



PACKAGING FOR

life



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**SUSTAIN
ABILITY
REVIEW
2015-2016**

About the Cover: Packaging for Life

Our packaging reaches millions of people all around the world everyday, helping to create a happier and healthier life.

*We exist for People in every sphere of life.
Our business is 'Packaging for Life'.*

We are 'Packaging for Life'

Responsibility is our key value. We behave responsibly within the ecosystem of society, environment and our business partners. This value articulates our unique approach in every decision we make and every step we take.

We serve for People in every sphere of life. When you are making fun with your friends, when you are taking care of your baby, when you are away from the city for a piece of freedom, packaging solutions of Elif is always there to serve you for what you need every day across the world.

Innovation for Life

Producing packaging for life and acting with the same vision of sustainable future for environment and human, Elif continuously works on innovative packaging solutions for better and sustainable business results.

Parallel to this approach, Elif will continue to develop new innovative solutions and create 'Packaging for Life'.

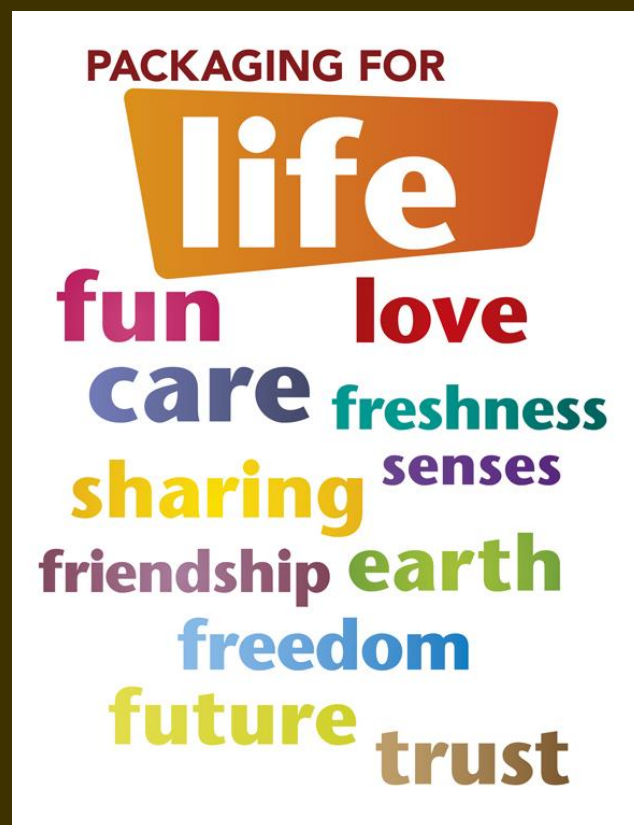


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OUR JOURNEY FORWARD

A letter from our CEO, Selçuk Yarangümelioğlu

Our work on sustainable business practices helps to strengthen the connections between our brand and the people who touch our products billions of times every year in more than 50 countries.

This is fundamentally important to us as we know our business thrives and grows sustainably when life quality of the society is also thriving. To this end, we've established a set of priorities that are intimately connected to our business for providing high-quality packaging materials for happy and healthy moments of the life. This is why we reconstructed our brand with "Packaging for Life" concept, a unique B2B2C approach in the packaging industry that puts consumers and life at the heart of packaging.

Elif targets being a pioneer in packaging sector in terms of the strategic trends as well as the next generation of packaging. Our corporate responsibility projects and activities are focused on the pillars of the society, women and children. We do plan and realize projects supporting women and children rights.

Elif continued to demonstrate an outstanding performance in GHG emissions with its new benchmark projects like tri-generation and new generation air conditioning system. Elif achieved 10% reduction in GHG emission in 2016.

Safety is a key focus area for Elif. We are working relentlessly to reach our goal of "No Injuries". Investing in new systems, tools and programs, we target to continue improving our performance in the coming years.

We have completed 4 years as a supporter of United Nations Global Compact and 6 years as a member of SEDEX. We will continue to participate in new organizations and programs to exchange and develop our approach of sustainability management.

Elif continues its 12% CAGR growth rate for the last 5 years. Elif achieved a growth of 10% in 2016 with the refreshing effect of Egypt operation. Our investment for industry 4.0, innovation and capacity has continued.

Elif created more the 200 new job opportunities in 2016 which are mainly located in Middle East and Africa region. Know-how and expertise transfer to the region also continued intensely.

For more than a decade, packaging has become a key focus area for the brands to communicate their sustainability credentials. With packaging being such a visual and tactile touch-point between consumer and brand, innovations have come thick and fast.

Neo-Eco is the next evolutionary step in how sustainability is addressed in packaging, with new innovations empowering consumers with the ability to lead their lives in a more environmentally positive way.

Elif's latest neo-eco innovations are ElifHybr and ElifHepta. These new printing and color technologies enable our customers to serve their consumers with a more diverse product and campaign portfolio. More information about Elif's neo-eco innovations developed in last

3 years can be found in the Marketplace section of this sustainability update.

As the contribution of technological innovations to sustainability and efficiency increases, the new industry revolution Industry 4.0 accelerates its entrance to our business transformation. Elif's journey in Packaging 4.0. started in 2008 with data collection for analysis and information. After full scale transformation and integration of Elif systems into ERP in 2013, the journey speeded up. With the recent implementation of PLCs and OLC servers, machine communication has enriched instant data flow into ERP which has resulted effective control of the system over the machines and the operations for higher productivity.

I would like to thank all of our business partners and co-workers for their ongoing commitment to achieve our vision. We will maintain our focus on our sustainability objectives and targets for the coming year.

