



 **SANDOZ**  
A healthy decision

United Nations Global Compact  
Sandoz Turkey Communication on Progress 2012

## Sandoz Turkey Communication on Progress 2012

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United Nations Global Compact



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

We welcome feedback on its contents.

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## About the Report

**Sandoz İlaç San. ve Tic. A.Ş.** executed the **United Nations Global Compact on August 10, 2010** and commits to submit a regular progress report every year as per the Contract. This report is the **Second Communcation on Progress** report published by Sandoz Turkey.

“Communication on Progress 2012” is drafted under 5 main headings. Sandoz Communication on Progress divided into following **4 main headings of the UNGC** also describes corporate profile, stakeholder participation and management policies of the company:

1. Human Rights
2. Labour Rights
3. Environment
4. Anti-Corruption

The report covers three Sandoz companies. These are;

- Sandoz ilaç San. ve Tic. A.Ş.
- Sandoz Grup Sağlık Ürünleri İlaçları San. ve Tic. A.Ş.
- And Sandoz Syntek ilaç Hammaddeleri San. ve Tic. A.Ş.

The period covered by Communication on Progress 2012 that is the second study of Sandoz Turkey is between **1.1.2011 and 31.12.2011**.

In order to facilitate comparisons with future progress reports and to report the company performance in a transparent and accountable manner, while preparing this report, the **Global Reporting Initiative, G3 Sustainability Reporting Guidelines** was taken as a guide. GRI performance indicators are specified in the "Table of Contents" section of the Report.

**It will be our pleasure to receive your feedback regarding the Communication on Progress 2012.** Please do not hesitate to get in contact with Suna Erkal Varal, the Communications Manager responsible for preparing the report, via her electronic mail address [suna.erkal@sandoz.com] for your questions, opinions or suggestions.

**Dear Esteemed Stakeholders,**

Environmental consciousness, social sensitivity and social responsibility awareness have gained more importance today for the companies and become essential requirements for high performance and success. As Sandoz Turkey, we also believe in the fact that high performance and success rely on environmental consciousness, social sensitivity and social responsibility awareness.

In this regard, the efforts put in by the business world for a sustainable development and welfare increasingly gain importance in terms of existence of coming generations. The companies that manage to combine sustainable development objectives with their corporate responsibility approach gain more value from the perspectives of their stakeholders in the communities they operate.

As Sandoz, we are proud to be one of the leading pharmaceutical companies in Turkey with our high-quality and affordable products. Being the export leader in pharmaceutical industry since 2005, we provide the patients in more than 60 countries around the world with products we manufacture in Turkey. As Sandoz Turkey, we operate with approximately 1,000 employees in 3 sites, two sites for finished products and one site for active ingredients, and keep working in order to make significant contributions to national economy

With the Second Communication on Progress for 2011 which describes our performance regarding Human Rights, Employee Rights, Environment and Fight Against Corruption, we strengthen our business partnership with our stakeholders and reemphasize our commitment to sustainable development.

Sandoz Turkey treats all its target groups including physicians, pharmacists, health authorities, patients, suppliers and employees in line with the ethical guidelines and endeavors to regulate its relations with promotion principles and business partnership regulations.

In addition to providing all our employees with equal employment opportunities, we support their personal and professional development based on their requirements and specialties.

Ensuring the protection and efficient use of environment and natural resources is one of our base priorities as Sandoz Turkey. In this respect, we develop our relevant strategies and policies and aim at increasing our performance by updating our objectives. Within the framework of Human Rights, one of our other primary objectives is to facilitate the access of all patients to pharmaceuticals to improve their quality of life. From this point forth, being a leader generic drug manufacturer, we do our best in order to ensure access of patients to high quality products in a cost-effective manner.

This report expressly and clearly sets out that we are a voluntary party to United Nations Global Compact and demonstrates our firm commitment and approach to communicate our performance to our stakeholders on an annual basis through Communication on Progress

Our company shall keep serving as a model by preparing Communication on Progress in order to communicate our performance to our stakeholders in the coming years.

Best Regards,

Hakan Atay  
Country Head



### **Hakan Atay appointed as Country Head of Sandoz Turkey**

As of December 1, Hakan Atay was appointed as the Country Head of Sandoz Turkey, leading generic company.

Hakan Atay who completed his undergraduate education at Istanbul University, Faculty of Pharmacy also took master's degree in Pharmacology from the same university. Atay started his

career in 1990 at Pfizer and respectively served as Marketing and Sales Director of Turkey and Marketing and Business Development Director of Central and Eastern European Region. Hakan Atay worked as Deputy Chair responsible for Primary Drugs at Emerging Markets division of Pfizer Headquarters in New York and took the lead for various projects focusing on Brazil, Russia, India, China and Turkey within the recent period prior to joining Sandoz.

### **Journey Through Time...**

#### **The Early Years 1886-1939**

**1886** – The Chemical Company Kern & Sandoz is set up in Basel by Dr. Alfred Kern (1850 – 1893) and Edouard Sandoz (1853 – 1928). The first dyes produced are alizarin blue and auramine.

**1895** – The first pharmaceutical substance, antipyrine, a fever-controlling agent, is produced. The partnership is transformed into the joint-stock company “Chemische Fabrik vormals Sandoz”.

**1899** – The company diversifies into sweetening agents with the start of saccharin production.

**1911** – The first subsidiary is set up in England.

**1917** – Prof. Arthur Stoll creates the Pharmaceutical Department and starts research in this field. He isolates Ergotamin from the corn-fungus ergot in 1918, which is introduced under the trade name Gynergen in 1921.

**1918** – The first subsidiary in the USA is founded.

**1929** – Calcium Sandoz is introduced – a breakthrough product that lays the foundation for modern calcium therapy. The Chemicals Department (for textiles, leather and paper) is also launched.

**1939** – The company name is changed from Chemical Company Kern & Sandoz to Sandoz Ltd and first steps are made into the agribusiness. The first product developed is the pesticide Copper Sandoz, introduced in 1943.

### **The Start of Anti-infectives 1946-1963**

**1946** – Biochemie is founded in Kundl, Austria, in order to produce and supply scarce, urgently needed penicillin for the Austrian population.

**1948** – Despite limited facilities, the ambitious research team at Biochemie achieves what remained out of reach to many others: The domestic production of the new “wonder drug” penicillin.

**1951** – Two researchers at Biochemie, Brandi and Margreiter, break new ground by discovering acid-resistant penicillin. For the first time, penicillin can be administered orally. The discovery sets off further development and rapid growth of the company.

**1963** - Sandoz Ltd. acquires Austrian Biochemie GmbH, representing the beginning of large-scale production of antibiotics and substances developed on the basis of biotechnology.

### **Expansion and Diversification 1964 - 1982**

**1964** – The first research center outside Switzerland is established in East Hanover, NJ, United States, followed by the Sandoz Research Institute in Vienna, Austria, in 1970 and the Sandoz Institute for Medical Research in London, United Kingdom in 1985.

**1967** – Company merges with Wander Ltd. and diversifies into the dietetics business (Ovaltine, Isostar), acquiring Delmark in 1972, Wasa (the Swedish crisp bread producer) in 1982 and Gerber Babyfood in 1994.

**1975** – The seeds market is entered through the acquisition of the American Rogers Seeds Co., followed by that of Northrup King in 1976, the Dutch Zaadunie Group in 1980 and the Swedish seeds company iHillesh’g in 1989.

**1977** – The anti-allergic drug Zaditen is introduced.

**1981** – The Sandoz Institute for Medical Research is founded on the premises of University College, London, United Kingdom.

**1982** – The immunosuppressant Sandimmun is introduced, followed by Neoral in 1994.

### **A New Corporate Structure 1990- 1998**

**1990** – Sandoz Ltd. becomes a holding company with a new corporate structure.

**1995** – A new operating structure is created at Sandoz, which comprises three sectors: Pharmaceuticals, Nutrition and Agribusiness/Chemicals.

