units that participate in the R&D studies,
- Developing team culture in managing R&D projects,
- Encouraging new ideas and proposals withing the company.

The data and outcomes obtained from the Projects are systematically archieved and stored for use in the future. Thus, the project can be evaluated for data management, risk management, source management, etc and a structure is built for archieving, filing and data transfer.

NGO MEMBERSHIPS

MN Pharmaceuticals has membership in following organizations. Additionally it holds Vice-Presidentship in the Board of Directors of TISD.

- **Turkish Drug Industry Institution (TISD)**
- **Turkish Union of Chambers and Exchange Commodities (TOBB)**
- **Istanbul Chamber of Commerce (ITO)**
- **Istanbul Chamber of Industry (ISO)**
- **Turkish Exporters Association**
- **Foreign Economic Relations Council (DEIK)**
- **International Commercial Committee (ICC)**

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

Principle 2 Make sure that they are not complicit in human rights abuses.

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.

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

Principle 8 Undertake initiatives to promote greater environmental responsibility; and

Principle 9 Encourage the development and diffusion of environmentally friendly technologies.

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

ACCESS TO MEDICINE

MN Pharmaceuticals works for delivering its products to a wide portion of the Turkish and global society in accordance with the **Human Rights Principles and Access to Drugs for Pharmaceutical Manufacturers** published by the United Nations. MN Pharmaceuticals has produced **93 millon units of finished dosage forms** in 2010 and has delivered 15% of these to **patients in 30 countries** including **developing nations** such as Afghanistan, Algeria, Iraq, Lebanon, Syria, Turkmenistan and Yemen.

In Turkey, according to retail sales data of 2010, MN Pharmaceuticals, **ranked 10th among 300 producers on unit basis** and showed its **important role in protecting human health**.

MN Pharmaceuticals, **ranked 4th among the national producers on unit basis**, serves human health by having a total of **16 regional offices located from Diyarbakir to Izmir to facilitate the accessibility of its products to patients**.

*MN Pharmaceuticals has finalized its efforts that it has started in 2010 to be included in the list of **United Nations Global Marketplace (UNGM)** and has been approved as **one of the licensed suppliers of UN agencies**. As a result, more patients will be able to have access to its products. The UNGM list is used by 21 UN agencies to access licensed suppliers. The competence of MN Pharmaceuticals is recognized by the following UN agencies:*

- *United Nations Population Fund - UNFPA*
- *United Nations Children's Fund - UNICEF*
- *United Nations Office for Project Services - UNOPS*

In addition, applications were made to become the licensed supplier of the following UN agencies that are expected to be finalized in 2011:

- *United Nations Development Programme - UNDP*
- *United Nations Economic Commission for Africa - UNECA*
- *United Nations Educational, Scientific and Cultural Organization - UNESCO*
- *United Nations Procurement Division - UNPD*

PATIENT RIGHTS

Adverse effect (Unwanted Side Effects) reporting of MN Pharmaceuticals products are monitored for recording, follow-up and documentation purposes. All pharmacovigilance activites that have to be performed according to Public Regulations and Guidelines are monitored by procedures described in the regulations.

> ***Pharmacovigilance activities:*** *Scientific studies for determination, evaluation, identification and prevention of adverse effects and other possible unwanted effects related to human medical products.*

The pharmacovigilance activites and responsibilities of the relative parties are specified in detail in **the Regulations on monitoring and evaluation of safety of human medicinal products** and **the Pharmacovigilance guideline for registration holders of human medicinal products** which was put into effect in June 30, 2005. Pharmacovigilance activites are conducted in cooperation with the registration/license holder and Ministry of Health.

REPORTING UNWANTED ADVERSE EFFECTS TO MN PHARMACEUTICALS

Spontaneous reports: A suspicious adverse effect emerging with the use of one or more human drugs during routine use of a human drug in a patient is recorded in **Adverse Effect Reporting Form** by the health care provider. In case such a form is not available, it is reported in a written form to any MN Pharmaceuticals personnel. This information is transferred to **Product Safety Supervisor** or his/her assistant in no more than 2 working days.

