

**Sabancı Holding A.Ş.**  
**2008-2009**  
**Communication on Progress Report**

## About This Report

The Sabancı Holding Communication on Progress Report focuses on our Group's performance and progress in the past two years. It addresses the most material issues concerning us as a leading local and international multi-business firm providing products and services in different business areas.

Our Report is published in parallel with the Sabancı Holding and its subsidiaries' annual reports and other related publications as well as corporate web sites.

We take a close look at last two year's successes at the Sabancı Group. This report focuses on the issues that are most material to our organization. It is structured around five major strategic themes: The Code of Business Ethics, Employees, Environmental Matters, Corruption, Social and Cultural Activities.

The Sabancı Holding Communication on Progress Report is published in English and is available as a PDF.

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## Corporate Profile

Sabancı Holding is the parent company of the Sabancı Group, Turkey's leading industrial and financial conglomerate. The Sabancı Group companies are market leaders in their respective sectors. Sabancı Holding's main business units include financial services, energy, retail, cement, automotive, tire and tire reinforcement materials. Listed on the Istanbul Stock Exchange (ISE), Sabancı Holding has controlling interests in 11 companies also listed on the ISE.

The Sabancı Group companies currently operate in 18 countries and market their products in various regions in Europe, the Middle East, Asia, North Africa and North and South America. Having extensive knowledge and experience in Turkey, Sabancı Holding has led a drastic growth in its core businesses. Its respectability, trademark image and strong joint ventures, further extended its operations into the global market. Sabancı Holding's multinational business partners include such prominent companies as Aviva, Bridgestone, Carrefour, Citigroup, Dia, Heidelberg Cement, Hilton International, International Paper, Mitsubishi Motor Co., Philip Morris, and Verbund.

In addition to coordination of finance, strategy and business development and human resources functions, Sabancı Holding determines the Group's vision and strategies, thus creating shareholder value through synergies across Group companies.

In 2009, consolidated revenue of Sabancı Holding was US\$ 12.2 billion with an EBITDA of US\$ 2.6 billion.

The Sabancı Family is collectively Sabancı Holding's major shareholder with 60.6% of the share capital. Sabancı Holding shares are traded on the Istanbul Stock Exchange with a free float of 39.4% (Including 15.89% registered to ISE in February 2009 by other Sabancı family members). Depository receipts are quoted on SEAQ International and Portal.

## CEO's Message

Dear Shareholders,

I am delighted to submit the Sabancı Group's first Communication on Progress Report to the Global Compact for the period covering the years 2008 and 2009.

### **We are all facing a short-term economic pressure due to the current global financial crisis.**

Global economy has experienced one of the most difficult and ambiguous times since the Great Depression of 1929. Although the global crisis deepened in the second half of 2008, its effects on the national economy were felt more seriously in the first half of 2009. Industrial production, trading volumes, and employment rates have all dropped significantly throughout the world.

The contraction in demand caused inflation rates in some of the developed countries to become negative. Meanwhile, this contraction resulted in uncommonly low inflation rates in developing economies that have been battling with chronically high rates of inflation in the recent past.

The crisis has caused serious levels of shrinkage in household income and made each individual and company to question its own future. On the other hand, recent developments in Greece and ongoing volatilities in EU markets have demonstrated that the near future will remain to be a challenging period, as well.

In brief, the crisis once again reminded us the critical importance of risk management, transparency, accountability, prudent corporate governance as well as economic sustainability.

While managing the crisis effectively with a proactive approach and maintaining economic sustainability, the Sabancı Group also focused on social and environmental sustainability within the framework of our corporate and social responsibility.

### **We believe that we need to remain committed to our responsibility for the further development of the communities in which we operate, as well as the protection of the environment we all live in.**

Our endorsement of the United Nations (UN) Global Compact underlines that we are committed to aligning our business operations and strategies with 10 established principles that are shaped around:

- Human rights
- Labor
- Environment
- Business ethics

The ten principles set out in the UN Global Compact constitute the foundation on which we base our sustainability efforts at the Sabancı Group.

We have committed ourselves to implementing globally accepted environmental and social principles, such as respect for internationally accepted human rights, creation of a safe and healthy working environment, protection of environment, and fight against corruption. The Sabancı Group uses every possibility to address these issues within and outside the Group. The ten principles of the UN Global Compact have been integrated in the Group's values, policies and practices.

The Sabancı Group is committed to improving the quality of life of the communities it serves. We have shaped our corporate strategies and policies to deliver exceptional quality in our products and services to the customers, offer high returns to shareholders, enhance Turkey's natural heritage, and increase its community value.

**The Sabancı Group aims to create sustainable advantage through differentiation.**

The most important element that lies beneath our corporate and social responsibility is sustainability. We believe that sustainability in operational activities is not sufficient. Our main aim is to have sustainability in our contribution to society and environment.

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As Turkey's leading industrial and financial conglomerate, the Sabancı Group is aware of the fact that with its companies the Group has a responsibility to contribute to the sustainable economic development, environment and community of Turkey. In this fragment, we attach a great deal of importance to environmental protection, our human resources as well as our corporate and social responsibilities.

We place society in the center of all our economic activities and act accordingly in all of the business lines in which we operate. The Sabancı Group has a management style that incorporates the values such as "being close to the public" and "attaching importance to employees and society as a whole".

The Sabancı Group's priority is to improve society and all the companies within the Group take their economic, social and environmental effects into account while providing the best service or product available.

Our vision is "to create sustainable advantage through differentiation" in the society in which we operate. In this sense, we support a number of projects in the areas of culture, art and education. We believe that we are

one of the most prestigious and trusted conglomerates in Turkey thanks to our corporate and social responsibility practices.

**We believe that our employees constitute the most important part of the Group's sustainable development.**

The Sabancı Group is one of the most preferred employers in all the geographies in which it operates. The reason is that we care for the right of our employees and we provide them a fair and fruitful working environment. While aiming to attract open-minded, ethical, entrepreneurial, strategic-minded, innovative, energetic, achievement-oriented, collaborative and participative individuals, we create opportunities for professional and personal development. Through various mechanisms that we have, we have been rewarding our employees and increase the motivation of the Group.

For instance, in 2009 the Group held "Sabancı Golden Collar Awards" that was organized in six different categories, in which employees were given awards.

**Our performance in environmental sustainability is beyond the requirements of legal obligations.**

Within the Sabancı Group, we have been actively involved in various sectors including finance, energy, retail, cement and automotive. In close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders; while implementing the environmental applications at a level beyond the legal obligations, we ensure the control of compliance. As the Sabancı Group, we measure our performance in environmental sustainability and continuously improve it while putting targets for the following years.

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**In our permanent efforts to create greater value for our shareholders and customers, we do not think just about today, but also about tomorrow and beyond.**

The Sabancı Group attaches utmost importance to protection of its reputation and integrity. For this reason, we do not plan our investments just on the rate of their financial returns. We define high standards for ourselves and we are always focused on going beyond expectations of society.

As a responsible corporate citizen, the Sabancı Group is determined to be committed to economic, social and environmental sustainability and to be the representative of best practices not just in Turkey but also around the world.

In closing, I offer my appreciation to our Board of Directors while also expressing my thanks to our management team and employees for turning our goals into reality.

**ZAFER KURTUL**  
**CEO and Board Member**

# **The Sabancı Group's Strategic Business Units**

## **1- Financial Services**

### **A- Akbank**

As of the end of 2009, Turkey's most valuable company, Akbank, managed to maintain its lead in the Turkish banking sector through a strong balance sheet, transparent corporate governance practices and successful international relations.

In addition to its core banking activities, Akbank offers a wide array of retail, commercial, corporate, private banking and international trade finance services. Non-banking financial services, together with capital market and investment services, are provided by the Bank's subsidiaries. With state-of-the-art IT systems and a staff of experienced bankers, Akbank focuses on providing top quality services to a wide range of retail and corporate customers.

Akbank operates from its Istanbul Head Office and 20 regional directorates throughout Turkey, underpinned by a strong and extensive domestic distribution network of over 877 branches and a workforce of 15,000 employees. In addition to the Bank's traditional delivery channels such as its branches, Akbank also offers customers services through its retail and corporate internet branches, the Telephone Banking Center, over 2,500 ATM machines and more than 260,000 POS terminals as well as other high-tech channels.

Akbank's overseas operations are performed by Akbank N.V. in the Netherlands, Akbank AG in Germany and Akbank Dubai Limited in Dubai, as well as a branch in Malta.

The Akbank Banking Center in Gebze, which began construction in 2009 and is scheduled for completion by May 2010, will not only become the operation center with the highest operating capacity of Turkey, but also in the region. In addition to being equipped with the most advanced technologies, the operation center is also targeted to become the banking center of Turkey and its surrounding countries.

With its robust capital, reliable deposit structure, ability to raise foreign financing on favorable terms and strong growth in its assets, Akbank continues to maintain its leading position in the Turkish banking sector. As of the end of 2009, Akbank's consolidated net profit reached TL 2,723 million (approximately US\$ 1,831 million) while its consolidated net assets were TL 102,833 million (approximately US\$ 69,141 million). The Bank's consolidated capital adequacy ratio is 21%, one of the highest ratios in the sector.

In 2009, Akbank continued to raise funds from foreign markets at favorable terms with the total of such resources reaching US\$ 5.9 billion by the end of the year.

Through its effective risk management practices and exceptional performance, Akbank holds the highest individual and financial strength ratings that can be assigned within the Turkish banking sector.

In 2009, Akbank established an International Advisory Board comprised of prominent global leaders to discuss and evaluate global and local economic developments and their strategic implications for Akbank. In addition, the Corporate Governance and Social Responsibility Committee was established in 2009 in order to evaluate the Bank's corporate governance practices and to supervise its corporate social responsibility activities.

In 2009, Akbank received numerous awards. Among the awards, the most notable were: being named "Turkey's Best Bank" by Euromoney, Global Finance and EMEA Finance magazines; being named "Turkey's Best Foreign Exchange Provider", "Turkey's Best Trade Finance Provider", "Europe's Best Bank in Online Deposit Acquisition" and "Europe's Best Bank in Information Security Initiatives" by Global Finance magazine and being awarded the "Commercial Leadership Award" by the American Turkish Council (ATC) and the Turkish American Business Council (TAİK).

Ak Securities, a subsidiary of Akbank established in 1996, provides corporate finance and investment banking services, brokerage services, investment advisory services, Akbank and Amex mutual funds, as well as Turkish Derivatives Exchange and repo transaction services.

Established in June 2000 as a 99.99% owned subsidiary of Akbank, Ak Asset Management provides the management services for 37 portfolios along with asset management services to large individual and corporate investors in accordance with their own expectations and risk profiles. In 2009, Ak Asset Management strengthened its position as a pioneer in the investment management sector through the innovative investment products they introduced to customers.

Ak Lease, a 99.99% subsidiary of Akbank, provides financial consulting services. Thanks to its sector-specific structuring and expert staff, Ak Lease produces □low-cost and long-term solutions that meet the needs and expectations of its customers.

28.63% of Akbank's shares are listed on the Istanbul Stock Exchange. The Bank's Level 1 ADRs are traded on the OTC in the United States. Akbank's market capitalization stood at US\$ 19.1 billion on December 31, 2009, making it the most valuable company on the ISE.

## **B- Aksigorta**

Established in 1960, Aksigorta ranks as one of Turkey's leading non-life insurance companies in terms of premium generation, shareholders' equity and financial strength.

Based in Istanbul, Aksigorta offers its clients fire, marine, motor third party liability, accident, personal accident, credit, legal protection, engineering, agriculture and health insurance coverage. It operates from ten regional offices, four of which are located in Istanbul with one each in Izmir, Adana, Ankara, Trabzon, Bursa and Antalya. Aksigorta also works out of three additional representative offices within Turkey.

In the interest of providing a better quality service to corporate and individual customers, the Company's insurance products are marketed and distributed through a wide network made up of 1,434 agents, 25 brokers and 834 Akbank branches. These channels are supported by the "Aksigorta Service Center" and website, which provides services ranging from claims follow-up to other insurance services on a 24/7 basis.

In line with Aksigorta's customer-centric service philosophy, the Aksigorta Service Center continues to provide uninterrupted services, starting from the initial offering through to focusing on every detail in the process of claim management. In addition, Aksigorta strives to simplify the claims process for its customers, inform them in a timely manner and contact customers in a bid to improve their satisfaction.

With its customer-focused service philosophy, Aksigorta has increased service quality and customer satisfaction, continuing to offer services for auto, household, business and health products. Aksigorta provides the highest quality service with its network of 2,500 business partners in the shortest time span beginning as soon as it receives claim notification through its contracted auto repair services and contracted health associations. These assistance services play an integral part in the insurance business for Aksigorta and its clients. With its network of business partners, 70% of Aksigorta customers receive service without any direct payment in case of damage.