**1996** – Ciba and Sandoz are integrated in one of the largest corporate mergers in history to form Novartis. Biochemie becomes the global Headquarters of Generics, unifying Geneva, Rolab, Multipharma and Azurpharma.

**1997** – Sandoz enters the Mexican market under the name of Suipharm.

**1998** – Sandoz enters the Spanish market under the name of Geminis.

## **A Global Generics Business 2000 - 2011**

**2000** – Novartis Generics acquires BASF Pharma's European generics business through which it gains entry to the markets of France and Italy with GNR Pharma and the UK with Lagap. Apothecon is also acquired in the United States and Grandis in Germany.

**2001** – Sandoz enters the Argentinian market under the name of Labinca.

**2002** – Sandoz acquires Lek Pharmaceuticals d.d., Slovenia's largest pharmaceutical company with a strong presence in Central and Eastern Europe.

**2003** – Novartis unites its generics businesses under one single global brand as known today: Sandoz. The Amifarma S.L. production plant in Palafolls, located near Barcelona, Spain is also acquired.

**2004** – Through acquisition of Sabex, Sandoz establishes a new presence in Canada, the sixth largest generics market worldwide. A new operational hub in the Nordic region is founded through its acquisition of Durascan, the generic subsidiary of Astra-Zeneca in Denmark.

**2005** – Sandoz acquires HEXAL and Eon Labs, two other premier generics companies, strengthening its market position globally and achieving a top position in key markets, particularly the U.S. and Germany.

**2006** – Sandoz becomes the first generics pharmaceutical company to receive approval for a biosimilar product in the EU and US. Omnitrope®, a recombinant human growth hormone, approved by the EMEA (European Medicines Agency) also becomes the first biosimilar to receive approval from the US Food and Drug Administration (FDA).

**2007** – Sandoz gains EU market approval for the world's first complex biosimilar, Binocrit®, a follow-on version of life-saving anemia medicine epoetin alfa. The approval marks a key milestone in Sandoz's efforts to bring state-of-the-art biosimilars to patients around the globe.

**2008** - Sandoz receives EU market approval for its third biosimilar medicine Zarzio® (filgrastim), indicated for use in treating neutropenia, marking another important milestone in its efforts to bring affordable high-quality biopharmaceuticals to patients worldwide.

**2009** – Sandoz completes acquisition of EBEWE Pharma's specialty generic injectables business, improving worldwide access to affordable injectable cancer medicines and paving the way for the creation of a global center of excellence in generic oncology injectables.

**2010** – Sandoz acquires Oriel Therapeutics of the US, entering the market of respiratory inhalables, adding a third pillar to its differentiated value-added portfolio. Sandoz's generic enoxaparin is also approved by the US FDA as a fully substitutable generic in the US, indicating the FDA's growing confidence in the ability to designate complex non-patented molecules as interchangeable.

**2011** – Sandoz Japan announces generic pharmaceutical alliance with Nipro Corporation, focusing on a broad range of cross-licensing and co-development opportunities for the Japanese generics market. Through the acquisition of Alcon's US generics business, Falcon Pharmaceuticals, Sandoz positions itself as the global #1 in generic ophthalmics.



## Our Company

**The history of our company Sandoz İlaç San. ve Tic. A.Ş.** dates back more than 120 years. Starting its activities as a small-scale chemical company, Sandoz has become the world's second largest producer of high-quality generic pharmaceuticals and global leader in biosimilars and differentiated products.

Drugs of Sandoz are delivered to **90% of the people in the world**. Our company employing more than 24.000 people in more than 140 countries across the world operates with eight major global development centers, a worldwide network of manufacturing sites and technology centers. The headquarters of Sandoz is located in **Holzkirchen** near Munich, Germany.

It has **3 manufacturing sites in Turkey**. Two of these three sites manufacture finished products, and the other one manufactures active ingredient. We reach to 30% of our country population through 14 regional directorates.

In Sandoz Turkey, there are approximately 966 employees including the blue collar, white collar and field promotion team.

Our company has become the export leader for the seventh time in 2011 and exported drugs to 23 countries including Germany, Canada and Russia. These products manufactured in Turkey reach patients in approximately 60 countries around the world.

One of the two plants located in Gebze has taken the first place with an export amount of \$57.8 million in pharmaceutical products. The other plant located in Gebze has become ninth in the ranking with \$19.2 million.

The portfolio of our company manufacturing generic (equivalent) drugs comprises of analgesics, anti-inflammatory, myorelaxants, anti-allergic, antibiotics, antiseptics, dermatological, endocrines and metabolism, gastroenterology, cardiovascular, psychiatry, respiratory system, supportive care and oncology generics. Sandoz Turkey offers a total of 41 products in 76 different forms to physicians and pharmacists and enables patients to have access to high quality products.

### What is a Generic (Equivalent) Drug?

Generic drugs (shortly: generics) are drugs manufactured and distributed without a patent (the formulation of the generic product may be patented; however, the active ingredient may not).

A generic product may not include the same active ingredient with the original formulation. In most cases, it is accepted to be bioequivalent with the trademark regarding its pharmacokinetic and pharmaco-dynamic characteristics. In this scope, therefore, generics are considered to be similar in terms of dose, action, administration form, safety, efficiency and intended purpose. In most cases, generic products do not become available until the patent protection of the original developer expires. When generic products become available, the market competition leads to significantly low prices for both the original brand and the generic forms.

The time required for placing a generic drug into the market may vary. Drug patents generally give a twenty-year-old protection. However, if an application is submitted for these drugs before the initiation of clinical tests, the validity period of a drug patent ranges from seven to twelve years.

As generic companies offer a significant cost saving for healthcare products, they tend to be supported by the government.

## Our Products

Sandoz Turkey has analgesics, anti-inflammatory, myorelaxants, anti-allergic, antimicrobial (antibiotics), antiseptics, dermatological, endocrines and metabolism, gastroenterology, cardiovascular, psychiatry, respiratory system, supportive care, oncology and rheumatology generics in its portfolio.

### Analgesics and Myorelaxants

#### Anti-allergics

#### Anti-infective and Anti-flu Drugs

#### Biosimilars

#### Dermatological Drugs

#### Gastrointestinal Drugs

#### Rheumatology

#### Respiratory System Drugs

#### Supportive Care

## Vision and Values

We believe that access to medicines is one of the most significant principles of Human Rights. Our vision is to help create a healthier world in which everyone has access to the medicines they need, no matter who or where they are. In accordance with this vision, there are four key principles that lead us in our operations:

**Helping to Make Quality Healthcare Available to All**

**Thinking Differently to Deliver Innovative Solutions**

**Leading by Example in the Delivery of High-Quality Products and Services**

**Fulfilling Our Job and Responsibilities with Passion**

As of the end of December 2011, our company employs 966 people and we have provided **3.720.965.000 tablets**.

Our Net Sales	199.277.149,38
Total operational capital itemized in the form of debts and equity capital	<b>120.000.000,19</b>
Total assets	<b>247.061.022,14</b>
The identity and ownership percentage of major shareholders	<b>Novartis Pharma AG 99,99%</b>

Our Pendik plant was sold in 2011 and our capital was increased from TL 31.716.099,19 to TL 120.000.000,19.