Adverse effect reports reported to the switchboard operator: The switchboard operator connects the individual who is reporting an adverse effect to **Product Safety Supervisor** or his/her assistant. If unaccessible, the person's name and communication data is recorded and he/she is told that the responsible person will get in touch with him/her. Product Safety Supervisor or his/her assistant is immediately informed of the relevant data. Product Safety Supervisor or his/her assistant calls back the person. If the reporting person is a health care professional, Product Safety Supervisor or his/her assistant sends that person the **Adverse Effect Reporting Form** to be filled. If the reporting person is not one of the health care providers, the contact information of the health care professional responsible for that patient is obtained and he/she is contacted.

Adverse Effect Reports Obtained via Medical Representatives: Medical representative when informed by the health care professional of adverse effects related to our products gives the **Adverse Effect Reporting Form** to the health care

Professional to be filled in. Filled-in form is transmitted to **Product Safety Supervisor** or his/her assistant in no more than 2 days. In case the form is unavailable, it is reported in writing. If there are any questions that the health care professional wants to know, sales representative gathers the minimum information required for reporting and the communication data of the health care professional and sends them to the Product Safety Supervisor or his/her assistant in no more than 2 working days. The representative also informs the relevant Medical Manager of the subject.

Adverse Effect reported to any MN Pharmaceuticals employee: When information about a serious adverse effect is received from a patient (or from someone close to the patient), the necessary information to fill out the form is obtained from the patient or the person close to him/her.

Publication-sourced information: Product Safety Manager or his/her assistant obtains information on the active ingredients used in the products from widely used reference and systematic publication research data bases at least once a week. The studies obtained from these scannings are transmitted to TUFAM by electronic means and by paper prints.

In 2010, no adverse effects were reported to MN Pharmaceuticals through the channels mentioned above.

SUPPLIER AUDITS

Audits of all suppliers working temporarily within MN Pharmaceuticals production plants are conducted according to the **OHSAS 18001 Occupational Health and Safety Management System**. Compliance with all rules is mandatory. Contracted workers go through specific permissions and controls before, during and after work. These permissions and controls are identified in the OHSAS procedures.

All contracted workers are initially evaluated based on their Social Security Institution (SGK) records and experience in relevant tasks. Moreover, the periodical examinations of all equipments involved in the work are checked. Only those contract workers found suitable in the controls are allowed to work. Thus, **child-labor is prevented.**

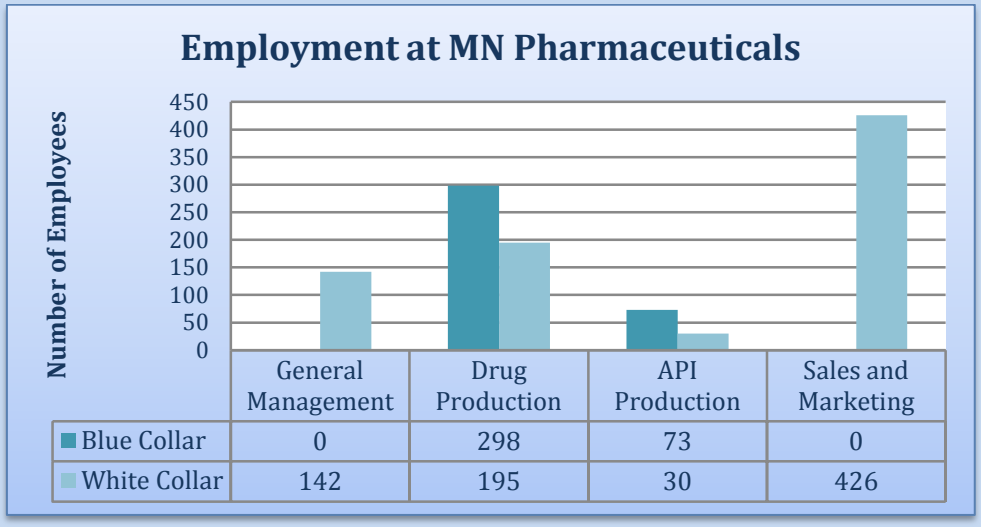
After the suitability controls, the contracted workers are given the necessary training (including administrative regulations, occupational health and safety and environment). Following labor permission, they work within the boundaries allowed in our plants.

