

November 14, 2012
H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

On behalf of our employees, I am pleased to reaffirm Alvimedica's support of and commitment to the UN Global Compact's ten principles with respect to human rights, labor, environment, and anti-corruption. We recognize that our financial success, social responsibility, environmental protection and ethical business practices are essential for long-term sustainability.

In this our first "Communication on Progress", we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

As we fulfill our mission to improve the health and safety of people and the environment and deepen our commitment to being a good corporate citizen, I am confident that we will continue to make a difference.

As we build and expand our business over the next year, we will continue to support the Principles - within our own operations and through the services we provide our customers. We believe this document provides an overview of just some of the initiatives that are actively contributing to the success of the UN Global Compact.

I look forward to reporting our progress again next year.

Sincerely,


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United Nations Global Compact Communication on Progress

2012

Human Rights

Principle 1: *Business should support and respect the protection of internationally proclaimed human rights.*

Principle 2: *Business should make sure that it is not complicit in human rights abuses.*

As Alvimedica, we are committed to supporting and protecting basic human rights. Our business all over the world is managed with high standards of integrity for the dignity, freedom, respect and acceptance that each of us deserves.

We respect and uphold the labour laws of the Republic of Turkey, including protections against workplace and employment discrimination, preserving the freedom of association, the elimination of child and compulsory labour.

We provide equal opportunity across all practices of our business including recruitment, selection, training, promotion, transfer and compensation, without regard to age, gender, race, national origin, religion, citizenship status, physical or mental disability, pregnancy, sexual orientation, gender identity or expression, marital status, genetic information, ethnicity, ancestry, veteran status, or any other characteristic protected by law.

For 2013, we are planning to extend our circle of approach to support and respect protection of internationally proclaimed human rights by putting our suppliers into the picture. We will update our supplier selection – evaluation procedures and pre-qualification requirements regarding human rights in our next strategic planning period and instruct our entire supplier network about changes. Furthermore, in case we detect any indications that need improvement concerning our suppliers' working conditions we are open to set partnerships with them whenever we feel our assistance would be helpful.

Targets for 2013

1. We will extend our circle of approach to support and respect protection of internationally proclaimed human rights by putting our suppliers into the picture.
2. We will update our supplier selection – evaluation procedures and pre-qualification requirements regarding human rights in our next strategic planning period and instruct all our supplier network about changes.

Labour

Principle 3: *Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

Principle 4: *Business should uphold the elimination of all forms of forced and compulsory labour.*

Principle 5: *Business should uphold the effective abolition of child labour.*

Principle 6: *Business should uphold the elimination of discrimination in respect of employment and occupation.*

Alvimedica supports the labour principles of the UN Global Compact described in the Human Rights section of this report. The corporate values we have and the Personnel Regulations we conduct form the foundation that guide individual and company actions. For each new recruitment process, Alvimedica and the new employee accept and sign the agreement which states bilateral responsibilities of both sides.

This year, we have created a team responsible for the initiatives regarding Woman Empowerment Principles (WEP) and named it AlviWEP. In 2013 we are planning to conduct training programs and internal seminars in order to make our women employees adapt these principles in work place and raising the level of awareness of our male employees regarding WEP. Yet another seminar topic planned for 2013 is "Raising Awareness of Global Compact Principles in our Workplace"

Alvimedica has a strong relationship with non-profit organizations. In 2012, we hosted "Turkish Red Crescent" in our manufacturing site at Çatalca, İstanbul to promote a blood donation campaign and encouraged our workers about donations. Furthermore, we are supporting and representing "The Stent for Life Initiative" which aims to improve the delivery of care and patient access to the life saving indications of primary percutaneous coronary intervention, thereby reducing mortality and morbidity in patients suffering from acute coronary syndromes by increasing doctor and patient awareness in Turkey.

The plans of our Social Committee for 2013 includes initiation of an aid campaign to ensure that every child is prepared to learn and succeed by providing free school supplies nationally to students most in need.

