



# ECZACIBAŞI GROUP SUSTAINABILITY REPORT 2012



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# What Sustainability Means to Us

*We believe that business will lead the change towards healthy ecosystems, dynamic economies, and happier, more prosperous societies.*



























The Eczacıbaşı Group embraces the World Business Council for Sustainable Development's (WBCSD) vision of sustainable development, which is "a comprehensive approach with economic, environmental and social dimensions which seeks to establish a balance between the needs of the business world and people and the availability of natural resources to ensure that current activities do not threaten the world's future." We believe that business will lead the change towards healthy ecosystems, dynamic economies, and happier, more prosperous societies.

The Eczacıbaşı Group strives to design and implement sustainability strategies that raise its natural, economic and social capital.

A UN Global Compact signatory and a member of WBCSD, the Eczacıbaşı Group has been reporting on its sustainability performance since 2008. The Group's sustainability reporting parameters are harmonized with the Global Reporting Initiative (GRI) reporting framework.

PricewaterhouseCoopers (PwC) has been providing limited assurance on the consolidated energy consumption figures of Eczacıbaşı Group industrial operations in Turkey.



|   | Aim   | Timeline          | Progress  |                    |
|---|---|-------------------|---|--------------------|
|    | Integrating sustainability into companies' strategic objectives   | 2009 - Continuous |    | On target          |
|    | Reducing the per ton energy consumption of our industrial sites in Turkey by 6 percent and implementing efficiency projects                       | 2010 - 2013       |    | Partially achieved |
|    | Increasing the energy efficiency of our buildings in Turkey by 15 percent   | 2010 - 2013       |    | On target          |
|    | Reducing the per ton water consumption of each of our industrial sites in Turkey by 6 percent and implementing efficiency projects                | 2010 - 2013       |    | Partially achieved |
|   | Scaling up our sustainability drive across our value chain, especially through green procurement  | 2012 - Continuous |    | On target          |
|  | Creating awareness of green brands and sustainable consumption habits among our employees through training and communication programs             | 2012 - Continuous |  | On target          |
|  | Introducing new, innovative and eco-certified green brands/products in our product lines in the Consumer Products and Building Products Divisions | 2010 - Continuous |  | Partially achieved |
|  | Increasing the percentage of women among new recruits in Turkey to 50 percent   | 2011 - 2016       |  | On target          |
|  | Expanding our Group's equal opportunities policies through international partnerships and a value-chain based approach                            | 2011 - 2015       |  | On target          |
|  | Developing and improving our community programs   | Continuous        |  | On target          |
|  | Providing better hygiene conditions and facilities in 30 boarding schools in Turkey   | 2011 - 2015       |  | On target          |
|  | Integrating and advancing workplace accident detection, diagnosis and prevention programs in Group companies' health and safety systems           | 2012 - 2014       |  | On target          |
|  | Certifying workplace health and safety standards in all of our industrial operations in Turkey  | 2011 - 2013       |  | Achieved           |

# Joint Statement from the Chairman and CEO



The Eczacıbaşı Group is committed to aligning its businesses with sustainability principles because we believe future generations have the right to inherit a planet with a meaningful quality of life. At the same time, we are certain that it is also the best way to ensure the long-term profitability of our businesses. Greater recognition that sustainable practices can boost profitability while serving society and the environment is absolutely essential to counter the short-term pressure of slow economic growth and fleeting reductions in energy prices to continue with “business as usual”.

Global CO<sub>2</sub> emissions continued to rise 3.4 percent in 2011, driven by China (9 percent), India (8 percent), and other emerging economies such as Turkey, which saw its emissions grow 10 percent. In industrialized economies, on the other hand, emissions dropped as a result of the continued recession in Europe and ongoing shift from coal to shale gas in the US, which many consider to be a game changer in global energy markets. Over the next few years, as the US rapidly reduces its energy imports, global energy prices are likely to remain stable or decline, lowering the incentive for greater energy efficiency and the development of renewable energies. Similarly, growing exports of cheap coal from the US to the

European Union will probably reverse the declining emissions trend there, a situation compounded by the limited effectiveness of the EU Emissions Trading System.

All these developments amplify the need for an accounting framework that recognizes natural and social capital as well as financial capital, enabling stakeholders to calculate the full value and cost of the products and services that businesses produce and consume. When this happens, all businesses will have a clear incentive – regardless of short-term economic developments – to invest in low-carbon, resource-efficient products, services and technologies and to preserve or recapitalize the natural and social capital on which their long-term growth and profitability depends.

Through improvements in the resource efficiency of both our production processes and products, we are reducing the financial costs and eco-footprint not only of our own operations but also our customers’. By integrating sustainability targets into all our business processes and communicating our commitment to all our stakeholders, we are energizing our human resources, inspiring innovation, strengthening brand loyalty and positioning ourselves at the forefront of the growing market for sustainable products and services. Through our membership in international and national sustainable development initiatives, we are actively involved in promoting best practices in energy and water efficiency, gender equality, and eco-labeling, and providing support for research on sustainable solutions to issues affecting businesses in every industry.

In 2012, most of our industrial operations in Turkey successfully lowered their per ton energy consumption below or close to the 6 percent reduction we requested from them over the three-year period ending in 2013. To assist us measure our success in this area, we are continuing to have our consolidated energy and carbon emissions data for all our industrial sites in Turkey assured by the international accounting firm PricewaterhouseCoopers, which we publish along with other sustainability performance data in this report.

Another of our energy-efficiency targets for the period 2010 - 2013 is a 15 percent reduction in the consolidated energy use of our commercial and administrative buildings in Turkey. Here, we are well on our way to our end-2013 goal with a 10 percent reduction between 2010 and 2012. We have also made a great deal of progress in reducing our fresh water use, with half of our industrial operations in Turkey achieving per ton reductions far greater than our 6 percent target. Descriptions of the kind of projects our businesses are undertaking to improve their resource efficiency are provided in this report in the section entitled "Reducing the impact of our manufacturing operations".

In tandem with our efforts to improve our use of natural resources, we are continuing to expand activities aimed at strengthening our social capital within our businesses and communities. One focus of these efforts is advancing the role of women in every area of public life, starting with our own operations. To this end, we have implemented a series of measures that build on the recruitment policy we launched in Turkey in 2011 of giving priority to women when deciding among candidates of equal strengths and attributes. One of these is the introduction of "flexible work schedules" in Turkey to make it easier for women, and men, to achieve a balance between their responsibilities at work and their personal and family lives. We also initiated a new training program on gender equality for all Group members to raise awareness about the roles that societies and cultures often assign genders and which represent some of the most significant barriers to equal opportunity.

At the same time, we are supporting broad-based national and international initiatives to promote equal opportunities for women. In 2012, we joined the "Equality at Work Platform" established in collaboration with the World Economic Forum under the auspices of Turkey's Ministry of Family and Social Policies. Most recently, we joined more than 500 companies worldwide that have publicly committed themselves to the United Nations' "Women's Empowerment Principles".

Social responsibility projects that reach out to vulnerable segments of society are also a central element of our sustainable development strategy,

which is why we moved rapidly forward with the Eczacıbaşı Hygiene Project in 2012. Last year, this Group-wide effort to improve the quality of life for primary- and middle-school children at state-run boarding schools in rural areas of Turkey completed the renovation of bathrooms and washing areas at 10 more schools, raising to 22 and 11,000 respectively the number of schools and children benefitting from this project.

We also continued to support a wide variety of NGOs that were founded by members of the Eczacıbaşı Group and contribute to the advancement of culture and the arts, education, scientific and public policy research, and sports in Turkey. Last year, we celebrated our 40<sup>th</sup> year of support for the Istanbul Foundation of Culture and Arts, established on the initiative of our Group's founder, Dr. Nejat. F. Eczacıbaşı.

A signatory since 2006 of the United Nations Global Compact, the principles of which we uphold and promote, and an active member since 2007 of the World Business Council for Sustainable Development (WBCSD), we are firmly committed to scaling up our sustainability initiatives by expanding them through our value chains. To this end, we are preparing to ask our suppliers in Turkey to begin reviewing and, if necessary, improving their policies and performance with regard to two areas of high priority for us: gender equality and green procurement. Through this action, we hope to add momentum to the gradual shift towards sustainable business in Turkey while also improving the sustainability credentials of our own brands.



Bülent Eczacıbaşı  
Chairman



Dr. Erdal Karamercan  
President and CEO

# Eczacıbaşı Group Environmental Highlights

## Statement of Energy Consumption and Carbon Emissions in Turkey

\*Total energy consumed by the Group's industrial sites in Turkey and resulting carbon emissions. Full details of data content and the basis for preparation can be found in the Energy and Carbon Reporting Guidance section of this report. This data, which comprises the "Selected Information", has received limited assurance from PwC, details of which are provided in the Independent Assurance Report on page 46.

### Energy Consumption (MWh)\*

|      |           |
|------|-----------|
| 2008 | 1,165,974 |
| 2009 | 1,058,705 |
| 2010 | 1,283,221 |
| 2011 | 1,389,423 |
| 2012 | 1,571,610 |

### Carbon Emissions (ton)\*

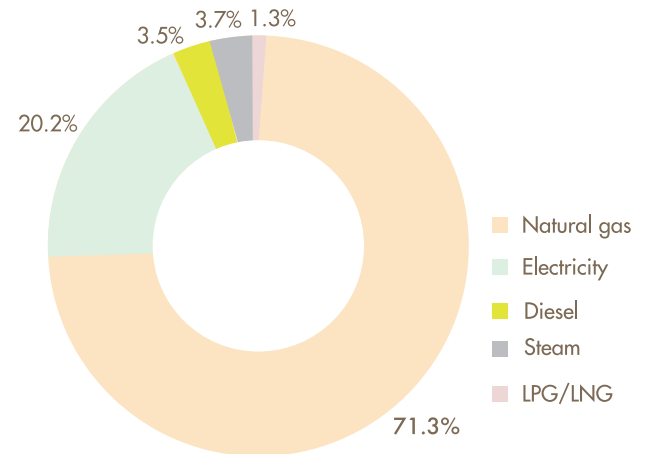
|      |         |
|------|---------|
| 2008 | 287,395 |
| 2009 | 262,582 |
| 2010 | 323,137 |
| 2011 | 348,299 |
| 2012 | 391,574 |

## Water Consumption (m<sup>3</sup>)\*

|      |           |
|------|-----------|
| 2008 | 1,935,959 |
| 2009 | 1,661,588 |
| 2010 | 2,793,345 |
| 2011 | 3,044,729 |
| 2012 | 3,910,676 |

\*Total water consumed by the Group's industrial sites in Turkey.

## Energy Consumption by Source\* (% in MWh equivalent)

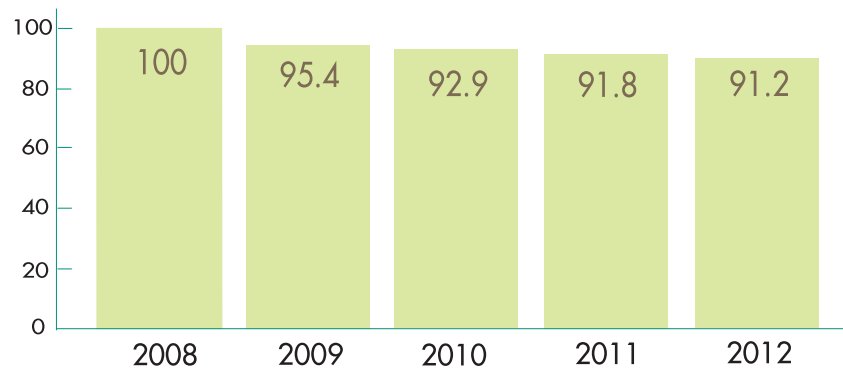


\*Total energy consumed by the Group's industrial sites in Turkey.

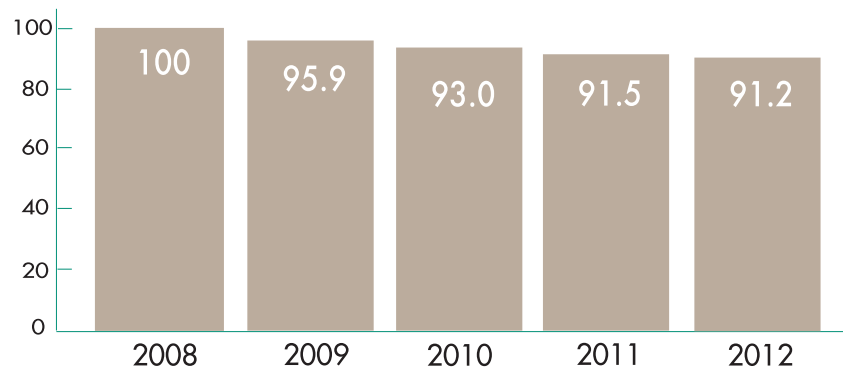
## Energy, Carbon Emissions and Water per ton-equivalent of Output\*

\*Per ton data for industrial sites in Turkey does not include Esan Eczacıbaşı Industrial Raw Materials because it accounts for close to 75 percent of total output on a ton basis, so small changes in its output can have a disproportionately large impact on per ton data. Per ton data for previous years has been adjusted to reflect changes in assets and facilitate comparison between years.