## **Sandoz became Champion in 2011 as well**

Being the exportation champion of medicines since 2005, Sandoz has proved its success in exportation in 2011 as well and become the champion for successive 7 years. Our company exports medicines to 23 countries in total and these products manufactured in Turkey are made available to patients in nearly 60 different countries around the world. Thus, **our company successfully fulfills its mission regarding access to medicines.**

Providing services to Turkish medicine with reliable brands for more than 50 years, Sandoz has surpassed all of its competitors and become **“2011 Champion of Turkey's Pharmaceutical Products Exports”** according to the evaluation of T.R. Secretariat of Foreign Trade of the Office of Prime Minister Istanbul Chemical Substances and Products Exporters Association (IMMIB)

Sandoz exports medicines to 23 countries including Germany, Canada, Japan, Australia, Algeria, South Africa, Brazil and Russia and Sandoz' one of the two plants located in Gebze has taken the first place in exportation of pharmaceutical products with an export amount of \$57.8 million and the other plant has become ninth in the ranking with an amount of \$19.2 million. These two plants in Gebze, inspected by Ministry of Health of Turkish Republic every year, also hold EU-GMP (Good Manufacturing Practices) certificate issued by German Health Authorities.

Total export quantity of Sandoz Turkey in 2011:

- 3984 kg. Pellets
- 436.646.103 capsules
- 3.141.102.823 tablets
- 14.504.514 drug containers.

## Corporate Management

### Nature of Ownership and Operational Structure

The shareholders of Sandoz İlaç Sanayi ve Ticaret A.Ş. (Sandoz Turkey) consist of Novartis Pharma AG, İlaç İlaç and Sandoz Syntek, and real persons. Our company is a Joint Stock Company with 79 shareholders in total, 99.9% of the shares being owned by Novartis Pharma AG, founded as per the provisions of the Turkish Trade Act.

Sandoz Turkey is managed as per the principles set by the Executive Committee elected by the General Assembly and the Members of the Executive Committee (4 persons in total) are not given the authority to sign for representation purposes.

### Stakeholder Interaction

The stakeholders of our company are comprised of Physicians, Pharmacists, Government Agencies, our Employees, Potential Employee Candidates, Local Administrations, Communities, Suppliers and Media. Our relationship and communication with our shareholders that we always work shoulder to shoulder in an environment of trust and in accordance with our ethical values are based on creating mutual values

**Physicians** are our primary stakeholders. Our communication with the physicians continue uninterruptedly within the framework of codes of conduct and in line with promotion principles of our company.

#### Potential Employee Candidates:

We attend career days of leading universities of Turkey for candidates with high potential and provide information about our company and collect the applications of candidates to evaluate them.

#### Our Employees

We appreciate the opinions and ideas of our employees.

In this regard, we conduct Global Employee Survey that establishes a dialogue between Novartis and employees and sets out the opinions of the employees about the company every two years.

While revealing the strengths of our organization, this study also expressly and clearly sets out the areas that need to be improved within the organization.

In order to ensure an environment of trust and allow our employees express themselves comfortably, we keep all responses in the survey anonymous and confidential. Participation to survey is not obligatory. Voluntariness is our key requirement.

According to the results of the last Global Employee Survey conducted in 2011, the improvement areas in the organization were identified and accordingly working groups titled with main headings that need improvement were formed. These working groups shall continue the process improvement activities until the end of 2013.

## Global Employee Survey

In accordance with the results of Global Employee Survey 2011, the areas of improvement on basis of units within Sandoz Turkey were identified and action plans were prepared.

### Technical Operations

#### Gebze1 Site

Plant Priority	Local Focus Areas / Category	Actions
1	<b>Training &amp; Career Development</b>	Focus Groups were established in order to discuss the areas of improvement and find concrete solutions. Meetings were organized. The activities of Focus Groups ensured organizing New Year's dinner and affected the decision for catering company.
		Annual training catalogue was prepared in order to help the managers direct the employees to trainings appropriate for areas of improvement and this catalogue was shared with the whole management team. Annual training schedule was set in accordance with the requests of the managers
2	<b>Internal Processes</b>	Focus Groups were established in order to discuss the areas of improvement and find concrete solutions. Meetings were organized. The activities of Focus Groups ensured organizing new year's dinner and affected the decision for catering company and discount agreements were made with gyms.
3	<b>Performance Management</b>	The use of Recognition and Rewarding system was encouraged by the managers. Human Resources provided trainings to both new and current employees regarding this issue.

## Technical Operations

### Gebze2 Site

Plant Priority	Local Focus Areas / Category	Actions
1	Communication Efficiency	<ul style="list-style-type: none"> <li>The Plant Director held briefing meetings with the employees on a monthly basis.</li> <li>Corporate Commitment Project “Let’s Have Everyone Say Something” intending to increase the commitment of Gebze 2 employees within the framework of Sandoz Values and Codes of Conduct and ensure them to make value added recommendations and make them rewarded was initiated in April 2012.</li> </ul> <p>Number of Recommendations after the project: 2011-10 recommendations 2012 – 367 recommendations</p>
2	Commitment	<ul style="list-style-type: none"> <li>The Plant Director took place in the football tournament with the employees.</li> <li>Corporate Commitment Project “Let’s Have Everyone Say Something” intending to increase the commitment of Gebze 2 employees within the framework of Sandoz Values and Codes of Conduct and ensure them to make value added recommendations and make them rewarded was initiated in April 2012.</li> </ul> <p>Number of Recommendations after the project: 2011-10 recommendations 2012 – 367 recommendations</p> <ul style="list-style-type: none"> <li>Gebze 2 Table Tennis Team was supported with technical equipment, logistics and in terms of leaves (The team became 6th in 2012 in Turkey).</li> </ul>
3	Authorization & Inclusion	

## Chemical Operations

### Syntek

Priorities	Focus Points / Category	Actions
1	Authorization & Inclusion	<ul style="list-style-type: none"> <li>Organizing division meetings periodically in order to ensure Inclusion of employees in processes</li> <li>Preparing the meeting agenda by taking the opinions of team members</li> <li>Giving opportunities to volunteers</li> <li>Conducting the meetings within the framework of meeting management rules</li> </ul>
1	Authorization & Inclusion	<ul style="list-style-type: none"> <li>Review and identification of processes</li> <li>Doing the revisions if necessary in terms of speed and simple approach</li> <li>Identification of actions for non-routine cases</li> <li>Review of authorizations</li> </ul>
1	Upper Management	Performing the training and briefing activities in terms of meeting management and time management that play an important role in increasing the efficiency and ensuring the extension of this culture using images

Priorities	Focus Points Category	Actions
3	Upper Management	<ul style="list-style-type: none"> <li>Holding divisional briefing meetings that do not exceed 30 minutes every morning and notifying the teams about the decisions taken.</li> <li>Taking minutes and sharing them with the relevant units.</li> <li>Sending the meeting minutes of manufacturing department held at 09:00 am to all department directors and managers</li> </ul>
3	Upper Management	Making a presentation to Active Ingredients Operations Director and other directors on a quarterly basis regarding problems, non-routine cases, etc.
2	Upper Management	Visits to the homes of employees by the manager and upper manager twice a year (depending on the availability of the employee)

Priorities	Focus Points Category	Actions
2	Diversity & Inclusion	Establishing a housekeeping team and identifying the requirements regarding cleanliness and orderliness and ensuring that necessary improvements are performed.
4	Diversity & Inclusion	Organizing a knowledge contest to be performed with the attendance of 10 persons elected among volunteer employees every 6 months
4	Diversity & Inclusion	Organizing a backgammon tournament once a year with the attendance of volunteer employees
2	Diversity & Inclusion	Activating the recommendation system and ensuring that employee recommendations are taken regularly and put in place
4	Business Life Balance	Organizing a trekking activity in order to provide an opportunity for more physical activities

The target determination process carried out every year within the scope of continuous development of our employees was performed on January-March 2011. The development plans of our employees were also identified during the target determination period. In this scope, our employees included the development plans in TMS – Talent Management System upon agreement with their managers. Following the determination of development plans, training schedules were established and thus our employees were provided with training. During June/July period a mid-year performance evaluation was carried out with our employees and our employees' objectives and development plans were controlled. In December, our employees and managers came together and held 'performance evaluation' meetings and the performances and developments of our employees during 2011 were assessed. **The continuous development philosophy is also supported by projects realized in Sandoz.**

**The Business Academy Skill Pool Project initiated at our plants in 2010 also continues in 2011.** The project will be completed in 2012. With the 21 employees selected at the end of the assessment process in 2010, trainings designed according to requirements and one-to-one coaching process were initiated. Within the scope of the project, training on Coaching, Effective Presentation Techniques, Strategic Thinking and Planning were provided. Training on Management of Emotion at Work / Stress Management, Customer Relationship Management, Conflict Management and Effective Communication Skills will be organized in 2012.