Alvimedica has never been complicit in the use of child labour or forced labour of any kind. The minimum legal age limits for employment in Turkey is congruent with ILO conventions. Any admission to employment or work is prohibited by law under age 15. As of November 2012, the age of the youngest worker is 17 at Alvimedica. Our recruitment policy is also complied with the governmental recommendations which is that the employment of disabled workers at rate of 3% of total employee number. Moreover, as of November 2012, our minimum wage amount (766,49 TL) is standing in a slightly better position compared to legal regulated limits of 701,14 TL.

The education of youth is very important to us. In this regard, we had a strong action that has been taken in October 2012. Alvimedica has started to construct a biomedical high school complex in Çatalca, İstanbul. The school is supposed to train qualified labour force to contribute the development of sector in all aspects throughout Turkey. The completion date of the construction project is estimated as next year and hopefully the school is going to start enrolling its first students in 2014.

The opinions of our employees and customers regarding our responsibilities are invaluable for us. We perceive these ideas as very constructive tools to improve our work conditions and social environment in the company. For this reason, in 2012 we have started a “Focus Group Studies” which is an idea exchange platform in between the units consisting of all levels of employees in the company.

As a result of focus group studies, there was a demand for using “Proposal Evaluation Procedure” including all levels of Alvimedica employees. Afterwards the procedure has been designed as appraising and rewarding proposals according to their contribution to the company environment without regarding the contribution has financial benefits or not. For the outer ideas, we have a very visible “contact us” platform on our website and it is being checked regularly.

Besides, for 2013, we are planning to go through a comprehensive third party auditing procedure concerning our operations in all extents and we are looking forward to receive data regarding our work conditions as a result of this process.

Targets for 2013

1. To conduct training programs and internal seminars in order to make our women employees adapt WEP in work place
2. Raising the level of awareness of our male employees regarding WEP.
3. Seminar is planned. Topic is “Raising Awareness of Global Compact Principles in our Workplace”
4. Initiation of an aid campaign: Providing free school supplies nationally to students most in need.
5. A comprehensive third party auditing procedure and receiving data regarding our work conditions as a result of this process.

Targets for 2014

1. Completing the construction of the biomedical high school complex in Çatalca, İstanbul.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage development and diffusion of environmentally friendly related technologies.

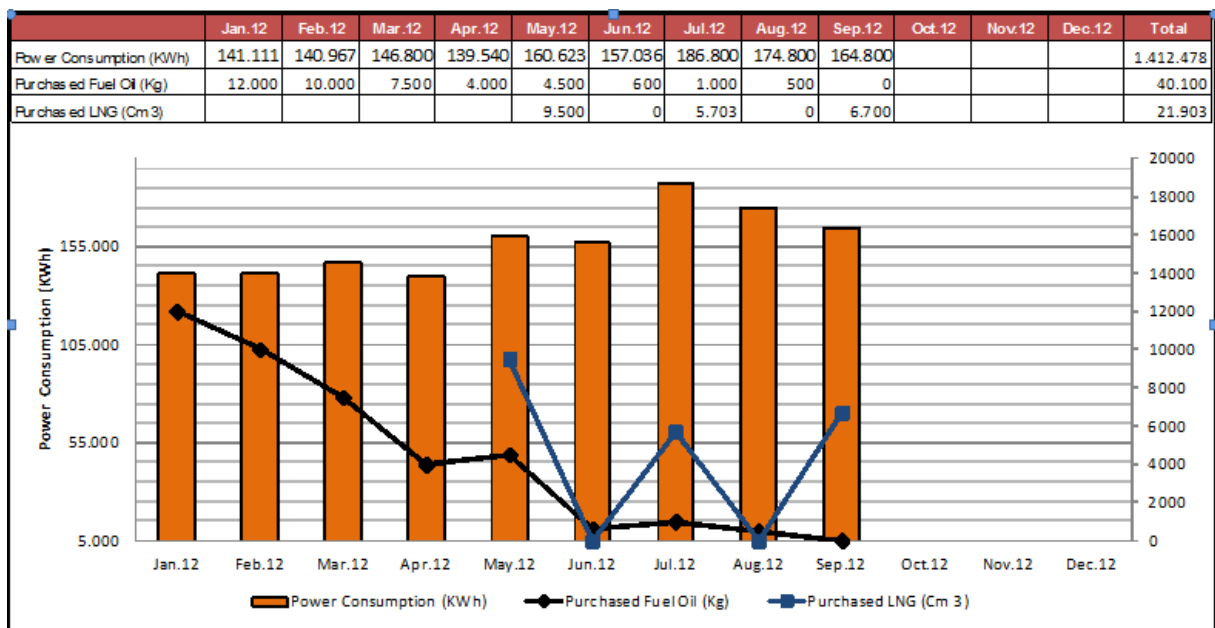
Here at Alvimedica, we manufacture our products for human health, but we care about the health of the environment as well by complying international standards with utmost respect. We contribute to social, economic and environmental development of community with our social responsibility principles.