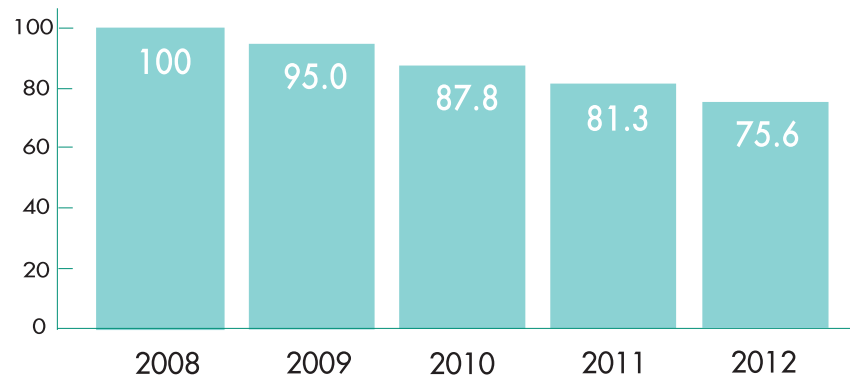
### Energy Consumption (MWh/ton)



### Carbon Emissions (CO<sub>2</sub> ton/ton)



### Water Consumption (m<sup>3</sup>/ton)



# Eczacıbaşı Group at a Glance

## Building Products Division

- Eczacıbaşı Building Products Co.
- Burgbad AG
- VitrA Tiles Co.
- VitrA Tiles LLC (Russia)
- Engers Keramik GmbH & Co. KG
- V&B Fliesen GmbH
- İntema Building Materials Marketing and Sales Co.
- VitrA Ireland Ltd.
- VitrA (UK) Ltd.
- VitrA Bad GmbH (Germany)
- VitrA USA Inc.
- VitrA Bath and Tiles JSC (Russia)

### Business areas

- Sanitary ware
- Sanitary fittings
- Ceramic tiles
- Kitchen & bathroom furniture
- Acrylic bathtubs & shower trays
- Fillers & adhesives

## Healthcare Division

- Eczacıbaşı-Baxter Hospital Supply Co.
- Eczacıbaşı-Monrol Nuclear Products Co.
- Eczacıbaşı Pharmaceuticals Marketing Co.
- Eczacıbaşı Pharmaceuticals Trading Co.
- Eczacıbaşı Health Services Inc.
- Eczacıbaşı Health Care Products JSC (Russia)
- Capintec Inc.
- Mol-Image Molecular Imaging Co.

### JV partners

- Baxter
- Bozlu Group

### Business areas

- Ethical drugs
- IV solutions
- Non-Rx products
- Hospital supplies
- Dialysis treatment
- Home care
- Radiopharmaceuticals
- Pharmaceutical active ingredients
- Radiation measurement and protection equipment
- Dietary supplements

## Consumer Products Division

- İpek Kağıt Tissue Paper Co.
- İpek Kağıt Kazakhstan LLP
- Eczacıbaşı Girişim Co.
- Eczacıbaşı-Schwarzkopf Professional Hairdresser Products Co.
- Eczacıbaşı Hygiene Products Co.
- Eczacıbaşı Profesyonel

### JV partners

- Schwarzkopf

### Business areas

- Tissue paper products
- Cosmetics
- Wet wipes
- Personal care products
- Baby care products
- Household cleaning products
- Away-from-home products

## Finance

- Eczacıbaşı Securities Co.
- Eczacıbaşı Asset Management Co.
- Eczacıbaşı Investment Holding Co.
- Eczacıbaşı Investment Partnership Co.
- Eczacıbaşı Pharmaceutical and Industrial Investment Co.

### Business areas

- Financial investment



## Information Technology

- E-Kart Electronic Card Systems Co.
- Eczacıbaşı Information and Communication Technologies Co.

### JV partners

- Giesecke & Devrient

### Business areas

- IT
- E-card systems

## Welding Technology

- Eczacıbaşı-Lincoln Electric Askaynak Co.

### JV partners

- Lincoln Electric

### Business areas

- Welding consumables and equipment

## Mining

- Esan Eczacıbaşı Industrial Raw Materials Co.
- Esan Italia Minerals SRL

### Business areas

- Industrial raw materials

## Other Products and Services

- Kanyon Management and Marketing Ltd.
- Ekom Eczacıbaşı Foreign Trade Co.
- Eczacıbaşı Property Development and Investment Co.
- Yapı-İş Real Estate and Construction Co.
- Eczacıbaşı Insurance Agency Co.

### JV partners

- İş REIT

### Business areas

- Foreign trade
- Property development and facility mangement
- Insurance

# Corporate Governance

The Eczacıbaşı Group is a professionally managed group of 41 affiliated companies directed by our parent company, Eczacıbaşı Holding. The primary functions of Eczacıbaşı Holding are to develop our Group's long-term goals and business strategy and coordinate Group resources and investments accordingly.

Eczacıbaşı Holding's executive structure reflects the priority we give to encouraging management participation at the highest level of its decision-making process. Eczacıbaşı Holding's Board of Directors has eight members, including five independent directors. Under the leadership of this Board, we have an Executive Steering Committee with broad responsibility and authority on Group management decisions. This committee comprises the chair and two vice-chairs of the Board of Directors and the vice presidents of Eczacıbaşı Holding's main operational and functional divisions.

Among other duties, the Executive Steering Committee approves investments and annual budgets submitted by Group companies, monitors progress in both areas, and recommends measures for ensuring that targets are met. Additionally, it evaluates new business opportunities and submits its recommendations on these to the Board of Directors. It also oversees the implementation of the Group's human resource policies, approves recommendations for executive appointments, and determines the main principles of the Group's organizational structure.

The Executive Steering Committee is supported in these responsibilities by a number of sub-committees involving the senior management of Group companies. These committees cover key management issues: auditing, new business development, human resources; planning, finance and investments; corporate communications; and the coordination of company activities within core business divisions.

Five Eczacıbaşı Group companies are open to the public: Eczacıbaşı Pharmaceutical and Industrial Investment Co., Eczacıbaşı Building Products Co., Intema Building Materials Marketing and Sales Co., Eczacıbaşı Investment Holding Co. and Eczacıbaşı Investment Partnership Co. All of these companies publish their corporate governance principles in their year-end annual reports, which are available through our corporate website. [www.eczacibasi.com](http://www.eczacibasi.com)

## Our Values

The Eczacıbaşı Group is committed to advancing the well-being of society by improving the lives of its customers, managing its businesses in ways that contribute to the community and protect the environment, and sponsoring projects and activities that enrich the lives of current and future generations.

## As members of the Eczacıbaşı Group:

We hold our dignity and self-respect above all else. Ethical business principles underpin our business activities.

Eczacıbaşı Group employees avoid all activities and behavior that demean themselves and others—including the Group, its companies and stakeholders—and that run counter to the Group's mission of pioneering modern, high quality and healthy lifestyles. Two of the first considerations in the formulation of every business strategy and decision are the legitimacy and fundamental decency of the proposed actions.

Our management style respects the individual. We believe that each of us has the right to learn about issues that affect us and to voice our opinions on these. We regard it our duty, as well as our right, to challenge our personal limits and develop our abilities.



## Commemorating our Founder, Dr. Nejat F. Eczacıbaşı



*2013 marks the 20<sup>th</sup> anniversary of the passing of Dr. Nejat F. Eczacıbaşı, founder of the Eczacıbaşı Group as well as many of the NGOs that paved the way for the development of Turkey's vibrant civil society.*

Throughout his life, Dr. Nejat F. Eczacıbaşı not only contributed to the development of Turkish industry by supplying much-needed products and services using the most advanced technologies available, he also sought to promote civil society through the establishment of professional business organizations, research institutes, educational institutions, cultural foundations and scholarship funds.

For Dr. Eczacıbaşı, contributing to the development of Turkey's economic and social institutions was as important as developing a successful business. One of his most oft-expressed ideas in this regard was:

"The real measure of private entrepreneurship is its success in increasing the wealth of the whole community".

Today, this idea underpins our Group's deep commitment to sustainable development through responsible business practices, corporate social responsibility and engagement with civil society. Every Eczacıbaşı Group company regularly contributes to one or more non-profit institutions and all Eczacıbaşı employees are expected to share is the "tradition of serving our community", one of the Group's primary corporate values.

The Eczacıbaşı Group believes that participative management is the most effective and humane management approach because it encourages employees to develop themselves and their jobs while working with others towards the achievement of shared goals. The success of this system depends on accurate and open communication at all levels of the organization and well-planned opportunities for self-development, so that each employee can realize his or her full potential.

We believe that quality is a way of life. In all that we do, in every product and service we provide, we aim for the highest level of quality. Our customer is the focal point of this pursuit of quality.

As a pioneer, the Eczacıbaşı Group has a duty to surpass established standards and raise consumer benchmarks of product and service quality. The focus of the Group's quality improvement efforts is its customers, without whom it has no purpose.

We are open to the world and to change; by nature we are pioneering and entrepreneurial. The search to innovate in every area of activity is a fundamental aspect of our corporate tradition.

Openness to change is essential for innovation, which is pivotal for long-term business success and continual improvement. For this reason, innovation is a strategic element of the Eczacıbaşı Group's management approach in every business process and corporate activity.

We uphold the tradition of serving our community because we esteem our society and respect our environment. We are proud of the contributions that we have made to culture and the arts, education, science and sport.

In line with its mission of improving the well-being of society, the Eczacıbaşı Group is committed to promoting social and economic development, encouraging cultural and scientific activity, and preserving scarce natural resources through responsible business practices and sponsorship. Sponsorship of institutions and activities that enrich and strengthen society is a fundamental component of the Group's corporate culture.

We recognize that participatory management gives each of us the responsibility of working forcefully towards the objectives and goals of our institution. We are careful to observe the rules of our work environment as we understand that this reflects our respect for our colleagues.

Empowerment, which is essential for participative management, also requires that every employee embrace and advocate the Eczacıbaşı Group's targets, rules and corporate culture.

## Protecting human rights

### Freedom of association

In accordance with national labor regulations in Turkey and all other countries where we are present, our employees have the right to freely associate themselves with a union and to undertake collective bargaining. We encourage collaborative and transparent relations with unions representing our employees because we believe we can find mutually beneficial and long-term solutions to new challenges and opportunities. In Turkey, employees at our three largest companies (Eczacıbaşı Building Products, VitrA Tiles, and İpek Kağıt Tissue Paper) are represented by unions.

## Aligned with universal human rights principles

Our human resources systems and practices are designed to protect the rights of employees as well as the interests of our businesses, in line with our mission statement and values. To this end, we have developed a comprehensive management system which ensures that every human resource process is legally correct, documented, and retrievable for review by management and external auditors.

Under no circumstances do we employ children or force a person to work. All new employees are explained their rights during the orientation stage and directed to the Human Resources Handbook in the corporate portal. They are also informed immediately of changes to this handbook and to their rights and obligations through internal communication tools and encouraged to review these changes.

Apart from ensuring that all our businesses strictly adhere to labor regulations in Turkey and other countries where we are present, we continually monitor the performance of our subcontractors to ensure that they, too, adhere to these regulations. We do not tolerate any infringement of these regulations or other employee rights by our subcontractors, and we terminate our relationship with subcontractors who fail to fulfill their legal obligations after a single warning.

## Zero tolerance for corruption

Our mission statement and values provide clear guidelines on the Group's policy regarding corruption as does its Human Resources Handbook, which includes the following rules in its Code of Business Ethics:

- Eczacıbaşı Group employees must obey the law and avoid any activity that places the Group in a difficult legal position or hurts its reputation.
- Eczacıbaşı Group employees must not use their position to obtain an advantage from individuals or institutions and may never make or offer to make an illegal payment to an individual or institution.
- Eczacıbaşı Group employees will always maintain the Group's Code of Business Ethics in its relationships with government officials and customers and will not participate in activities aimed at influencing these stakeholders that might hurt the Group's reputation.
- It is the duty of every Eczacıbaşı employee to be honest, trustworthy and honorable in relationships with both customers and employers, to achieve customer satisfaction through quality, speed, convenience, courtesy and respect, and to treat every individual and institution equally.
- In the case that an employee is proven, through documentation or other objective evidence, to have broken these rules, they are to be reported to the highest level of authority in the Group for decision on the disciplinary measures to be taken.

The Eczacıbaşı Human Resources Handbook also has rules against commercial and financial transactions with relatives of employees, violation of which can lead to termination of employment. Every Eczacıbaşı Group company has an audit and control system that reports to the Head Comptroller and Legal Affairs Office at Eczacıbaşı Holding.

# Environmental Sustainability in the Eczacıbaşı Group



In line with our mission of promoting modern, high quality and healthy living, we believe we have three main responsibilities with respect to the environment: designing goods and services that help our customers improve their relationship with the environment, pioneering the implementation of business practices that enable us to improve our own, and working with stakeholders to promote the technological, legislative, and cultural changes needed to achieve a healthy future for society, business, and our planet as whole.

## Reducing the impact of our manufacturing operations

One of the ways we are improving our own relationship with the environment is through resource efficiency. Long before this concept became known as “eco-efficiency”, we were asking our companies to look for ways to reduce their resource intensity and rewarding productivity projects of this kind in order to cut costs and increase our competitive advantage. Through innovative changes in our production processes, plant architecture and product designs, we aim to reduce significantly the amount of energy, water, and other inputs in many of our manufacturing operations. We are also looking for ways to reduce or recycle our waste, either in our own processes or as valuable inputs for other industries.

In 2012, our industrial operations completed numerous projects aimed at reducing energy, water consumption and materials during production, transport and marketing. As a group, these projects are forecast to save just over 16.6 thousand MWh of energy, prevent almost 8 thousand tons of carbon emissions, and reduce annual freshwater consumption requirements by more than 124 thousand tons in the years ahead.

## Recovering waste energy

Since 2003, when Eczacıbaşı Building Materials-VitrA became the first sanitary ware producer in Turkey to install heat recovery systems on the stacks of its tunnel kilns, our Building Products Division has undertaken numerous large projects to recover waste heat from firing

and cooling processes at its ceramic sanitary ware and tile plants. Projects of this kind have facilitated natural gas savings of 3.8 million m<sup>3</sup> over the last three years, an amount associated with close to 8 thousand tons of carbon emissions.

In 2012, Eczacıbaşı Building Materials-VitrA installed the last of three energy saving systems in the cooling processes of its new-generation tunnel kilns at its ceramic sanitary ware plant in Bozüyük, Turkey. The system enables it to use the 300 C° air entering the cooling system, which was previously released into the atmosphere, to heat water for various industrial processes. With the installation of the third system, VitrA is able to produce all the hot water its ceramic sanitary ware operations require with this waste heat, lowering the per ton energy requirement of its plant by 5.1 percent per year. The combined annual savings of the three systems is 1.3 thousand m<sup>3</sup> of natural gas or 14.1 thousand MWh. The carbon emissions associated with these savings are 2.7 thousand tons, 900 tons of which correspond to the installation of the third system in 2012.

In 2011, V&B Fliesen installed a heat recovery system at its tile plant in Merzig that recycles hot air from the kiln cooling process for press drying and spraying. By recovering roughly 10 percent of the heat energy created by the gas burned in the kiln, the system saves V&B Fliesen's plant about 973 thousand m<sup>3</sup> of natural gas or 11 thousand MWh per year. As a result, the company was able to maintain gas consumption at a constant level in 2012, despite the installation of an additional kiln.