OUR VALUES

Leadership

Responsibility

Passion to

Create Value

Diversity

Integrity

PACKAGING FOR LIFE

- ➔ Environment
- ➔ Society
- ➔ Economy
- ➔ Workplace
- ➔ Marketplace



A letter from our CEO
A letter from Elif CEO, Selçuk Yarangümelioğlu, on our sustainability journey.

DEAR FRIENDS, COLLEAGUES AND PARTNERS

Elif is committed to creating sustainable value for wellbeing of the earth and the society. Our packaging reaches millions of people all around the world every day, helping to create a happier and healthy life. We exist for People in every sphere of life. Our business is "Packaging for Life".



OUR APPROACH TO REPORTING

Introducing our live sustainable reporting structure

Elif prepares and presents its Sustainability Report in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (2006).

Sustainability Review 2015-2016 is Elif's third review on sustainability and provides summary of its management approach and operational performance for year 2015-2016. Details regarding the information given in the review can be provided online at Elif's corporate website and at the section dedicated for sustainability activities

The online content provides further information about Elif's management systems and processes, as well as additional and update information about the issues covered.

COVERAGE

In this review, 'Elif' refers to Elif Holding Inc. Co. and its subsidiaries; Elif Plastik Packaging Industry and Commerce Inc.Co., Elif Global Packaging Industry and Commerce Inc.Co. and Elif Global Packaging S.A.E.

The sustainability activities in this report represent the 18-month period between 01 July 2015 to 31 December 2016 for operations owned totally by Elif during that period while statistics represent an annual data from 1 January to 31 December of the related year unless otherwise stated.

OUR APPROACH

Elif is moving forward along the sustainability journey with its dynamic and proactive culture. The projects and existing project roll-outs as well as project updates does not always fit in a single document. That is why, this year, we have shared links in our sustainability report which will help reader reach Elif's updates and news online.

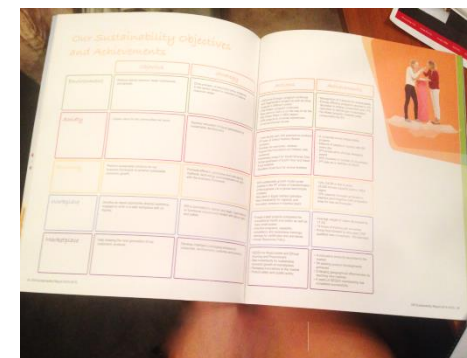
HOW TO NAVIGATE THIS REPORT

Sustainability Review 2015-2016 is prepared parallel to Elif's sustainability framework and covers activities under 5 key areas:

- Environment
- Society
- Economy
- Marketplace
- Workplace

In each chapter of this review, you can find key progress from the past year, key partnerships and highlighted activities.

Our new review also enables readers to learn more about the highlighted stories in German, Turkish and Arabic languages. Please follow the link related with the topic of interest to find more information and/or update or to read it in your local language.



Prior Reviews

Click here to view our prior sustainability reports.

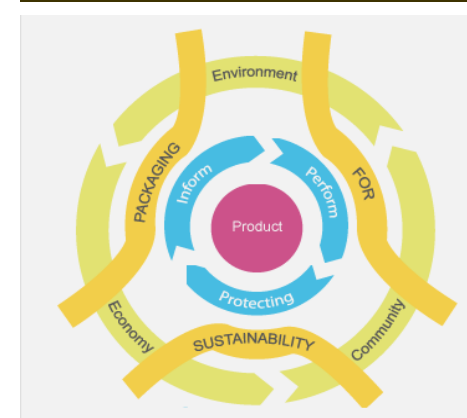


Questions

Contact us for your questions and feedback about this report.

OUR SUSTAINABILITY APPROACH

- ➔ Sustainability Approach
- ➔ Sustainability Framework
- ➔ Sustainability Achievements



Sustainable Packaging

Read more on how we understand packaging sustainability.



Read More

Access to our sustainability activities can be found here in this Sustainability Report and on Elif website.



ABOUT ELIF

Moving with a clear vision of where we are going in every aspect of our business

Elif has a full awareness of being world-class and a clear vision of in every aspect of its business. Elif will continue to be pioneer by empowering initiatives and setting worldwide standards through leadership, responsibility, passion to create value, integrity and diversity. These values are the basis of Elif's commitment to deliver benchmark results.

Elif is an authenticated supplier of flexible packaging solutions, especially, for the sectors where market dynamics change quite rapidly and, therefore, speed of new product to the market, quality of material and print as well as service flexibility and excellence have critical importance. Providing solutions for food & beverage, household and fabric care, consumer tissue, baby and adult care, industrial and retail sectors, Elif continuously search for new concepts and packaging ideas together with its customers and suppliers.

Elif owns leading flexible packaging production facilities in the world with architecture of construction, infrastructure and high technology of production and scale. With its worldwide

benchmark factories in Turkey and Egypt, Elif has a production capacity over 1000,000 tons per year. Elif's international operations network is strategically structured to offer both worldwide supply flexibility and a global localized service for its customers. Offering services to many major brands, both domestic and global, Elif exports in excess of 50% of its production to more than 50 countries worldwide.

With its ISO 22000 and BRC/IoP Grade A certification as well as ISO 9001, ISO 14001, ISO 27001 and OHSAS 18001, Elif is committed to provide exceptional service and highest quality products tailored to the unique needs of each customer through collaboration and innovation. The Company, not only advocates good corporate governance but also promotes long-lasting cooperation as well as open communication with customers and suppliers to uphold the principles of mutual trust and fundamental human values as a part of its code of conduct and ethics policy.

Elif continues to target tomorrow's excellence to keep its global benchmark company position in the flexible packaging industry. This has been achieved with the enthusiasm generated by the

synergy of Elif's customers, suppliers, professional human resources and management team with innovative approach.