#### **Sandoz “Be Healthy” Concept**

In terms of commercial operations, the Be Healthy week was conducted with different activities both in field and Headquarters. In this scope, trekking, quit smoking activity, healthy nutrition seminars and measuring tension activities were performed.

In terms of technical operations, the Be Healthy Week was completed with different organizations carried out at both plants everyday. Within the relevant week, Healthy Nutrition Seminars were organized, electronic mails on Office Ergonomics were sent to our



employees, the tension and height-weight index and nicotine levels of our employees were measured and a trekking event was organized.

The Be Healthy philosophy was adopted across the company in October 2011 and thus our employees were directed towards a more healthy life and healthy life awareness was raised. The trekking organizations were performed in autumn with the attendance of all employees.

**Intranet which is an internal information portal, Country Head blog and Employee magazine Connect represent the activities** conducted in order to strengthen internal communication.

These activities that we conduct for internal communication ensure that the employees of Sandoz work in cooperation in accordance with the same vision, mission and objectives.

We organize Periodic Meetings for our Field Force within the year. The purpose of these meetings is to increase the motivation of Field Force and to inform the Field Force regarding products and medical issues.

On the other hand, by virtue of internal briefing meetings held by the Country Head the employees are able to follow the company vision and business objectives closely and take their actions and prepare their schedules.

### **Government Agencies and Local Administrations**

The operations we conduct with government agencies and local administrations have continued uninterruptedly in 2011.

**Ministry of Labor and Social Security:** Regarding labor legislation, occupational health and safety implementation, risk determination and management, the legislation of the relevant ministry should be observed.

**Ministry of Environment and Urbanization:** During our operations, management of environmental factors, waste water and waste materials management, monitoring emission data, emission permit, CED Report, discharge permit and environment permits are governed by the Ministry of Environment and Urbanization

**Ministry of Health:** How the company physician affiliated by the HSE Department observes and implements the health legislation are monitored by the Ministry of Health.

Operations we conduct with **Turkish Drug and Medical Device Institution:**

1. Filing applications for authorizations in accordance with current regulations and guidelines and obtaining authorization approvals before new products are placed in to the market
2. Obtaining price approvals in accordance with the current regulations and guidelines.

Social Security Institution (SSI) and Ministry of Agriculture and Rural Affairs are the other government agencies we are in contact with:

**Social Security Institution (SSI):** In order to ensure that new products the marketing authorizations of which were obtained are paid by SSI, application should be filed so as to include the relevant cost in the list of payables.

**Ministry of Agriculture and Rural Affairs;** Obtaining the licenses of products evaluated within the scope of food supplements in accordance with relevant regulations.

**Organized Industrial Zones:** After obtaining all licenses of the relevant ministries, Fire Sufficiency Certificates and GSM Licenses of Sandoz plants are granted by the management offices of the Organized Industrial Zone - OSB. OSB management offices provide our facilities with support regarding the whole infrastructure (water, waste water, electricity, transportation etc.)

## **Society**

Our socially sensitive employees display their sensitivity through voluntary projects.

Community Partnership Day encourages all employees to perform a voluntary activity in accordance with a social purpose and is celebrated with activities prepared accordingly. To this event celebrated by all the employees in the world and where the corporate citizenship principle is revealed through various activities, Sandoz Turkey has been attending for 5 years. Accordingly, the employees of Sandoz Turkey extended a hand to needy children from different regions of Turkey by meeting their requirements and tried to support the necessity of our country by donating blood between 2006 and 2011.

Sandoz Turkey employees have participated in Community Partnership Day conducted for the 6<sup>th</sup> time in 2011 with 3 different projects. Four different projects have been developed to ensure participation of all employees from 3 factories and 11 separate regions of Turkey. Sandoz employees once again have the opportunity to demonstrate the importance and value they assign for the society they are included through blood donation, a campaign to collect necessity materials such as clothes and stationery supplies for needy children, and provide gifts and support to children with leukemia.

## **Our Suppliers and Supplier Policy**

At Sandoz, three types of raw materials are used; these are APIs (active ingredients), excipients (excipient raw materials) and packaging materials. These raw materials we use for the manufacture of drugs must fully comply with the European, American, Japanese Pharmacopeias, etc. and Sandoz standards determined at the product development stage and must meet all the requirements. All suppliers are informed of these requirements and the acceptance of the raw materials that meet these requirements is assured by the Quality Assurance and Purchasing departments.

We divide our raw material suppliers into three categories:

**Approved suppliers:** If the sample meets the set criteria and the GMP documents also comply, the purchasing is realized and the supplier is considered an **approved supplier**. The packaging material suppliers are evaluated only in Approved Supplier status.

**Qualified suppliers:** At the end of a one-year time, if the supplied raw materials pass the quality tests of Sandoz and comply with the other set criteria, the supplier becomes a **qualified supplier**.

**Licensed suppliers:** Packaging material suppliers are considered in only the Approved Supplier status. Before purchasing raw materials from a supplier, we at first request some amount of sample and GMP - Good Manufacturing Practices: quality control instructions for food products, medicines and medical devices documents. The raw materials of the qualified suppliers are subject to reduced tests. All the suppliers of Sandoz Group are considered **licensed suppliers**.

### **Inspection of Suppliers and Sandoz Quality Assurance**

All active ingredient suppliers are inspected by the **Sandoz Quality Assurance** as per the GMP regulations once in three years. These audits are realized by the audit unit in the Sandoz Global Quality Assurance or the local Quality Assurance Department trained for GMP audit. Findings obtained during the audit are presented to the suppliers and they are requested to take corrective and preventive actions. These actions are followed again by the audit team and their completion is ensured. Only those suppliers that meet the GMP and Sandoz standards can supply inputs.

All primary (contacting the product) and printed secondary packaging materials suppliers are inspected by the Sandoz Quality Assurance teams once in three years.

### **Media**

Being one of the leading companies of the world and Turkey, Sandoz is in continuous contact with media owing to its activities and position in pharmaceutical industry. We always take care to be proactive through transparent communication policy. Carefully responding to information requests, we aim at enhancing our corporate reputation by ensuring that news about us are given in the media through press releases.

## Economic Performance

Pay for performance principle is adopted at Sandoz. Performance-oriented compensation is the connection between the employee's salary and the individual performance and his/her contribution in the organization. Once a year salaries are arranged based on the individual performance, compensation positioning aimed in the industry and internal balances. Thus, equal and fair wage setting for our employees is ensured.

As part of fringe benefits excluding base rights, we provide our employees a private health insurance, life insurance, performance premium, sales premium for the sales staff and in addition, company car, cell phone, clothing aid, festival aid, transportation aid, aid for birth/death events, educational aid etc. for certain defined positions.

We also have a "Recognition and Rewarding System" in place that allows us to recognize, appreciate and reward the success of our employees. The Recognition and Rewarding System was established in order to determine and reward the employees/teams that create added value in addition to routine business processes.

## Direct economic value manufactured and distributed

As of the end of December 2011, our company employs 966 people and we have provided **3.720.965.000 tablets**.

Our net sales	199.277.149,38
Total operational capital itemized in the form of debts and equity capital	<b>120.000.000,19</b>
Total assets	<b>247.061.022,14</b>
The identity and ownership percentage of major shareholders	<b>Novartis Pharma AG 99,99%</b>

There is no significant financial support that our company received from the government.