Also in 2011, Eczacıbaşı Building Materials-Artema completed a heat recovery project that captures waste heat created by the cooling process of its casting furnace for faucets and fittings to heat workshop areas. This innovative project is estimated to save the operation 15 thousand m<sup>3</sup> of natural gas (159 MWh) annually.

In 2010, both VitrA Tiles and Engers Keramik installed recovery systems that reuse waste heat from the kiln stacks in the spray drying processes, for combined natural gas savings of 1,574 thousand m<sup>3</sup> per year. VitrA's heat recovery system, which was included in the Best Cases section of Turkey's National Report for the UN "Rio+20" Sustainable Development Conference in Rio de Janeiro, is able to capture and recycle roughly 70 percent of the waste heat in the stack and cooling pipes of the ceramic sanitary ware kilns. Engers Keramik's project has also received recognition, winning second place in the town of Neuwied's energy efficiency competition.

## Improving energy efficiency

In 2012, most of our manufacturing operations continued to find ways to improve the efficiency of their electricity use for lighting, machinery operation, and air conditioning. In addition to switching from fluorescent to LED lighting systems, companies expanded the use of sensors, thermostats and automatic and centralized circuit breakers to shut down lighting and air conditioning systems during downtimes. Other projects included the installation of variable frequency drives (VFD) on conditioning fans and chiller pumps, improved insulation of production rooms and the optimization of motor speeds in specific production processes. Together, these projects achieved savings of close to 3.3 thousand MWh in 2012, preventing about 1.7 thousand tons of carbon emissions.

Additionally, several of our companies found ways to reduce their natural gas consumption through improved insulation and changes in manufacturing processes or technology. In 2012, Eczacıbaşı-Baxter Hospital Supply completed four efficiency and insulation projects that will save it 137 thousand m<sup>3</sup> of natural gas (1.3 thousand MWh), an amount representing close to 5 percent of its total natural gas consumption last year. Also last year, Eczacıbaşı-Lincoln Electric Askaynak



*Over the last year, the Eczacıbaşı Group encouraged more than 11,000 employees to reduce their environmental footprint, implemented dozens of new efficiency projects that saved over 16.6 thousand MWh of energy and prevented close to 8 thousand tons of CO<sub>2</sub> emissions, and collected more eco-innovation ideas from its employees than in the previous three years combined.*





Our 2012  
“best case energy  
efficiency projects”  
saved 16,600  
MWh of energy,  
equal to the total  
energy consumed  
by 4 to 5 thousand  
families in one year.



switched a second natural gas furnace for welding electrode production to U-type radiant tube heaters, improving its natural gas use in this process by another 4 thousand m<sup>3</sup> (42 MWh). It plans to extend this system to its remaining five natural gas furnaces in 2013. Together, these projects prevented over 260 tons of carbon emissions in 2012.

Increasing our capacity while lowering our energy requirements is another major focus of our energy efficiency projects. In 2012, Esan Eczacıbaşı Industrial Raw Materials more than doubled the capacity of the flotation plant at its Balya mining operation by enlarging the flotation cells and then redesigning the suction channels for the diffusers, an innovative solution that is the first of its kind in the lead-zinc extraction industry. This way, Esan was able to avoid constructing a second flotation plant, saving 6.6 thousand MWh of annual electricity consumption and preventing 3.5 thousand tons of carbon emissions associated with the operation of a new facility. Furthermore, the capacity increase took one month to complete, as compared to two years for a new facility, and at less than one tenth of the cost.

Similarly, by upgrading the filter press cloths at its clay filtration unit at Bozüyük, Esan was able to increase the capacity of this process by 10 percent while avoiding a 104 MWh increase in electricity consumption.

Locating potential areas for energy savings has become a function of its own in all our companies. İpek Kağıt Tissue Paper and Eczacıbaşı Building Products-VitrA, both of which have ISO 5001 certified energy management systems, are leading the way in this area with energy management teams that are monitoring energy efficiency in every industrial process, setting reduction targets, and actively looking for ways to improve energy efficiency. For example, in mid-2012 VitrA initiated an internal, 12-month energy efficiency competition in which each of its largest manufacturing operations are competing to achieve the largest reduction over the course of one year.

## Lowering our water requirements

Reducing the water footprint of our operations has been another focus of our eco-efficiency investments in recent years. Most of our operations are treating and reusing effluents from production processes and many have achieved closed water loops. Since 2011, VitrA's ceramic sanitary ware plant in Bozüyük, Turkey, treats and reuses 100 percent of its effluent – enabling it to draw 40 percent less freshwater for its production processes than it would otherwise need. Similarly, Engers Keramik, our tile producer in Germany, closed its wastewater and sludge loop in 2012, enabling it reduce its freshwater consumption by 31 percent annually.

Aside from Engers, several of our industrial operations in Turkey found new ways to lower their fresh water consumption in 2012. Esan Eczacıbaşı Industrial Raw Materials achieved the largest savings in this area by devising a simple system at its Yeniköy flotation plant to use rainwater collected in a quarry 2.5 km away. The system provides all the water the plant requires and relies on gravity, so no electricity is needed for pumping. With this solution, the company avoided using 108 thousand tons of fresh water and saved 78 MWh of electricity consumption associated with pumping water from ground wells.

Eczacıbaşı Girişim achieved a 31 percent reduction in freshwater consumption in 2012 by establishing a reverse osmosis treatment system for rainwater and wastewater and improving its measurement and control of fresh water consumption.

A small but innovative project by Eczacıbaşı Building Products-VitrA enabled it to reuse the water used to test hydro-massage bathtubs instead of throwing it out after several tests. The company designed a simple water treatment system using an ozone generator that circulates ozone gas in the water to clear it of dirt and bacteria. Not only has the project eliminated the need for regularly changing test water, it has also inspired the company to research and develop systems and products that might be used to close grey waste water loops in residential and commercial bathrooms.

## Improving the efficiency of supply and distribution logistics

Because of the international scope of both our manufacturing and sales processes, the transportation of materials and products represents a major cost factor for our operations as well as a significant source of carbon emissions. In 2012, three of our companies undertook projects that improved the energy efficiency of transportation and/or reduced transportation distances, leading to an estimated reduction in CO<sub>2</sub> emissions of about 1.4 thousand tons.

The largest reduction of this kind was achieved by Eczacıbaşı Building Products-VitrA, which switched from overland truck transport to rail transport for the 2,700 km route between Turkey and Germany, began to utilize multimodal container transport in place of trailer trucks in the UK, and started operating trailer trucks in Turkey that use AdBlue – a special solution that lowers nitrogen oxide concentrations

in the exhaust emissions of diesel engines. Together, these projects have reduced VitrA's CO<sub>2</sub> emissions from transport by an estimated 730 tons. In 2013, VitrA aims to expand these projects further and to introduce multimodal container transport in Russia to achieve a combined reduction in CO<sub>2</sub> of more than 2.4 thousand tons.

In 2012, VitrA Tiles implemented two projects that reduced the distance traveled by manufacturing inputs, enabling it to lower its CO<sub>2</sub> emissions by an estimated 666 tons per year. The largest project of this kind involved the development of a new blend of slurry for floor tile and glazed granite that uses pegmatite, which is available 55 km from the plant, in place of feldspar, which has to be transported from a quarry 540 km away. Through research and development, VitrA Tiles was able to eliminate feldspar use completely in the slurry for glazed granite and significantly reduce the feldspar requirement for floor tiles. In addition to lowering production costs, VitrA estimates that the project has reduced average CO<sub>2</sub> emissions per ton of these products by 39 percent, an amount that translates into 582 tons of CO<sub>2</sub> per year.



## ISO/EN Certification of Eczacıbaşı Group Manufacturing Companies



|                                      | Quality<br>9001   | Environment<br>14001/EMAS | OHS<br>18001      | Energy<br>16001/50001 | Others  |
|--------------------------------------|-------------------|---------------------------|-------------------|-----------------------|---|
| Eczacıbaşı Building Products-VitrA   | 1994              | 1998 <sup>1</sup>         | 2008 <sup>2</sup> | 2010 <sup>3</sup>     | 17025 (2010)/14025<br>EPD (2012) <sup>3</sup> /FSC (2011)   |
| Eczacıbaşı Building Products-Artema  | 1994 <sup>2</sup> | 1999 <sup>2</sup>         | 2012              |                       |   |
| VitrA Tiles                          | 1995              | 2009                      | 2011              |                       | EU Ecolabel (2011) <sup>2</sup>   |
| V&B Fliesen                          | 1995              | 2010                      |                   |                       |   |
| Eczacıbaşı-Baxter Hospital Supply    | 2001              | 2002                      | 2007              |                       |   |
| Eczacıbaşı-Monrol Nuclear Products   | 2002              | 2002                      | 2012              |                       |   |
| İpek Kağıt Tissue Paper              | 1994              | 2010 <sup>2</sup>         | 2011              | 2011 <sup>2</sup>     |   |
| Eczacıbaşı Girişim                   | 2008              | 2009                      | 2009              |                       |   |
| E-Kart Electronic Card Systems       | 2004              | 2011 <sup>2</sup>         | 2011 <sup>2</sup> |                       | 14064 (2011) <sup>2</sup> /27001 (2012) <sup>2</sup><br>22301 (2013)/PAS 2050:2011(2013) <sup>2</sup> |
| Eczacıbaşı-Lincoln Electric Askaynak | 1995 <sup>2</sup> | 2012 <sup>2</sup>         | 2013              |                       |   |
| Eczacıbaşı Esan                      | 1994              | 2012                      | 2012              |                       | 17025 (2010) <sup>2</sup>   |

<sup>1</sup> First in its industry in Turkey and second worldwide

<sup>2</sup> First in its industry in Turkey

<sup>3</sup> First in its industry worldwide

A second project by Vitra Tiles aimed at improving the quality and productivity of shiny opaque glaze for floor tiles not only improved glaze performance, it also reduced CO<sub>2</sub> emissions from transport. Vitra Tiles studied glass-ceramic systems able to crystallize in fast-firing industrial processes and developed nano-sized diopside crystals that performed better than zirconium silicate, which had to be imported. In addition to reducing firing time and associated natural gas consumption and carbon emissions, the project cut CO<sub>2</sub> emissions deriving from the international transport of zirconium silicate by an estimated 84 tons per year.

## Reducing and transforming waste

Eczacıbaşı Group companies are continually looking for ways to minimize or eliminate the waste and by-products of their manufacturing processes and reuse or transform waste that cannot be avoided into added value.

Many of our companies are reusing their scrap, effluent and sludge, or have found external customers for their waste.

Eczacıbaşı Building Products-Artema recycles in-house all the brass shavings from its castings and melts them in its own furnaces for immediate reuse,

using a technique that is the first of its kind worldwide for faucet and fittings manufacturers. As a result, new brass ingots purchased from external suppliers only account for about one-third of all the brass consumed in the making of faucets and fixtures. A finalist in the EU Business Awards for the Environment-Turkey Program, Artema's project represented Turkey in the 2012 European Business Awards for the Environment in the Process Category.

Vitra's ceramic sanitary ware plant at Bozüyük has been recycling 100 percent of the solid waste and sludge from its production processes since 2007. Some of this waste, such as fine fired clay scrap, it reuses in its own plant; other waste is being sold to local cement plants and refractory brick makers. In 2011, in a first for the ceramic industry, Vitra Tiles' plant at the same complex began to use all the sludge from the ceramic sanitary ware lines in the preparation of glazed porcelain tiles.

With an efficiency project launched in late 2011, Burgbad switched to bio-degradable solvent to clean its screw conveyors and tools. The new solvent is also reusable, enabling Burgbad to lower the quantity it needs to purchase every year while also reducing solvent waste.

İpek Kağıt Tissue Paper's plant in Karamürsel, one of 36 industrial operations throughout Turkey selected for an "Environment-Friendly Plant" award by the Turkish Healthy Cities Association, supplies all sludge to pre-fab housing panel manufacturers and the leather industry, which incorporates it in leather board, the material used for shoe insoles and leather bags.

## Enhancing the efficiency of our buildings

While striving to develop sustainable production facilities and operations, we are also improving the efficiency of our commercial and administrative buildings and developing new properties that incorporate sustainable development principles.

In 2012, Eczacıbaşı Group administrative and commercial buildings in Turkey consumed 22,861 thousand MWh of electricity, an amount representing



## 2010-2012 Energy Consumption<sup>1</sup> and Savings from Building Efficiency Projects

|                    | 2010   | 2011   | 2012   | Savings | % Change |
|--------------------|--------|--------|--------|---------|----------|
| Electricity (MWh)  | 25,007 | 23,183 | 22,861 | 2,146   | -8.6     |
| Natural Gas (MWh)  | 6,192  | 5,311  | 5,180  | 1,012   | -16.3    |
| Total Energy (MWh) | 31,199 | 28,494 | 28,041 | 3,158   | -10      |

<sup>1</sup> Energy consumption of all commercial and administrative buildings in Turkey.



6.9 percent of the electricity consumption of our industrial operations in Turkey.

In line with our commitments as a signatory to the Energy Efficiency in Buildings Manifesto of the World Business Council for Sustainable Development, we aim to lower the energy consumption of our administrative and commercial buildings in Turkey by 15 percent between 2010 and 2013. To this end, our Energy Efficiency in Buildings Working Group is carrying out systematic studies of all Group-owned administrative and commercial buildings in Turkey, including an analysis of:

- Building system design
- Peak operational hour
- Lighting systems and electrical appliances
- Insulation problems
- Energy consumption data
- Motor efficiency, workload and capacity
- Automation system efficiency
- Lighting technologies and efficiency
- Alternative energy options, such as solar energy or cogeneration systems
- High efficiency ultrasonic humidifiers.

Based on the results of these studies, the Energy Efficiency in Buildings Working Group is determining minimum performance levels and setting energy efficiency targets.

Between 2010 and 2012, with the support of specialist consultants, our working group drew up and implemented numerous projects that helped to reduce the electricity and natural gas consumption of the Group's administrative and commercial buildings in Turkey by 8.6 and 16.3 percent respectively, for an overall reduction in energy use of 10 percent.

Many of the projects involved improved insulation, the replacement of less efficient lighting, heating, cooling and humidifying systems with newer, more efficient ones, and the incorporation of thermostats, automation systems, and motion detectors in these systems.