Continuously improving its service and quality standards, Elif has been authenticated as the market leader for setting high standards in the flexible packaging industry by its multinational customers with leading brands.

Elif is committed to work relentlessly to deliver value adding flexible packaging solutions through leadership, responsibility, passion to create value, integrity and diversity.

For Elif, sustainable development means the combination of long term oriented economic success with environmental protection and social responsibility. Elif realized many best in class projects for sustainability which are awarded by its customers and authenticated authorities. Sustainable practice is an integral part of Elif's corporate culture and, therefore, Elif will continue to be a leader in sustainable development with new investments and initiatives strengthening its sustainability approach.



Our Brand Story
Our logotype tells our passion for packaging.



yaşam için ambalaj üreten küresel iş ortağınız

Read More About Elif
Access to our catalog in order to get more detailed information regarding Elif and its operations.

THE COMPANY

- ➔ Vision, Mission and Strategy
- ➔ Corporate Policies and Standards
- ➔ Global Presence
- ➔ Information Society Services



45 Years of Experience
Elif is celebrating its 45th year. Click to see Elif's year by year progress.



Packaging Solutions
Elif's solutions include packaging films, pre-made abgs and technical films.



OUR BUSINESS MODEL

Successful transformation of business into a global benchmark company

HORIZON OF IMPROVEMENT

Elif's successful transformation of business into a global benchmark company is leveraged by its value chain and growth strategies based on its corporate values. With the well management of change, risks and capital basing on its value, Elif's sustainable growth model targets long term economic success in combination with environmental and social responsibility both in the workplace and marketplace of Elif.

For the last 45 years, we have come along a long way through challenges to reach our goals. In this long journey, we recognize that the horizon of improvement never comes closer, thanks to our vision of being a global benchmark flexible packaging company. In every phase of our transformation we target to achieve higher standards for our sustainability framework (society, environment & economy). This is the source of our never ending enthusiasm and passion for our business.

Through change management using "Elif DAA (Define-Apply-Adopt) Transformation Method",

minimization of risks by diversification of growth sources, and disciplined management of capital by benefiting our cash flow, productivity and cost lowering methods, we achieve sustainable growth and successful transformation of business into a Global Benchmark Company.

Our core values also map our business strengths and priorities.

LEADERSHIP

We will continue to be pioneers by empowering initiatives and setting worldwide benchmarks. We are top-notch in the way we design, produce and serve our products, leader in management performance and committed to deliver leadership results.

RESPONSIBILITY

We act responsibly toward the environment and the society and aim to make a positive impact through our brands, activities, resources and assets.

PASSION TO CREATE VALUE

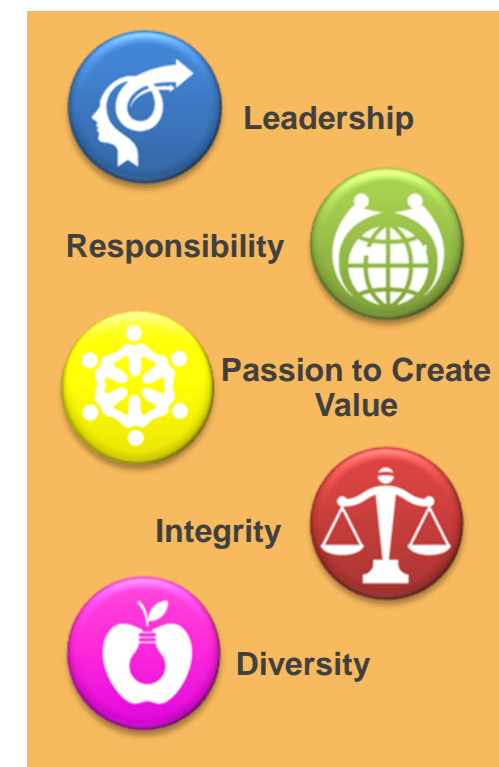
We are passionate about intelligent packaging solutions and helping to shape the next generation of our customers' products.

DIVERSITY

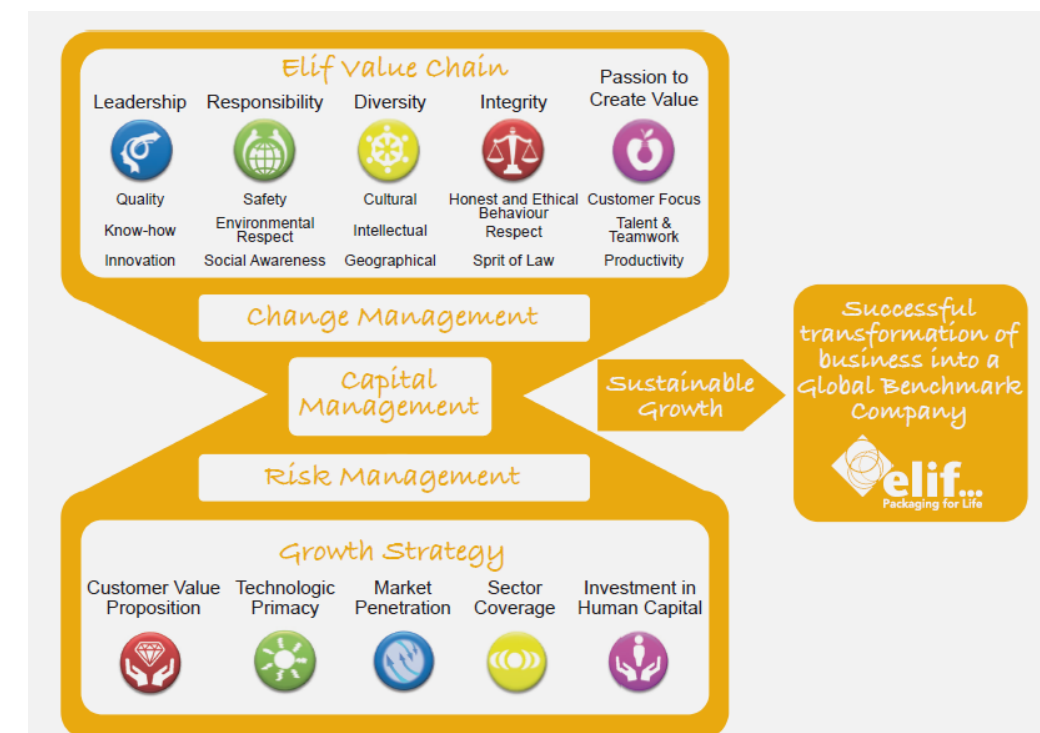
We leverage diversity to create maximum value for our business using the colors of diverse ideas, needs, talents, geographies, cultures and capabilities of our organization, customers, business partners as well as communities.