**Our wage policy is standard.** Due to our determinant position in the sector, we pay attention to benchmarking studies conducted on sectoral basis. As Sandoz, we employ the results of these studies in wage and additional benefit studies. We also take these results as reference in determining the wages and fringe benefits of persons already recruited. Furthermore, by participating in the benchmarking studies conducted by international consultancy companies every year, we are able to evaluate our position and review issues such as determining the wage increases and fringe benefits taking these benchmarks into consideration. Sandoz' purchasing, pay and pay rates policies are standard and do not vary. We work through the same system with all of our suppliers no matter where they are. Policies regarding payments to suppliers, practices and pay rates never vary in any operation place.

## GLOBAL COMPACT

### HUMAN RIGHTS

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

The employers should always listen to the employees and protect their rights by providing them with the working environment appropriate for them. The employers should protect the rights of their employees in the same manner they protect their own rights by establishing empathy and common sense.

**Principle 2: Businesses should make sure that they are not complicit in human rights abuses.**

The employers should not benefit from the violations of human rights. On the contrary, they should be able to take the lead in taking measures to prevent such violations.

### WORKING CONDITIONS

The articles stated in working conditions were taken from ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work.

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

Depending on their choices, the employees can either be a member of an association or not. The point is that the decision should be made by the employee and that the employer respects his/her decision.

**Principle 4: The elimination of all forms of forced and compulsory labor.**

The employees should be working willingly. They should be able to work or resign in accordance with the laws. They should not be subject to forced labor and violence. Their wages should be paid in cash.

**Principle 5: The effective abolition of child labor.**

It is stipulated in ILO convention that children below the age of 15 should not be employed. Sexual abuse, child smuggling, forced labor and slavery of children should be eliminated. Especially in developing countries, cheapness of child labor has led to child abuse. On the other hand, it is a known fact that children with no social right suffer from permanent diseases at early ages.

**Principle 6: The elimination of discrimination in respect of employment and occupation.**

The persons to be employed should only be employed according to their competency. Employment due to sex, race and religion should be eliminated. We observe this situation in different forms in Turkey. Another example is the fellow townsmen. In fact, this is against the employers. Employing the person who will do the job in the best way will also increase efficiency.

## ENVIRONMENT

### Principle 7:

#### **Businesses should support precautionary approach to environmental challenges.**

The environment issue requires intensive knowledge. In addition to the follow up of legal regulations, the actions of different companies may be observed and implemented by means of comparison. All environment friendly approaches should be followed, supported and steps should be taken to implement such approaches. The employers may take steps to implement ISO 14001 environmental standard at their workplaces.

#### **Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.**

The companies should support environment friendly actions in proportion to their opportunities. All companies across the country should be directed to this area of activity. The universities, schools, associations and private organizations should have environmental consciousness and should be able to participate in various activities.

#### **Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.**

The environmentally friendly technologies help provision of natural resources as well as provision of air and water. Continuous development is essential in these technologies.

## ANTI-CORRUPTION

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

Superiority of law, truthfulness, accountability and transparency are essential principles. As is known, Global Compact is optional. No sanction and inspection are applied. Sanctions and inspection mechanisms are worked on. Any company may apply for. This brings out lots of problems. The fact that there is difference between a company which implements and adopts the Global Compact as a whole and the companies which do not adopt these principles is an unfavorable situation. Execution of Global Compact is not adequate. All companies using the logo of Global Compact should ensure compliance with the requirements and should be able to develop themselves. The companies should at least require all of its suppliers to comply with these requirements. Please remember that the corruption and mistakes of suppliers of a very successful company will also affect the successful company in time.

## HUMAN RIGHTS

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### Access to Medicine

**The Human Rights Guidelines for Pharmaceutical Companies in relation to Access to Medicines** declaration issued by the **United Nations** expects easier access to drugs by the public through pricing and drug supply policies of pharmaceutical manufacturers. The possible actions that the drug manufacturers can take regarding this issue are limited due to the legislations that Turkish Health sector is subject to. For example, the sales prices of drugs are strictly regulated by laws and legislations. Certain guidelines that are significant are as follows:

- The Ministry of Health determines five lowest prices according to the reference country (France, Italy, Greece, Portugal, Spain).
- Reference pricing has not been implemented for the products in the market for more than 20 years.
- In case the product is cheaper than the cheapest product in reference countries, upper price adjustment of the product in Turkish market is now allowed.
- Temporary reductions in prices observed in reference countries are considered as reduction in prices and when the reference country withdraws the price in time, the prices can not be increased because increasing the prices is not allowed.
- Generic products are priced in the rate of about 80% compared to originals. The rate of 66% has been implemented since November 2009.
- Implementation of the above-mentioned regulations is under the responsibility of Ministry of Health, General Directorate of Pharmaceuticals and Pharmacy (IEGM).
- Three different social security institutions (SSI, Social Security Organization for Artisans and the Self-employed, Pension Fund) have merged under the name of one institution and thus a single reimbursable medicine list has been created. As mentioned above, generally the Ministry of Health regulates the end-user prices.

**Generic (Equivalent) Drugs** contain the same drug substance with the reference drugs marketed with different names and show an equivalent treatment action. Generic drugs at first can be offered to **patients for lower costs** because they do not require any R&D investments. Sandoz Turkey being a leading generic drugs company helps **increasing accessibility of high quality basic drugs in the whole world.**

### Sandoz and Access to Medicines

**Sandoz endeavors to ensure that the medicines manufactured in Turkey are made available to different continentals. The greatest indicator of our commitment regarding this issue is the exportation award we received this year.** Sandoz exports medicines to 23 countries including Germany, Canada, Japan, Australia, Algeria, South Africa, Brazil and Russia.

On the other hand, when we evaluate our success in terms of the consumers in Turkey, we meet another fact: By means of the products we manufacture in Turkey, the patients in Turkey will have the chance to access exactly the same products consumed in countries with

very high socioeconomic level. This is the most significant indicator that Sandoz provides high quality products to Turkish medicine.

### **Respect to the Rights of Local Community**

Sandoz respects the rights of local communities where it operates in accordance with the Human Rights policy that Sandoz has adopted and within the framework of corporate responsibility principle.

In addition to the head office in Istanbul, we have regional offices in various provinces of Turkey. With regard to Human Rights, no case of violation has occurred regarding the rights of local communities in these regions.

The same principles of employment shall apply in Istanbul head office and field offices . The Human Resources and Regional Directorate act in coordination during the employment process in regional offices. All candidates meeting the relevant criteria shall be evaluated. The candidates from the members of the local community who pass the evaluation process will be employed.

### **Supply Chain Practices**

All agreements that Sandoz executes with suppliers and business associates include the body of rules – **3<sup>rd</sup> Party Code** – which the company implements within the scope of **Corporate Citizenship and Business Ethics**. In accordance with the agreement, the third parties and institutions are required to comply with these rules. These rules are attached to **704 agreements in total that** Sandoz executed with its suppliers and business associates as of December 2010.

In addition, as a Novartis company, Sandoz Turkey supports **Pharmaceutical Supply Chain Initiative** and principles.

### **Inspection of Suppliers and Sandoz Quality Assurance**

All active ingredient suppliers are inspected by the **Sandoz Quality Assurance** as per the GMP regulations once in three years. These audits are realized by the audit unit in the Sandoz Global Quality Assurance or the local Quality Assurance Department trained for GMP audit. Findings obtained during the audit are presented to the suppliers and they are requested to take corrective and preventive actions. These actions are followed again by the audit team and their completion is ensured. Only those suppliers that meet the GMP and Sandoz standards can supply inputs.

All primary (contacting the product) and printed secondary packaging materials suppliers are inspected by the Sandoz Quality Assurance teams once in three years.



### Third Party Code of Conduct

Our mission as Sandoz is to improve, extend and save the human life. As a part of this mission, we dedicated ourselves to be a responsible corporate citizen. We are doing everything we can to contribute in the long-term economic, social and environmental successes of the Company and stakeholders.

