



2013 United Nations
Global Compact Report
Communication on Progress



*H.E. Ban Ki-moon
Secretary-General
United Nations*

Dear Mr. Secretary-General,

I am pleased to present Alvimedica's 2013 United Nations Global Compact COP Report and reaffirm Alvimedica's support and commitment to the UN Global Compact's ten principles with respect to human rights, labor standards, environment and anti-corruption.

This second report we're presenting aims to describe our actions to continually improve the integration of these principles into our business strategy, culture and daily operations.

As main pillars of our corporate citizenship, we are committed to improving health and safety of people as well as acting responsibly on environmental care.

I look forward to reporting our progress again next year.

Sincerely,

*Dr. Cem P. Bozkurt
CEO*

Alvimedica



Human Rights

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

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

We respect and uphold the labor laws of the Republic of Turkey and Italy. This includes protections against workplace and employment discrimination, preservation of the freedom of association, and the elimination of child and compulsory labor.

Our policies offer equal opportunity and a discrimination free workplace for all employees without regard to race, color, nationality, ethnic or national origins, religion, sex, marital status, sexual orientation, age or disability.

We are actively engaged with the unions and workers' councils of our subsidiaries in various countries we are operating in order to maintain strong and open relationships.

- In 2013, we acquired CID S.p.A, an Italian company operating in cardiovascular devices market. CID has a code of ethics which can be found on their website (cidvascular.com). The code of ethics is parallel with the principles of Global Compact. As Alvimedica, we will implement this systematic approach as well.

Human Rights

○ The Stent for Life Initiative aims to improve the delivery of care and patient access to the lifesaving indications of primary percutaneous coronary intervention, thereby reducing mortality and morbidity in patients suffering from acute coronary syndromes. As Alvimedica, we support the Stent for Life Initiative for the aim is to improve or to establish the necessary healthcare services to these patients, of which we see as their human rights. In this sense, we are organizing primary PCI trainings in Turkey for interventional cardiologists to improve the applications of primary PCI which is a lifesaving procedure when a heart attack occurs.



For 2014 and 2015 we aim to create our code of conduct to emphasize and announce our support and respect to protection of internationally proclaimed human rights. This will help us to share our viewpoint with all our stakeholders

Targets for 2014-2015: Alvimedica commits to create its own Code of Conduct, complying to Global Compact principles. The compiled CoC will be communicated to key stakeholders (including employees, suppliers, customers) and will be published through Alvimedica website.

Labour Standards

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

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

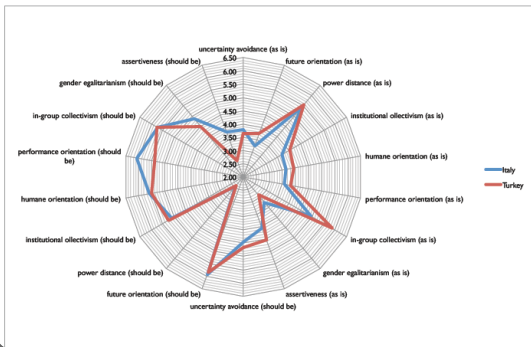
Principle 5: Business should uphold the effective abolition of child labor.

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

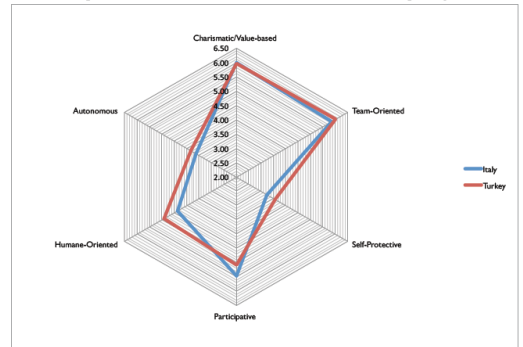
Alvimedica supports the labor principles of the UN Global Compact described in the Human Rights section of this report. The corporate values we have and the Personnel Regulations we conduct form the foundation that guides individual and company actions. For each new recruitment process, both Alvimedica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

- In preparation for the acquisition of CID S.p.A., one of the first steps Alvimedica performed has been to run an analysis comparing the attitudes and values of both cultures (Italian and Turkish) based on pre-conducted survey results. This research was crucial to determine how to integrate the two companies successfully while paying close attention to cultural sensitivity. Results of this comparison analysis showed that the two cultures have a great correlation as can be seen in below figures

Societal Values (GLOBE)