INTEGRITY

We build trust in our relationships through honest and ethical behavior. We uphold the values and principles of Elif in every action and decision. As a vital asset of our corporate responsibility, we operate within integrity, respect and the spirit of law.



Our Values
Elif offers responsible and innovative solutions through Elif values for the society.



Our Sustainable Business Model

Elif's value chain and growth strategy are the drivers of the company's successful business transformation.

Elif is serving over **50 COUNTRIES** with **2 BENCHMARK SITES & 1300 CO-WORKERS**



OUR COMMITMENTS FOR SUSTAINABILITY

FOCUS	GOAL	STRATEGY	ACHIEVEMENTS		
			2015-2016	2014-2015	2012-2013
ENVIRONMENT	Reduce natural resource usage continuously and globally.	Drive process, product and policy initiatives in the sector related to reduction of natural resource usage.	<ul style="list-style-type: none"> Recognition of 2 awards for sustainability. Trigeneration project resulted in 42,8% calculated and 36,1% efficiency in electricity usage. 9,9% GHG emission reduction achieved in 2016. 	<ul style="list-style-type: none"> Recognition of 3 awards for sustainability Energy efficiency programs resulted in 3% decrease in energy consumption and 17% reduction in natural gas consumption Re-Water projects lowers water consumption by 6% 	<ul style="list-style-type: none"> GHG emission is reduced by 27.3%. Direct waste to landfill is recorded as 0. Water consumption is decreased by 4.4%.
SOCIETY	Create value for the communities we touch.	Sponsor education of future generations for sustainable development.	<ul style="list-style-type: none"> 4 corporate social responsibility projects. Signed United Nations Women Empowerment Principles Planted more than 10.000 trees Support for animal sheplers and Children with Leucemia continues 	<ul style="list-style-type: none"> 6 corporate social responsibility projects. Millions of people in contact with Elif every day 3rd consecutive «Human Respect» award 30% increase in number of co-workers 3rd year as a member of UNGC 	<ul style="list-style-type: none"> 7 social responsibility projects completed in 2012. Direct Positive effect on 4870 children's life standard. Amenity of 1000 trees is saved against global warming.
ECONOMY	Perform sustainable solutions for our business framework to achieve sustainable growth.	Promote efficient, productive and cost saving methods, technology and investments for and with the business framework.	<ul style="list-style-type: none"> «Elif» brand is accepted to Turquality program. 12% growth and 15% capacity increase in 2016. Cairo factory doubled its capacity and increased work force by 43%. 	<ul style="list-style-type: none"> 12% CAGR in last 5 years. 25.000 tonnes capacity plant in MEA region 10% capacity increase achieved in Istanbul plant together with production lines for new technologies 	<ul style="list-style-type: none"> Over 11% CAGR in last 5 years. 12.3% increase in total export in 2012. 10% capacity increase achieved in 2012 with new investments in production line.
WORKPLACE	Develop an equal opportunity diverse workforce, engaged to work in a safe workplace with no injuries.	Elif is committed to deliver any legal, organizational or functional requirement related with labor rights and safety.	<ul style="list-style-type: none"> Workplace Conditions Assessment Achievement Award UNGC supporter for last 5 eyars R&R System launched in 2 plants 12 hours of training per co-worker Stable case weight and frequency* 	<ul style="list-style-type: none"> Average weight of cases decreased by 17.3% 14 hours of training per co-worker Know-how transfer to new plant (180 qualified new co-workers, 350 planned) 	<ul style="list-style-type: none"> Lost days due to injuries decreased by 26.1%. Average lost time weight reduced by 29.0%. 11.6 hours of education per co-worker achieved.
MARKETPLACE	Help shaping the next generation of our customers' products.	Develop intelligent packaging solutions for consumer, environment, customer and economy.	<ul style="list-style-type: none"> Packaging 4.0 in progress in concept factory 91 existing product developments achieved New innovation concept: Neo-eco packaging 6 years of SEDEX membership ElifHybr hybrid printing technology 	<ul style="list-style-type: none"> 4 innovative products launched to the market 54 existing product developments achieved Enlarging geographical effectiveness by reaching new markets 4 years of SEDEX membership has completed successfully. 	<ul style="list-style-type: none"> Project for new production facility in Cairo, Egypt has kicked off. 2 years of SEDEX membership has completed successfully. 64 new product developments achieved.



ENVIRONMENT

Elif inspires organizations with its projects for protection of the environment

INVESTING IN FUTURE WITH TRIGENERATION

Adding a new solution everyday to those it creates both for people and environment basing on "Packaging for Life", Elif invested in future again with its project "Trigeneration" put into effect in October.