EMPLOYMENT

As the Human Resources team, our aim is to compose our most valuable asset (which is human resources) of individuals who adapt to the institutional values of MN Pharmaceuticals and who can represent these values. MN Pharmaceuticals is aware of the importance of the human resources and aims to add qualified and suitable members to the MN Pharmaceuticals family by conducting competence-based interviews.

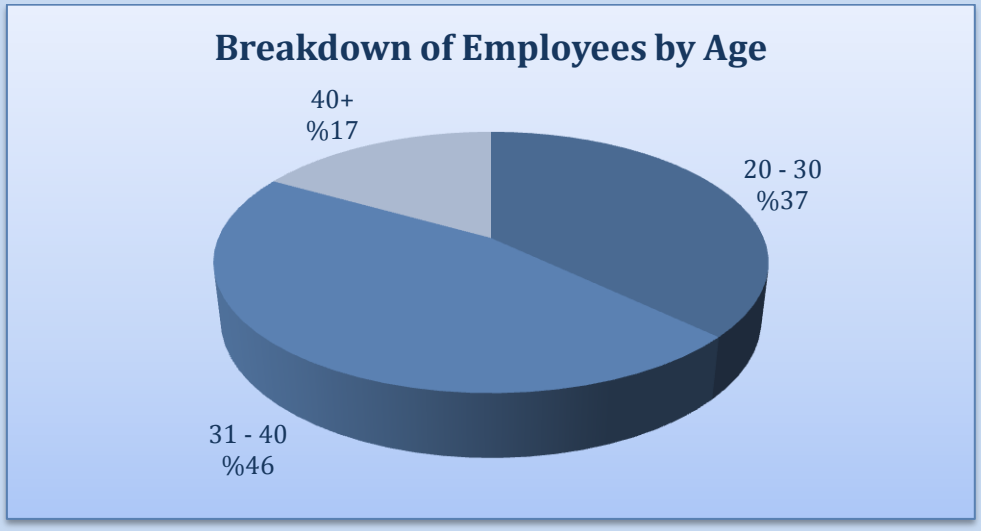
During hiring, basic abilities that each employee must have are specified. In addition, qualities that vary according to the position are also evaluated in candidates.

As of 31.12.2010, MN Pharmaceuticals has **1164 employees**. The list of all employees according to type and divisions is shown below.



	General Management	Drug Production	API Production	Sales and Marketing
Blue Collar	0	298	73	0
White Collar	142	195	30	426

Our company does not employ child workers. Following is the breakdown of employees by age.



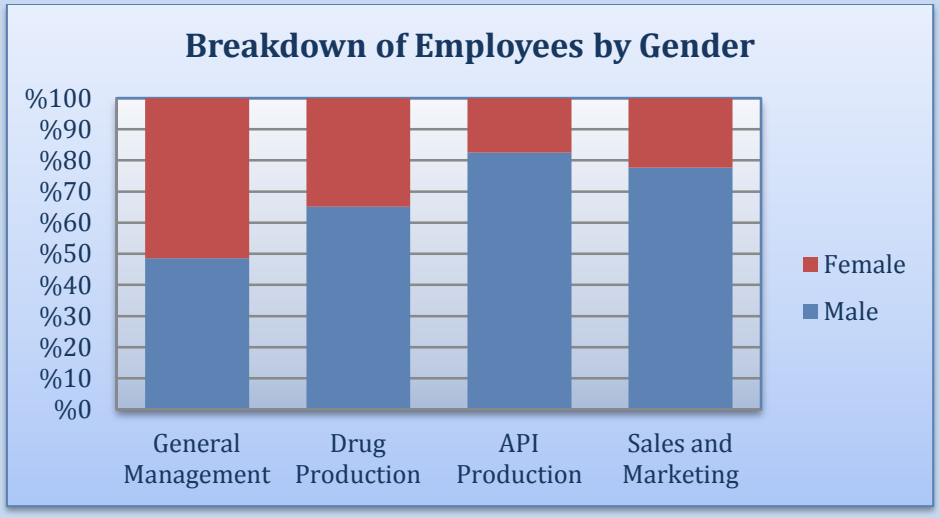
EQUAL OPPORTUNITY

There is no discrimination based on religion, language, race, sex or ethnic origin at MN Pharmceutcials. Our hiring period provides all candidates equal opportunities and is based on the candidate's capability and suitability for the job.