Culturally Endorsed Leadership (GLOBE)

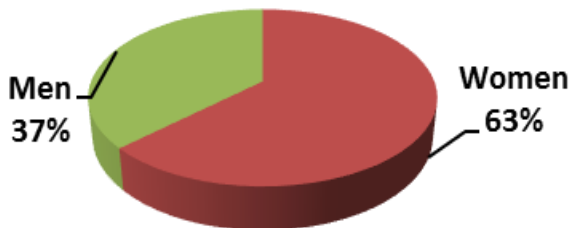


Labour Standards

- In addition to performing cultural sensitivity research, Alvimedica made it a clear goal to minimize/prevent job loss during the integration process.
- With respect to the principle to have at least an equal number of women on the management team and within the total workforce, Alvimedica was able to bring the ratio up to 63% women and 37% men after the acquisition. Some of the workforce statistics are provided herewith below;

	Workforce		
	CID	Alvimedica	Total after acquisition
Women	152	144	296
Men	38	135	173
total	190	279	469

Employees by Gender



- In Alvimedica, education of all employees is highly important. In this regard, our Human Resources Department organizes self-development training programs for all levels, without prejudice of status, education, disability, race or religions. For management, coaching trainings were organized both for managers on the both the Alvimedica and CID side to increase the understanding and to strengthen the cooperation among teams to form one mutual organization. Also general English courses are supported by the company for employees who would like to improve their skills, express themselves better and to increase and ease the communication among colleagues from all nations.

- For us, our employees are our core asset and we would like to see that our employees are aware of this. With this purpose in mind, we worked with Great Place To Work Institute which has a global reputation. They help the companies create a model for building performance based on trust among all parties. The Great Place to Work framework for Alvimedica was as follows;
 - Trust Index Employee Survey; the survey measured the underlying level of trust within the organization.
 - Culture Audit Management Questionnaire; for the managers to reinvent their approach to effective organizational policies and practices through a complete evaluation of workplace culture by Great Place to Work consultants.
 - Feedback Report of Employee Survey; displaying the overall company results and break-ups into socio-demographic categories for all questions
 - Culture Audit Detailed Report; displaying the overall company results in 9 fields (Hiring, Inspiring, Speaking, Listening, Thanking, Developing, Caring, Celebrating, and Sharing)

- Customized Benchmark Report; 3 specific benchmark options such as sector (local, international), company size or other several demographic options.
- Importance-Performance Matrix Analysis Report; Company results defining the most important field of actions, positive and negative, depending on their timing priorities.
- Action Planning Workshop (including best practice session); Interactive workshop for senior leaders and managers or HR Management to develop their own structured and robust action plans, based on the results of the employee survey. Includes review of best practices from Companies
- Transfer Workshop; to deepen the understanding of the main Great Place to Work concepts, deal with survey results the right way, drive action planning and change based on their specific results in a focused and constructive way

○ Up until now, all of the steps except for the Transfer Workshop have been completed and the action plans for the areas for improvement have been constructed. In 2014, these action plans will be accomplished and actualized via the Human Resources Department with the help of the teams formed for each specific action.

Based on employee survey results, top ranked criteria and statements are related to the fairness within the company and respect of the company to the employees (e.g. fairness to all employees without any discrimination in terms of nationality, religion, gender and sexual preferences) which also emphasize our commitment to human rights mentioned in the previous section.

○ Another study pursued by the Human Resources Department is the HAY Group study which aims to compare the wages paid to employees within Alvimedica to that of other companies within the same sector. As a result of the study, many wages were increased to ensure alignment with the industry standard. With the help of this system, a more clear and objective salary system has been implemented. This system will be linked, improved and finally optimized with 360° performance management system which is planned to be actualized starting 2014 (2014 annual performance review), beginning with the evaluation of managers. In 2015, the whole system will be implemented for the evaluation of the performance of each employee



Targets for 2014-2015:

1. Development of 360° Performance Management System and its implementation to management level (2014)
2. Implementation of 360° Performance Management System to all employees (2015)
3. Increase the budget allocated to trainings and ensure the participation of each employee to at least one training program per a year
4. Completion of the construction of the biomedical high school complex in Çatalca, İstanbul

Environment

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

Principle 8: *Undertake initiatives to promote greater environmental responsibility.*