Observing the rapid improvement in the energy efficiency of our commercial buildings, we extended the scope of our Energy Efficiency in Buildings Working Group to include the

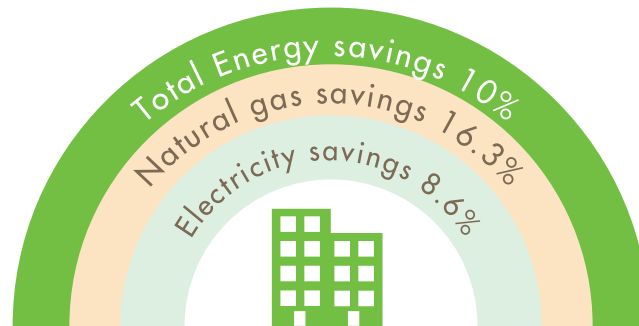
administrative buildings and production plants of our industrial operations in Turkey. In 2012, this expanded group began to discuss the options available for improving energy efficiency and selected two plants, Vitra's ceramic sanitary ware plant in Bozüyük and İpek Kağıt Tissue Paper's paper mill in Karamürsel, to initiate detailed efficiency studies.

In 2012, Kanyon, our award-winning shopping, office and residential facility in central Istanbul, became the first in Turkey to win a BREEAM award, given annually to the "leading examples of construction projects assessed and certified in the preceding calendar year, each demonstrating an holistic approach to the environmental aspects of their specification, design and construction." Earlier in the year, Kanyon received an "excellent" rating on BREEAM's assessment of its In-Use Building Management, with an overall score of 80.91 percent. Kanyon is the first in Turkey and 16<sup>th</sup> worldwide in the shopping center and office category to earn the excellence rating.

The award also reflects the success of Kanyon's concerted efforts in recent years to improve its resource efficiency and reduce its waste. Since 2008, Kanyon has carried out numerous projects and research studies in collaboration with NGOs, universities, and public and private institutions to improve its energy, water and waste performance. Measures have included installing water-saving faucets, toilets and urinals in all public restrooms; designing an efficient watering system for indoor and outdoor gardens; improving the efficiency of cooling towers and reusing cooling tower water in bathrooms; rationalizing escalator and elevator systems; achieving year-round heat recovery at air conditioning power stations; and installing 100 solar hot water panels. In 2012, Kanyon collected close to 1.1 tons of electronic waste for recycling, including IT equipment, print toner and fluorescent light bulbs.



*Kanyon received an "excellent" rating on BREEAM's assessment of its In-Use Building Management, with an overall score of 80.91 percent. Kanyon is the first in Turkey and 16<sup>th</sup> worldwide in the shopping center and office category to earn the excellence rating.*



*The Eczacıbaşı Group's energy efficiency savings in buildings in 2010-2012*



## Promoting sustainable lifestyles

We are committed to serving customers who want to contribute to the environment by choosing products designed to minimize resource consumption and pollution during production, transport and use. We are also looking for ways to reduce our packaging materials, recycle packaging, and switch to materials that are recyclable or biodegradable.

### "Blue Life" products

In the Building Products Division, where our main businesses involve bathroom spaces and wall and floor coverings, our primary goal is designing products that help customers save water, such as extra low water flushing systems, waterless urinals, flow-regulating faucets and self-cleaning tiles. We are also designing products that cut down on material consumption, by reducing, for example, the depth of washbasins and bathtubs, and thickness of tiles.

To communicate our Division's longstanding commitment in this area, our global bathroom and tile brand Vitra has articulated a production, design, and management approach called "Blue Life". Blue Life reflects our belief that the efficient management of our resources today is critical for our planet's future and that good design takes responsibility for natural resource conservation. Blue Life also means contributing to a better society through long-term social responsibility projects targeting children, hygiene and education.

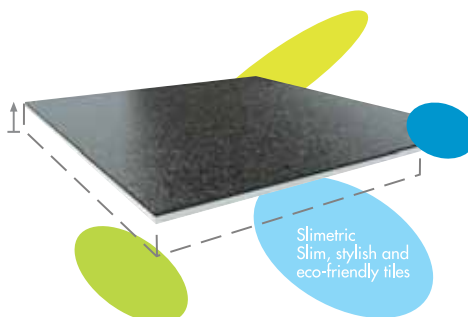


## More than 240 water-saving products

In recent years, our Building Products Division has developed more than 240 water-saving products for homes and commercial spaces that meet the needs of customers in a wide range of segments. By choosing Blue Life products for their bathroom spaces, a family of four can conserve up to 190,000 liters of water per year. Many of these products are also designed to reduce material use during production, with consequent savings in energy use for production and transport.

### Certified eco-friendly credentials

Verifying the high environmental qualifications of our products is a strategic element of our sustainability strategy. For this reason, Vitra published world's first Environmental Product Declarations (EPD) for ceramic sanitary ware units in 2011. An EPD is a voluntary document that provides data in a standard, transparent format about the environmental impacts associated with manufacturing a product. Producing an EPD requires a rigorous Life Cycle Assessment (LCA) of a product's environmental impact throughout its lifespan, from the extraction of raw materials consumed in production through to the product's disposal. Vitra's EPD statement was issued by Institut Bauen und Umwelt e.V. (IBU), an independent industry association that is providing certification consistent with ECO, the new core EPD program operator in Europe.



In tiles, Vitra is the first Turkish ceramic brand to earn the right to use the prestigious European Union Eco-Label, which EU environmental authorities give to products that have a reduced impact on the environment throughout their life cycle. Since its first EPD statement in 2012, Vitra has published an EPD statement for all porcelain tiles manufactured at its plant in Turkey and certified seven tile ranges to Greenguard and Greenguard Gold standards. Greenguard is a certification program for interior products and materials that have low chemical emissions and improve the quality of the air in which they are used. All certified products must meet stringent emissions standards based on established chemical exposure criteria.

In bathroom furniture, Vitra is the first in Turkey to receive a Forest Stewardship Council (FSC) logo. FSC certification of forest products corroborates that the wood used in the product derives from responsibly harvested forests, by verifying the entire supply chain from the forest of origin through to the end-user.

## Facilitating “Green Building” certification

Vitra has prepared an easy-to-use catalogue of green bathroom solutions for architects and builders aiming for high sustainability ratings from international “green building” assessment systems. The catalogue provides comprehensive information about all Vitra bathroom products that qualify for sustainability points from Leed, BREEAM and DGNB, the world’s leading assessment systems, including the points they receive in each assessment category and the variety of product options and specifications available.

For newcomers to the green building certification process, the catalogue also explains the aim, methodologies and requirements of green building certification systems, as well as Vitra’s sustainability vision and practices.

## Turkey’s first “sustainable brand” in building products

In May 2012, at the first “Sustainable Brand” conference organized by the Sustainability Academy of Turkey, Vitra was one of two brands to receive a Sustainable Brand Award. The award reflects Vitra’s pioneering efforts in the building products industry to improve its sustainability performance and communicate its commitments and achievements in this area.

## Tissue paper manufacturing “Committed to the Future”

İpek Kağıt Tissue Paper has made a public commitment to proactively ensuring full compliance with new environmental legislation and regulation; procuring 100 percent of its pulp from certified suppliers who can prove that their wood pulp derives from sustainably managed forests; supplying tissue products manufactured from bleached pulp produced by elemental chlorine-free or total chlorine-free processes that pose no risk to human health or the environment; contributing to sustainable living by encouraging employees, suppliers and other stakeholders to take part in health, educational, work safety and other social projects that improve people’s lives; and giving priority to R&D and innovation projects that create low cost, high value-add products responding to consumers’ desires. This commitment is communicated on İpek Kağıt’s product packaging and related materials with the statement, “Committed to the Future”.

Every new İpek Kağıt product not only aims to offer consumers their best choice, it also strives to promote smart tissue paper use and resource conservation. Examples of this kind are Selpak 1-Sheet Bathroom Tissue, Turkey’s first and only bathroom tissue with a special patented technology that encourages consumers to use a single sheet at a time; Solo Squeezed Bathroom Tissue, which requires 15 percent less storage space, Solo Long Roll Bathroom Tissue and Kitchen Towel, which helps decrease packaging, logistics and warehouse costs; Selpak Paper Cloth, the first and only kitchen towel



*In bathroom furniture, Vitra is the first in Turkey to receive a Forest Stewardship Council (FSC) logo.*



*Vitra is the first Turkish ceramic brand to earn the right to use the prestigious European Union Eco-Label, which EU environmental authorities give to products that have a reduced impact on the environment throughout their life cycle.*



*İpek Kağıt Tissue Paper procures 100 percent of its pulp from certified suppliers.*





*E-Kart Electronic Card Systems, launched Turkey's first environment-friendly "seed card".*

in Turkey that is durable enough to wash and reuse several times; and Selpak, Solo and Silen "half-sheet" kitchen towels. In the away-from-home market, Lotus Professional branded enMotion towels, Smart One bathroom tissue, and Reflex Towels reduce paper consumption by at least 30 percent with their patented technology.

İpek Kağıt is the first tissue paper brand in Turkey to use biodegradable packaging. Launched in 2011, the environment-friendly packaging goes through molecular breakdown into methane, CO<sub>2</sub> and inert and harmless humus with the help of bacteria in both aerobic and anaerobic environments in less than five years. It can also be recycled to make new packaging. İpek Kağıt uses recycled cardboard cores for its tissue and towels and recycled pulp in its cardboard boxes.

## "Eco-Touch": eco-friendly cleaning and hygiene solutions for away-from-home markets

"Eco-Touch" is the sustainability platform of Eczacıbaşı Profesyonel, one of Turkey's leading providers of professional cleaning and hygiene solutions. Recognizing its responsibility to future generations as well as current customers, Eczacıbaşı Profesyonel is developing policies, practices, products and services that reduce the environmental impact of its professional solutions during input procurement, production, and product use.

Current components of this platform include management systems for water, energy, waste and environmental impact, product formulations that do not contain phosphate and are 98 percent biodegradable, products that reduce waste during consumption, and training for customers on efficient product use. The platform also includes Turkey's first line of sustainable hygiene products for the away-from-home market: Green Care, a sub-brand of Tana Professional, one of several Werner&Mertz brands that we distribute in the Turkish market. All Green Care professional cleaning products are produced in plants complying fully with EMAS and ISO 14001 Environmental Management System Certification and

are certified as meeting the rigorous environmental performance and reporting standards of the EU Ecolabel and Nordic Ecolabel.

Eczacıbaşı Profesyonel also strives to create awareness in the service industry about sustainable development issues through training programs, product labeling, and marketing campaigns that highlight the issues and ways that customers can improve their environmental performance.

## Turkey's first "plant-and-grow" credit card

In 2012, our Group's smart card joint venture with Giesecke & Devrient, E-Kart Electronic Card Systems, launched Turkey's first environment-friendly "seed card". The seed card is a credit or debit card that contains a seed for a flower, vegetable or tree. When covered with soil, the card decomposes and the seed takes root. E-Kart's biodegradable cards break down into non-toxic matter in 40 months as opposed to 10-15 years for regular plastic cards.

E-Kart set a new benchmark for both its industry and the Eczacıbaşı Group in 2011 by obtaining the ISO 14064 Greenhouse Gas Accounting and Verification certificate. The ISO 14064 standard specifies how organizations should manage, quantify and report greenhouse gas (GHG) emissions and removals. After calculating its carbon footprint, E-Kart obtained "Reasonable Assurance" of its Scope 1 and 2 footprints, which encompass, respectively, greenhouse gases emitted by a company over which it has direct control and greenhouse gases associated with the energy and energy-related services it purchases, and "Limited Assurance" of its Scope 3 footprint, which comprises all other indirect greenhouse gas emissions, including those related to transport and recycling. Having determined that its annual CO<sub>2</sub> impact is 1,500 tons, E-Kart planted 2,300 trees – the quantity needed to absorb these emissions – in the Izmir region with the participation of many of its employees.



*"Eco-Touch" is the sustainability platform of Eczacıbaşı Profesyonel, one of Turkey's leading providers of professional cleaning and hygiene solutions.*

## Reducing welding emissions

In 2011, Eczacıbaşı-Lincoln Electric Askaynak redesigned its rutile electrodes to reduce particle emissions during the welding process. Electrodes manufactured with the new formula release 18 percent fewer fumes than standard electrodes. Sales of these electrodes are estimated to have prevented 14 tons of particle emissions in 2012.

In 2012, Askaynak expanded its sustainability practices to product marketing with the launch of a micro website and Facebook page dedicated to power factor correction (PFC) inverters. These digital marketing sites explain what PFC is and how it improves welding quality while lowering energy use, costs and carbon emissions. They also feature a virtual "welding machine" that vividly demonstrates the annual cost savings and reduction in carbon emissions that PFC inverters are able to achieve at every current setting. The first of its kind in Turkey's welding sector, Askaynak's Facebook site attracted more than 15,000 members in 2012. Since its launch, Askaynak's digital marketing campaign has accounted for about 80 percent of PFC inverter sales.

## Engaging employees in sustainability initiatives

We understand that the long-term success of our efforts to incorporate sustainability principles into every aspect of our business operations depends on our ability to communicate our commitment throughout our organization, create awareness about the issues in all our operations, and generate opportunities for employees at every level to become engaged in sustainability initiatives.

Our drive to make sustainable development principles a central component of our corporate culture started in mid-2007 with the establishment of our first Group-wide team focused on sustainable development. Over the last five years, as efforts initiated by this group gained momentum, our companies have created their own programs, campaigns and systems for harnessing the energy and creativity of their people in sustainability initiatives.

V&B Fliesen initiated an "Environmental Champion" award in 2011 at its plants and offices in Germany to recognize employees who "go far beyond their call of duty in their efforts to make the company's operations more environmentally-friendly". Employees are invited to nominate any colleague they believe to have excelled in this area. V&B Fliesen's environment committee, which comprises the Environmental Manager, Human Resources Manager, Production Manager and president of the works council, then reviews the candidates and selects the winner. V&B Fliesen's first "Environmental Champion" was an employee at the Merzig plant's wastewater treatment facility who found an inexpensive solution for saving as much as 7,700 tons of water per year. In 2012, an employee who found innovative ways to reuse slurry waste won the award.