With an intention to meet sustainable and quality energy requirement of its production plant in Istanbul, Elif put into effect its project "Trigeneration" in October that was launched under 'NOsume Energy' Program, taking a further step in the way of sustainability.

Innovative project of Elif was targeted to ensure energy is produced from the same system simultaneously by a yield of 180% both in form of electric used for production and the heating and cooling. Furthermore, with its low carbon emission, the Trigeneration system allows clean, environment-friendly and local power generation, thus reducing greenhouse gas emissions.

Designed to generate 4MW power, the project also targeted to ensure 3.2MW heat energy

recovery from the natural gas generator systems. Elif uses the system to

- produce low-carbon electricity
- recover energy to obtain thermal oil
- recover energy to obtain chilled water

Trigeneration system started to run for test purpose in early 2016. Early results of the test run performs 42,8% calculated and 36,1% efficiency in electricity usage.

While trigeneration project enhances energy efficiency and results in considerable improvement in the sustainability performance, it also minimizes possible quality related problems with the materials and, consequently, waste of materials that may occur as a result of power outage. Additionally, the project also allows reduction of the maintenance costs by improving production efficiency. Thanks to the trigeneration project launched by Elif, which represents an initiative for energy efficiency and sustainability in the industrial sector and setting a worldwide example, Elif continuous to be a source of inspiration for all

industrial organizations with its sustainability efforts.

Basing all its projects on use of minimum natural resources since the beginning, Elif continuously works to reach its vision, "Packaging for Life", by adding a new solution everyday to its environment-friendly solutions as well as its projects in the field of sustainability. Elif will go on putting into effect its projects contributing to protection, improvement and sustainability of human life and environment and working for sustainable future with its new investments.

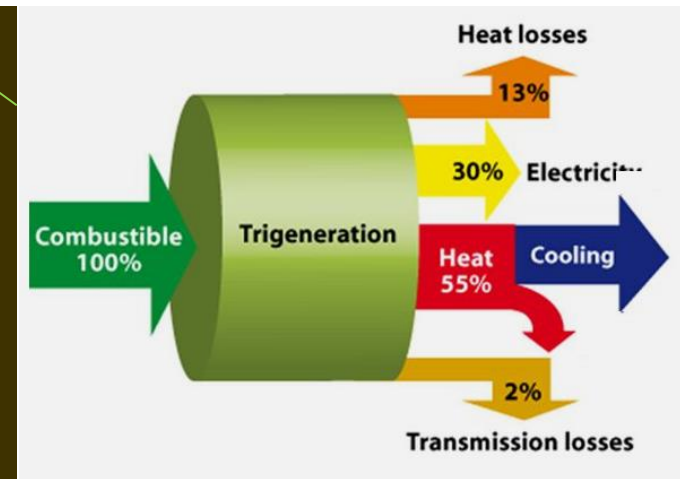
The first year GHG emission results of Elif after implementation of trigeneration system shows a 10% decrease and expected to reach the targeted levels after the authorizations are complete. The full year results will be shared in next issue of the Sustainability Report. Elif will continue to invest in the trigeneration systems in 2017.



Greenhouse Gas Emissions decreased by **10%** compared to the previous year.

Trigeneration for Energy Efficiency
Elif invested in trigeneration project in order to minimize the energy loss and raw material waste during its manufacturing processes.

- ### RESULTS
- ➔ Produce 4MW low-carbon energy
 - ➔ Recover 3.2MW energy for thermal oil and chilled water generation
 - ➔ 180% energy efficiency





ENVIRONMENT

Elif gets recognition and award form Green Dot and Healthy Cities Association

ON STAGE FOR GREEN DOT

Elif has taken its place on the stage participating in Green Dot Awards with its project of "Succeed More With Less" in the category of "Prevention Applications Reducing Resources in Packaging Design".

Increasing performance of packaging materials in hygiene, detergent and consumer tissue segments by reducing their thickness at the rate of average 40% in its studies of last 25 years, Elif has reduced energy consumption, increased productivity, and decreased waste and wastage rates in logistic and resource consumption in parallel with reduced raw material usage.

Continuing its R&D studies within the framework of "Packaging for Life" approach, Elif works unceasingly to leave a healthy future for next generations with projects reducing natural resources usage.