In the scope of this objective, we are committed to support the principles of the United Nations Global Compact and implement them in the business principles of Sandoz.

3. We give priority to business partners, suppliers and undertakers that comply with the 3rd person code and share our social and environmental values. We certainly support your efforts to implement and develop these values in your activities.

#### 3. Our expectations from the 3rd person suppliers:

1. Compliance with all applicable national laws, regulations and guidelines regarding the protection of the environment at every point where suppliers work, safety, health and labor applications
2. Creating an evaluation system (procedure, plan and performance metrics) to enable compliance with the articles above, that can implement them and that is open to continuous improvement and written certificates and documentation of every action taken in line with this.

#### Compliance with Laws:

1. **Environmental applications:** Our business partners are expected to work in an attitude that protects and sustains the environment as per the local and national laws in places they work.

2. **Occupational health and safety practices:** Our business partners are expected to create a safe and healthy working environment for their employees as per the local and national laws everywhere they work.

3. **Employment practices:** Our business partners are expected to have fair and reliable employment practices as per the local and national laws wherever they work and treat their employees fairly.

- **Free recruiting/employment:** Guaranteeing that people are not employed by force, against debt or involuntarily and all the employees are employed and work of their own free will
- **Not using child labor:** Not using child labor complying with the locally valid work age laws and requirements
- **Minimum wage:** Granting wages and other rights at or above the minimum wage determined by the law
- **Working hours:** Not making the employees work more than the maximum working hours determined within the framework of applicable laws and ensuring that all overtime is done voluntarily and the deserved overtime wages are paid as per the laws
- **Not discriminating:** Preventing discriminations based on race, color, age, gender, sexual orientation, ethnic origin, religion, disability, union membership or political connections
- **Rude and inhumane behavior:** Preventing physical violence, harassment or threats
- **Freedom of federations/associations/unions:** Recognizing the freedom of employees to participate in unions as per the valid local working guidelines and labor practices.

## LABOR RIGHTS

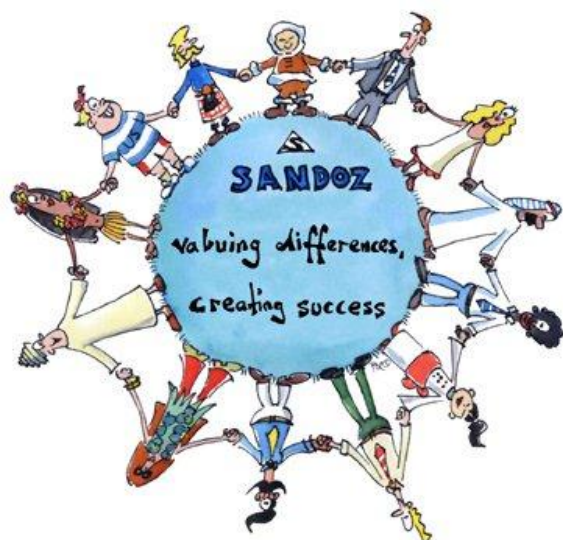
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### Human Resources Policy

As a globally active pharmaceutical company, there are many factors that play a role in our success, among which human is the most important.

As the Sandoz employees all around the world, the employees of Sandoz Turkey share our global corporate vision to make "high quality and affordable drugs more accessible and thus, to improve the quality of life of patients". This vision is the driving force of our growth and success with the outstanding performance we show.

Sandoz's **Diversity and Inclusion** approach enables valuing the differences of evident and non-evident individual differences such as age, ethnic origin, culture, language, nationality, experience and social interaction and including these individuals in the organization as a part of the whole, and enables each individual to play his part to attain the business objectives. We believe creativity is more effective for solving problems in teams with diversity and think



these teams bring diverse points of view to handle the situations they encounter, contribute in the work done with their personal experiences, opinions and personalities and thus increase the company performance.

In this scope, while forming our team, we carry out an extensive and comprehensive evaluation and select our employees among individuals who are properly qualified to realize our company vision and objectives.

Besides the background information and experience of our employees, the trust we have in them is the most valuable source

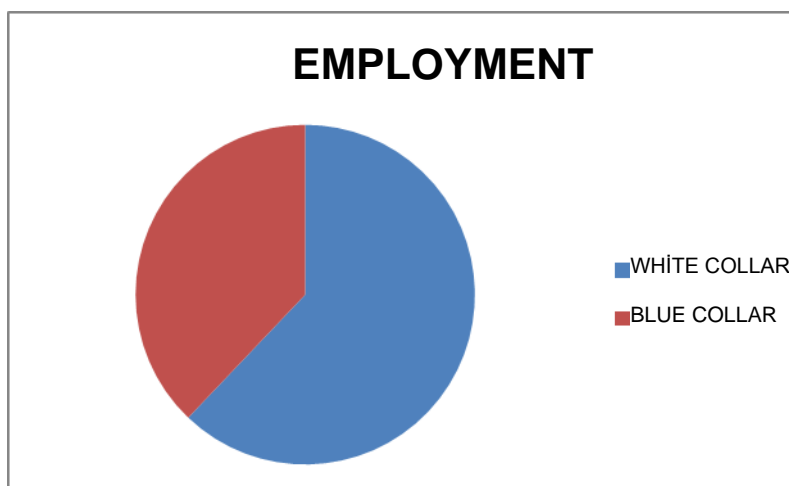
of Sandoz. In line with this; we award the ambition of our employees to work and the commitment they have to their jobs at every opportunity and we support and maximize the professional developments and career opportunities of all our employees in line with their professional abilities.

As part of fringe benefits, we provide our employees a private health insurance, life insurance, performance premium, sales premium for our sales staff and in addition, company car cell phone, clothing aid, and transportation aid, etc. for certain defined positions.

In addition, we also have a "Recognition and Rewarding System" in place that allows us to recognize, appreciate and reward the success of our employees. The Recognition and Rewarding System was established in order to determine and reward the employees/teams that create added value in addition to routine business processes. Thus, we have aimed at increasing the motivation and commitment of our employees..

## Employment

Our company employs 966 people in total as of 31.12.2011:  
We have 600 white collar employees and 366 blue collar employees.



## Sandoz Employees' Rights

Freedom of **Association and Collective Agreement** is available for all employees without any discrimination at Sandoz. In accordance with the Constitution of the Republic of Turkey, being a member of a union (positive union freedom) or not (negative union freedom) is a constitutional right. As Sandoz, we always support our employees to benefit from these rights.

Our personnel covered by collective agreements constitute 12.9% of our employees

The weekly working hours of our company is 45 hours as specified in the law. The daily working hours of our Company are determined by the Company Management within legal limits and in line with the operational requirements, the regional conditions and the industrial standards.

The Diversity and Inclusion concepts give importance to the balance of work and personal life of the employees and aim to enable the employees to use their potentials and to obtain high performance. In this scope, flexible working model is applied in regions where working conditions allow. Our standard working hours at our Atasehir Head Office is between 08:00 am and 05:30 pm. According to the Flexible Working hours, our employees at the Atasehir Head Office may prefer working from 07.00 am to 04.30 pm, from 07.30 am to 05.00 pm, from 08.30 am to 06.00 pm or from 09.00 am to 06.30 pm.

Working during times that exceed the daily normal working hours and during the Week holidays, General Holidays (national and religious holidays) is defined as overtime. Overtime rates used to calculate the overtime wage is above the basic rates specified in the labor law and determined by the management. **Overtime rates and working hours of the employees covered by the collective labor agreement are determined by an agreed decision with the union.**

Sandoz Turkey supports its employees to establish the balance between business life and private life. For this reason, Sandoz Turkey cares much about the personnel leaves. The

annual leaves deserved by the employees of Sandoz are more than the durations specified in the labor law. For employees with seniority from 1 to 5 years - 18 business days, for employees working for 6 to 14 years - 24 business days, for employees working for 15 years and above - 30 business days are granted as annual leaves. Administrative leaves such as wedding, birth, death leaves are longer than the durations specified in the labor law.