Each year, according to the workforce plans, positions to be filled are specified. A candidate pool is formed by current applications and candidates found suitable for the position within the company. Employee search tools include internet sites and newspaper ads. Human Resources unit conducts interviews with candidates based on capabilities appropriate for the position. During this process, applications such as English languate test, general ability tests and personality inventory are used.

The relevant unit supervisors are included in the interview process to talk with the candidates found suitable by Human Resources Unit for measuring their professional knowledge and experience. Following all evaluations, reference investigation is performed for candidates that are found suitable. Job is offered to those candidates found positive after the reference investigation. Candidates that were not found satisfactory are informed by careers portal, e-mail and telephone.

A breakdown of MN Pharmaceuticals employees by department and gender is given below.



MN Pharmaceuticals **Career Management System** also treats employees with equal opportunity. The goal of the system is, following a specified process, to determine the candidates that show high performance in his/her present job, has potential for future positions and to prepare future managers by an training and development program. By doing this, we aim to increase company loyalty, keep the capable employees within the company, build a culture based on development and give employees responsibilty to think of their own progress.

The female-to-male ratio among **top management is 16.5%** and among **mid-level management 39%**.

WAGES AND ADDITIONAL BENEFITS

Our policy on wages and additional benefits depends on a fair and competitive system based on job evaluation. Each January, the averages of sectoral wages are collected. Wages are based on these averages along with responsibilities of the employees, their experiencs and inflation rates.

Based on this policy, the additional benefits presented to MN Pharmaceutical employees are listed as below:

- Payment of overtime
- Birth, death and marriage support to all our employees
- Cars assigned to top management and field team
- Shuttle service to Sekerpinar, Yenibosna and Headquarters personnel
- Prize system to Sales and Marketing Team
- Clothing checks to Sales and Marketing Team
- Bonuses for 4 times a year to all our employees except Sales and Marketing Team
- Lunch
- Supper for those working overtime
- Personal accident insurance to all our employees
- Cell phones and laptops to Foreign Trade, Marketing and Sales teams
- Payment in advance to those employees in need
- Private health insurance to all our employees

OCCUPATIONAL HEALTH AND SAFETY

As MN Pharmaceuticals, certain targets are set by top management every year in the framework of **OHSAS 18001 Occupational Health and Safety Management System**. These targets are shared with employees at the beginning and end of the year. Results are evaluated with employees.

There are two **Employee Health and Safety Committees** at MN Pharmaceuticals Active Pharmaceutical Ingredients plant and Finished Dosage Form Production plants. The Committees consisting of a total of 30 employees meet at least once a month.

EMPLOYEE TRAINING AND EDUCATION

With our trust in our continuous improvement principle, we make **training and professional development plans** for all our employees in order to increase their knowledge, improve their capabilities and abilities necessary for their jobs. It is very important for us that these trainings help to reach our company's vision, mission, strategy and targets as well as comply with our values, show our employees the right path in their careers and contribute to their motivation.

The training plans for each year are made by analyzing outcomes of the **Performance Management System** and by considering training programs required to prepare each employee to a potential position in his/her career.

At the beginning of the each year, our employees along with their managers specify the job targets, capability targets and development plans based on the strategic targets of MN Pharmaceuticals. All these procedures are done on the electronic media. By the mid-term and year-end evaluations, performance of all employees is monitored through objective, fair and open methods.

At the end of the performance evaluation period, training and personal development plans are made in collaboration with employees.