ENVIRONMENTALIST FACILITY AWARDS

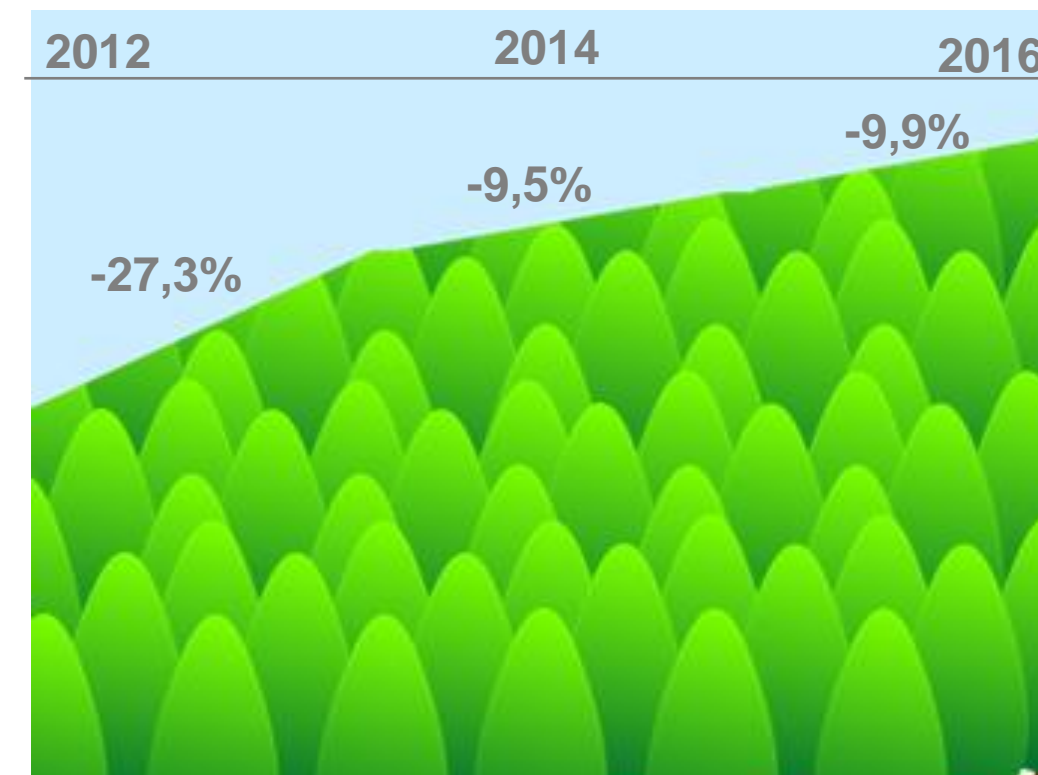
"Environmental Facility Awards" commenced 3 years

ago at the initiative of the Turkish Healthy Cities Association pioneering cities to create healthy environments and aimed at encouraging model business organizations. The fact that the companies possessing ISO 14001 have carried out social responsibility projects with regard to environment has also been taken into consideration when determining facilities to be awarded in the organization where companies with effective permission and license certifications, possessing first class GSM licenses in metropolitans and provinces have been investigated. Having used productive and economical methods and technologies and improved itself consistently in this matter since 1972, Elif has gained its place as the only member of flexible packaging sector. Elif has minimized the level of direct waste to the nature maintaining high level waste recycling and/or reutilization by certificated companies. In parallel with its sustainable

growth, Elif, possesses ISO 14001 Certificate for the last 10 years. Elif is also the first packaging company to obtain the new EU complied Environment Permission.

WORLD ENVIRONMENT DAY

Taking a further step in environmentalist activities as part of its program to increase the awareness of environmental problems and struggle against climate change, Elif distributed 10,000 pinus pinea seeds to its employees in the scope of "June 5 – World Environment Day" celebrations.



Elif achieved high performance in GHG emission reduction

Elif continues its investments for reducing natural source usage. Elif achieved to reduce its emission by 10% in 2016.



World Environment Day

Elif celebrated World Environment Day by giving away seeds to co-workers.

Green Dot Award

In the last 25 years, Elif reduced film thickness up to 40% with "Succeed More With Less" program.



Sector Leader Healthy Cities Ass. awarded Elif for being the green leader of its sector.





SOCIETY

Women empowerment in progress

WOMEN'S ECONOMIC EMPOWERMENT

Elif, which constantly emphasizes the importance of the equality of women and men and the difference made by the touches of women in every field of life, has actualized one more project to include the power of housewives in the national economy.

Elif acts with passion and aims to do the best for "human" in every corporate decision made and step taken. Accordingly, Elif has offered job opportunities to housewives in tying operations of hundreds of thousands of bags produced by the company in 2015 and 2016, which in turn has created a total women employment of 235 working days. In 2017, job opportunities for housewives is planned to be increased by 25%.

Being conscious about the fact that achieving higher level of development requires increased woman involvement in the economy, bigger share from development pie for woman and improvement of their position in the family,

INCREASING THE AWARENESS OF UN WEP

Elif expresses its belief in the strength and importance of equality of women and men at every opportunity by putting new projects into effect, and as it does every year, the company celebrated the March 8 - International Women's Day with the participation of its all employees – women and men.

Elif has acted on the principle of cultural diversity and employment and continuously expressed its belief in the strength of equality among people in terms of religion, language, race and gender. The company attaches great importance to provide the participation of the power of women in the economy.

In this direction, Elif gave succulent flowers to its all employees in a project aiming to raise social awareness about the equal representation of women and men in the political, social and business life and equal opportunities to exercise legal rights.

Elif believes that women must be at least as strong as men both economically and socially, have an active role in the business life and take part in all dimensions of life. The company calls everyone on duty, free of gender, for eliminating the barriers on this way.

Embracing "Respect to the Human" as an indispensable dimension of its management approach, Elif is aware of the fact that more than being a demand, improvement of the position of women in the community and their participation in the business life is among the highest needs of our society. The company will continue to display activity in line with these principles and carry out new projects which add value in the life.

Elif signed United Nations Women Empowerment Principles in 2016 and acts accordingly.



Woman at Elif
Click to watch the career development paths of Elif co-workers.



International Woman's Day
Elif celebrated International Women's Day with all of its co-workers.

Women Economic Empowerment
Elif signed UNWEP and acts accordingly to empower woman in economy..



UN WEP STATEMENT

«As Elif Holding group of companies, we relentlessly emphasize our belief in the power of 'equality of man and woman' through the light of our diversity and equal employment principles. We assimilate and apply an approach empowering women's presence in the economy.

“Respect to the Human” is the core of Elif values. Elif does support improvement of women position in the community and business life as a crucial need of our society. Therefore, we are committed to integrate the Women's Empowerment Principles into our business model and continue its activities leveraging these principles.»

Elif CEO, Selçuk Yarangümeliöğlü



SOCIETY

Giving the value back!