In two years period, we are planning to improve our resource efficiency, reduce waste and drive down costs by having ISO 14001 which sets out the criteria for an environmental management system. By 2014, we expect to have an environmental auditing and reporting system.

Because of the nature of our production, as a coronary stents, balloon, diagnostic and guiding catheters manufacturer, our harmful gas emissions are negligible. Nonetheless with the framework of ISO14001, we are looking forward to have the official data on our emissions and compare them with the international standards.

We continuously seek for recycling opportunities as medical laws and regulations permit. So far, even if we do not have any data on percentage, we are able to recycle plastic to some extent. With the ISO14001 standards, we are expecting improvements on our reports of efficiency with regard to recycling processes.

Our energy consumption levels are as follows;



We have started the process of switching from fuel oil to natural gas as it is more efficient energy resource. Besides, the studies are proceeding for usage of alternative sources like solar and wind energy. We have conducted two projects in order to increase the efficiency of energy usage.

We installed new unit software for air-conditioning in our “Clean Rooms” and we have introduced an eco-mode for non-production hours. In this way, we have recorded 30% improvement on natural gas usage. In office heating, thermometer settings are adjusted to a central controlling system. This time, we recorded 8% gain on energy consumption related with heating purposes.

For transportation purposes we try to keep things simple regarding our environmental footprint. We are using a minivan for shipment of our products to airport or to our offices. There are also seven passenger vans as shuttle services. All of our vehicles are inspected by authorized organizations regarding their environmental impacts.

We mainly produce domestic waste and municipal sanitation regulations are carefully implemented. Acid wastes are collected by authorized firms every six months.

Regarding water consumption, our monthly usage has an average of 300m³. Our main and only water resource is municipal water supply. Because our production facility is located in a free trade zone, we benefit from a biological water treatment plant. The water we dispose goes directly to the treatment plant. Then it is refined and used for irrigation purposes. Besides, we are involved in planting works for forestation purposes near our manufacturing site.

Targets for 2014

1. ISO 14001
2. An environmental auditing and reporting system

Anti-Corruption

Principle 10: *Business should work against corruption in all its forms including extortion and bribery.*

Anti-Corruption regulations in work place are provided to all employees as part of our recruitment procedure. Our quality policy fully supports laws and regulations against corruption in all its forms including extortion and bribery.

Each employee receives training of our quality policy, and signs “Personnel Regulations” and “Quality Hand Book” before they start to work with us.

Alvimedica is also a participant of “Anti-corruption, international regulatory and legislative harmonization working group” provided by Ethics and Reputation Society.

The mission of this working group is to ensure coordination in between international organizations and local authorities and to contribute to the programs that encourage private sector participation in the compliance process to the international agreements and regulations on anti-corruption that involves Turkey.

Besides, as tools of standing against corruption; each quarter, we go through an external audit procedure conducted on our accounts. Furthermore, the supervision and approval of management is required in procurement of any and all materials used for production by the company. Also, a system necessitating multiple signatories in payment request documents has been accomplished to assure transparency in the expenses for procurement.