In order to provide excellent service to its clients, Aksigorta has transferred the claims process management system to an electronic environment as part of its Operational Efficiency Project. Through this system, the whole claims process, including claim notification, swift investigation of the claim, approval and finally, payment, are all managed in an electronic environment.

Based on ISO 9001: 1994 Standards, Aksigorta established its Quality Control System, which was certified in 1998. This certificate was renewed in 2001 in accordance with the ISO 900: 2000 Standard and in 2007, Aksigorta extended the validity of the certificate until 2010. Aksigorta was named the "Most Trustworthy Insurance Company in Terms of Quality"

and was awarded the Consumer 2008 Quality Prize in the annual competition held by the Tüketici Dergisi (a free advertisement magazine) for the third consecutive year.

Within the framework of the "Investing in the Future Project," initiated in 1995, the Fire and Earthquake Simulation Center, YADEM, started operations the following year. In November 2006, Aksigorta moved YADEM, with all usage rights, to Şişli City Hall Science Center so that more people could benefit from YADEM at that location. In order to increase risk awareness and create insurance consciousness in Turkey, Aksigorta is working on various projects in cooperation with the Turkish Insurance Foundation and opinion leaders in public and media sectors.

Aksigorta shares are listed on the Istanbul Stock Exchange with a free float of 38%.

### **C- Avivasa**

After completion of legal procedures following the merger of Ak Emeklilik and Aviva Hayat ve Emeklilik, announced to the public on June 8, 2007, Avivasa Emeklilik ve Hayat began operating as one of Turkey's leading individual pension and life insurance companies.

The Company's paid-in capital is roughly TL 36 million with 1,291 employees, of which, 741 are sales staff working as Financial Advisors.

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Avivasa Emeklilik ve Hayat serves over 1.5 million clients in the individual pension and life insurance sectors via bank direct sales, direct sales, sales from bank, agencies, corporate projects and telemarketing distribution channels.

The Bank Direct Sales channel is the distribution channel that primarily aims at reaching clients from banks such as Akbank and Citibank and introduces them to individual pension and life insurance products. In the Direct Sales distribution channel, non-bank clients at various socioeconomic levels receive services via financial advisors. In the Sales from the Bank distribution channel, individual pension products and other banking products are presented to clients via the customer representatives of the Bank branches within the scope of bank insurance. The aim is to expand the current operation via agencies and corporate projects. Telemarketing, a recently formed distribution channel, is being used to expand to different client segments by using simpler products.

Avivasa funds are managed by Ak Asset Management, which is another Sabancı Group subsidiary, and another leading company in the portfolio management sector.

According to the Pension Monitoring Center's 2009 data, Avivasa Emeklilik ve Hayat is the leader in the sector with its individual pension fund size of TL 1.960 million and market share of 21.78%.

Moreover, according to the Association of the Insurance and Reinsurance Companies' 2009 data for Turkey, Avivasa Emeklilik ve Hayat is the fourth largest company in the sector with total life insurance premium output of TL 155 million and market share of 8.1%.

## **2-Energy**

The Sabancı Group's strategic plans for 2015 have identified the energy sector as a key growth area, with a focus on electricity and downstream natural gas operations. Consequently, the Group intends to lead in the electricity market and has established an ambitious target to command a 10% market share of the electricity sector by the year 2015 as the leading player.

In May 2007, the Group signed a joint venture agreement with Verbund, one of the leading electricity companies in Europe. The agreement is based on an equal share and management principle. Verbund is Austria's largest generator of electricity and one of the most valuable companies. Sabancı and Verbund will work together and exclusively within all areas of the Turkish electricity sector, except for nuclear energy investments.

Planning to attain a total installed capacity of 5,000 MW by 2015, the Sabancı Energy Group continues to expand and diversify its generation portfolio under the scope of the Verbund partnership at a fast pace.

The Enerjisa Group aims to become the market leader of the electricity sector in a vertically integrated structure by combining generation, distribution, wholesale and trading activities. The facilities that serve this purpose held through Enerjisa Power Generation (GenCo), Enerjisa Electricity & Trading (TradeCo) and Enerjisa Distribution (DisCo).

The Group is also actively working on seeking opportunities in the natural gas business.

Enerjisa Group will continue to add value for its shareholders, customers, employees, suppliers and society by exploring every opportunity in the market. The Group aims to be a preferred supplier by virtue of its customer-centric approach in all of its operations. Enerjisa Group constantly develops its processes and systems in a bid to increase and sustain competitiveness.

Enerjisa Group companies' total consolidated sales for the year 2009 exceeded TL 2.3 billion.

## **A- Enerjisa Power Generation (GenCO)**

Enerjisa GenCo was founded in 1996 to explore new business opportunities in the energy sector and to operate as a reliable and competent supplier of energy to its customers.

In addition to the power plants in Kocaeli, Adana, Çanakkale and Mersin, with a combined capacity of 370 MW, Enerjisa GenCo has added hydroelectric power plants that are located in the Antalya, Mersin and Kahramanmaraş regions with a combined capacity of 85 MW through acquisitions realized in 2007.

The licensed portfolio of Enerjisa GenCo, which grew rapidly in 2006, has reached a total capacity of 3,200 MW including existing power plants, projects under construction and projects with ongoing engineering works as per year-end 2009. In addition to this portfolio, projects with a total capacity of nearly 1,070 MW are at the license application stage.

With the aim of diversifying the generation capacity to create strategic advantage, 12 hydropower power plants with a capacity of around 1,305 MW, the 920 MW Bandırma Natural Gas Combined Cycle Power Plant, the 450 MW Tufanbeyli Thermal Power Plant and two wind power plants with a total capacity of 69 MW are currently in the planning and implementation stages.

Bandırma Natural Gas Combined Cycle Power Plant, whose groundbreaking took place in October 2008, is planned to be in operation during 2010 and Hacınoğlu Regulator and Hydroelectric Power Plant is planned to be in operation by the end of 2010. Also, as a part of its commitment to renewable energy, Enerjisa GenCo has targeted wind power plants with a total capacity of 300 MW by the end of 2015.

Enerjisa GenCo contributes to securing power supplies in Turkey by generating electricity at its power plants for Turkey's leading industrial and commercial entities as well as customers using it via distribution companies.

## **B- Enerjisa Electricity Distribution (DisCo)**

Enerjisa Group aims to become the market leader of the electricity sector in a vertically integrated structure by combining generation, distribution, wholesale and trading activities. Due to this strategic target, Sabancı Verbund Joint Venture, Enerjisa DisCo participated in the privatization tender for the block sale of 100% of the shares of Başkent Electricity Distribution Company (Başkent EDAŞ) and won the tender offering the highest bid at US\$ 1,225 million on July 1, 2008.

The transfer of shares of Başkent EDAŞ to Enerjisa DisCo, which was established in 2008 for this purpose and the successful takeover was finalized on January 28, 2009.

Başkent EDAŞ builds, maintains and operates the electric distribution grid and provides electric retail services as well as additional services to 3.2 million customers in Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak (BAŞKENT Distribution Region).

Prior to the takeover date, the integration process started, resulting in a very smooth transfer without any negative effects on operational and financial performance.

2009 results also confirm the strategic advantage of the specific customer structure of Başkent EDAŞ, resulting in a stable year over year sales volumes while the industry had to face a significant reduction in electricity consumption for Turkey.

Given the regulated nature of the business and the expected changes in market regulation for the upcoming years, the organization focused on the necessary preparations both strategically and operationally. All the preparations are being planned in parallel to the Long-Term Vision of the Energy Market and Customer Satisfaction.

Acquiring and integrating Başkent EDAŞ to the Enerjisa Group was a major step towards the Group's strategic goal to reach a portfolio of 6 million customers by 2015, thus providing a role model for the next stages.

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### **C- Enerjisa Electricity Trading (TradeCo)**

Within the Enerjisa Group companies, the Enerjisa TradeCo was founded in 2004 to operate in the electricity wholesale market. Enerjisa TradeCo trades in electricity and/or capacity in accordance with the limits set by market regulations. In addition to the wholesale trading of electricity, the Company sells electricity directly to eligible customers. Opportunities to import and export electricity are also realized under the wholesale license.

Enerjisa TradeCo has a customer-oriented approach in its sales and marketing activities. With the objective of becoming the supplier preferred by its customers, the Company offers quality services to meet the customers' expectations at the highest level and improves its systems and processes as a result of customer feedback.

In addition to wholesale and trading activities, Enerjisa TradeCo provides consultancy services to the Enerjisa Group companies. It provides consultancy services to Enerjisa GenCo on operations in the balancing market, power plant optimization and customer relationship management.

Moreover, in order to secure the supply of natural gas and other fuels in a cost effective manner for the long-term, the Company provides consultancy to the Enerjisa Group Companies on supply contracts of natural gas and other fuels for current and prospective power plants, fuel procurement strategies in the middle and long-term, establishment of fuel optimization systems and management of risks related to these systems.

Furthermore, the Company also serves the Enerjisa DisCo through consultancy services on the management of existing energy purchase agreements with TETAŞ and EÜAŞ and following of the opportunities related with the management of energy balancing in day-ahead markets and similar activities. In order to satisfy the long-term demand position of the Enerjisa DisCo, the Enerjisa TradeCo seeks to negotiate and procure new long-term energy purchase contracts and performs market risk management consultancy services.

### **3-Tire, Tire Reinforcement Materials and Automotive**

#### **A- Kordsa Global**

Kordsa Global is the world's leading producer of nylon and polyester yarns, cord fabric and single end cord and it provides services to the tire reinforcement and mechanical rubber markets.

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Kordsa's success story began with the investment in the cord fabric plant in Izmit, Turkey in 1973. Since then, the company has become the global leader thanks to strategic acquisitions, made in collaboration with powerful business partners. With its 11 facilities located in nine countries across five continents and a 4,500-strong workforce, the company has maintained its position as a global leader. Kordsa Global recorded sales of US\$ 656 million in 2009.

Kordsa Global, with its head office in Istanbul, operates in the following countries:

- Europe, Middle-East and Africa, (Turkey, Germany, Egypt)
- North America, (Laurel Hill/SC, USA, Chattanooga/TN, USA)
- South America, (Brazil, Argentina)
- Asia Pacific (China, Indonesia, Thailand)

Due to its flexibility, 2009 was a year in which Kordsa Global managed the economic crisis and the demands of the shrinking market well.

Kordsa Global has commenced practicing the New Operating Model as of the beginning of this year. With this new model, the company has made a transition from regional to functional, revised primary processes like its global customer management and supply chain and adapted to changing market conditions.

In 2009, Kordsa Global started to enjoy the benefits of concentrating its investments in R&D activities in line with customer needs. In April, Kordsa Global Technology Center was accredited as an R&D Center by the Ministry of Industry. In this way, the company has earned the right to government support and incentives for funding its R&D expenses. Kordsa Global also commenced its commercialization activities in regards to new superior denier polyester fiber, aramid, nylon hybrid cords and other new products together with the industry's leading customers.

Again in 2009, Kordsa Global was awarded the ISO 27001 Information Security Management System Certificate. This certificate, acquired as a result of the audit conducted by Bureau Veritas, is a direct result of internalizing Information Security within the corporate culture. Thus, Kordsa Global became the first and only firm in its field to receive the ISO 27001 certificate.

Kordsa Global's public shares, which amount to 8.9%, are listed on the ISE.

## **B- Brisa**

Brisa was established in 1974 and initiated mass production in 1978 under the name of Lassa. The company changed its name to Brisa after the establishment of a 50/50 joint venture between the Sabancı Group and the Bridgestone Corporation in 1988.

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Brisa was the first winner of the National Quality Award in Turkey in 1993. Brisa's dedication to business excellence was rewarded again with the prestigious European Quality Award in 1996, recognizing Brisa as the first Turkish company and the first tire company in Europe to receive this award.

Brisa produces more than 500 different types of tires under the Lassa and Bridgestone brand names with a range of designs, types and sizes to accommodate many different vehicles from passenger cars to earthmoving equipment. Its integrated tire production facilities are located in an enclosed area of 350,000 square meters. The total capacity of the production unit is 10 million tires a year.

A network of approximately 600 sales points, including 450 exclusive dealers, market tires throughout Turkey. Brisa tires are mounted as original equipment on Renault, Toyota, Ford, Fiat, Honda, Hyundai, Mercedes Benz, BMC, Temsa, Mitsubishi and MAN vehicles. Maintaining its position as a leader in the domestic market, Brisa expanded its presence in international markets with the Lassa brand by entering new markets and building brand equity. Brisa products are marketed and sold in more than 50 countries, mainly in Europe.