Main Group	Sub Group	Trainings
Skills Development	Leadership Development	Context-based Leadership Skills Mentoring Skills Modern Management Techniques
	Personal Development	Emotional IQ "We are the winning team" Effective Communication Skills
Vocational Development	Marketing	Effective Sales Skills Effective Marketing Skills
	Business Development	Pharmacovigilance
	Human Resources	Competency-based Interviewing Skills
Occupational Health, Safety and Environmental Mang.	Occupational Health, Safety and Environmental Mang.	Management Systems Emergency Management
	Environment	Waste Management
Quality Management Systems (GMP)	Quality Assurance Systems	Corrective & Preventive Operations Management (Döfi) Supplier Qualifications
	Technical GMP Practices	Equipment Cont. & Calibrations Equipment Maintenance

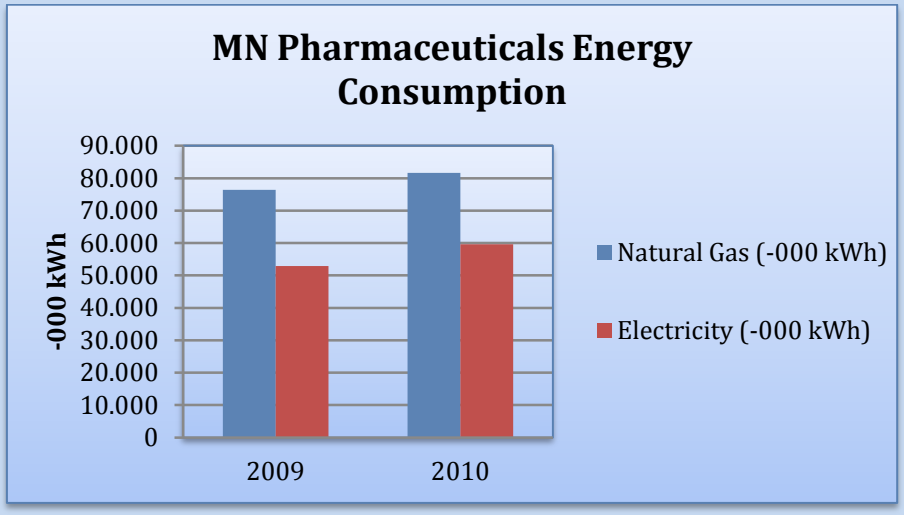
INVESTMENT & COMPLIANCE

In 2010, 150 trees were planted by MN Pharmaceuticals employees through a partnership with the TEMA foundation. In addition, approximately 5000 m² areas of our finished dosage form production and API plants are covered with fruit trees. A total of 115 fruit trees exist in 3500 m² area and 200 hazelnut trees in 1500 m².

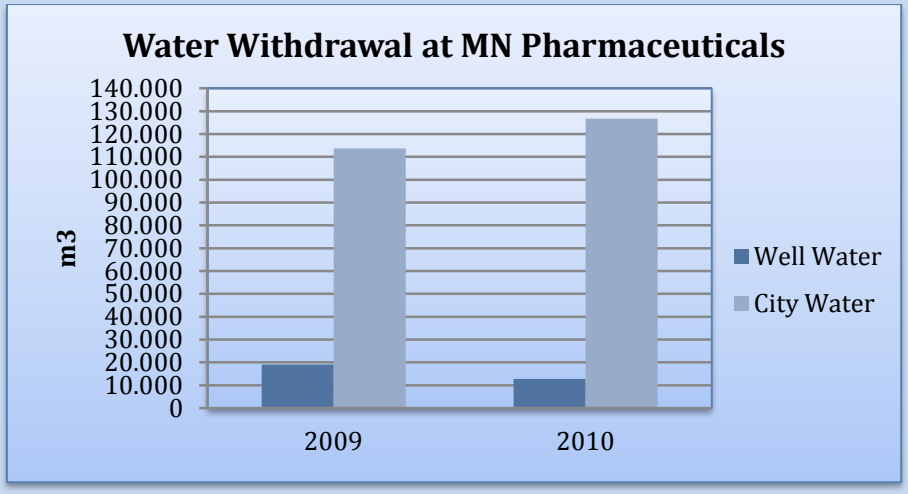
MN Pharmaceuticals operates by **ISO14001 Environmental Management System**. Therefore, as stated in our management system and as promised in our Environmental Policy, there have not been any issues of non-compliance with the environmental rules or regulations. Hence, MN Pharmaceuticals has not received any fines or sanctions. Environmental rules and regulations are closely monitored.