Minimum periods of notifications regarding operation changes are in compliance with the legal periods. Legal notification periods shall apply for severances. In cases where notification periods are not applied, notice pay shall be affected.

### **Equality Opportunities at Sandoz**

The priority of our company regarding employee rights depends on not making discrimination for religion, language, race, sex and ethnic origin. Equal rights are made available to all of our employees and equality of opportunity is given.

**Personnel turnover rates for 2011 are given in the following tables:**

Personnel turnover rate of Sandoz for 2011 is 12.5%.

	<b>Personnel Turnover Rate</b>
<b>Sales Team</b>	% 32.6
<b>Headquarters</b>	% 9.6,
<b>Plants</b>	% 6.0

**Distribution as per sex:**

<b>Sex</b>	<b>Personnel Turnover Rate</b>
<b>Men</b>	%12.1
<b>Women</b>	%12.5

**Distribution as per age**

<b>Age</b>	<b>Personnel Turnover Rate</b>
<b>18-30</b>	%15.1
<b>30-45</b>	% 11.2
<b>Above 45</b>	%12.3'

The proportions of our employees as per sex and age are given in the following tables:

**Proportions of our employees as per sex:**

Sex	Proportion
Women	% 27
Men	% 73

**Proportion of our employees as per age distribution:**

Age Range	Proportion
18-30	% 24.7
30-45	% 69.4
45 +	% 5.9

\*We have no employee within the 0-18 age range

In 2010, 44% of our senior management staff was constituted by women and 56% by men and %46 of our whole management staff was represented by women while %54 by men including the mid level managers; these figures changed in 2011 and 31% of our senior management staff was constituted by women and 69% by men and 38% of our whole management staff was represented by women while 62% by men including the mid level managers.

Base wages at Sandoz are determined so as to reflect the scope of the work within the organization and value at the market place irrespective of the employee's gender. The proportion of average of salaries of male employees to the average of salaries of female employees is 0.70.

The average of salaries of female employees is higher than the average of salaries of male employees.

**Child Labor and Forced Labor**

**There is no forced labor at our company.**

At Sandoz Turkey, the weekly working hours is 45 hours as specified in the law. The daily working hours of our Company are determined by the Company Management within legal limits and in line with the operational requirements, the regional conditions and the industrial standards.

The Diversity and Inclusion concepts give importance to the balance of work and personal life of the employees and aim to enable the employees to use their potentials and to obtain high performance. In this scope, flexible working model is applied in regions where working conditions allow. Our standard working hours at our Atasehir Head Office is between 08:00 am and 05:30 pm. According to the Flexible Working hours, our employees at the Atasehir Head Office may prefer working from 07.00 am to 04.30 pm, from 07.30 am to 05.00 pm, from 08.30 am to 06.00 pm or from 09.00 am to 06.30 pm.

Working during times that exceed the daily normal working hours and during the Week holidays, General Holidays (national and religious holidays) is defined as overtime. Overtime

rates used to calculate the overtime wage is above the basic rates specified in the labor law and determined by the management. **Overtime rates and working hours of the employees covered by the collective labor agreement are determined by an agreed decision with the union.**

Sandoz Turkey supports its employees to establish the balance between business life and private life. For this reason, Sandoz Turkey cares much about the personnel leaves. The annual leaves deserved by the employees of Sandoz are more than the durations specified in the labor law. For employees with seniority from 1 to 5 years - 18 business days, for employees working for 6 to 14 years - 24 business days, for employees working for 15 years and above - 30 business days are granted as annual leaves. Administrative leaves such as wedding, birth, death leaves are longer than the durations specified in the labor law.

## **Occupational Health and Safety**

### **Health, Safety and Environment (HSE) Approach of Sandoz**

Occupational health and safety issues have been assured via collective agreement.

Health, safety and environment comprise three essential subjects that Sandoz primarily focuses on.

To create value in the business, to control risks and to protect the reputation of Sandoz, we included the health, safety and environment protection policy in our business strategies.

- Protecting the health and safety of **our employees**, neighbors, customers and consumers as well as the environment is one of the priorities of the Company, which is always observed in the whole Group.
- **All our business processes** and the decisions and actions taken take HSE (Health, Safety and Environment) as a priority. To implement this policy, we establish suitable structures and allocate sufficient resources. At the investment/sales decisions taking stage in the facilities, carrying out HSE- related risk assessments is guaranteed as per Sandoz procedures. Expense and investment budgets allocated for HSE are reviewed every year.
- **All our employees** are obliged to obey the HSE regulations and guidelines applying to their responsibility areas.

By implementing these disciplines with effectiveness, consistency and efficiency, our company aims to be a leader.

We aspire to develop continuously regarding our HSE performance. We measure and evaluate the developments regarding this issue and compliance with HSE regulations and legal requirements through inspections and management reviews:

In coordination with the Sandoz Global HSE, using the HSE Data Management System - DMS program, we provide monthly, 3- monthly and yearly reports. All the HSE-related indicators are reported to Sandoz Global HSE. With this data, the HSE performance at the Sandoz Turkey is locally and globally monitored. Annual targets are determined according to the HSE DMS data in our facilities. Besides, some HSE objectives are determined by Sandoz Global HSE and implemented by us. Furthermore, in addition to the Ministry of Environment and Urbanization, the Ministry of Labor and the Ministry of Health inspections, Sandoz Global HSE department carries out HSE Audits of our manufacturing facilities at least once in 3 years.

In all our facilities Annual HSE Training Program is prepared and trainings are organized according to these plans. These trainings are given as class lessons and also practical trainings (first aid, fire, working with hazardous chemicals etc.) are also given. In addition, On-the-job Trainings are provided by the department heads and the HSE Department. The training content, apart from the basic HSE trainings, is determined according to the risks in the facilities in coordination with the HSE and relevant department heads. After all trainings, except for the On-the-job Trainings, a test is given and efficiency of the training is monitored by the measuring and evaluation method. Once or twice a year, before the HSE trainings, the employees are given an HSE survey and the data obtained is communicated to the relevant parties.

We encourage our employees to develop the HSE awareness and responsibility, and to this end we provide suitable information and trainings to our employees and develop our HSE skills.

We maximize the efficient use of our natural resources and minimize the environmental impact of our operations and products on the life cycle of these natural resources. We evaluate the effects of the HSE and ensure the benefits of new products, operations and technologies to overcome the present risks.

We care about the expectations and worries of our stakeholders.

We provide a safe working environment to our employees. We support the programs that will protect and improve the health of our employees.

We cooperate with our suppliers and contract parties and assist them to achieve an HSE performance complying with ours.

We inform our customers and consumers about the qualities of our products and give them recommendations about the proper use of our products.

Within the framework of these practices, all our employees are obliged to obey the HSE regulations and guidelines applying to their responsibility areas. In order to understand the risk and effects of our activities on health, safety and environment, we clearly transfer and present the required information. Our data entered into HSE Data Operating System are shared by Sandoz Global HSE with all the stakeholders.

At Sandoz Turkey', a **Workplace Health Risk Assessment** is carried out. Health-related risks are kept at minimum. Routine health checks workplace hygiene inspections are carried out with the help of our workplace physicians. As required by these programs, **Lost Time Injury and Illness Rate** - LTIR is a part of everybody's performance objectives. This ensures a safe working environment without any occupational accidents and incident.

All subcontractor employees entering out facilities are subject to the **HSE Orientation training**. The HSE Department or the employing department tests the subcontractor employees in the field in terms of HSE and completes their **Behavior Based Safety** - BBS forms and enables to apply the safe operation culture to the relevant companies.

### **Occupational Training**

90% of the employees received training in 2011. In average, 5,8-hour HSE training for one person per year was provided.