Brisa's state-of-the-art R&D Center works in coordination with Bridgestone's Technical Centers in Tokyo and Rome, integrating Bridgestone technology and playing a vital role in reinforcing its competitive edge in world markets.

Brisa's net sales revenue exceeded US\$ 501 million in 2009. Its shares are listed on the Istanbul Stock Exchange with a free float of 10.3%.

## **C- Temsa Global**

Temsa Global, one of Turkey's leading automotive companies, manufactures and exports its products in the coach and midi-coach segments under the Temsa brand. At the same time, the company represents Mitsubishi and Komatsu as their distributor in Turkey. Temsa Global first started production activities in 1987 in Adana and launched its own Temsa brand in 2001. In 2008, the firm expanded its production capabilities by adding the Egypt and Adapazari production sites to manufacture coaches, midi-coaches and light trucks. The total yearly production capacity of Temsa's Adana and Egypt plants are 4,000 vehicles, namely 1,500 coaches and 2,500 midi-coaches. The yearly production capacity of the Adapazari plant is 7,500 light trucks.

Temsa's Adana facilities of 555,000 square meters produces the intercity coaches Diamond, Safari and Safir, as well as the Powerbus, Metropol and Prestij midi-coaches, vehicles defined as small coaches and the 12-meter Temsa Avenue, which has been developed specifically for urban public transportation. In 2009, Temsa designed and produced the final version of the Avenue product range, the Hybrid Avenue and completed the series with the vehicle's earlier introduced Diesel and CNG versions. Additionally, Temsa Safir was completely renewed at the end of 2009 with the purpose of catering to the growing expectations of the market for both intercity passenger transportation and tourism transportation.

Executing its European operations from the headquarters located in Mechelen, Belgium under the name of Temsa Europe, Temsa Global has further established after sales services companies in Austria and Germany, as well as Belgium. Temsa Global exports 75% of its production, with 80% of its foreign trade being to European countries.

In October 2009, Temsa Global presented the new identity and logo of the "Temsa" brand to general public with a launch event organized at Busworld Kortrijk. Combining its values of "Agility, Entrepreneurial Ability, and Accessibility" with the tagline "Value in Motion" under a new brand identity, Temsa Global defines the Temsa brand as a value chain created by focusing on sustainable customer satisfaction.

Temsa Global conducts its research and development activities through its R&D Company, Temsa Ar-Ge ve Teknoloji A.Ş., located at Gebze, Istanbul in the TÜBİTAK-MAM Technology Free Zone.

The distributor of Mitsubishi products since 1984, Temsa Global conducts the sales, services and spare parts operations for Mitsubishi passenger cars and pick-up light commercial vehicles within the framework of its distributorship agreement with Mitsubishi. Mitsubishi Fuso Canter light trucks, the market leader in Turkey, are produced at Temsa Global's Adapazarı plant together with superstructures and trailers. Besides being the distributor of Mitsubishi FUSO Canter light trucks in Turkey, Georgia, Kazakhstan and Azerbaijan, Temsa Global is also the Kazakhstan distributor of DAF trucks.

Additionally, Temsa Global has entered transport refrigeration through collaboration with Carrier Transicold in 2009, offering within the framework of this collaboration 29 different models of 87 Carrier Transicold products in panel van minibuses, pick-up trucks, trucks and trailer segments.

Having been the distributor of Komatsu construction machines for 27 years, Temsa Global offers construction machines, forklifts and after sales services to many sectors. Bucket production was re-launched in 2008 and attracted high interest in the construction machines sector with the high-quality functional structure the product offers. With the goal of becoming a regional player, Temsa Global Komatsu Construction Machines business unit established distributorships in Azerbaijan and Georgia and continues its initiatives with new contacts established in other regions.

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Total consolidated revenue of Temsa Global was US\$ 539 million in 2009.

## **4-Retail**

### **A- Carrefoursa**

Carrefoursa is a joint venture between Sabancı Holding and Carrefour, the top retailer in Europe and the second largest in the world, with 15,500 stores in 35 countries. Carrefoursa celebrated its 13th anniversary in 2009. Its mission is to provide Turkish consumers with a broad selection of high quality, reasonably priced food products presented in a welcoming and pleasant shopping environment and to ensure profitable growth for its shareholders.

With sales areas ranging from 3,000 to 15,000 square meters, flagship format hypermarkets carry a wide assortment of food and non-food products with up to 40,000 SKUs at the lowest prices all housed under one roof. Supermarkets, with between 500 and 2,000 square meters of retail space, offer an impressive assortment of fresh food, providing consumers with convenient shopping at the lowest prices.

2009 was a particularly successful year for Carrefoursa, with a record number of store openings. The supermarket format was diversified and its

weight in the company's overall growth strategy was increased. The company formed a strategic partnership with Akbank, and the two jointly developed a new financial services project. CarrefourSA also carried out a successful optimization within its store network. CarrefourSA generated US\$ 1.5 billion in sales revenue in 2009, while its store network expanded to 26 hypermarkets and 159 supermarkets with a total sales area of 360,000 square meters. Over 90 million consumers shopped at CarrefourSA stores throughout the year.

The company took notable steps in 2009 in terms of growth, strategic cooperation and optimization:

- 1) Growth:** Balanced growth in store formats, due to an increasing number of supermarkets, netted a real growth of 55,000 square meters in 2009 and accounted for the fastest period of store openings in the company's history. Launched in April 2007, CarrefourSA Expres concept stores increased their presence in the market with 54 new openings in 2009, double the previous year's number. CarrefourSA consolidated its position in the market as the leading hypermarket chain by opening three new hypermarkets in Istanbul and one in Erzurum.
- 2) Strategic cooperation with Akbank:** One of CarrefourSA's central tenets is diversification by offering its customers services with added value. To this end, the company launched a joint financial services project with Akbank, another Sabancı Group company, in June. The project is comprised of a "CarrefourSA Akses" co-branded credit card integrated into the company's loyalty card network and consumer loans offered at "Kredi Ekspres" branches in CarrefourSA hypermarkets. The goal of this project is to become an important profit center.
- 3) Store network optimization:** Thanks to the increased number of store openings in 2009, the company closed 20 low-performing supermarkets without harming growth in its revenues. Thus, the company now enjoys a more profitable and productive store network as it looks to the future.

By strengthening the supermarket format and furthering the geographical scope of the hypermarket expansion, CarrefourSA achieved record growth in 2009, opening four hypermarkets and 54 supermarkets. Growth was further supported inorganically by a tactical acquisition in Samsun.

The 2009 results are a testament to the company's clout and determination to successfully implement its strategies, including new market formats and realize its target to become the leading player in the sector. The company's sound financial structure provides capacity to evaluate and rapidly take action with its own resources on all projects offering a potential for value creation.

Carrefoursa will accelerate investment and growth in 2010 thanks to its strong cash position. It will retain its strong position in the hypermarket format with new stores, all of which are approved, and increase its share in the supermarket segment with further store openings. Carrefoursa intends to increase its retail space by 20% in 2010 and recruit 1,300 new employees to raise its workforce to over 9,000.

## **B- Diasa**

The discount format for retail, which offers low prices through a low cost business model, is becoming ever more popular as consumers become more price conscious, both globally and in Turkey. To address the growing demand for discount stores, Diasa was established in 2000 as a joint venture between Sabancı Holding and Dia, Spain's leading discounter and a part of the Carrefour Group. The successful global model of over 6,000 Dia stores was adapted to Turkey's local needs. Currently in a phase of rapid expansion, Diasa provides consumers convenience and quality at discount prices. The discount format is a powerful growth engine for the Group and Diasa has been one of the fastest growing food retail chains in Turkey with 27% annual growth over the last five years.

Diasa generated US\$ 420 million in revenue in 2009, reaching a network of 675 stores and a combined retail space of 155,000 square meters. Almost 90 million customers shopped at the company's stores last year. With its global expertise in private label products - which account for 40% of the company's sales - Diasa continued to lead the market in Turkey.

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Opening an average of two new stores per week, Diasa continues its expansion and operates, as of the end of 2009, in 22 cities, mainly in the Marmara and Aegean regions.

Unique amongst Turkish food retailers, the Diasa "franchise markets" became the driving force in the company's growth in 2009 and raised their share in the overall store network from 30% to 36%. This particular business model is prevalent in Spain and other territories where Dia operates. In Turkey, it is set up under the Diasa banner and is run by local entrepreneurs with purchasing, logistics and store management know-how support from Diasa. Taking its cue from the shift towards organized retail, this model provides local and independent players a chance to continue their operations as part of a national chain. Boosting the company's growth and profitability, as well as improving its awareness in the sector, "franchise markets" will continue their proliferation in 2010.

Diasa strives to improve its services and market model according to the expectations of the customer. In 2008, the Dia Market model was created in response to feedback from customers and market research. In 2009, the model became more widespread with 115 Dia Market stores accounting for 17% of the total network. Offering a more attractive

shopping environment, a larger offering of fresh foods and a greater proportion of private label goods, Dia Market has led to a 20% comparable increase in overall sales.

2009 saw the opening of over 110 new stores and improvements in the franchise infrastructure. There was a restructuring of the Marmara headquarters and the regional logistics operations and there were further investments in PR which also led to an improvement in price perception and overall revenue. Thanks to these, as well as further economies of scale and continuing productivity operations, during what was seen as a period of rapid erosion in consumer confidence, Diasa managed comparable growth in market sales and improved its profitability compared to the last year.

A review of Diasa's strategic plan, carried out in December 2009, provided further proof of the success of the Dia Market and franchise models, which, in turn, led to a reformulation of the company's strategy over the next three years, which will see over TL 120 million in investments and the opening of over 800 new stores. With this move, the company aims to increase its share in the ever-growing discount retail market, and improve its profitability by creating greater economies of scale. The target for 2010, the first step in the plan, is 273 new stores and nearly 25% growth in overall sales.

## **C- Teknosa**

Teknosa was established in 2000 and is 100% owned by Sabancı. Since its inception, Teknosa, with its slogan "Technology for everyone," has been the sector's most extensive store network in Turkey. In 2009, the company owned over 240 stores, with operations in 65 cities.

With over 80,000 square meters of total retail space and a wide assortment of technology products, Teknosa has created a unique and pleasant shopping environment, attracting 6 million customer visits each month. With a workforce of over 3,000, Teknosa continued its steady growth and increased its market share to 15%, despite an overall contraction in the sector.

In addition to its existing store model across the country, Teknosa also reaches consumers through new formats. Debuting in 2009, the new Extra and Exxtra concepts demonstrate Teknosa's vision in technology retailing. Teknosa continues to invest in Teknosa Akademi, which was founded in 2005 to create an infrastructure for career planning and a qualified workforce. To date, training has been offered to 7,740 people at the Teknosa Akademi center, housing 13 classrooms that can accommodate 350 trainees in total. The sector's first ever "Assessment Center" was opened in 2007 under the scheme and offered employees an opportunity for effective career planning starting from their first day of work.

All of Teknosa's operations are based on scientific retailing methods and the company's after sales services are carried out by Teknosa Asist. The Asist program is designed to provide customers with more rights than are outlined by law and further concessions in return policies, another first in the sector. Customers' demands are met 24/7 through the Teknosa Asist points set up in stores, the Teknosa Asist call center at 444 55 99 and the 5599 SMS information service. Under Teknosa Asist, Teknosa provides such exceptional services as free delivery, technical help desks and a return warranty in case a customer changes their mind. In addition to "Teknosa Asist," the company instigated a new scheme in 2009 by making technical assistants available to customers within stores to solve any specific queries. Currently available in 21 stores, this scheme will become more prevalent in 2010. Finally, Teknosa webstore ([www.teknosa.com](http://www.teknosa.com)) also offers 24/7 service to its customers.

Another one of the company's customer relationship management enterprises is Teknosa Kart. Teknosa Kart helps the company create its customer database, which, in turn, provides a better understanding of the company's customers, demands and shopping patterns. As of year-end 2009, there are currently over 1 million Teknosa Kart holders.

Teknosa enjoys the largest logistics center in its particular retailing sector. The company's entire logistics operation is run from its hub in Gebze, which is 62,000 square meters in total with 30,000 square meters indoors. Connected online to all Teknosa stores, the hub's operations are run with IT support.

Teknosa was awarded with the International Organization for Standardization's quality management standard ISO 9001:2000 Quality Management System Document in 2007 in recognition of all its activities. The company celebrated another first in its sector by receiving the ISO 27001 Information Security Management System (ISMS) standard.