VitrA Tiles launched a comprehensive internal communication campaign in late 2011 aimed at encouraging employees to submit their innovative ideas about how to save energy, reduce costs and improve quality through the Inocino suggestion and evaluation system. The slogan of the campaign's communication materials, many of which feature members of the management team and employees, is "İYİ" ("good" in Turkish), the acronym comprising the first letters of the Turkish words for "ambitious", "game-changing" and "innovative". The campaign also introduces a new point system for good ideas based on their originality, reproducibility on a large scale, and financial contribution. After a certain number of points are accumulated, employees are eligible for gift vouchers that can be used at a variety of stores and restaurants.

Kanyon initiated a "Green Employee" program in 2011 aimed at enhancing employee awareness and sensitivity about sustainability issues. The program is part of Kanyon's "Green Office" project, which it started in 2011 with the support of the Turkish branch of the World Wildlife Fund (WWF). To this end, Kanyon and WWF Turkey established a project team to evaluate management processes, determine principal areas for improvement, and develop an action plan. In 2012, Kanyon's management office received the first "Green Office Certification" in Turkey.



*Eczacıbaşı-Lincoln Electric Askaynak redesigned its rutile electrodes to reduce particle emissions during the welding process.*

kanyon Yeşili



*In 2012, Kanyon's management office received the first "Green Office Certification" in Turkey.*



*One of the focuses of the BAK program is enhancing employee awareness of and sensitivity to sustainable development issues, and providing outlets for their ideas via an internal suggestion system.*

BAK is Eczacıbaşı-Baxter Hospital Supply's communication and cultural transformation program. BAK has several aims: to improve innovative skills, transform innovation into a way of life, and establish systems that ensure the continuity of innovative processes. One of the focuses of the program is enhancing employee awareness of and sensitivity to sustainable development issues, and providing outlets for their ideas via an internal suggestion system. Many of the projects developed through this program have reduced waste, energy and water use, packaging, and carbon emissions. One such project is Eczacıbaşı-Baxter's print management system.

## Intemalive

Intema, the Eczacıbaşı Group Building Products Division's sole distribution and sales company in Turkey for VitrA, Artema, Intema Kitchen, Burgbad and Engers products, launched an eco-innovative sales communications project in 2012. Intemalive, as the project is called, is the first sales-focused social network in Turkey for communication between departments providing services to each other. Responding to the needs of both employees and management, Intemalive caters to younger members of Intema's sales team and a growing consumer base of the so-called generation Y, who expect interactivity, connectedness and eco-awareness from companies, brands and employers. Through the platform, Intema stores and employees are encouraged to compete for better overall sales figures and carbon emissions and water consumption savings through the sale of eco-efficient products. Intemalive boosted sales of on-display kitchen and bathroom products by close to 400 percent within just six months.

## Be Green

Be Green is a project that encourages Eczacıbaşı Group employees to adopt environment friendly work and personal habits by allowing them to access, follow and share information related to sustainable lifestyles via our Group's intranet service, the Corporate Portal.

Building ownership of sustainability not just as a business strategy but also as a lifestyle demands an acute awareness and sense of responsibility towards the sustainability of our planet. Accordingly, we strive

to continually improve our employees' awareness of the key challenges to a sustainable future and sizeable impact that everyday consumption and lifestyle choices have on our environmental, economic and social wellbeing.

Evidence from a 2012 consumer survey conducted in Turkey demonstrates a growing demand for green products – up from 71 percent in 2011 to 73 percent in 2012. At the same time, 92.5 percent of consumers in Turkey claim to have little or insufficient information about green products. Most people associate the sustainability of a product with its ability to be recycled. In contrast, only 6 percent of those surveyed associate energy efficiency in production with a product's overall sustainability performance.

We believe consumers demand and deserve better access to information on how to adopt green consumption habits and lead sustainable lifestyles.

In 2012 we launched Be Green, a Group-wide effort to actively adopt greener work and life practices. Targeting all 11,000-plus employees of the Eczacıbaşı Group, the Be Green initiative was launched by Eczacıbaşı Group President and CEO, Dr. Erdal Karamercan, in a personal letter to every employee that asked, "Do we not wish to preserve life on our planet? Don't we owe our children a sustainable future?"

Be Green was developed by an in-house team of marketers, financial administrators, communicators, product designers and sustainability experts from various Group companies who came up with the campaign slogan, "Only together can we Be Green". The purpose of this slogan is to emphasize the powerful contribution that the Eczacıbaşı Group can make to the sustainability of the planet if every one of its members changes their traditional and unsustainable habits at work and in their personal lives.

A fun and informative short film introduces the Be Green initiative to our employees. Leaflets and other visual materials, workshops and professional training equip Eczacıbaşı Group employees and their families with the necessary knowledge and skills to transform their professional and private lives.





## What does Be Green include?

### An informative documentary

The project begins with an infographic video, now only available in Turkish, inviting all Eczacıbaşı Group employees to make green choices and providing up-to-date, new and reliable sources of information on sustainable development, green consumption and lifestyles.

### Dynamic and lively intranet pages

Be Green is comprised of dynamic and lively intranet pages that Eczacıbaşı Group employees can follow and share with others. So, what is on these intranet pages? In the "Thumbs up to Be Green" section, there is a mission statement by Eczacıbaşı Group President and CEO Dr. Erdal Karamercan that conveys the Be Green project's significance and primary objective.

In the "Calculate your Footprint" section, Eczacıbaşı Group employees are directed to a WWF survey that calculates the amount of natural resources spent and carbon emitted as a result of daily consumption, travelling and shopping habits. You will be amazed by the results when you calculate how many "worlds" we actually consume!

The "Green Portraits" section includes Eczacıbaşı Group employees who have inspired others with the steps they have taken in the area of sustainable development.

"Our Shades of Green" offers attention-grabbing information on sustainable development approaches and initiatives as well as information on ongoing sustainability projects at Eczacıbaşı Group companies.

The Be Green portal also provides a forum for Eczacıbaşı Group employees to share their green ideas, ideals and lifestyles with each other through photos, writing and links to other sites.

*In 2012 we launched Be Green, a Group-wide effort to actively adopt greener work and life practices. Targeting all 11,000-plus employees of the Eczacıbaşı Group, the Be Green initiative was launched by Eczacıbaşı Group President and CEO, Dr. Erdal Karamercan, in a personal letter to every employee that asked, "Do we not wish to preserve life on our planet? Don't we owe our children a sustainable future?"*

## Sustainable Growth through Innovation

We have ambitious plans to develop new ways of doing business that enable us to grow while at the same time reducing our environmental impact. We want to act sustainably in every business operation.

Sustainable development is probably the most powerful conceptual tool we have for achieving this and for ensuring our long-term business success. Aside from directing us to produce more efficiently, use fewer resources and create less waste, it sets our sights on emerging environmental and social issues, preparing our businesses for the challenges and opportunities of new policies and regulations, and inspiring us to imagine new ways of living that align us with the concerns of our customers.

To understand these concerns, we need to listen to our customers and our own people; we need their insights and help in designing our products. This is

what we are aiming for with our Blue Ocean and Inocino programs, and our quality circles, brainstorming teams, and focus groups. Since 2007, when we started our Blue Ocean innovation program with a group of 30 people, we have provided basic training on innovation and Blue Ocean methodology to all our employees in Turkey and begun to introduce it in our companies abroad. In addition to Blue Ocean and Inocino, we have also begun to use Innolab to explore future products and services, a methodology we plan to extend to more companies in 2013.

### 25 percent increase in Inocino suggestions in 2012

We know that we need thousands of customer-need focused ideas if our innovation program is to be successful and that our best source of ideas is our own employees. This is the purpose of our Inocino suggestion and evaluation system, which we established in 2009.

In 2012, employees submitted close to 7,000 innovative ideas through Inocino, up from 5,600 the previous year, raising the total number of suggestions submitted through the system to more than 14,500. Of the 7,000 new suggestions, 42 percent have passed the initial approval stage and are being worked on further.

We want our innovation initiatives to have a balance between incremental and radical innovation: while looking for new opportunities and ways of improving our competitive advantage through small but effective incremental innovation, we are also investing in radical innovation that will change our markets.

Developing innovative technologies and designs of these kinds is one of the aims of our new innovation center at the Bozüyük production complex, which we inaugurated in November 2011.



### Inocino Projects Under Development\*

|                               |      |
|-------------------------------|------|
| Efficiency and Cost Reduction | 29 % |
| Business Development          | 14 % |
| New Products and Services     | 12 % |
| Sales and Marketing           | 7 %  |
| Quality Improvement           | 7 %  |
| Communication                 | 2 %  |
| Human Resources               | 1 %  |

\*Total of 900 projects



## New milestone in R&D: VitrA Innovation Center

VitrA Innovation Center is the new headquarters of our Building Products Division's efforts to research, design and develop new materials, processes and technologies for bathrooms and tiles that improve the quality of life of customers and reflect our sustainability principles. In general, these innovation efforts can be divided into two groups: those aimed at improving the sustainability of production processes, such as combustion efficiency, heat transfer efficiency, waste heat recovery and temperature reduction, and those aimed at creating products which minimize natural resource consumption during their lifecycle. While most of the latter projects are focused on water reduction, several notable projects strive to minimize energy consumption and the need for cleaning chemicals.

Most of these projects are centered on function and ergonomics, hygiene and health, new surface technologies and sustainability. Some are also joint studies on nanotechnology, electronics, water and energy, sensor technology, acoustics, ergonomics and composite materials with other establishments in the industry in Turkey and abroad, the Ceramic Research Center (SAM) and universities.

In addition to SAM, VitrA Innovation Center is collaborating with the Anadolu University Ceramic Research Institute, as well as with Bilkent, Boğaziçi, Istanbul Technical, Koç, Mimar Sinan, Middle East Technical, Osmangazi, Sabancı, Akdeniz and

Yeditepe Universities. Abroad, we are working with the Turkish American Scientists and Scholars Association (TASSA), Additivos Ceramicos, AME, ASK Chemicals, Dow Chemicals, Future Carbon, Infotron, Izen, Zeyron, Lucite International, Oblamatik, PE International, Xiamen Runner, Miscea, Material Connexion, and Fraunhofer Institute. We are also exploring collaboration with innovation and R&D networks in the European Union, such as the Joint Research Center of the European Commission.

VitrA Innovation Center is also organizing events that bring together architects, designers, researchers, academics, students and technical staff in order to promote the development of an innovation culture, explore new solutions for future lifestyles and expectations, and contribute to improving the competitive edge of the ceramics industry cluster located in the Eskişehir-Bilecik-Kütahya triangle. In 2012, the Center invited six influential names in the international design world – Alexander von Vegesack, Max Lamb, Giovanni Lanzone, Bibi Seck, Geoff Crook and Francesco Morace – to share their ideas about new materials, future consumption trends and design.

## Promoting “coopetition” in the ceramics industry

Our Building Products Division is playing a prominent role in the development of Turkey's ceramic industry cluster in the Eskişehir-Bilecik-



*VitrA Innovation Center's innovation efforts can be divided into two groups: those aimed at improving the sustainability of production processes, such as combustion efficiency, heat transfer efficiency, waste heat recovery and temperature reduction, and those aimed at creating products which minimize natural resource consumption during their lifecycle.*



Kütahya region. Established in May 2010 by Eczacıbaşı Building Products, VitrA Tiles and eight other institutions, the cluster's membership has since grown to 39, including four ceramic sanitary ware producers, five tile manufacturers, and numerous SMEs. The ceramics cluster is one of 10 industrial clusters throughout Turkey.

Chaired by Zeki Şafak Ozan, the Vice President at Eczacıbaşı Building Products (Tiles), the association prioritizes logistics optimization, including both the transportation of inputs and final products and the provision and distribution of spare parts; common production and purchasing initiatives, such as the joint establishment of an operation to manufacture digital printing ink; determining a waste map of the region, and training.

## Recognizing and rewarding creativity: Eczacıbaşı Innovation Awards

One of the ways we encourage, recognize and reward innovative initiatives is through our innovation awards, which we started over a decade ago. During this period, Group companies submitted over 300 high value-added projects, many of which have contributed significantly to our operations'

eco-efficiency and sustainable product and service portfolios. We estimate the collective contribution of these projects to the Eczacıbaşı Group to be almost \$200 million.

In 2012, we received 60 applications for Eczacıbaşı Innovation Awards, the highest number yet, from 15 Group companies in Turkey and abroad. Thirteen of these were in the "Product" category, 15 in the "Efficiency" category, nine in the "Communication" category, 13 in the "E-Transformation" category, and 10 in the "Sustainable Development" category. The combined contribution of all 60 projects was \$30.2 million.

## 2012 Eczacıbaşı Innovation Award Winners

### Most Innovative Product

*VitrA Tiles: IsoTile*

The extremely lightweight and compact IsoTile provides a single-product and single-step solution for the insulation and tiling needs of building exteriors. Compared to traditional insulation and covering systems, IsoTile is suitable for both direct bonding and mechanical fixed applications and can be mounted twice as fast. IsoTile is "slimetric", meaning



Group companies submitted to the Eczacıbaşı Innovation Awards over 300 high value-added projects, many of which have contributed significantly to our operations' eco-efficiency and sustainable product and service portfolios.



that it is produced with 50 percent less raw material than normal tiles. It is also resistant to external forces, needs no maintenance, and offers a range of alternative designs for building exteriors. These and other features make IsoTile the first and only building exterior covering material of its kind and sets the standard for an entirely new market segment.

### **Most Innovative Efficiency Project**

#### ***VitrA Tiles: Nano-sized Structure Design in Opaque Floor Tile Glazes***

This project explored alternative glass-ceramic systems that are able to crystallize in fast-firing industrial processes and enabled VitrA Tiles to obtain nano-sized diopside crystals that increase opaque floor tile glaze's production efficiency and lower costs.

### **E-Transformation Project**

#### ***Intema: IntemaLive***

This project is the first sales-oriented social network in Turkey for communication between departments providing services to each other, and effectively responds to the needs of both employees and management. Aside from facilitating the exchange of information, the platform encourages competition between stores and employees with an automatically updating system for reporting and ranking sales.