RESOURCE CONSUMPTION

The primary energy sources that we consume in our plants are electricity and natural gas. The electricity and natural gas we have consumed as a result of our operations in 2009 and 2010 are provided below. Although there was an increase in our production in 2010, the increase in consumption of electricity and natural gas was limited. MN Pharmaceuticals is planning to keep the amount of energy consumption in 2011 at 2010 levels.



MN Pharmaceuticals withdraws water from two different sources: city water and well water. The amount of water withdrawn by source in 2009 and 2010 is shown below. There was an increase in the use of city water and a decrease in well water.



The sources affected by our water withdrawal are Istanbul Water and Sewage Works (ISKI) lake and dam reserves, Kocaeli Water and Sewage Works (ISU) reserves and the wells in our plants.

EMISSIONS & WASTE

The most important source for greenhouse gasses is fuel consumption. Although MN Pharmaceuticals had been using LPG and fuel oil in its plant, it was altered to natural gas that is more environment-friendly. Hence, **the production of greenhouse gas emissions was reduced**.

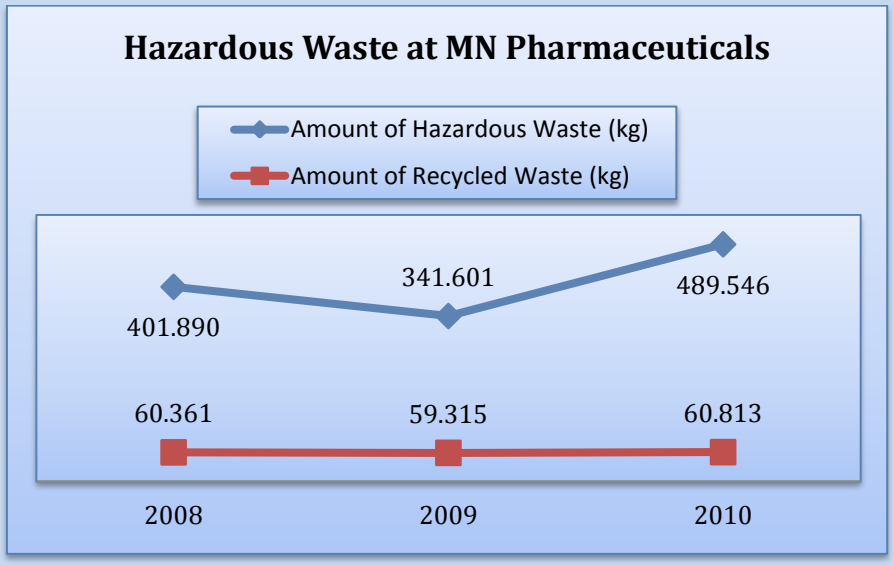
Being aware of the effect that greenhouse emissions have on earth, MN Pharmaceuticals has **a principle of not purchasing any materials that would cause greenhouse gas emissions**. Furthermore, there are **no production processes that incolve ozone-consuming chemicals** in our plants.

In 2010, MN Pharmaceuticals **discharged 115 m³/day of water** into waste water canals of Istanbul Water and Sewage Works (ISKI) and Kocaeli Water and Sewage Works (ISU).

Our hazardous waste is collected according to the current regulations and transported to licensed facilities for recycling or disposal. As a result of company wide environmental initiatives, there was a **15% reduction in the amount of hazardous waste in 2009**. Nevertheless, no decrease reported in the amount of hazardous waste in 2010. The increase in 2010 was due to **additional waste produced as a result of new practices** (2D barcode system) **required by the Ministry of Health.** Further actions aimed at reducing the amount of hazardous waste will be taken in 2011.

Hazardous waste produced in our plants are separated in its source and sent for recycling. Thus, the re-use of natural resources is made possible in line with MN

Pharmaceuticals Environmental Policy. The amount of hazardous waste produced in our plants and the amount that was sent for recycling are shown below:



As a result of environmental management at MN Pharmaceuticals **there have not been any environmentally significant spills or leakages at our plants** in 2010.

Recycling & Reuse

MN Pharmaceuticals **partners with CEVKO, a local NGO, in collecting product packages** that are sold. CEVKO collects 25-30% of the product packages which fulfills recycling obligations of MN Pharmaceuticals stemming from national regulations.