Teknosa was the recipient of many national and international awards in 2009. Number five among all retailers in the Fortune 500 Turkey listings, the company was also named the number one retailer in Interpromedya's "Top 500 IT firms". The Federation of Asia-Pacific Retailers Associations (FAPRA) picked Teknosa as the Chain Retailer of the Year and the company was also named "Store of the Year" by Microsoft Turkey during its annual "Partners of the Year" awards. Additionally, during the annual award ceremony organized by The Organization of Shopping Malls and Retailers (AMPD), Teknosa was named Retailer of the Year in the Chain Retailers Category. At the same ceremony, the company's National Football Team campaign was named the Marketing Campaign of the Year, its customer satisfaction operations the CRM Campaign of the Year and its "Technology for Women" campaign the Corporate Social Responsibility Campaign of the Year. Teknosa was also named the "Most Preferred Electronics Retail Brand" at the "Most Preferred Retail Brands" awards organized by the Association of Shopping Mall Investors and GfK Turkey.

As Turkey's leading electronics retailer, Teknosa finds it imperative to carry out a variety of corporate social responsibility projects, including, among others, sports, education and the arts.

With the "Technology for Women" project, the company offers computer classes free of charge to women in various cities across the country to boost computer literacy. To date, over 5,000 women have taken part in the scheme in 16 cities ranging from Istanbul to Kars.

Alongside this project, Teknosa has also been working together with Istanbul University to bring a technological dimension to the Library of Rare Works. Called "Technology for History," the project involves Teknosa providing technical assistance to the library in order to digitize nearly 100,000 works, thus protecting them from the destructive effects of time. "Technology for History" is also among the ventures earmarked for the Istanbul 2010 European Capital of Culture project.

In 2007, Teknosa began supporting the Turkish National Football Team and Turkish football by providing technological infrastructure for the team. Further to a deal signed in 2008 with the Turkish Basketball Federation, the company has given its name to the Turkey Cup, as well as becoming the technology provider for the Turkish National Basketball Teams in order to meet the teams' technology-related demands.

Teknosa also aims to set an example for other firms in the sector by taking effective action regarding the environment. In 2009, the company became the first one in its sector to use 100% biodegradable bags. Teknosa believes in the importance of sustainability for a better world and has supported the Ministry of Energy's energy efficiency project since the beginning of 2009 by opening up its vast network of stores to the project in order for it to reach as wide an audience as possible. The company has also instigated a scheme to collect and recycle electronic refuse, which began in 2005 with the collection of used batteries. All Teknosa stores now offer stations for electronic waste for all customers.

As well as the Teknosa stores, the İklimsa chain, which distributes air conditioning units and gas boilers, also operates under the Teknosa umbrella. Positioned as the HVAC Center of Turkey, İklimsa offers the world's greatest brands under one roof with 25 years of Sabancı experience. With 204 İklimsa Centers in 47 cities, the company provides customers a variety of brands, including Sharp, Sigma, General, Midea, Samui and Tronic air conditioners and Beretta combi boilers with different price alternatives and payment plans, as well as high quality customer service. The company believes in the importance of after sales services for customer satisfaction and, as such, offers over 120 İklimsa service stations across the country.

Teknosa will maintain its target of stable growth over the next year and add new stores to its existing network across the country. In 2010, the

company will further accelerate the development of new store concepts and improve its in-depth after-sales services and overall infrastructure.

## **5- Cement**

### **A- Akçansa**

Through the merger of Akçimento and Çanakkale Çimento in 1996, Akçansa became the leading cement producer in Turkey. Akçansa is currently a Sabancı Holding and Heidelberg Cement joint venture.

Operating in the Marmara, Aegean and Black Sea regions of Turkey, Akçansa has been producing cement at its Istanbul, Çanakkale and Ladik plants and ready-mixed concrete at 35 ready-mixed concrete plants under the Betonsa brand. It operates out of the Ayazağa, Bursa and Saray aggregate quarries under the Agregasa brand. The company operates four cement terminals located in Ambarlı, Aliağa, Yarımca, Yalova and Hopa.

2009 was an important year for Akçansa in terms of profitability and efficiency with wider production, distribution networks and sustainable success principles.

Akçansa meets more than 10% of Turkey's cement needs at global standards with its environmentally friendly facilities. Emphasizing service quality, it utilizes state-of-the art technology to meet customer standards.

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Akçansa's total domestic cement and clinker sales amounts 4 million tons in 2009. By adding clinker and cement exports of 2.5 million tons, the company's total domestic and clinker exports reached 6.5 million tons. Total revenue was □US\$ 459 million in 2009.

In parallel to the growing targets, new ready-mixed concrete and aggregate plants were added to the sales network. Continually extending its spectrum of special products in the field of ready-mixed concrete, Betonsa has managed to differentiate itself from the competition by finding innovative special solutions for its customers. Total ready-mixed concrete sales rose by 8% and reached □4 million m<sup>3</sup>.

Akçansa cement plants continue to be pioneers in the use of alternative fuels and raw materials in the Turkish cement sector at an ever-increasing pace.

Akçansa aims to achieve premium quality in production and service to fulfill the demand of both domestic and foreign customers and to compete on measures beyond price in a sector where it is hard to discern differences.

The company's vision is to move beyond the boundaries and to achieve sustainable growth. Its goal is to be Turkey's leading building materials company, playing a part in enriching the quality of life within society.

Akçansa's shares are listed on the Istanbul Stock Exchange with a free float of 20.6%.

## **B- Çimsa**

Çimsa is among the leaders of Turkish industry and an innovator in the cement and ready-mixed concrete sector. Established in 1975, Çimsa produces various special products such as white cement and calcium aluminate cement in addition to conventional gray cement products.

Çimsa continues its operations in line with its vision of becoming "Turkey's most valuable cement and ready-mixed concrete company". Its mission is "to be the preferred business partner for international cement and concrete consumers".

Çimsa defines the baseline of its field of activity as providing the necessary basic construction material for the strong infra and super structure sites.

Çimsa has succeeded in overcoming the difficult conditions of 2009. It performed as strongly as it did during the 2001 crisis, with multi-scenario planning and cash-focused strategies. This strong management performance, combined with multi-scenario plans, set the pace for Çimsa to be perfectly positioned for continuous growth in a recovering economy.

The company entered the ready-mixed concretes segment in 1988 and currently provides services in Adana, Aksaray, Antalya, Bilecik, Bursa, Mersin, Kayseri, Osmaniye, Eskişehir, Kahramanmaraş, Karaman, Konya, Kütahya, Nevşehir, Sakarya and Bilecik.

As of year-end 2009, Çimsa's annual clinker production capacity reached 5 million tons and the annual ready-mixed concrete capacity rose to 3 million m<sup>3</sup>.

In the international arena, Çimsa is one of the world's three leading white cement brands. In addition, Çimsa acts as a true industry leader and the locomotive power for change and development towards the contribution of the Turkish cement industry to the international platform. With an export volume of 2 million tons, Çimsa was successful in overcoming the negative effects of the crisis with its exporting capabilities.

The fact that Çimsa markets its products under its own trademark in 46 countries from its companies and terminals in Spain - Seville, Germany - Emden, Romania - Constanta, Russia - Novorossiysk and TRNC - Famagusta, has been essential in achieving of this success. Fully committed to be more active in international markets by expanding its terminals abroad, Çimsa holds the EC and CE marks and Kitemark quality certificates required to release cement products in EU member countries.

Çimsa strives for business excellence at the global level through its quality and environmental management and occupational health and safety systems. Furthermore, the company has taken an important step toward protection of the environment by qualifying for and receiving the Alternative Fuel Usage Certificate.

As one of Turkey's most reputable companies in the cement industry, in 2009, Çimsa continued with the momentum of growth and business excellence that started in 2005. Çimsa's annual turnover was US\$ 397 million in 2009. The Company continues its efforts to create and sustain value for its shareholders.

Çimsa shares are listed on the Istanbul Stock Exchange with a free float of 27.4%.

## **6-Other**

### **A- Textiles**

#### **I- Yünsa**

Yünsa, Turkey's leading worsted wool fabric exporter, is the leading worsted fabric producer in Europe with its vision, high product quality, market position and flexibility in production.

In addition to 100% wool products, Yünsa also produces cashmere, silk, lycra, polyester and viscose blended wool fabrics. Yünsa manufactures fabrics for men's and women's apparel, uniforms and upholstery. Yünsa plays a trend creator role in menswear as a leading woolen and worsted fabric producer.

Yünsa has integrated a rich textile culture in its structure and worked with more than 900 customers around the world thanks to its strong international connections. Exporting to more the 60 countries, the company has sales offices in the United Kingdom, Germany, United States and China.

In 2009, total consolidated sales were approximately US\$ 88 million, while total exports accounted for US\$ 53 million of total sales.

2009 was marked by a serious global economic crisis, the repercussions of which were drastic, destructive and implicit for the textile sector as well as the non-financial sectors as a whole. Despite the high volume loss in the textile sector, Yünsa was affected considerably less by the negative market conditions due to its close liaison with customers, trustworthiness, strong financial structure and product and service quality. In a market environment of pure uncertainty, Yünsa was afforded opportunities as a preferred fabric vendor with its proximity to European countries and other markets, as well as its pace and ability to create new products.

Yünsa is a part of the TURQUALITY® project - a state-initiated program that supports companies in generating worldwide brands. The company also enhanced and accelerated Research and Development activities in 2009.

While Yünsa has adopted ISO 9001 Quality Standards, the Hohenstein Institute in Germany has licensed the operation with the Eko-Tex 100, which certifies that Yünsa's products are not hazardous to health or to the environment.

Yünsa's shares are listed on the Istanbul Stock Exchange with a free float of 27%.

## **II- Advansa BV**

Advansa BV is Europe's leading integrated polyester manufacturer of polyester staple fiber and yarn with a shifting focus on specially polymers and chemicals at its facilities in Turkey and Germany.

## **III- Sasa**

Specialty polymers and chemicals are the major growth areas of Sasa. This business previously initiated activity by supplying specialty resin for the film, automotive and yarn industries in a customer-centric approach. With the commissioning of the largest Batch polymerization unit in Europe at the beginning of the year, the company now produces a wide range of products for different segments.

Sasa recently began to market a new product: a plasticizer that contains no phthalate, a chemical restricted in the EU and in the USA. It is used in many products such as toys and cables.

In addition to developing new products for Advansa, the state-of-the-art R&D facilities in Adana also offers complete solutions for polymerization and downstream technologies including yarn and staple fiber production. Strategic cooperation with well-known institutes, universities and companies is ongoing. Commercialization of products developed herein will be accelerated.

Sasa is a 51% owned subsidiary of Advansa and is listed on the Istanbul Stock Exchange, with a free float of 49%.

## **B- Paper And Packaging Materials**

### **I- Olmuksa**

Olmuksa has been offering high quality corrugated packaging products and services to its customers since 1968. Its annual production capacity reached 70,000 tons for paper and 300,000 tons for corrugated packaging.

Olmuksa has consistently operated at the highest standards with strong responsibility towards its shareholders, customers, suppliers, employees and the community since its establishment and it has rapidly passed on the benefits of technological advancements to its customers.

The company provides qualified services and products to its customers throughout Turkey and neighboring countries with a paper mill in Edirne and corrugated box production facilities in Gebze, Izmir, Adana, Bursa, Manisa and Antalya. International Paper, the world's largest manufacturer of paper and corrugated packaging, became a shareholder in Olmuksa in 1998. This resulted in a more diverse product line and improvements in customer service. Olmuksa has also succeeded in increasing its export volume to different markets during the last years.

A number of factors, including the attractive growth rates in the corrugated market sector, the positive impact of new legislation being introduced in line with the EU process and Turkey's growing export volume, are having a positive impact on the growth of the corrugated packaging segment.

Olmuksa aims to attain parallel growth to the corrugated market sector and the Turkish economy in 2010. Growth will be supported by modernization investments, which will be realized in line with the increasing and shifting demand in the market.

For the following generations to live in a healthy and happy environment and to easily attain basic needs, Olmuksa is taking necessary actions with its efforts under the sustainability umbrella with its message, "For a livable future".

Olmuksa's sustainability policy includes; always acting ethically, supporting sustainable development for stakeholders and society, effectively using all natural resources and raising environmental awareness by creating economical value to do so.

The core factor behind the success of the company throughout its 40-year history has been the focus on customer relationship management. With over 650 employees fully dedicated to its customers, Olmuksa will continue to offer innovative solutions to support its growth targets for 2010 and beyond.

The company posted US\$ 140 million in net sales in 2009. Olmuksa's shares are listed on the Istanbul Stock Exchange with a free float of 12.5%.

## **II- Dönkasan**

Dönkasan is Turkey's leading state-of-the-art recycled paper collecting, sorting and baling facility. Its first plant was established in 1983 in Kartal, Istanbul, followed by new facilities located in Adana and Büyükçekmece.

The company boasts an annual processing capacity of more than 200,000 tons, of which, the majority is devoted to supplying its main shareholders, Olmuksa and Kartonsan, with waste fiber.