### **Most Innovative Communication Project**

#### ***İpek Kağıt Tissue Paper: Selpak Potty Training***

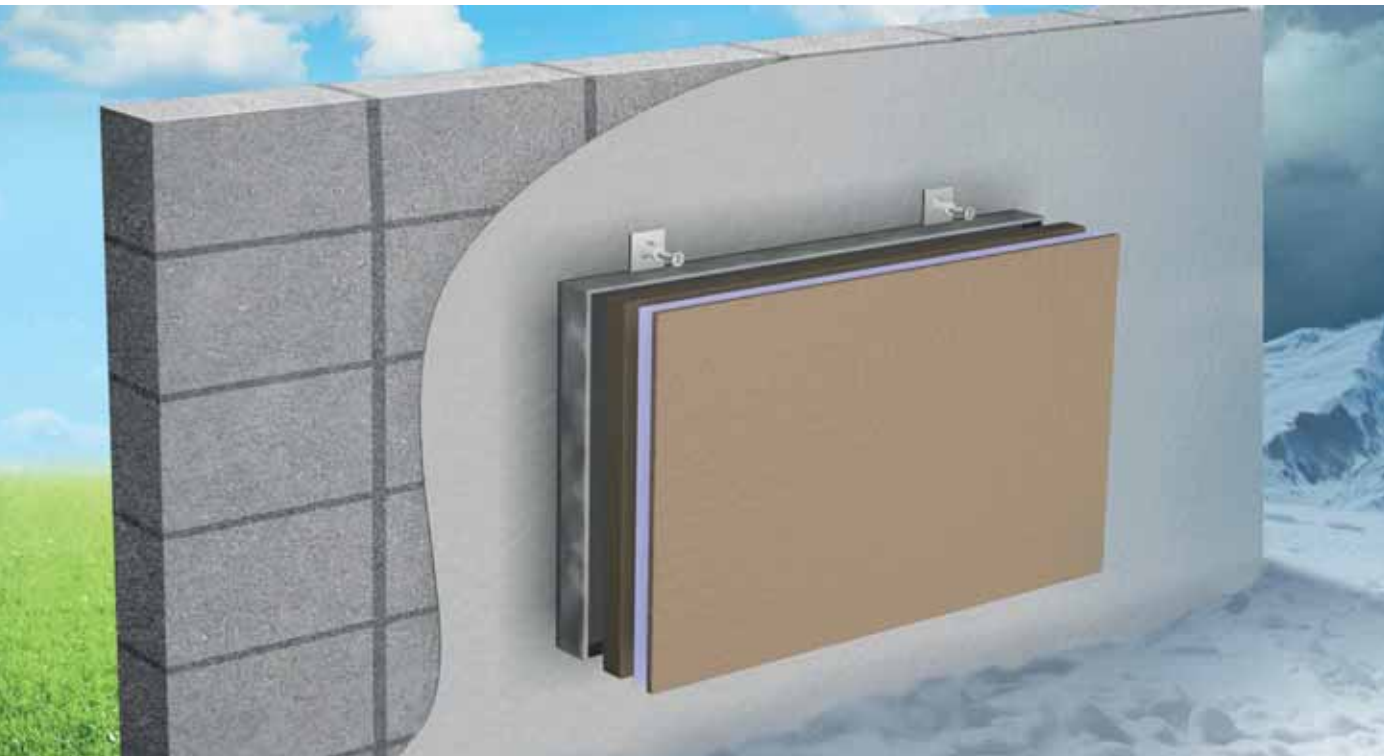
Selpak's potty training project is a communication platform that provides helpful and professional advice to families about potty training with the aim of transforming this difficult process into an enjoyable one. Selpak aims to strengthen the emotional bond between the brand and parents by being the first brand that comes to mind for personal hygiene.

The platform was launched in 2011 on Selpak's Facebook page, where it has since reached 90,000 women online. In 2012, İpek Kağıt extended the platform to outdoor events, where psychologists met with nearly 2,000 parents to discuss potty training challenges and best practices.

### **Sustainable Development Project**

#### ***Eczacıbaşı Building Products (VitrA): Ceramic Sanitary Ware Is Converted To "Tiles"***

With this project, 100 percent of the sludge from VitrA's ceramic sanitary ware wastewater treatment plant at Bozüyük began to be used as an alternative raw material in the production of tiles. Previously, this sludge was being used in the cement industry; now, it is recycled and reused entirely at the Bozüyük production complex.



2012 Winner of Most Innovative Product Award, IsoTile is "slimetric", meaning that it is produced with 50 percent less raw material than normal tiles. It is also resistant to external forces, needs no maintenance, and offers a range of alternative designs for building exteriors.



# Sustainability and Economic Performance in the Eczacıbaşı Group



*In the Eczacıbaşı Group, we successfully expanded our business initiatives and increased our profitability in 2012, despite the constraints of the global economy and the fast decline in healthy ecosystems and natural resources. We believe that our success lies in our ability and willingness to keep a balance between social, economic and natural capital – a vital yet challenging feat for sustainable business leaders of today.*

Widespread economic and financial crises continued to grip the developed and developing world in 2012, leading the business community to rethink their strategies of productivity, growth and expansion. Business leaders across sectors and continents are now radically shifting the way they do business. Private and public sector organizations are adopting sustainable economic and financial policies to revive economies and empower communities.

We successfully expanded our business initiatives and increased our profitability in 2012, despite the constraints of the global economy and the fast decline in healthy ecosystems and natural resources. We believe that our success lies in our ability and willingness to keep a balance between social, economic and natural capital – a vital yet challenging feat for sustainable business leaders of today.

The Eczacıbaşı Group promotes sustainable economic growth in Turkey and the international markets where it operates. We engage with other leading businesses in Turkey via national business associations and international NGOs to find solutions for key challenges to economic sustainability. Under the leadership of Okşan Atilla Sanön, Vice President of Corporate Communications and Sustainable Development at the Eczacıbaşı Group, the Sustainability Working Group at TUSIAD, Turkey's leading business association, brought together industry leaders in tourism and construction to produce research and advocacy material on best practices in sustainable tourism and construction in 2012. In early 2013, we actively supported research and advocacy work led by TUSIAD on Sustainable Value Chains and the Istanbul Stock Exchange on Sustainable Finance.

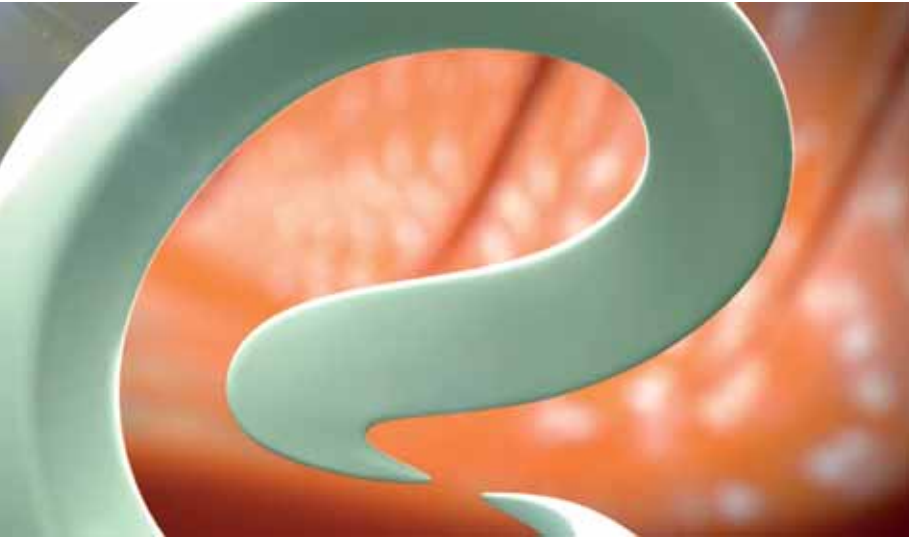
Energy efficiency is where our Group's manufacturing operations have focused most of their sustainability efforts to date. However, several companies that have already achieved considerable savings over the past decade and require energy intensive technologies are finding it difficult to reduce further their per ton energy consumption. Therefore, we are now working to integrate renewable energy into our growth strategy.

# Eczacıbaşı Group Financial Highlights\*

|                             | (€ Million)    |                |
|-----------------------------|----------------|----------------|
|                             | 2011           | 2012           |
| <b>TOTAL NET SALES</b>      |                |                |
| Building Products           | 897.0          | 975.2          |
| Healthcare                  | 244.0          | 235.4          |
| Consumer Products           | 465.3          | 529.9          |
| Other Products and Services | 694.6          | 843.4          |
| <b>Eczacıbaşı Group</b>     | <b>2,300.8</b> | <b>2,583.9</b> |
| <b>INTERNATIONAL SALES</b>  |                |                |
| Building Products           | 515.2          | 542.2          |
| Healthcare                  | 12.3           | 8.0            |
| Consumer Products           | 47.5           | 52.5           |
| Other Products and Services | 159.2          | 219.5          |
| <b>Eczacıbaşı Group</b>     | <b>734.1</b>   | <b>822.2</b>   |
| <b>EBITDA</b>               |                |                |
| Building Products           | 57.6           | 72.6           |
| Healthcare                  | 19.4           | 23.3           |
| Consumer Products           | 27.3           | 41.4           |
| Other Products and Services | 56.3           | 84.6           |
| <b>Eczacıbaşı Group</b>     | <b>160.6</b>   | <b>222.0</b>   |

\*Combined results of Group companies

# Engaging Sustainably with Stakeholders



*We engage with our stakeholders, starting with our employees and customers, and including our suppliers and business partners, our industry associations, the communities to which we belong, and governmental institutions to advance both our mission of pioneering healthy, modern and high quality living and the success of our businesses.*

The Eczacıbaşı Group appreciates the importance of actively engaging with stakeholders to advance both its mission of pioneering healthy, modern and high quality living and the success of its businesses. For us, stakeholders are everyone we interact with or impact, and who impact upon us, starting with our employees and customers, and including our suppliers and business partners, our industry associations, the communities to which we belong, and governmental institutions.

We conserve, enrich, and promote Eczacıbaşı Group values not only through our business operations but also through our social initiatives in culture and the arts, science, education and sports. We found or support social initiatives that draw on the expertise of our businesses and create opportunities for our brands and employees to be part of long-term, sustainable solutions.

## Employees

Recognizing that our Group's success depends on the success and satisfaction of our employees, we strive to ensure that we have in place the best human resources management applications and educational programs, provide a professional and appealing working environment with continual opportunities for professional and personal development, and develop a long-term relationship with our employees that begins in their university years and continues into and through their retirement.

Sustainable success in the implementation of our corporate strategies requires that we have a dynamic structure that is prepared for change. In this, our employees are our most essential source of power, so we support and motivate them to achieve their top performance.

Hence, we offer our employees the opportunity to discover and exploit their potential, develop their talents further in view of attaining corporate goals, strengthen their individual motivation and team spirit, and, based

on their success, advance their career. Through performance evaluation, open-door access to management, strategy meetings, innovation teams, and our Group-wide suggestion and project evaluation system, we are harnessing the creative energy of our employees and encouraging their participation in management decisions.

## Workplace Health and Safety

In 2012, we expanded the coverage of our OHSAS health and safety management systems to all our industrial operations in Turkey, raising the share of employees covered by these systems from 80 to 100 percent.

Between 2008, the year we began our occupational health and safety certification drive, and 2012, we reduced the rate of injuries relative to the total time worked by all our employees in industrial operations in Turkey from 3.2 to 2.9. Over the same period, no work-related deaths occurred in any of these establishments.

2012 marked the beginning of two Group-wide projects that will increase the efficiency and effectiveness of our workplace health and safety systems: An early-detection and prevention system for accidents at work and a catalogue of work-related health problems in all Group operations in Turkey.

The first of the two programs is based on the Behavioral Accident Prevention Process, a behavioral workplace health and safety concept that seeks to eliminate accident-prone behavior. This flexible and systematic program invites all Group employees and other stakeholders to observe, detect, report, and help prevent the types of behavior that may undermine the health and safety of our employees. The program's early detection mechanism operates

via a reporting and submission system on the Eczacıbaşı Group Portal, the Group's online intranet service. All submissions are responded to within 24 hours by designated workplace health and safety officials at each company. In 2012, İpek Kağıt became the first company in our Group to start using the behavioral workplace health and safety program.

In a Group structure with diverse operations in such challenging sectors as mining, ceramic sanitary ware and radiopharmaceuticals, identifying workplace health and safety issues and matching those issues with existing and potential treatment and prevention programs are crucial and difficult tasks. For this reason, we are developing a catalogue of work-related health problems in our Turkey-based operations. We will present this catalogue to all employees along with a new Group policy on workplace health and safety that was developed by an in-house health and safety task force comprising professionals from each Group company. With these actions, we aim to elevate the Group's standards in health and safety management to the level of global leadership.



*The projects carried out by Eczacıbaşı Volunteers aim to enrich the educational and social lives of students by creating opportunities for art and theatre, music and scientific exploration.*



*The proportion of women in new recruits rose to 42 percent as of end-2012, lifting the share of women among all our professional employees in Turkey to 35 percent.*

## Volunteerism

Since 2007, Eczacıbaşı Volunteers have carried out 50 projects that have directly benefited 14,500 children in regional primary boarding schools in Turkey and two pediatric wings at university hospitals in Istanbul. They have also organized eye exams for 1,500 children in a local neighborhood and collected school and student supplies for 500 schools around Turkey requesting assistance.

The projects carried out by Eczacıbaşı Volunteers in regional boarding schools aim to enrich the educational and social lives of students by creating opportunities for art and theatre, music and scientific exploration. In 2012, Eczacıbaşı Volunteers established a science lab in the Halit Gürpınar Primary School in Siverek, Şanlıurfa, one of Turkey's lowest ranking regions in key education indicators according to Turkey's Ministry of Education. Here, children between the ages of 5 and 12 have access to exciting new science tools, including a life-sized model of the human body and a human skeleton. In a letter to Eczacıbaşı Volunteers, a ten year-old girl wrote about her excitement at seeing a model of the heart for the first time. Another girl of 11 mailed Eczacıbaşı Volunteers her drawings of simple cell organisms that she observed through one of the microscopes, which, she writes, "made her feel like a real scientist".

## Gender Equality

Ensuring equal opportunities for women in the business world is a top priority of the Eczacıbaşı Group's sustainability strategy.

To address this important issue, the Eczacıbaşı Group adopted a new recruitment policy in Turkey, on 8 March 2011, which gives priority to women when deciding among candidates of equal strengths and attributes.

Our policy of positive discrimination in our recruitment in Turkey delivered impressive results in just one year.

The proportion of women in new recruits rose to 42 percent as of end-2012, lifting the share of women among all our professional employees in Turkey to 35 percent.