NEW YEAR WITH NEW HOPES

As in 2005, Elif continued to celebrate Christmas by supporting TEMA with sapling donation in the names of its customers. TEMA, Turkey Foundation for Fighting Erosion, Reforestation and Preservation of Natural Assets has been working for 22 years to raise awareness about fighting erosion, protecting soil and natural beings. The most important supporters of TEMA's afforestation work are donors.

In 2015 and 2016, Elif donated over 1,000 seedlings donated on behalf of customers for Christmas greeting, planting an area about half a football field. With its afforestation activities supported by its foundation from now on, Elif is constantly supporting the enrichment of the nature and protection of the environment by planting trees over 10,000.

Elif also celebrates the special days like World Environment Day, and International Woman's Day with pine seeds, plants and similar environment presents.

EMBRACING ANIMAL SHELTERS

Elif took another big step in its corporate social responsibility projects. In 2016 Elif continued its support for animal shelters to protect street animals.

Elif, acting based on the principles of social responsibility and producing "Packaging for Life" since its establishment and extends the scale of its social responsibility projects for a brighter future. Considering the fulfillment of the needs of street animals that are desperate for help and protection, Elif donated 1,000 kg of cat and dog food to Yedikule Animal Shelter. As an important part of its "Corporate Citizenship" responsibilities, the company visits animal shelters to cover their needs.

Yedikule Animal Shelter, as a voluntary-basis operation, is home to thousands of cats and dogs. All medicine and pet food needs of the animals in the shelter are fulfilled by the donation and efforts of shelter volunteers. Yedikule Animal Shelter also offers visitors the opportunity to adopt cats and dogs through a meticulous

adoption or protection system. The Aniaml Sehelter is the largest in teh region and also works to spread zoolatry among the future generations with well-organized student visit programs.

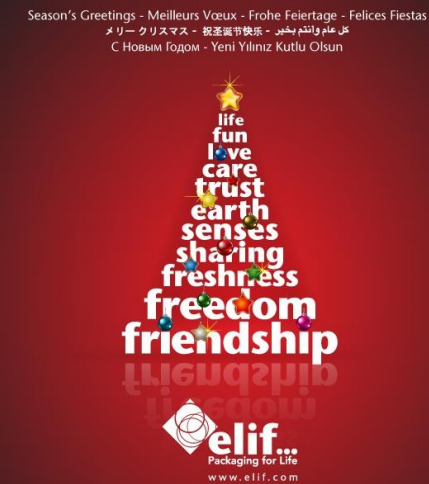
Elif will continue to support animal protection organizations have an active role in generalization of such projects to produce "Packaging for Life".

PACKAGING FOR CHILDREN WITH LEUCEMIA

Elif continuously works in close relationship with LÖSEV, the Foundation for Children with Leukemia. On top of its donations for LÖSEV and LÖSEV shop, this year, Elif organized a 2017 new year surprise for the children with leucemia. Details will follow on next year's Sustainability Report.

A New Year with New Hopes Flourish

Elif celebrated Christmas with planting saplings in the name of its customers.



New Year with Children with Leucemia
Elif prepared a 2017 surprise for children with leucemia.



Embracing Animal Shelters
Elif donated 1,000 kg of cat ad dog food for Yedikule Animal Shelter. Yedikule Animal Shelter hosts more than 2,000 cats and dogs.



ECONOMY

Transformation continues with Global Corporate Governance Model

TURQUALITY

Elif has started its globalization literally with its overseas investments for expanding its production and distribution facilities. In order to reach its vision of becoming a global leader in the flexible packaging industry, Elif has started its transformation through global corporate governance model by gathering its legal entities in Switzerland, Turkey and Egypt under Elif Holding roof. In 2015, Elif initiated a corporate governance development project to identify critical processes in corporate governance, to improve / improve these processes, and to ensure continuity of this improvement / development as part of corporate culture.

In order to strengthen the leadership position in the global flexible packaging industry, Elif has adopted the need to continually upgrade its corporate governance standards. In the final quarter of 2015, Elif started its studies in order to participate in the Turquality program, a guiding tool for corporate governance developed by Deloitte strategic management consultancy.

Preliminary review of Elif for Turquality program is made by McKinsey Consultancy in August 2016. As a result of the preliminary audit, Elif took an important step towards ensuring continuous and world-class institutional development and achieved to be a part of Turquality program on October 18th, 2016,.

The Turquality program will be launched in Elif with a 5-year development roadmap aiming to improve Elif's global corporate governance in the following 10 areas:

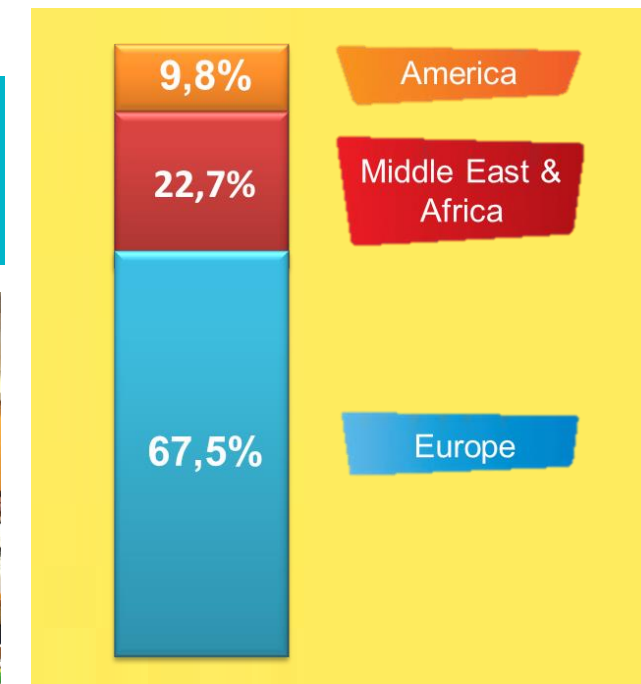
1. Strategic Planning and Corporate Performance Management
2. Brand Management
3. Brand Performance
4. Supply Chain Management
5. Marketing, Customer and Trade Management
6. Product Design / Research and Development
7. Financial Performance
8. Human Resources Management
9. Corporate Governance
10. Information Systems Management

REVITALIZATION OF VISION, MISSION & STRATEGY STATEMENTS

Elif management reviewed the positioning of the «Elif» brand as well as the the brand's vision, mission and main strategies as a part of the Turquality program.