## **C-Tobacco**

### **I- Philsa**

Philsa, a 75/25 joint venture between Philip Morris and Sabancı Holding, was established in 1991. The factory manufactures Marlboro, Parliament, Virginia Slims, Muratti, Chesterfield, L&M, Lark, Bond Street, Congress, Merit and Lider brand cigarettes for consumption in Turkey and other markets.

Inaugurated in late 1992, the factory in Izmir-Torbali has strengthened its reputation as a world-class manufacturer in the tobacco industry, thanks to an outstanding workforce and its use of state-of-the-art technology. Total investment of this plant has reached more than US\$ 553 million.

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### **II- Philip Morrissa**

Philip Morrissa was established in 1994 as a 75/25 joint venture between Philip Morris and Sabancı Holding. The company is active in the national distribution and sales of Philip Morris cigarette brands. Its distribution network serves 150,860 sales outlets in 81 provinces throughout the country.

It represents one of the largest sales networks in Turkey with 92 distributors, 528 vehicles and a sales force of 613 people. In 2009, Philip Morrissa captured 42.9% of the Turkish market while the total value of cigarettes sold by the company reached TL 7.7 billion (US\$ 5 billion).

## **D-Tourism**

### **I- TURSA/AEO**

The natural and historic splendor of Turkey captivates visitors from around the world. In 2009, more than 27 million tourists visited Turkey to partake

of the warm Turkish hospitality, splendid food, brilliant beaches and stunning archeological sites.

The Sabancı Group entered into the tourism sector many years ago with the Erciyas Hotel in Adana. The Group established a partnership with Hilton International in 1988 with the opening of the Ankara Hiltonsa. This partnership was extended further with the opening of the Hilton Parksa in 1990 and the opening of the Mersin Hiltonsa the same year, followed by the addition of the Adana Hiltonsa in 2001. The Group now holds 100% of the shares of Tursa, holder of the Adana Hiltonsa, Mersin Hiltonsa and Hilton Parksa, as well as a majority stake in Ankara Enternasyonal Otelcilik, owner of Ankara Hiltonsa. All Sabancı-Hilton facilities are managed by Hilton Hotels. Total accommodations have now reached 1,831 beds, with 630 beds at the Ankara Hiltonsa, 616 beds at the Adana Hiltonsa, 372 beds at the Mersin Hiltonsa and 213 beds at the Hilton Parksa.

## **E-Information Technologies**

### **I- Bimsa**

Founded in 1975, Bimsa has been one of Turkey's leading business and information consulting service providers for the past 35 years. The company's goal is to create value for the businesses of its clients, meeting the needs of medium and large-scale companies in service areas, such as business consultancy, implementation of customized information technology solutions, server management, technical support and hardware-software installations.

With its more than 80 experienced employees, Bimsa aims to provide consulting services for performance management, business intelligence, SAP applications, Pratis electronic purchasing platform, information security and outsourcing services in the manufacturing, finance, logistics, utilities and insurance industries.

## **Sabancı Group's Commitment to Ten Principles**

Since 2007, Sabancı Group has been acknowledging and supporting the Ten Principles proposed by the Global Compact of the United Nations.

We are committed to these principles and we look for opportunities to continue applying these principles within our Group and among our strategic business units. We believe that keeping in close contact with the ideals proposed in such Ten Principles makes Sabancı Group a responsible corporate citizen and contributes to its performance along all lines of its business. With this commitment to these principles, we emphasize the care we have for the environment, our employees and stakeholders.

We are committed to continue applying the standards of the Ten Principles of the Global Compact throughout 2008 in Sabancı Group and its strategic business units.

# 1- Vision, Mission and Code of Management Approach

## **Vision**

Creating sustainable advantage through differentiation

## **Mission**

Managing a competitive strategic portfolio with sustainable growth potential to create value for all of our stakeholders

## **Management Approach**

- **Responsibility and Transparency**

Upholding our core values of modesty, respect and proximity to people, being socially responsible and managing according to the principles of corporate governance

- **Innovation**

Creating long-lasting advantages such as brand, technology, design, network and IP

- **Participation**

Generating a management approach that promotes participation and collective thinking in the decision-making process

- **Strategic Approach**

Managing the present with excellence and shaping our future to ensure long term advantages

## 2-Code of Business Ethics

Sabancı Group aims to create a working environment that increases the efficiency of business and values the employees. We are aware of the fact that this goal necessitates an integration of different dimensions of our business. That is the reason why Sabancı Group has “the Code of Business Ethics” and “Ethics Board” who has the responsibility to investigate and resolve all complaints and notifications concerning violation of the Code of Ethics of Sabancı Group Companies (SA-ETHICS) and related policies.

At the beginning of each year, every employee including the CEO and other managerial staff sign the Code of Ethics as an indication of the commitment to Sabancı Group values and responsibilities. As it is a common and shared code between employees and Sabancı Group management, the Code of Business Ethics produces a harmony and integrity in Sabancı Group and its strategic business units.

The Code of Business Ethics is beyond a document. As Sabancı Group, we take every term in it very seriously in all stages and units of our business and we are very stick to the Code of Business Ethics while we are performing our business.

The Code mainly stresses two major concepts internalized by Sabancı Group: Integrity and honesty.

Integrity and honesty are our core values in all our business processes and interactions. We act in integrity and honesty in all our relations with the employees and stakeholders.

The Code of Business Ethics and the regulations in it comply with the Ten Principles proposed by the Global Compact of the United Nations. In other words, this Code is the practical tool that helps us to apply and follow the Ten Principles throughout our business.

The Code mainly includes regulations related to

- our responsibilities towards our customers, employees, partners, society and humanity
- legal responsibilities
- professional misconduct
- establishing and preserving a fair working environment policy
- employees’ responsibilities
- managers’ responsibilities

## Human Rights at Sabancı Group

**We put human rights not just in the core of our business but also in every project we realize for the general community as a part of Sabancı Group's corporate responsibility.**

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

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

As Sabancı Group, we value human rights and consider them in two ways:

- in all our decision making processes in business
- in the community that we are operating in

As we stated in the Code of Business Ethics, in both its business and the community in which it operates, Sabancı Group attaches high importance to preservation of democracy, human rights, and protection of the environment; education and charity activities, eradication of crimes and corruption.

In the scope of human rights, we believe that

- we should act with an awareness of good citizenship and responsiveness while doing our business and working for community.
- we should contribute to the development of the community with our corporate social responsibility projects as non-governmental organizations do.
- We should act in a responsive and sensitive manner in Turkey and towards the customs and culture of those countries where we undertake international projects and business.

### **3- Employees: The Most Important Component of Our Business**

**With a non-discriminatory, safe, and healthy working environment, Sabancı Group enables its employees to use their personal rights fully and correctly.**

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

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

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

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

**We put “honesty” and “fairness” in the center of our policy pertaining to our employees.**

As Sabancı Group, we believe that professional development cannot be separated from personal development. That’s why in addition to the in-service training opportunities we offer to our employees, we also carry out the necessary efforts to enable personal development of them; by supporting them in volunteering for various social and community activities. We respect the balance between their private and professional lives.

**We value the difference...**

We establish a positive and harmonious working environment in order to promote cooperation and unity. While trying to reach this aim, we respect people with different creeds, beliefs, and opinions and we believe that this difference will contribute to the efficiency of our business and working environment. The Sabancı Group does not provide privileges based on an employee’s region, language, gender or race.

**Sabancı Group respects private lives and personal spaces...**

We do not share any personal information concerning our employees with a third person outside and we respect private lives of our employees. As Sabancı Group, in our “Codes of Business Ethics” that was signed by each employee, we also stated our policy regarding the violation of employee rights and we incorporated the policy in Sabancı Holding and its strategic business units.

**Our goal is to provide employees a working environment where their physical, sexual, and emotional privacies are protected.**

Under no circumstances, we tolerate violation of employees' privacies through physical, sexual, and/or emotional harassment in the workplace.

People who display a negative attitude or behavior towards the other employees that file harassment notifications are not tolerated.

## **Recruiting the talented and qualified people helps us train the leaders for future.**

Sabancı Group aims to be the employer of choice for top talent. We invest in and create an environment with opportunities for continuous development of our employees and help them realize their potential. We care about our employees' ideas, expectations and feedback.

We continuously track employee performance and support open communication by creating a culture where managers are accountable for employee development. Sabancı Group rewards its employees based on its performance and enhance the commitment of employees. We also provide a level of compensation to employees commensurate with their responsibilities and the value they add to the organization.

## **Opportunities Beyond the Employees' Expectations...**

### **Management Development Programs**

Since 1994, management development programs have been implemented in Sabancı Group in order to monitor the career development of existing managers as well as of those employees who have management potential, and to develop managers in line with the future plans and objectives of the company and the Sabancı Group.

### **Leadership Development Programs**

The management of executive level talent and capabilities in Sabancı Group is realized through leadership evaluation and feedback processes, which aim to prepare and assign individuals with the "right" profiles to Sabancı Group's top management roles within the framework of Sabancı Strategic Leadership Model.

Planning the succession of the executive level roles with the right people and proactively supporting their development with accelerated development programs is one of the key elements of the continuing success of Sabancı Group. For this purpose, the progress of leadership successors is monitored through "Individual development plans".

These processes are structured with the aim to proactively develop top level executives required by the group companies and to plan, monitor and accelerate the systematic development of those employees determined to have the potential to progress to top executive positions and to assume different roles within the Group in the long run.

These programs utilize various development methods, which aims to provide the required experience and skills to leadership candidates, raise their awareness about the barriers to success and develop their competencies in alignment with the Sabancı Strategic Leadership Model.

### **Young Sabancı Program**

Young Sabancı Program (YSP), implemented since 2006, is a development program carried out by Sabancı Holding Human Resources Department

with the purpose to determine young high potentials within the Sabancı Group companies and to monitor their career development. It aims to identify and develop young high potentials that will enable Sabancı Group to reach its targets in line with the Group's vision and strategies.

### The Stages of Young Sabancı Program

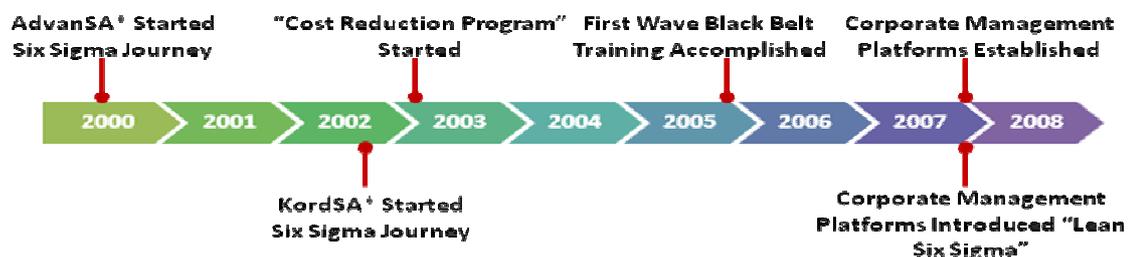
- Young Sabancı Program starts with a detailed competency-based selection process and continues with development of the selected participants.
- This is followed by the development activities aimed to assist the participants to get to know themselves and realize their potentials, prepare them for the responsibilities that they will undertake in the future and maintain a high-level of performance.

The development process of the participants of Young Sabancı Program is managed with the collaboration of Holding Human Resources, Company General Managers and Company Human Resources.

### "The Most Successful Lean Six Sigma Project" has been awarded in 2009.

Lean Six Sigma encompasses features of Lean and Six Sigma like: emphasis on customer satisfaction, a culture of continuous improvement, search for root causes and comprehensive employee involvement. In all cases, high degrees of training and education take place, from upper management to the shop floor.