Another dimension of our sustainability strategy in the area of gender equality and equal opportunity is supporting the professional development of our women colleagues. At the senior management level, five general managers and one vice president are women. Our goal is to ensure that more women are represented in top-level management positions across our companies.

We recognize that women face greater challenges in balancing professional and personal lives. In January 2013, we adopted a policy of "flexible work schedules" to make it easier for both men and women to achieve a balance between their responsibilities at work and their personal and family lives.

In May 2011, the Eczacıbaşı Group joined the first group of companies in Turkey adopting the "Equal Opportunities Model" (FEM) developed by the Women Entrepreneurs Association of Turkey (KAGIDER) in collaboration with the World Bank, and we successfully passed the first FEM audit carried out by PricewaterhouseCoopers in September 2012. Now, all our human resource communication in Turkey carries the FEM logo to highlight our commitment to ensuring equal opportunities for women.

Additionally, we joined the "Equality at Work Platform" established in collaboration with the World Economic Forum under the auspices of Turkey's Ministry of Family and Social Policies to fight gender-based discrimination and reduce the economic participation and opportunity gender gap in the Turkish economy. In the spring of 2013, Eczacıbaşı Group President and CEO Dr. Erdal Karamercan signed the UN Global Compact's Women's Empowerment Principles, further highlighting our commitment to empowering women for a sustainable future.



In 2013, a training program on "Gender Equality" is being introduced to Eczacıbaşı Group companies in Turkey. Through this program, we aim to raise awareness about the roles that societies and cultures often assign genders and which represent some of the most significant barriers to equal opportunity.

We will also continue to expand our equal opportunity policies and practices, so as to further advance the participation of women in our Group and their contribution to our business performance.

## Celebrating March 8, International Women's Day

The Eczacıbaşı Group celebrated International Women's Day this year with a comprehensive internal and external communication campaign that began in the days leading up to 8 March. First, we invited all women employees to submit expressive photographs of themselves and used the first 100 to create the symbol for woman, which we then posted on Group websites, portal, Facebook and Twitter accounts. Then, we invited Eczacıbaşı Group Facebook and Twitter account followers to share their ideas on why more women are needed in the business world and gave prizes to commenters receiving the most "likes".

Finally, on 8 March, Group President and CEO Dr. Erdal Karamercan sent out an International Women's Day message to all employees communicating the actions taken by the Group to promote equal opportunities for women at work and in public life and reiterating the Group's commitment to increasing the role of women at every level of the Group's operations.

## Eczacıbaşı-Baxter's Women Leaders

### Eczacıbaşı-Baxter's Women Leaders

In 2013, Eczacıbaşı-Baxter Hospital Supply's award-winning internal communication project Door to Success (BAK) launched a new campaign "BAKınız Kadın Liderler" (Look, Women Leaders) on 8 March, International Women's Day.

Eczacıbaşı-Baxter formed the Women Leader's Platform to assist women in middle management positions advance their careers. With this new program, Eczacıbaşı-Baxter will:

- Create opportunities for women to develop their leadership capabilities,
- Develop successful women leaders by investing in women employees and helping women develop awareness of their own leadership capabilities,
- Pave the way for women to have more say in critical executive decisions.

The "BAKınız Kadın Liderler" platform aims to conduct regular interviews with women leaders, release articles, and organize events to help increase awareness among women of their leadership capabilities and mentor them on how to increase their influence on executive decisions.



*Eczacıbaşı Group signed the UN Global Compact's Women's Empowerment Principles, further highlighting its commitment to empowering women for a sustainable future.*



*Eczacıbaşı Group invited all women employees to submit expressive photographs of themselves and used the first 100 to create the symbol for woman, in celebration of 8 March International Women's Day.*

## Customers

"Our customer is the focal point of our pursuit of quality." We formulated this Group value more than two decades ago when we formally adopted Total Quality Management as the basis for the management systems of all of our companies. Today, in line with our growing focus on innovation, our customer has become the focal point of innovation as well. For this reason, in addition to establishing systems for engaging with customers on a regular basis, such as customer surveys, websites, call centers, and hotlines, we are asking customers to steer our innovation efforts by creating opportunities to hear their needs and desires and listening to them carefully.

One recent example of the kind of projects we are carrying out in this area is Loo-Lab, a month-long collaborative research effort launched on 22 March 2013, World Water Day, involving Vitra, Istanbul Technical University, and Sheffield Hallam University. Funded by the British Council, the purpose of Loo-Lab was to better understand the bathroom experiences and habits of people everywhere in order to create bathrooms that require fewer resources to produce, fewer resources to operate, and address the exact needs of customers, this way establishing a long-term relationship with them.



*Loo-Lab aims to better understand the bathroom experiences and habits of people everywhere in order to create bathrooms that require fewer resources to produce, fewer resources to operate, and address the exact needs of customers, this way establishing a long-term relationship with them.*



To collect information, project partners organized workshops and exhibitions with elderly people, families, university students and children to learn what they like and dislike about bathrooms, how they use bathroom products, where they put their consumables, and what they need or would like bathrooms to offer. The project also featured a web site, [www.loo-lab.com](http://www.loo-lab.com), where people of different ages, cultures and socio-economic backgrounds were able to freely share their experiences, ideas, comments and photographs about bathrooms and the way they use these spaces.

At the end of the project, the academic committee overseeing the project shared the results of the studies with Vitra, which will now incorporate them in its Blue Life approach to designing sustainable and functional products that provide solutions for a diverse range of needs.

## Shareholders

In all our publicly traded companies, our principle is to ensure that shareholders have access to all non-confidential information about our operational activities and decisions and are able to exercise fully their shareholder rights at annual meetings.

In addition to corporate websites, all our publicly traded companies have systems in place for responding quickly and accurately to shareholder requests for information.

To ensure shareholders' ability to make informed decisions at annual meetings, we announce our meetings in the main press and the bulletins of the stock exchange and make our annual reports and financial statements available online and in printed form to shareholders at least two weeks in advance. At the annual meeting, shareholders may ask questions and receive answers from our companies' boards of directors and vote on major decisions, such as the division of assets, large purchases and hiring.

## Business partners

Our relationships with our business partners are guided by the principle of long-term mutual benefit, based on firm business criteria and ethical business practices. Our goal is to work jointly with business partners to develop our processes, products and services and improve our business results. We achieve this through information-sharing and regular meetings with business partners to evaluate performance, share concerns, discuss projects, and set targets. This approach has served us well in our international joint ventures, several of which began as exclusive licensing, marketing or distribution agreements, and in our many relationships with suppliers, distributors and retailers.

## Communities

One of the Eczacıbaşı Group values is “serving our community”, in line with our mission of improving the well-being of society. For us, this means two things: doing business in ways that contribute to society’s well-being and partnering with or sponsoring civic initiatives and institutions that promote social and economic development and nurture cultural and scientific activity.

Since its foundation in 1942, the Eczacıbaşı Group and members of the Eczacıbaşı family have founded or co-founded numerous NGOs involved in education, health and hygiene; arts and culture; public policy and scientific research; and sports. Every year, all of our companies are expected to contribute to one or more of these activities.

We also encourage all senior management to join industry associations and initiatives aimed at tackling business issues and improving the benchmarks in our industries. Accordingly, we are active in more than 40 organizations that are involved with issues material to our businesses, including sustainability, healthcare, building products, paper production, retailing, advertising, mining, and real estate, as well as in Turkey’s main business associations: the Turkish Industrialists’ and Businessmen’s Association, the Istanbul Chamber of Industry, the Turkish Quality Institute, and export development associations.

## Eczacıbaşı Sports Club

Established in 1966, the Eczacıbaşı Sports Club single-handedly trained many of Turkey’s best sportsmen and women in the fields of basketball, volleyball, gymnastics and table tennis before focusing its resources exclusively on women’s volleyball in the early 1990s. During this period, the club won 13 National Championships in table tennis, eight National Championships in men’s basketball, 12 National Championships in men’s volleyball, and three National Championships in chess.

Since 1968, the women’s volleyball team has won 28 National Championships, three President’s Cups, eight National Cups, two Super Cups and played in nine European Cup Finals, winning the “European Cup Winners’ Cup” in 1999. In addition to its A-team, the club has three junior teams that have contributed players over the years to the A team, other first division teams and the Turkish National Volleyball Team.

*Eczacıbaşı VitrA  
Women’s Volleyball  
Team*





## Empowering girls and women through volleyball



*In 1984, when the Eczacıbaşı Women's Volleyball team achieved a spectacular performance in the Volleyball Champions League, Çağlar remembers the excitement and pride that Şakir Eczacıbaşı felt: "Şakir Eczacıbaşı was filled with pride to see his dreams of founding a professional women's volleyball club giving girls hope, confidence and support come true....These dreams and aspirations are presently held by members of the next generation of Eczacıbaşı family and their dedication inspire other philanthropists and private companies to also support the advancement of women's volleyball in Turkey."*

The Eczacıbaşı Sports School aims to contribute to the physical and emotional development of young girls and the quality of their future by helping them develop their motor and coordination abilities, as well as self-confidence, leadership and teamwork skills, and the fundamentals of good volleyball.

Eczacıbaşı Sports School's scholarship program is renowned for its ability to select the most talented athletes from towns and cities across Turkey through open auditions, applications and close monitoring of junior league matches around the country.

Half of the 55 girls in the volleyball program have a full scholarship to attend the Sports School; most of these girls also qualify for academic scholarships in top ranking high schools in Istanbul. Scholarship students receive free accommodation in the dormitories of the high schools they attend.

Yaren, 16, is taller than most of her peers and lives on her high school's campus in Göktürk, Istanbul. She comes from a crowded family in Kırklareli, a city that lies on the Turkey-Greece border, and attends a private high school, Hisar College, as part of her sports scholarship program. Yaren finds her peers at school a lot less organized and focused and believes that the Eczacıbaşı Sports School's discipline serves her well. Gülem, 15, and a few inches taller than Yaren, agrees with her friend about the importance of self-discipline and self-confidence gained in the School's ambitious program. The Sports School helped Gülem's parents, farmers from southern Turkey, find accommodation in Istanbul to

enable them to accompany their young daughter as she advances in her academic and sports career.

Yaren and Gülem's achievements testify to the excellent results of Eczacıbaşı Sports School's decades-long dedication to developing athletic and leadership skills in girls. Close to 20 prominent businesswomen and entrepreneurs in their late 40s and 50s have all been players on Eczacıbaşı Women's Volleyball teams. Meral Kalfaoğlu, an alumnus who played on the first Women's Volleyball A team in Turkey, is the current Chair of Turkey's Women's Volleyball Federation. Currently, Turkey's national team has five professional women's volleyball players who were scholarship students at the Eczacıbaşı Sports School.

The remarkable legacy of the Eczacıbaşı Sports Club in promoting women's sports and leadership in Turkey is best conveyed in the accounts of Selcan Teoman Çağlar, who was on the first Eczacıbaşı Women's Volleyball team in the early 1970s. Çağlar and her teammates were personally recruited by Şakir Eczacıbaşı, the Sports School and Club's founder and devoted supporter. Çağlar's volleyball team played matches in small, non-professional arenas surrounded by predominantly male spectators, who were more interested in the players than the sport. In this environment, the Eczacıbaşı Sport Club's factory floor-turned-volleyball-court was a modern haven for young women who were passionate about volleyball. Çağlar recalls her feeling of pride and tremendous joy when her team competed and won matches against teams from other countries, where the sport was far more advanced.

## Eczacıbaşı Hygiene Project

Eczacıbaşı Hygiene Project, our Group's flagship sustainability project, combines our brands and products with our corporate social responsibility approach to build strong, effective and long-lasting bonds with children, families and the educational community in Turkey. In collaboration with Turkey's Ministry of Education (MoE), with which we signed a protocol in January 2010, we renovated the bathroom and washing areas of 10 under-served Regional Secondary Boarding Schools selected by the MoE, raising to 22 the number of schools and 11 thousand the number of students benefitting from this project. In 2013, we aim to complete renovation work at seven more schools in Hatay, Kahramanmaraş, Aksaray, Trabzon and Gaziantep.

The foundation of the Eczacıbaşı Hygiene Project was laid in 2002 with the Selpak Personal Hygiene Training program. Since 2007, the Eczacıbaşı Hygiene Project has focused on the renovation of bathroom and washing areas at Regional Secondary Boarding Schools, where it has also provided classes on personal hygiene and contributed to the emotional development of students through the social projects of Eczacıbaşı Volunteers.

### Brand new wet surfaces with Vitra and Artema products

To date, the bathrooms and washing areas of 22 schools have been renovated with Vitra and Artema products, including 83,089 square meters of tiles and 56,377 products (2,835 washbasins; 2,289 WC pans, urinals; 3,765 faucets; 1,102 shower boats and cabins; 19,108 accessories; and 5,077 complementary products).

### Personal Hygiene Training

Selpak Primary School Personal Hygiene Training classes are conducted at all the regional boarding schools that have been renovated. Within the scope of the training, professional teams teach students how to wash their hands, use bath tissue and properly use the WC pan to protect themselves against germs and improve their quality of life.

### Hygienic products supplied by Eczacıbaşı Girişim and Eczacıbaşı Profesyonel

Eczacıbaşı Girişim prepares gift sets of personal hygiene products for students receiving personal hygiene training. Eczacıbaşı Profesyonel supplies the schools with all the general cleaning products they need for the next three months following the renovation.

### Social projects organized by the Eczacıbaşı Volunteers

Eczacıbaşı Volunteers organizes entertaining community service projects at all the renovated regional boarding schools. These include music classes, painting competitions, hobby rooms, PC rooms, and eco-friendly awareness workshops that are extremely popular among the students.



Since 2007, the Eczacıbaşı Hygiene Project has focused on the renovation of bathroom and washing areas at Regional Secondary Boarding Schools, where it has also provided classes on personal hygiene and contributed to the emotional development of students through the social projects of Eczacıbaşı Volunteers.



## Istanbul Music, Film, Jazz, Theatre and Visual Art Festivals

We are a staunch supporter of the Istanbul Festivals through our sponsorship of the Istanbul Foundation for Culture and Arts (İKSİV), founded in 1972 on the initiative of Dr. Nejat F. Eczacıbaşı. The Eczacıbaşı Group's unwavering commitment to İKSİV over the years reflects Dr. Nejat F. Eczacıbaşı's firm belief that business should nourish cultural and artistic development in communities where its operations are based because the well-being of society cannot be advanced by economic development alone.