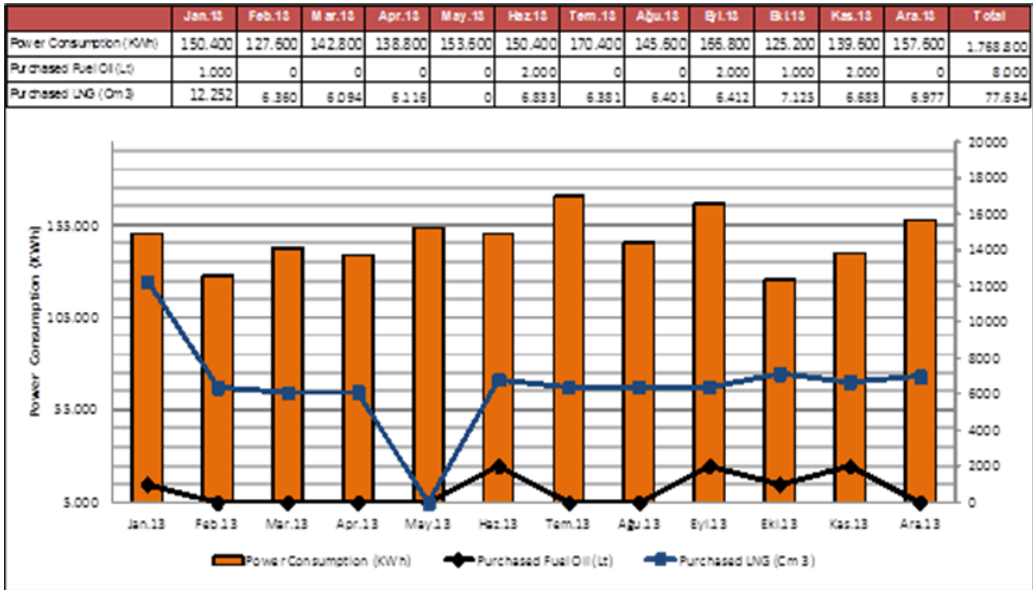
Principle 9: *Encourage development and diffusion of environmentally friendly related technologies*

At Alvimedica, we manufacture our products for human health, but we care about the health of the environment as well by complying international standards with utmost respect. We contribute to social, economic and environmental development of community with our social responsibility principles. We emphasize our care about the environment with a referral to this in our mission statement; “We are committed to provide innovative healthcare solutions and value added cure and care by improving life quality for a healthy living community while minimizing environmental foot print.”

○ In our statements in last year’s COP, we committed to improve our resource efficiency, reduce waste and drive down costs by attaining ISO 14001 and developing an environmental auditing and reporting system. However due to the complexity of the acquisition, our target for attaining ISO 14001 has been postponed by one year, and it is planned as a major project for both production facilities in Çatalca, Turkey and Saluggia, Italy in 2014.



○ Our energy consumption levels for 2013 are as follows:



As mentioned in last year's COP, we have begun the process of switching from fuel oil to natural gas. The comparison of 2012 energy consumption versus 2013 shows how successfully we implemented this process. The total energy consumption was 67% fuel and 33% gas based on 2012 records. In 2013 we succeeded to increase the usage of gas to 90% and the remaining 10% was fuel.

Additionally, if we compare the number of units produced each year and in return the energy consumption as a monthly average, we can see a slight decrease in the number of units produced by 2%, whereas we see a 6% decrease in average monthly energy consumption levels.

Environment

○ In terms of occupational health and safety, regular OHS committee meetings and audits were performed throughout the year with the participation of a blue collar representative and occupational physician. Deficiencies determined during the audits were discussed at the committee meetings and actions were taken to make up for those deficiencies and prevent further ones. All the events reported by the workers are reported with near-miss reports. Based on the annual training program, OHS trainings were given to all workers



Targets for 2014-2015:

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



Anti-corruption

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

Our quality policy includes anti-corruption regulations and they are provided to all employees as part of our recruitment procedure. Each employee receives training of our quality policy, and signs “Personnel Regulations” and “Quality Hand Book”.

Anti-corruption regulations are also in place and are practiced at CID S.p.A, company we’ve acquired in 2013. The code of conduct of the company covers these regulations from many aspects (e.g. 5.8 Gifts, gratuities and other forms of benefits, 5.10 Accuracy of accounts entries, 5.11 Transparency and completeness of information, 8.2.3 Accounting transparency, 9.1 Relations with public authorities, etc.) of which will thoroughly be included in Alvimedica’s Code of Conduct that we’ll be working on in 2014.