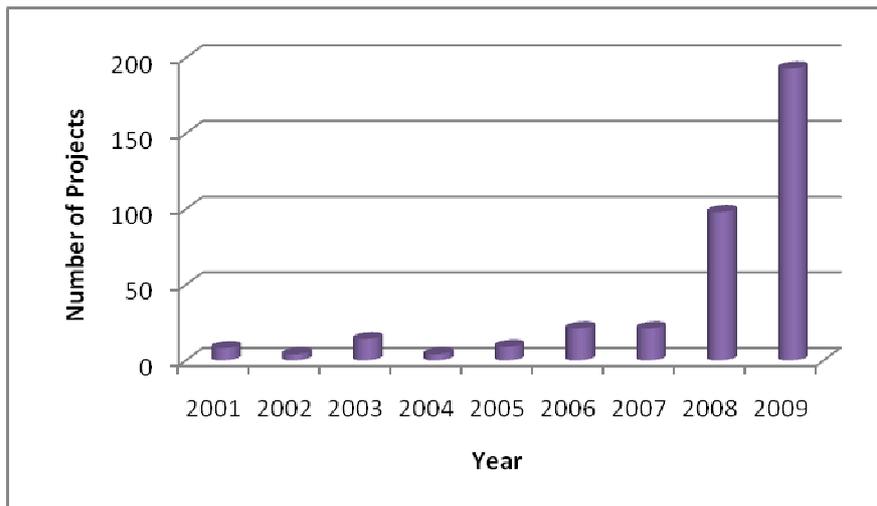
## The Development of Lean Six Sigma



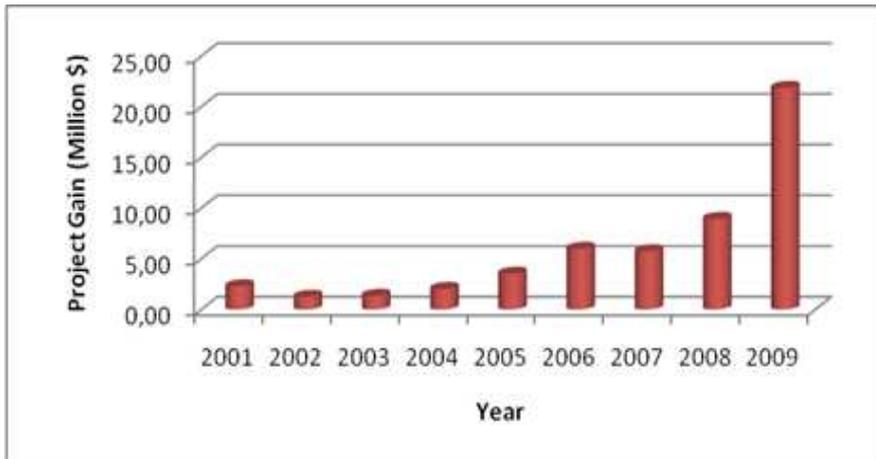
- **2000:** Sabancı Holding has begun the Lean Six Sigma journey with the strategic objective of achieving "world competitiveness - lowest unit cost". It is the ideal tool for increasing shareholder value, level of service, customer satisfaction, and profitability.
- **2000:** With the guidance of Advansa Team, initial assessment of Sabancı Holding companies was done to classify the companies according to their improvement strategy being either data driven or

knowledge base. After evaluation, the first Six Sigma Black Belt training was conducted in a few companies. At the end of the same year, 2<sup>nd</sup> wave Black Belt training was completed.

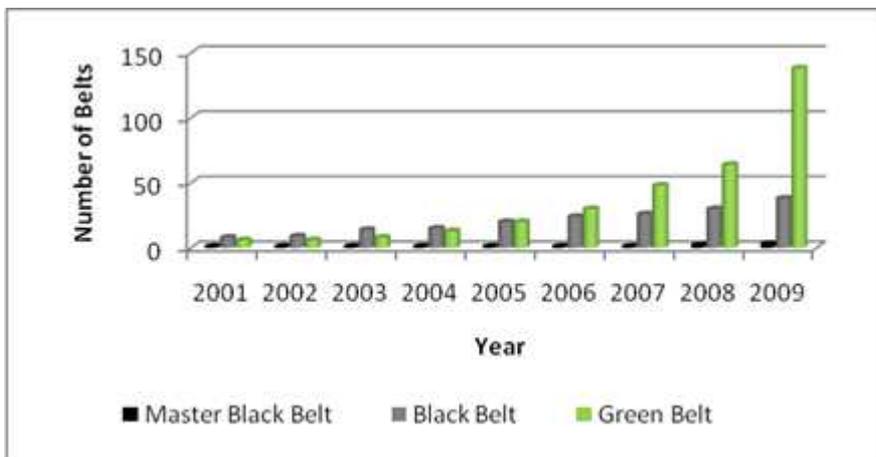
- **2006:** New approach to Six Sigma was initiated by the SABE team. A new roadmap and ground rules were prepared and announced. According to the new approach, the "Dark" Green Belts were to be the base of the Six Sigma deployment and to lead the projects with the support of Advansa and Kordsa Global Teams.
- **2007:** With the shifting diversity of the Sabancı Holding Group's portfolio towards to service industry, the requirement of Business Excellence has also changed. In order to meet the new requirements of the portfolio, Corporate Management Platforms department was established at the end of 2007.
- **From 2001 to 2010:** Sabancı Holding Companies - Advansa, Kordsa Global, Teknosa, Temsa Global, Çimsa, Akçansa, Yünsa, Brisa and Olmuksa - completed 372 projects (Figure 1) and gained about 53 million dollars (Figure 2). Today, Sabancı Holding Companies have 3 Master, 38 Black and 138 Green Belts (Figure 3).



**Figure 1. Number of Projects between 2001 and 2009**



**Figure 2. Project Gains between 2001 and 2009**



**Figure 3. Numbers of Belts between 2001 and 2009**

## Sabancı Golden Collar Awards



At the end of 2008, A new award programme called “Sabancı Golden Collar Awards” was launched. The programme was organized to encourage the success of the Sabancı Group companies and the employees, to enhance the mutual sharing of good practices, and the development of the Group.

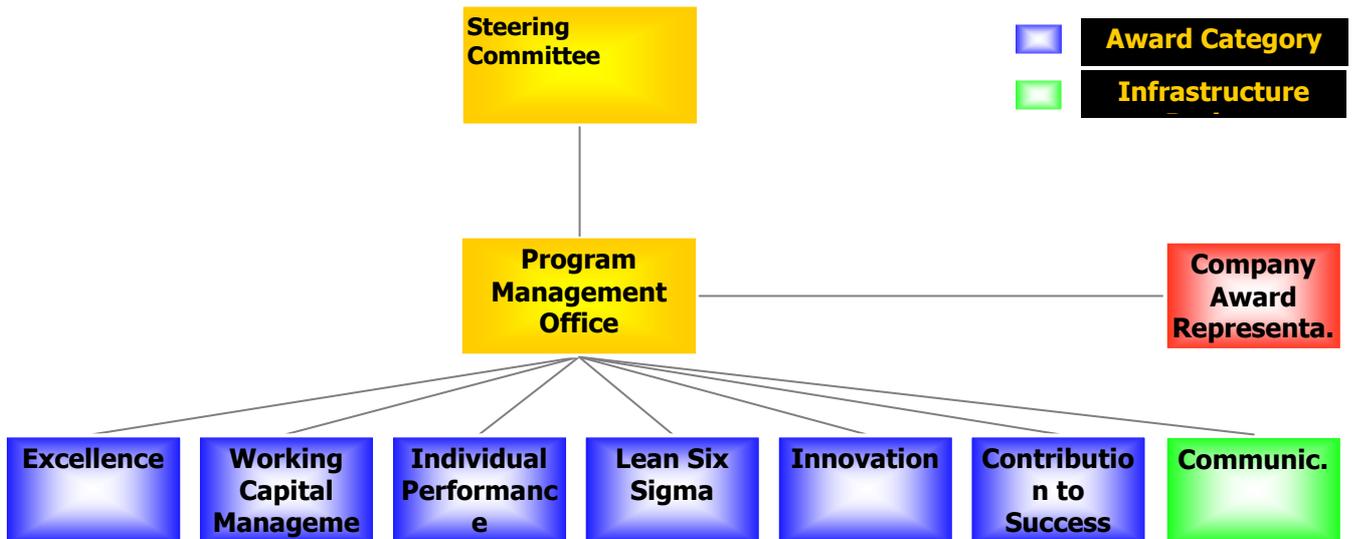
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This long marathon was designed with the help of a three level management hierarchy:

- Award Steering Committee
- Program Management Office
- Project Teams.

Project teams from different companies and departments which have played an active role in designing the award categories content was made up of 49 people; steering committee was made up of 11 top level executives including CEO; jury members consisted of 70 people.



In this process 70 people took charge as assessors, and 46 of these assessors played an active role in field assessments. Project teams designed each category in terms of how the assessment criteria, assessment process, assessment jury, etc. should be. In total, 1.500 man/ hour per day of work has been done.

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#### **Awards were given at six different categories:**

- **Excellence** - company scoring highest according to the EFQM model
- **Working Capital Management** - company scoring highest in the working capital management process
- **Individual Performance Management** - company scoring highest in the individual performance management process
- **Lean Six Sigma** - team completing the most successful lean six sigma project
- **Innovation** – the most innovative idea
- **Contribution to Success** - the most successful employee based on his / her contribution to another colleague at Sabancı Group.

In the following years, new categories may be added and some categories may be taken out of the scope of the award program.



59 company representatives were in charge of the communication of the categories at the companies. Various communication channels were used and as a result 271 people have stood as candidates for the awards.

Around 500 people attended the award ceremony and the feedbacks concerning the award ceremony was very positive.



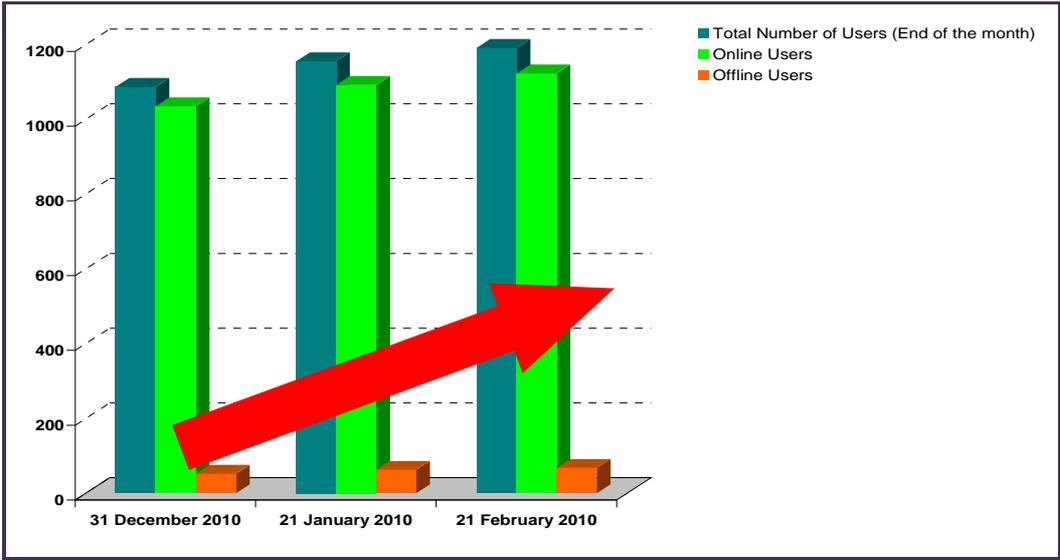
Bilse Bilse is a product of SABE (**Sabancı Business Excellence**) which is a functional platform with executive level representatives from the member Sabancı Companies.

The aim is to create a platform for Sabancı employees to share their existing knowledge and experience voluntarily with other Sabancı employees who have the need; with this project, organizational learning is derived.

Moreover, it is also a goal to create synergic effect and to obtain mutual benefit through knowledge and experience sharing. By using the previous experiences in projects and processes, similar work can be done faster and error free. Competitive advantage can also be gained by bringing a different and new perspective to Sabancı Companies.

All of the white collar employees of Advansa, Akçansa, Brisa, Çimsa, Kordsa Global, Olmuksa, Sabancı Holding, Teknosa, Temsa Global and Yünsa are in the scope of Bilse Bilse.

Reports from the system can be taken instantly, daily or monthly concerning the number of total number of users, online users, offline users, number of searches, number of specialties which has been shared, performance of the users which have shared their knowledge and/or experience, users vs. their specialties, users who have joined the system and who have left the system. Furthermore, the most looked-up and most recently searched specialties are listed at the website.



## 4- Environmental Matters

Even if the annual flow of emissions did not increase beyond today's rate, the stock of greenhouse gases in the atmosphere would reach double pre-industrial levels by 2050 - that is 550ppm CO<sub>2</sub>e - and would continue growing thereafter. But the annual flow of emissions is accelerating, as fast-growing economies invest in high carbon infrastructure and as demand for energy and transport increases around the world. The level of 550ppm CO<sub>2</sub>e could be reached as early as 2035. At this level there is at least a 77% chance - and perhaps up to a 99% chance, depending on the climate model used - of a global average temperature rise exceeding 2°C.\*

### **We assess the responsibility of the lifecycle of products and services...**

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

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

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

As a pioneering conglomerate in industrial and financial services in Turkey, we consider our business' effects on environment in all stages of our business. In accordance with the legal regulations and Sabancı Group Environmental Policy, we take precautions to minimize our effects on environment with a proactive approach.

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In the fragment of our Environmental Policy,

- we establish and implement our environmental standards at a level above and beyond the legal obligations.
- we aim at perfection through intercompany information and experience sharing.
- we adopt the proactive approach in all our operations for an uninterrupted improvement of our environmental performance.
- we identify and manage the environmental risks.
- we try to apply the best available production techniques.
- while monitoring environmental developments, and converting them into business opportunities, we contribute to sustainability.
- we support the environmental awareness and information sharing for purposes of social development.