Furthermore, **other packaging materials** that are made of paper, cardboard, glass, scrap metal are **sent to recycling plants** authorized by the Environment and Forest Ministry. The amounts are provided below:

Recycled Package by Type	2009	2010	Change
Paper & Cardboards	168.940 kg	195.111 kg	↗
Plastic	79.629 kg	93.408 kg	↗
Glass	25.478 kg	29.477 kg	↗
Scrap Metal	14.520 kg	49.080 kg	↗

Although there is no recycled and re-used water at MN Pharmaceuticals plants, actions will be taken in 2011 to address this issue.

ETHICAL ADVERTISING AND MARKETING

MN Pharmaceuticals conducts advertising and marketing of its products based on **Turkish Drug Industry Institution (TISD) Advertising Principles**. Another source the MN Pharmaceuticals takes into consideration is **Ethical Criteria for Medicinal Drug Promotion** published by **World Health Organization (WHO)**.

Moreover, the promotion of MN Pharmaceuticals products to society and health professionals is performed according to **Regulations on Advertising Activities of Medical Products for People** published by the Ministry of Health on 23.10.2003.

The regulation defines **the advertising activities** as "all informative activities performed by the registration or license holder of a human medicinal product to increase the provision, sale, presciption and use of the product. In this context, the company defines such activities as the work of sales representatives; ads in the visual/auditory press, medical and professional journals; announcements in the electronic media; use of visual/auditory materials such as films, slides and electronic media; scientific and educational meetings; exhibitions and similar activities and activities using free samples; and printed promotion materials".

In 2010, **400 employeees** received **16 hours/person** training on ethical advertising and marketing principles and regulations.

MN Pharmaceuticals has not received any fines or sanctions for violation of the Regulation.

AUDITS

MN Pharmaceuticals is audited financially by an independent auditing firm. **Compliance to corporate laws and accuracy of financial data** are audited in the framework of International Financial Reporting Standards. Additionally, **internal auditing procedures** are also available at MN Pharmaceuticals. Periodical controls are performed in purchasing department and among suppliers. As a precaution, our purchasing department has to receive at least three offers for any item before making the purchase.

We also have **system controls**. Performance of any task from beginning to end by the same employee is limited through several procedures. Each unit performs the part that is within its expertise and then turns it over to the next unit. Approval and authorizations are separately defined for various levels; each unit performs the process that is within its authorization and range.

STAKEHOLDER ENGAGEMENT

1. Development and implementation of a social responsibility project that will be based on the MN Pharmaceuticals sustainable development strategy and aimed at one of the stakeholder groups,

HUMAN RIGHTS MANAGEMENT

2. Increasing the number of UN agencies that MN Pharmaceuticals is a licensed supplier in order to enhance the accessibility of MN Pharmaceutical products by global society
3. Increasing the ratio of female employees at MN Pharmaceuticals
4. Providing training on human rights management for senior level corporate managers

PROTECTION OF LABOR RIGHTS

5. Conducting an employee satisfaction survey on shuttle services at the Yenibosna plant and taking necessary actions based on the results

ENVIRONMENTAL MANAGEMENT

6. Reducing 2011 energy consumption amount below 2010 levels
7. Taking action in order to reduce the amount of hazardous waste at MN Pharmaceutical plants
8. Taking action in order to recycle and reuse the discharged water stemming from MN Pharmaceutical plants

2010

Golden Mortar Award given by **Eczacı (Pharmacist) Magazine** in the category of **R&D and Science** for developing products that await FDA approval and will be marketed in the U.S.

Being one of the 2 finalists at **the 9th Annual Technology Awards** in **Middle Scaled Product Category** given by TUBITAK, TTGV and TUSIAD for our study "Development of Imatinib base by a new method"

2009

For showing continuous improvement in the field of environmental protection, complying with the changing environmental concepts, having environmental investments and contributing to society, MN Pharmaceuticals was awarded **the 15th Sehabettin Bilgisu Environmental Progress Award** by **the Environment Commission of Kocaeli Chamber of Industry**

Contact Us

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