The target determination process carried out every year within the scope of continuous development of our employees was performed on January-March 2011. The development

plans of our employees were also identified during the target determination period. In this scope, our employees entered the development plans in TMS – Talent Management System upon agreement with their managers. Following the determination of development plans, training schedules were established and thus our employees were provided with training. During June/July period a mid-year performance evaluation was carried out with our employees and our employees' objectives and development plans were controlled. In December, our employees and managers came together and held 'performance evaluation' meetings and the performances and developments of our employees during 2011 were assessed. The continuous development philosophy is also supported by projects realized in Sandoz.



## ENVIRONMENT

Health, safety and environment involve three essential subjects that Sandoz primarily focuses on.

To create value in the business, to control risks and to protect the reputation of Sandoz, we included the health, safety and environment protection policy in our business strategies. No sanction or fine was applied to our company for non-compliance with environmental laws and regulations.

Our measurements and values regarding environment are given in the following tables in comparison between 2010 and 2011:

### Direct energy consumption as per primary energy source (GJ)

Gebze -1		Gebze -2		Atasehir		Syntek	
2010	2011	2010	2011	2010	2011	2010	2011
59110,6	55794,4	30922,2	33502,9	825,6	802,5	10.466	19.150

### Total consumption as per source (m<sup>3</sup>)

Gebze -1		Gebze -2		Atasehir		Syntek	
2010	2011	2010	2011	2010	2011	2010	2011
93597,0	77970,0	42694,0	40622,0	2442,0	2255,0	24.275	37.253

### Direct AND Indirect greenhouse gas emissions as per weight (Instruments, Electric Steam Boilers, Diesel Oil) (ton CO<sub>2</sub>)

Gebze -1		Gebze -2		Atasehir		Syntek	
2010	2011	2010	2011	2010	2011	2010	2011
10613,4	10456,8	5740,505	5971,88	2333,858	1931,1	1.969	3.019

### Emissions of substances depleting ozone as per weight (ton)

Gebze -1		Gebze -2		Atasehir		Syntek	
2010	2011	2010	2011	2010	2011	2010	2011
0,101	0,272	0	0	0,000	0,000	0,003	0,135

### NOx, SOx as per type and weight and other significant emissions released into air

	Gebze -1		Gebze -2		Syntek	
	2010	2011	2010	2011	2010	2011
NOx emissions as per type and weight (ton)	1,8466	1,9327	1,183	1,0946	0,440	0,800
SOx emissions as per type and weight (ton)	0,1032	0,117	0,0667	0,063	0,030	0,060

\*NOx, SOx emission measurements as per type and weight are not performed at **Atasehir**.

### Particle powder emissions as per type and weight

	Gebze -1		Gebze -2		Atasehir		Syntek	
	2010	2011	2010	2011	2010	2011	2010	2011
	4,8766	5,4826	0,498	0,494	0	0	0,022	0,040

### Volatile Organic VOC emissions as per type and weight (ton)

	Gebze -1		Gebze -2		Atasehir		Syntek	
	2010	2011	2010	2011	2010	2011	2010	2011
	68,51	36,98	3,1118	3,172	0	0	227	88,9

### Total water discharge as per quality and destination point (m<sup>3</sup>)

	Gebze -1		Gebze -2		Atasehir		Syntek	
	2010	2011	2010	2011	2010	2011	2010	2011
	91122,2	76304	33238	31853	1178	1349	20.830	29.561

**Total weight of wastes as per type and disposal method.**

	Gebze -1		Gebze -2		Atasehir		Syntek	
	2010	2011	2010	2011	2010	2011	2010	2011
Total weight of hazardous waste disposed of (ton)	95,09	1135	30,22	21,89	0	0	90,30	128,17
Total weight of hazardous waste recycled (ton)	21,6	63,03	2,866	2,975	0	0	980,7	1.903,1
Total weight of nonhazardous waste disposed of (ton)	54,69	244,5	84,48	91,67	18,1	9	99,2	76,1
Total weight of nonhazardous waste recycled (ton)	319,06	346,4	74,06	98,76	8,3	3,19	13,1	16,7

**Recycled Water (m<sup>3</sup>)**

	Gebze -1		Gebze -2		Atasehir		Syntek	
	2010	2011	2010	2011	2010	2011	2010	2011
	0	0	8490	6077	0	0	2.442	3.987

**Recollection percentage of sold products and packaging materials thereof. (%) - ÇEVKO**

	Gebze -1		Gebze -2		Atasehir		Syntek	
	2010	2011	2010	2011	2010	2011	2010	2011
	38	40	0	0	0	0	38,0	40,0

## **ANTI-CORRUPTION**

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### **Ethical Promotion and Marketing**

Sandoz Turkey employees are informed to comply with the local laws and regulations as well as trade body guidelines and company procedures at product advertisements. All employees are trained about SP3 (**Sandoz Promotional Practices Policy**), one of the basic procedures of the Company. In addition, training is given via the internet through the electronic learning method and access to each information is offered on the intranet.

Promotion team members record all materials used during the process on a web-based recording system. Promotion gadgets and materials are prepared and approved in the company headquarters based on scientific proof.

All sponsorships and other supports are conducted fully transparently. This is performed to maintain high standards. To this end, periodical "self-assessment" processes are created.

**SP3 (Sandoz Promotion Practices Procedure)** embodies all principles regarding the promotion, marketing and sale of Sandoz products worldwide, and set outs the trade relations of Sandoz with drug stores, pharmacies, physicians, and other health care professionals.

The SP3 Procedure was adopted and accepted by the **Sandoz Executive Committee and Global SP3** Committee to set global standards on advertising, marketing and sales of Sandoz products.

Each employee (excluding the warehouse, manufacture staff) is subject to the **SP3 training** at recruit. The SP3 coordinator is responsible for providing these trainings. In addition, a program is prepared to revise the training every year. When e-training is activated, these trainings may be monitored electronically. The SP3 coordinator follows the completion process of these trainings

### **Sandoz Promotional Practices Policy**

1. **Providing benefits for patients** – All promotional practices and activities should be on behalf of the patients, ethical, and balanced.
  2. **Product information** – Information about the products should consider the requirements and necessities of patients and health care professionals, and be based on the product information approved by the official local authority.
  3. **Sponsorship** – Sponsorship relations should be clearly expressed, and the sponsored meetings and activities should primarily target introducing or supporting Sandoz brand, or presenting scientific data.
  4. **Hospitality** – Hospitality activities should be relevant and balanced, and secondary to and related with the aim of the respective meeting. The relevant provisions of the SP3 Procedure give reference to advertising activities and studies conducted for the physicians and other healthcare professionals. Entertainment activities to be conducted for persons and organizations other than healthcare professionals in the scope of this SOP shall comply with the local legislation.
  5. **Gifts** should be of a reasonable value and modest, should have a educative value or for occupational purposes.
  6. **Gaining personal interests against prescription** is strictly forbidden.
  7. **Samples** should be available and distributed to introduce a product to healthcare professionals or to support a launching or to increase and extend market penetration and to provide both patients and healthcare services system with benefits.
  8. **Field Force Staff** should be trained properly and know the product details.
  9. **Post-approval experiment studies** and in addition, service or consulting contracts signed with healthcare professionals should comply with the relevant guidelines and instructions as well as the local legislation.
  10. **Paying wages to healthcare professionals** should only be made against their actual, reasonable and necessary services. No interests may be offered or provided to healthcare professionals to affect their decisions to prescribe, prepare and give, recommend, purchase, supply and procure or administer products.
- ❖ **Third persons** working and giving service on behalf of Sandoz shall be obliged to comply with the principles

**Contact Us**

Sandoz Turkey will appreciate your feedback regarding the **Communication on Progress 2011**. Please do not hesitate to get in contact with Suna Erkal Varal, the Communications Manager responsible for preparing the report, via her electronic mail address [suna.erkal@sandoz.com] for your questions, opinions or suggestions.

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