After, we identify all our environmental impacts, we

- develop a systematics of targeting, programming and monitoring
- review the impacts
- take improving actions.

In order to incorporate our Environmental Policy to every aspect of our business and raise environmental awareness, we share our Environmental Policy and precautions with our employees, customers and shareholders.

**We continue to improve our environmental performance.**

We set and implement targets for energy and waste management, and for natural source consumption.

While aiming at continuous improvement through clean products and clean production technologies, we also take on the environmental responsibility of our products and services.

**Our Companies invest around 6.6 million annually for environment related issues...**

- Clean Production (Around 1 million spent each year for emission reduction)
- Life cycle (€3.5 million yearly for waste water and hard waste management)
- Selection of environment friendly technologies
- Recycling
- Prevention of pollution
- Efficient usage of natural resources

\*STERN REVIEW: The Economics of Climate Change, 2000

**Since 2007, Sabancı Holding, is proceeding with its strategic partner Verbund, one of the energy giants in Austria, towards the goal of leadership in energy market, with an eye to satisfy the electric energy need of Turkey in the most reliable and environmentally sustainable way.**

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**Enerjisa: A reliable and competent supplier of energy to its customers**

Enerjisa Power Generation, which was founded on April 4, 1996, has the mission to look for new business opportunities in the energy sector and to operate as a reliable and competent supplier of energy.

**Enerjisa goes on implementing and constructing its 9 hydroelectric power plants with a total installed capacity of approximately 1,000 MW.**

**In 2008, Enerjisa**

- has taken the 99th place in “**Fortune Turkey 500**” list compiled by Fortune which is the world’s most prestigious business magazine.
- raised its rank to 97 in “**Turkey’s 500 Biggest Industrial Companies**” prepared by Istanbul Chamber of Industry.
- has been entitled to the ISO 14001:2004 Certificate with full conformity both at its Headquarters and at all of its operating plants, evidencing thereby its uniqueness in Environmental Management Systems.

### **Projects led by Enerjisa**

**Enerjisa has added to its existing consolidated installed capacity of 455 MW a new capacity of 2523 MW, which is in the eve of the construction phase. The Company targets to reach a minimum market share of 10% with its installed capacity of not less than 5,000 MW and distribution networks serving to 6 million customers by the year 2015, driven by its goal of becoming the leading power company in Turkey.**

When it is completed, with an installed capacity of 920 MW **Bandırma Natural Gas Combined Cycle Power Plant**, will be the most efficient natural gas fired power plant in Turkey. This power plant will contribute to Turkey in terms of both foreign-independency, and environmental issues, by means of its minimum level of natural gas consumption, and carbon dioxide and nitrous oxide emission.

The other project which has been conducted by Enerjisa is **Çanakkale Wind power plant** that will generate 90 GWh of energy annually, and contribute to the protection of the environment by reducing the carbon emissions by 50 thousand tons per year.

### **Some developments in other sectors of Sabancı Group...**

#### **Çimsa**

As one of Turkey's most well-known brands in the cement industry, Çimsa has continued the momentum of growth and business excellence it started on 2005. Çimsa aims for business excellence at the global level through its quality and environmental management and occupational health and safety systems.

The Company took an important step toward protection of the environment by receiving an Alternative Fuel Usage Certificate.

#### **Yünsa**

Yünsa, Turkey's leading exported of worsted wool fabric, is the top worsted fabric producer in Europe. With the advantage of flexibility in production, the Company produces high product quality and has a strong market position.

In 2008 and 2009, Yünsa

- has been certified for ISO 14001 by TSI.
- implemented both internal and external afforestation activities. (Near TEM Highway in İstanbul, Yünsa Forest has been planted by the Yünsa employees.
- installed dust holding filters to minimize the emissions discharge.
- trained its employees frequently on environmental aspects and responsibility.

## Dönkasan

Dönkasan was founded in 1978 in order to collect, separate and bale recovered paper. Its main activity is to collect the waste papers and packaging wastes from the market and send them to the recycling factories.

Dönkasan, which is a member of B.I.R. (Bureau of International Recycling) whose headquarter is in Brussels, received the Packaging Waste Collection and Separation Institution License which is given by Ministry of Environment and Forestry.

Dönkasan has three facilities, two of them located in İstanbul and one in Adana. It collects around 250 tons packaging waste per month.

Detailed Tonnages of collected waste in 2009:

Categories	ADANA (Ton / year)	İSTANBUL KARTAL (Ton / year)	İSTANBUL ESENYURT (Ton / year)
First Quality Paper Pulp	1.765	780	14.563
Cardboard / Corrugated Cardboard	5.982	16.273	15.219
Newspaper	4.960	2.746	5.079
Book - Documents	520	473	670
Mixed Paper	304	428	8.705
PE	383	58	4
PP	92	-	-
PET	-	-	4
Metal	108	-	-
Wood	350	-	14
Mixed Packaging Waste	281	46	1.190
<b>TOTAL</b>	<b>14.743</b>	<b>20.804</b>	<b>45.449</b>

### **Individual Collection at Source Project**

Dönkasan has recently signed an agreement with the Sancaktepe Municipality, İstanbul. Within the scope of Individual Collection at Source Project, Dönkasan has collected 1000 tons packaging wastes within the district's boundaries of Sancaktepe Municipality.

In coordination with the Directorate of National Education, Dönkasan has been providing education for the children at schools.

Dönkasan also distributes blue bags and recycling boxes to the all packaging waste sources like houses, factories, markets, offices, terminals, health institutions etc. in order to contribute to the environmental sustainability.

## Awards and Achievements

Sabancı Group Companies that have ISO 14001 EMS (Environment Management System) Document:

- Akçansa (B y k ekmece, İstanbul and  anakkale)
- Brisa
- Temsa Global
- Kordsa Global
-  imsa
- Y nsa
- Philsa

Sabancı Group Facilities that have been rewarded:

- Akçansa
- Brisa
- Kordsa Global
- Y nsa
- Temsa Global
-  imsa
- Philsa

## Corruption

**In the Code of Business Ethics, Sabancı Holding clearly defines the responsibilities of managers, employers, and the Holding itself. Any incident of professional misconduct that is against these responsibilities is not tolerated.**

**Principle 10:** Businesses should work against all forms of corruption, including extortion and bribery.

As Sabancı Group, we require our employees

- not to obtain direct or indirect personal benefit from purchasing and sales activities and contracts that the Holding/Company is a party to.
- not to engage in actions or conduct that is immoral, illegal, or that is in conflict with the Holding/Company discipline.
- not to receive gifts or benefits that are openly or implicitly requiring reciprocation.

Any employee action that results in harm to the Holding/Companies through the use of one's authority with neglect and for one's own and/or relatives' interest is not be tolerated.

**Holding/Company employees are prohibited to receive any kind of benefits or gifts, with or without an economic value, that influence or might influence their impartiality, performance, and decision-making while carrying out their duties.**

Holding/Company employees might receive and/or give awards, plaques, etc. with symbolic, non-monetary value, or might accept to undergo a special practice on the condition that these:

- are in compliance with the business targets of the organization,
- are in compliance with current legislation, and
- shall not cause an embarrassment for the Holding/Company in case of public disclosure of the gift.

Holding/Company employees may also offer and accept 'reasonable' entertainment, gifts, and meals in accordance with standards acceptable in the business environment. (total value of the gifts received in each calendar year from each individual/company does not exceed YTL 250/or equivalent)

**At Sabancı Holding and its companies, receiving, giving, or suggesting bribes and/or commissions is not acceptable under any circumstance.**

It is forbidden for the Holding/Company employees to accept unrequited money or to borrow money from sub-employers, suppliers, consultants, competitors or customers; or to request or accept these people and/or organizations to pay their travel expenses, activity expenses, or similar expenditures.

In exceptional cases where local culture requires exchange of gifts that are above the values established by company policy, these gifts may only be accepted in the name of the Holding/Company, and upon the approval of the Holding/Company top management.

## Social and cultural activities

**Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach.**

With this policy statement, the Sabancı Group stresses corporate social responsibility principles and the importance and priority given to the topic by the Group.

We expect all of our establishments that constitute the Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place priority on the development of society.

**We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole.**

We pursue a pioneering role with regard to actions that protect democracy, human rights as well as the environment. As the Sabancı Group, the SA-Ethics program prepared and put into practice in accordance with the principles of Corporate Social Responsibility constitute a guide to our business operations.

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The basic principles that govern our social responsibility practices are;

- As Sabancı Group, we fulfill our social and environmental responsibilities toward society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.
- We regard our human resources as the most significant component in creating sustainable growth. We ensure that all employees take advantage of their personal rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a non-discriminatory, safe and healthy work environment. We undertake efforts to enable the personal development of all employees while pursuing a balance between their private and professional lives.
- Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical challenge or similar reasons are not tolerated.
- We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.
- As Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity.

Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

**We require our companies, beyond their legal requirements, to apply the best environmental solutions to all they do and to support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness.** All of our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance.

- As Sabancı Group, we struggle toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social and societal volunteering.
- We develop and implement approaches to ensure that all of our partners and particularly our suppliers act in accordance with social responsibility standards of the Group.
- We show sensitivity to the traditions and culture of Turkey and other countries in which we operate. We comply with all legal regulations currently in effect.
- We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with the relevant regulations; relevant units audit the level of implementation. As the Sabancı Group, we share corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All of our executives and employees, starting with the CEO of H.Ö. Sabancı Holding A.Ş., undertake accountability for carrying out corporate social responsibility activities.

### **Sabancı University**

As science, technology and social structures advance day by day, the world needs more qualified individuals who possess the knowledge and skills required to pursue a career anywhere in the world. Aware of this pressing issue, in 1994, the Sabancı Group decided to establish a "world university" led by the Sabancı Foundation.

Instead of choosing a university as a template or replicating existing examples and institutions, a new and unique university was designed during the foundation phase of the university. Having begun accepting students in 1999, Sabancı University sets an example to many universities today.

Sabancı University makes a difference with its unique educational system.

Academic programs of Sabancı University are innovative and interdisciplinary. As the conventional system of “departments” is seen to be hindering a true interdisciplinary approach at times and causing too early and restricted specialization in any given field, Sabancı University does not have academic divisions.

The education system of the university is based upon the common Foundations Development Year, which all students must complete regardless of their subsequent program choices or plans. Students who complete the Foundations Development Year successfully become individuals capable of critical thought, interdisciplinary interaction and problem-solving, who are endowed with the knowledge base required to complete the program they choose. In the second phase of Foundations Development, students are free to choose the introductory courses to their preferred diploma program and choose one of 11 programs to continue their education.

#### Faculties

There are three faculties at Sabancı University: the Faculty of Engineering and Natural Sciences (FENS), the Faculty of Arts and Social Sciences (FASS) and the Faculty of Management (FMAN). All faculties offer undergraduate, graduate and postgraduate programs.

The FENS offers undergraduate programs in Computer Science and Engineering, Biological Sciences and Bioengineering, Materials Science and Engineering, Mechatronics Engineering, Electronics Engineering and Manufacturing Systems Engineering, and graduate programs in Information Technologies, Biological Sciences and Bioengineering, Electronics Engineering, Computer Science and Engineering, Mechatronics Engineering, Industrial Engineering, Materials Science and Engineering, Physics and Mathematics.

The undergraduate programs of the FASS are Economics, Management, Visual Arts and Visual Communication Design, Cultural Studies and Social and Political Sciences, in addition to the graduate programs in Economics, Visual Arts and Visual Communication Design, Political Science, Political Science-Conflict Resolution, Cultural Studies, History and European Studies.

The FMAN offers undergraduate, graduate and postgraduate programs in Management, Management for Executives degree programs, and graduate programs in Finance and Information Technologies in Management. The Executive Development Unit (EDU) offers executive development programs for professionals.

The university places great emphasis on industry relations and offers an Industry Leaders graduate program. Conducted jointly by the FENS and the FMAN and supported by industry partners, this program confers two graduate diplomas.

## **Graduates**

More than 2,600 graduates of Sabancı University are pursuing successful careers in academia or the business world.

Seventeen percent of Sabancı University graduates continue their postgraduate studies with scholarships at the leading universities of the world, including Harvard, Stanford, Brown, MIT, Yale, Cornell, CalTech, Cambridge and Chicago. 93% of students find jobs within one year of graduation.

Sabancı University Nanotechnology Research and Application Center Established by Sabancı University with the support of the State Planning Organization in 2009, the Nanotechnology Research and Application Center is the first interdisciplinary nanotechnology center in Turkey. The Center will lead advanced and interdisciplinary research and projects that will be rapidly adopted by the industry in the application of nanotechnology to physics, electronics, mechatronics, materials science, chemistry and biology. The Center aims to improve the university's international competitive advantage in intellectual property portfolio and contribute to progress in leading research.