In recent years, culture and arts has become an industry of its own in Turkey, propelled by the success of İKSİV in promoting private and public partnership in this area. In 2012, an independent study determined that İKSİV's festivals and biennials generated cultural, diplomatic and economic value worth TL 70 million in 2011.

In the years following the first Istanbul Festival in 1973, interest and attendance in İKSİV events grew considerably as the Foundation expanded its offering to include the Istanbul Biennial in 1987, the Istanbul Film and Theater Festivals in 1989, the Jazz Festival in 1994, and the Istanbul Design Biennial in 2012. Over this period, an estimated 9 million people attended İKSİV events, around 480,000 in 2012 alone. İKSİV has four international festivals and two biennials, all of which the Eczacıbaşı Group supports as the Leading Sponsor of the Istanbul Foundation for Culture and Arts.

In celebration of İKSİV's 40th anniversary in 2012, the Eczacıbaşı Group carried out an integrated campaign to communicate to the public the powerful bonds between its employees and İKSİV. For this occasion, the Eczacıbaşı Group re-created its "e" logo using employee photographs with a special slogan: "Eczacıbaşı has a heartfelt commitment to culture and the arts. For 40 years now, and with the support of all our employees..."

## Istanbul Museum of Modern Art

We are the founder and core collection donor of Turkey's first private museum of modern and contemporary art, the Istanbul Museum of Modern Art. Established in 2004, Istanbul Modern is committed to advancing the Turkish public's appreciation of modern and contemporary art, contributing to the production of new work, and sharing Turkey's artistic creativity and cultural identity with global audiences.

At its 8,000 square meter site on the shores of the Bosphorus, Istanbul Modern offers visitors a large variety of exhibition galleries with paintings, sculpture, photography and new media, as well as educational facilities, a research library, cinema, café, and gift store. The museum's collections, exhibitions and interactive educational programs aim to stimulate active engagement with the arts among visitors of all ages and from every segment of society. Close to 666,000 people visited the museum and almost 49,000 children, young people and adults attended art workshops and classes in 2012.



*Close to 666,000 people visited the Istanbul Museum of Modern Art and almost 49,000 children, young people and adults attended art workshops and classes in 2012.*



## Dr. Nejat F. Eczacıbaşı Foundation Music Scholarships

Established in 1987, the Dr. Nejat F. Eczacıbaşı Music Scholarships program enables outstanding young Turkish musicians to pursue graduate musical studies abroad. To date, the Foundation has provided financial support to over 100 musicians studying a wide range of instruments as well as orchestration, direction and composition.

## Public policy and scientific research

### Dr. Nejat F. Eczacıbaşı Medical Awards

We established this fund in 1959 to promote high caliber medical research. Since then, the fund has supported 174 medical research projects and presented 69 awards to Turkish scientists for valuable research in health and medicine. In 2002, the Dr. Nejat F. Eczacıbaşı Medical Awards also began supporting promising research carried out by medical students.

### Turkish Economic and Social Studies Foundation (TESEV)

We are an active supporter of the Turkish Economic and Social Studies Foundation, an independent, non-profit think-tank dedicated to conducting and supporting research on public policy issues. TESEV is the successor of the Economic and Social Studies Conference Board, which Dr. Nejat F. Eczacıbaşı founded in 1961. Its high-quality policy and research work on democratization, public policy reform, and foreign policy places TESEV on 43<sup>rd</sup> place among the top 100 non-US think tanks, listed on the "2012 Go to Global Think Tanks Report".

### Turkish Informatics Foundation (TBV)

The Eczacıbaşı Group is a corporate sponsor of the Turkish Informatics Foundation, established in 1995, through the efforts of our Group's Vice Chairman, Faruk Eczacıbaşı, also the foundation's current chairman. The foundation's main goal is to contribute to the development of the legal, technical and physical infrastructure required for Turkey's full transition to an information-based society.

Most recently, TBV pioneered a multi-stakeholder Turkey-wide social responsibility project, "Women's Technology Movement". Organized in partnership with the Ministry of Family and Social Policy, the Ministry of Telecommunications, and two other prominent foundations, this project aims to reach young women entrepreneurs, offer training to women on the most up-to-date communications technologies, and distribute small grants for start-ups owned and operated by women entrepreneurs.



*Dr. Nejat F. Eczacıbaşı Music Scholarships have provided financial support to over 100 musicians studying a wide range of instruments as well as orchestration, direction and composition.*



# Eczacıbaşı Group's Energy and Carbon Reporting Guidance



This Energy and Carbon Reporting Guidance ("ECRG") document supports the preparation and reporting of energy consumption and carbon emissions data by the Eczacıbaşı Group (hereafter "Group"). It is the responsibility of Group management to ensure that appropriate procedures are in place to prepare its energy consumption and carbon reporting in line with, in all material respects, the ECRG.

All data up to and including FY12 (financial year ending 31 December 2012) only comprises the relevant operations in Turkey (as detailed on page 45), excluding all international operations. The data for these years, therefore, do not represent the entire Group.

## General reporting principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – the primary principles are comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

## Key definitions

For the purpose of this report, the Group defines:

- 'Energy' to mean electricity, natural gas, diesel / gasoline, fuel oil, LPG, steam, propane / butane and coal. For the purpose of this report, energy does not include alternative forms of fuel, such as bio-waste, bio-mass, bio-diesel, or renewable sources of energy (such as wind or solar energy), which collectively represent an insignificant share of total energy consumption and carbon emissions.



- ‘Energy consumption’ means the energy used during the reporting year (1 January to 31 December), being the energy purchased during the period. Energy consumption data includes energy used in the operation of on-site industrial facility and manufacturing processes, including electrical systems, heating, lighting, on-site transportation and air circulation.

- ‘Carbon emissions’ means the carbon emitted as a result of the energy consumption during the reporting year (1 January to 31 December).

- ‘Industrial sites’ include plant buildings, treatment works, warehouses, laboratories and industrial site administration buildings.

Where the Group has on-site generated energy, the related energy consumption is defined as the energy of the generation fuel (e.g. for on-site natural gas fired electricity generator, the energy consumption will be the natural gas used rather than the electricity output of the generator).

## Scope of reporting

For FY12 and comparative periods presented, energy consumption and carbon emission data relate to the energy consumed in Turkey by the Group’s:

- Industrial sites in Turkey, comprising production facilities and mining operations;
- Administrative buildings located at the industrial sites; and
- Own transportation of materials and products within the industrial plant sites.

Energy consumption and carbon emissions at industrial sites belonging to joint-ventures have been allocated between joint-venture partners according to their shares, in line with the Group’s financial accounting policies.

The following are omitted from the scope of reporting:

- Energy used outside of the factory gate. For example, transport from suppliers, to customers, in between Group locations, or business travel (even

if they involve vehicles belonging to the site), and employee commuting;

- Energy consumed in non-industrial operations;
- Energy used by third parties in the manufacture / production of purchased raw materials, products and other supplies;
- Energy used in the use / consumption and disposal of manufactured products;
- Energy in respect of outsourced and contracted operations / manufacturing (i.e. activities contractually performed by third parties);
- Energy supplied to third parties; and
- Carbon equivalent emissions arising from other greenhouse gases on the basis that these are not material.

Energy consumption and carbon emissions from acquisitions and disposals are included and terminated respectively from the date of contractual completion of the transfer of asset ownership / leasehold. This is consistent with the Group’s financial reporting.

## Data preparation

### Energy consumption

Energy consumption data are reported for electricity, steam, and primary fuel sources, which comprise natural gas, diesel, LPG, and fuel oil. Electricity, natural gas, and steam consumption data are obtained from supplier meters and reconciled with internal meters (when available) and/or service provider invoices. Diesel, LPG, and fuel oil consumption data are obtained from supplier invoices.

The Group has used the following published conversion factors:

- For electricity, no energy conversion is required as the unit of supply is invoiced in kWh;
- For steam, the conversion factor (from ton to kWh) is calculated by using thermodynamic tables for saturated steam (Ozturk, A. & Kilic, A. (1991). Thermodynamic Tables and Diagrams. Birsen Publications) based on the steam temperature, pressure and condensation factors (ratio of closed to open circuit condensation and the relating temperatures), which are generated internally;
- For natural gas, the energy conversion factor (from cubic meters to kWh) provided by the Turkish Energy Market Regulatory Authority is used; and
- For fuels other than natural gas (diesel, LPG and fuel oil), energy conversion factors (from litres or kilograms to kWh) are obtained using the related ratios of the carbon conversion factors provided by The Greenhouse Gas (GHG) Protocol (July 2009).

## Carbon emissions

Carbon emissions are calculated by the Group using published conversion factors. Conversion factors enable the determination of the amount of carbon released into the atmosphere per unit of energy consumption. Different types of energy sources have different conversion factors reflecting their carbon intensity. In future periods, conversion factors may be updated to reflect changes/improvements in published data.

The following conversion factors are used:

- For fuels (such as natural gas, diesel, LPG, residual fuel oil), conversion factors are obtained from the calculation tool provided by the GHG Protocol (July 2009), which uses data provided by the IPCC (Intergovernmental Panel on Climate Change).

Refer to IPCC 2006 Guidelines for National Greenhouse Gas Inventories ([www.ipcc-nggip.iges.or.jp/public/2006gl/vol2/](http://www.ipcc-nggip.iges.or.jp/public/2006gl/vol2/)); and

- For electricity and steam, conversion factors are obtained from the "2010 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting" provided by the UK Government. Electricity conversion factors listed within "Annex 10 - International Electricity Emission Factors" for year 2006 and Turkey are used. These conversion factors for electricity and steam have been used instead of the factors detailed within the GHG Protocol calculation tool because they include transmission and distribution losses.

## Restatements

The measuring and reporting of carbon emissions data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at a Group level.



## Eczacıbaşı Group's industrial sites in Turkey

All of the Eczacıbaşı Group's 26 industrial sites in Turkey, listed below by company, are included in our 2012 Statement of Energy Consumption and Carbon Emissions. 2009 and 2010 data also includes the two sites of our former joint venture Eczacıbaşı-Koramic Building Chemicals.

### Building Products Division

Eczacıbaşı Building Products  
(ceramic sanitary ware, faucets, bathroom/kitchen furniture, acrylic bathtubs and shower trays) 4 sites

VitrA Tiles (ceramic tiles) 2 sites

### Healthcare Division

Eczacıbaşı-Baxter Hospital Supply  
(parenteral solutions, peritoneal dialysis products and other hospital supplies) 1 site

Eczacıbaşı-Monrol Nuclear Products  
(radiopharmaceuticals for nuclear medicine) 6 sites

### Consumer Products Division

İpek Kağıt Tissue Paper  
(bathroom and facial tissue, napkins, kitchen towels) 2 sites

Eczacıbaşı Girişim  
(away-from-home products and selected cosmetics) 1 site

### Other Products and Services

Esan Eczacıbaşı Industrial Raw Materials  
(industrial raw materials for ceramic sanitary ware and tiles) 8 sites

Eczacıbaşı-Lincoln Electric Askaynak  
(welding consumables and electrodes) 1 site

E-Kart Electronic Card Systems  
(magnetic stripe and smart cards) 1 site



wbcd member



Business Council for  
Sustainable Development  
Turkey





### **Independent Assurance Report to the Directors of Eczacıbaşı Holding A.Ş.**

We have been engaged by the Directors of Eczacıbaşı Holding A.Ş. (the “Company”) to perform an independent assurance engagement in respect of the Selected Information contained in the Eczacıbaşı Group\* Sustainability Report for the year ended 31 December 2012.

The Selected Information subject to limited assurance consists of the Statement of Energy Consumption and Carbon Emissions for the year ended 31 December 2012 in page 6 of the Eczacıbaşı Group Sustainability Report.

### **Respective responsibilities**

The Directors of the Company are responsible for the content of the Sustainability Report and the preparation of the Selected Information in accordance with the criteria set out in the Eczacıbaşı Group’s Energy and Carbon Reporting Guidance (hereafter “Reporting Guidance”, see pages 42-45 of the Eczacıbaşı Group Sustainability Report).

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance.

We are in compliance with the applicable independence and competency requirements as articulated by the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared for the Directors of the Company as a body, to assist the Directors in reporting Eczacıbaşı Group’s energy and carbon performance and activities. We permit the disclosure of this report within the Group Sustainability Report for the year ended 31 December 2012, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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\*For the purpose of reporting, “Eczacıbaşı Group” includes Eczacıbaşı Holding A.Ş. and its subsidiaries and joint ventures.

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### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ("ISAE 3000") issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Our limited assurance procedures included:

- Making enquiries of relevant management of the Eczacıbaşı Group and reviewing a sample of relevant management information.
- Evaluating the design and implementation of the key processes and controls for managing and reporting the Selected Information.
- Limited testing, on a selective basis, of the preparation and collation of the Selected Information prepared by the Eczacıbaşı Group.
- Undertaking analytical procedures over the reported data.

### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

In particular, the conversion of different energy measures to megawatt-hour (mwh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third party information.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 December 2012, the Selected Information has not been properly prepared in all material respects in accordance with Eczacıbaşı Group Energy and Carbon Reporting Guidance.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

Ediz Günsel  
Partner

Istanbul, 14 June 2013

# Reference Guide to the UN Global Compact Principles

## Human Rights

*Principle 1:* Businesses should support and respect the protection of internationally proclaimed human rights; (Pg. 4-5, 10-12) and

*Principle 2:* make sure that they are not complicit in human rights abuses. (Pg. 12-13)

## Labor Standards

*Principle 3:* Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; (Pg. 12)

*Principle 4:* the elimination of all forms of forced and compulsory labor; (Pg. 12)

*Principle 5:* the effective abolition of child labor; (Pg. 12) and

*Principle 6:* the elimination of discrimination in respect of employment and occupation. (Pg. 10-12, 34-35)

## Environment

*Principle 7:* Businesses should support a precautionary approach to environmental challenges. (Pg. 4-5, 14-26)

*Principle 8:* undertake initiatives to promote greater environmental responsibility. (Pg. 14-26)

*Principle 9:* encourage the development and diffusion of environmentally friendly technologies. (Pg. 14-26, 30)

## Anti-corruption

*Principle 10:* Businesses should work against corruption in all its forms, including extortion and bribery. (Pg. 13)



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