## **A campus that lives and breathes**

The Sabancı University campus is a haven away from the bustling city, yet it has everything to meet the everyday needs of its students. The campus abounds with amenities from the Performing Arts Center to a Sports Center, Health Center, supermarket and movie hall. Sabancı University has the best housing unit to student ratio among universities in Turkey.

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## **Sabancı University Sakıp Sabancı Museum**

Sabancı University Sakıp Sabancı Museum (SSM) is located in the mansion known as "Atlı Köşk" (Horse Mansion). Atlı Köşk, which was bought by Hacı Ömer Sabancı in 1950, currently houses the main collection of the museum. The mansion was bequeathed to the Sabancı University, along with the collections and its furniture in 1998, to be turned into a museum. □A modern gallery wing was added to the original structure, and the Museum was opened to the public in 2002. The exhibition space was expanded in 2005 and upgraded to meet international museum standards.

SSM now offers a multi-faceted museum environment with its rich collections, the temporary international exhibitions it hosts, conservation units and exemplary educational programs; as well as the concerts, conferences and seminars it organizes.

The collections displayed at the Sabancı University Sakıp Sabancı Museum fall into three categories:

Calligraphy; Painting; Archeological and Stone Works and Furniture and Decorative Arts.

The Calligraphy Collection offers a comprehensive overview of the 500 years of Ottoman calligraphy, with rare Korans, kıtas, albums, panels, hilyes, edicts, endowments deeds and menşurs. In 2009, Sakıp Sabancı Museum has acquired new works for the Ottoman Calligraphy Collections which it had kept enhancing in line with its collection strategy, and the new works of the collections met the visitors at the Ottoman Calligraphy Halls in the Mansion section, with their displays renewed in 2009.

The Painting Collection of the Sakıp Sabancı Museum is comprised of works dating between 1850 and 1950. The collection includes the most distinguished examples of Turkish painting, as well as works of foreign artists who lived in Istanbul during the last years of the Ottoman Empire.

While the Collection of Archeological and Stone Works, consisting of Roman, Byzantine and Ottoman pieces, is exhibited in the garden; the three ground floor rooms of the Atlı Köşk display the 18th and 19th century furniture and decorations used by the Sabancı Family while the mansion was their personal residence.

### **Exhibitions Held at SSM**

SSM has been hosting a great number of exhibitions since its opening in the year 2002. Besides the history-themed exhibitions such as "From the Medicis to the Savoias Ottoman Splendour in Florentine Collections," "The Art of the Book from East to West and Memories of the Ottoman World Masterpieces of the Calouste Gulbenkian Museum, Lisbon," "Genghis Khan and His Heirs, The Great Mongol Empire" and "Istanbul, Isfahan, Delhi: Three Capitals of Islamic Art Masterpieces from the Louvre Collection", grand retrospectives about the prominent masters of modern art, such as "Picasso in Istanbul", "Great Master of Sculpture Rodin in Istanbul", and "Salvador Dalí, A Surrealist in Istanbul" were exhibited at the Museum.

The Museum maintained its distinctive exhibition programme with many innovations during 2009, as well. Following the exhibition "Travel to the West - 70 Years of Turkish Painting (1860 - 1930)", which focused on the rich history of the Turkish painting art created by our painters born during the 19th century, including Osman Hamdi Bey, İbrahim Çallı, Feyhaman Duran and Namık İsmail; the exhibition "Lisbon: Memories from Another City", introduced the viewers with the works of the major Portuguese artists from the period covering late 19th century and early 20th depicting Lisbon, a city which is both distant and yet so close to us, was held. Additionally, the exhibition "Flow" showcasing the three years of work of the students of Visual Communications Design Programme of the Faculty of Arts and Social Sciences of the Sabancı University; and the exhibition "Joseph Beuys and His Students - Works From The Deutsche Bank Collection", which gathered together the works of Joseph Beuys, the pioneer of modern arts, and his Students during the Istanbul Biennale, were organized at the Museum. The Museum also hosted the first event of the 2010 European Capital of Culture, the exhibition "Venice and Istanbul during the Ottoman Period; Love, by any other name". □The exhibition

includes selected works from the museums of Venice, as well as works chosen from the Topkapı Palace Museum, Museum of Turkish and Islamic Art, Pera Museum, and Yapı Kredi Vedat Nedim Tör Museum. Witnessing the experiences at the Istanbul end during a period of deep historical, social and commercial relationships, works from museums in Turkey representing a shared past accompany the works from Venice. Thus, the exhibition displays the panorama of close diplomatic, military, commercial and artistic relations between the two cities, along with their deeply intertwined reciprocal influence.

### **Overseas Exhibitions Held by SSM**

In addition to hosting various exhibitions on its grounds, the Sabancı University Sakıp Sabancı Museum has been able to promote its collections by lending works of art to other venues outside the country.

The museum has loaned works to exhibitions such as "Mothers, Goddesses and Sultanas" (2004-2005) held in Brussels, "Turks: A Journey of a Thousand Years, 600-1600" (2006) held in London and "Istanbul: The City and the Sultan" (2006-2007) in Amsterdam. However, it has been the exhibitions made up entirely of its own collections and hosted by prestigious museums around the world that have brought the Sakıp Sabancı Museum into the international arena.

The Sakıp Sabancı Museum could be represented on an "international basis," in the very sense of the term, only through the exhibitions it has held at reputable museums abroad with its own collections. Following the exhibitions during the years 2007 and 2008, "Evocations, Passages, Atmospheres and Paintings from the Sakıp Sabancı Museum, Istanbul" at the Lisbon Gulbenkian Museum, "Letters in Gold: The Ottoman Art of Calligraphy from Sakıp Sabancı Museum" at the Madrid's Real Academia de Bellas Artes de San Fernando, and "The Ottoman Calligraphy from the Sakıp Sabancı Museum" at the Real Alcázar in Seville, Sakıp Sabancı Museum participated with works it has loaned from its collections in the exhibition "From Byzantium to Istanbul: One Port for Two Continents" held at the Grand Palais in Paris within the framework of the events of Turkish Season in France during 2009.

### **Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery**

Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery were inaugurated for visitors on October 1, 2009. The Sakıp Sabancı City Museum aims to display and introduce the urban formation and culture of life in the city of Mardin; while the Dilek Sabancı Art Gallery aspires to establish a modern and contemporary art platform in Mardin through temporary exhibitions.

Dilek Sabancı Art Gallery has been hosting for one year an exhibition titled "Nature, Man and the Sea - With Works Selected from the Sabancı University Sakıp Sabancı Museum Collection". The exhibition includes 75 works by 47 artists, and shines light on the history of Turkish painting

from its beginnings to recent times, through works by artists such as Hikmet Onat, İbrahim Safi, Şeref Akdik, Abidin Dino, Adnan Çoker, and Selma Gürbüz, comprising a vast period.

Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery have already been visited by 30,000 people as of the end of 2009.

### **SSM Education Activities**

The extensive educational programs that were initiated during the Picasso exhibition were also continued in 2009 with enhancements in terms of number, diversity, and contents. During the year, special workshops and child training programs were held for both children and adults. The total number of students who attended the 2009 workshop is 15,745. In 2009, The Special Event Days were held and five different events were organized for the first time between April and December 2009. 2,320 women were reached in nine months, within the scope of the social responsibility project "Meeting the City, Meeting the Museum," the only private museum project approved by the Istanbul 2010 European Capital of Culture Agency. In order to support the current exhibitions, film projections, conferences, gallery talks with the students of the Sabancı University, and guided tours are organized, and the Neighbour's Day events continue at the Museum.

### **IIC - The International Institute for Conservation of Historic and Artistic Works Istanbul Congress 2010**

The collection and evaluation of the proposals for poster and statements to be submitted to the IIC - The International Institute for Conservation of Historic and Artistic Works 2010 Congress with the theme "Conservation and the Eastern Mediterranean", which will be hosted by the Sakıp Sabancı Museum during 20-24 September 2010, were completed in 2009. The preparations for the Congress have been accelerated.

### **Sabancı Foundation**

The Sabancı Family has made a considerable contribution to the development of the Turkish economy by initiating many industrial establishments which comprise Sabancı Holding. Sabancı family members have been actively involved in philanthropic activities to enhance the general areas of social development and the specific areas of education, arts, sports and culture. The Hacı Ömer Sabancı Foundation was established in 1974 with the aim of institutionalizing the Sabancı family philanthropic activities.

The Foundation was established with the support of family members, mainly Sadıka Sabancı -wife of Hacı Ömer Sabancı- who donated her entire personal wealth to the endowment. The income base of the Foundation, sustained mainly through donations from family members, Sabancı Group companies and revenue generated by its own assets, has led the Sabancı Foundation to become one of the largest foundations in Turkey. The Foundation is a member of the Turkish Third Sector

Foundation (TUSEV), the European Foundation Center (EFC), the Council on Foundations (COF) and the European Consortium of Foundations on Human Rights and Disability.

Sabancı Foundation programs and investments are guided by its main mission; "To promote social development and social awareness among current and future generations by supporting initiatives that create impact and lasting change in people's lives". In addition to its existing investments to institutions, education, scholarships, awards, arts and culture, the Foundation has recently created new programs that focus directly on targeting women, youth and persons with disabilities.

Over the past 36 years, the Foundation has built almost 120 institutions in 78 residential areas across Turkey such as schools, student dormitories, health facilities, cultural centers, sports facilities, libraries, teacher centers, social facilities and Sabancı University -one of its most significant investments. The Sabancı Foundation also supports its institutions through a "managers' development program" in order to be able to ensure effective services and maintenance of these institutions. In 2009, the Foundation, the Türkan Sabancı Primary and Vocational School for the Blind and the Perkins School for the Blind signed a partnership protocol to collaborate and train teachers. On October 1, 2009, the Foundation completed the restoration project and opened the Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery to promote the culture and history of Mardin.

Each year, more than 1,300 students - including 380 new students- benefit from Sabancı Foundation Scholarships. Since its establishment, more than 33,000 students have obtained scholarship through this program. In 2009, the Foundation, in partnership with Vista Tourism and Travel Company, launched the Sabancı Foundation-Vista Scholarship program to support students studying in Tourism Vocational Schools. In addition, the Sabancı Foundation Awards program recognizes exceptional performance in education, sports, culture and art.

Another important investment for the Foundation is arts and culture. The Sabancı Foundation supports two annual events -the Turkish Folk Dance Competition and the Sabancı International Adana Theater Festival. In 2006, the Foundation began supporting the Mehtap Ar Children's Theater, with the goal of making drama more accessible to children. More than 280,000 children attended the theater for the first time in their lives. The Ankara International Music Festival and the Metropolis Antique City excavation are supported through the Foundation's Arts and Culture program. Also in 2009, the Foundation began to support the National Youth Symphony Orchestra, which consists of musicians aged 14-20.

In order to encourage and enable those who have the power to change the future and to make a difference in the lives of Turkish citizens, the Sabancı Foundation conducts activities through grant programs,

partnerships and seminars. Activities being implemented within this context are summarized below:

The United Nations Joint Program to Promote and Protect Human Rights of Women and Girls is a multi-year landmark project that started in 2006 in partnership with all United Nations agencies in Turkey, the Ministry of Interior, Sabancı Foundation and Sabancı University. Studies on gender equality were carried out in six cities and Local Equality Action Plans were developed depending on priorities. 34 projects were funded by the grant program for the execution of the plans. In addition, Sabancı University has trained 1,313 teachers in gender awareness.

As Turkey's first comprehensive strategic grant making foundation, Sabancı Foundation launched the Social Development Grant Program and awarded grants to five projects targeting women, youth and persons with disabilities. The projects are currently being implemented in 26 cities and will be completed in 2010. The second Social Development Grant Program was launched in 2009 under the same strategic framework and projects selected will be implemented in 2010.

The Multidimensional Empowerment of Women in Urban Areas project (2009-2011) implemented by AÇEV (Mother Child Education Foundation) is yet another project funded as part of the Sabancı Foundation Grant Program. This project aims to provide literacy training to 11,000 women, young girls and women with disabilities in five cities and provide information about rights and issues of disability. In 2009, the project reached 3,918 people.

Sabancı Foundation Seminars gather civil society, foundation, academia, private and public sector representatives with international experts to learn about new trends and hot topics with respect to civil society. In 2009, the third Sabancı Foundation Seminar was organized under the theme of "Creating Accessible Societies".

In 2009, the Sabancı Foundation launched Turkey's Changemakers project, a weekly TV program aired on CNN Türk for 32 weeks. The program highlights the efforts of unique individuals who promote change and development in their communities and create a remarkable impact in the lives of others.