Elif announced its new vision, mission and strategy statements revitalized as a result of a series of workshops organized by Elif management together with co-workers from all functions and levels of the organization.

While «well-being of the society» becomes the core of mission statement, innovation and leadership values are empowered in the vision with «shaping the future of packaging for the focused customer segments» statement. Elif's main strategy is revitalized as «Geographical prevalence and leadership in sustainability, innovation, quality and technological primacy».



Mission	Vision	Strategy
<ul style="list-style-type: none"> To offer responsible and innovative packaging solutions through universal principles and Elif values for the well-being of society. 	<ul style="list-style-type: none"> To be a benchmark global packaging company. <i>pioneer in packaging for the focused markets</i> 	<ul style="list-style-type: none"> Geographical prevalence and leadership in sustainability, innovation, quality and technological primacy.

Mission, Vision and Strategy Revitalized
Elif revitalized its mission and vision statements as well as its core strategy as a part of its studies for Turquality.



ECONOMY

Growing business targets pulls up the investments

SUCCESSFUL BUSINESS RESULTS IN 2016

Sales growth is enabled by our B2B2C business approach, by winning with the customer by focusing on the consumer, and driven by both Elif's sustainable business model and expanding packaging solution portfolio strengthening efforts that are underway. Business objective of Elif is to consistently deliver organic sales growth ahead of underlying growth of the segments in which the markets it competes. Elif targets high level of top-line growth running together with consistent bottom-line growth. This target has set by Elif to deliver leadership levels of value creation for Elif and its business partners.

2016 has been a dynamic year inside Elif. While expanding our investments to cover capabilities essential to its customers' success, Elif also continued its growing business results. With the leveraging effect of Egypt operation, Elif has closed year 2016 with 12% growth versus the previous year. Enhancing its ability to serve changing

customer needs through in strategic and innovative investments, Elif increased its capacity parallel to the mid-term growth targets of the company.

15% CAPACITY EXPANSION IN ISTANBUL PLANT

In paralel with its growth strategy and capacity policy, Elif grew its production capacity by 15% with existing and innovative capabilities. Elif's capacity policy is an obligation for its investment and growth strategy to keep its flexibility and respond to the peak demands from the customers. According to Elif's capacity policy, the necessary additional capacity investments are placed when the production demand reaches 75% of the capacity. Infrastructural investments of Elif will continue in 2017 to cover the mid-term growth targets of the company.

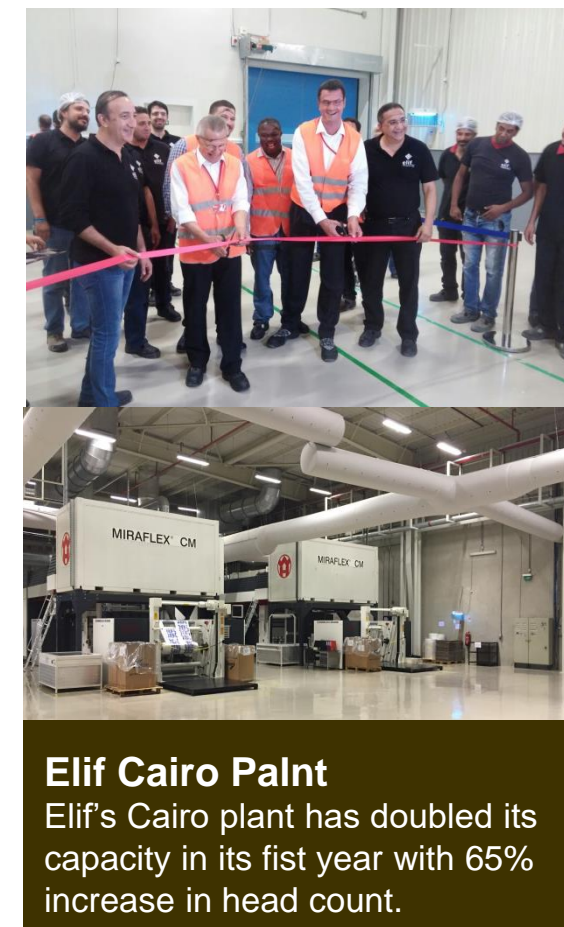
Elif added new production lines and systems to its operations including the new generation extrusion lines, Elif's new printing technology «ElifHybr» and the «ElifHepta» color management system .

With the new investments, more than 130 production lines are running under Elif roof in Istanbul and Cairo plants. In 2016, Elif's capacity reached 100,000 tonnes with more than 1,500,000 MM printing and around 2.5 million bag-making capacity.

EGYPT ON THE GO

Elif's Cairo plant in Egypt has started operation in early 2015 with 350 planned co-workers and 25.000 tons of production capacity. The new Middle East Africa packaging hub of Elif is constructed considering further extension of the facility for future capacity requirements parallel to the raising packaging needs of the region.

In 2016, Elif doubled the capacity of Elif Cairo plant and reached a headcount of 333 qualified co-workers equipped with know-how transfer from Elif's global talent pool.

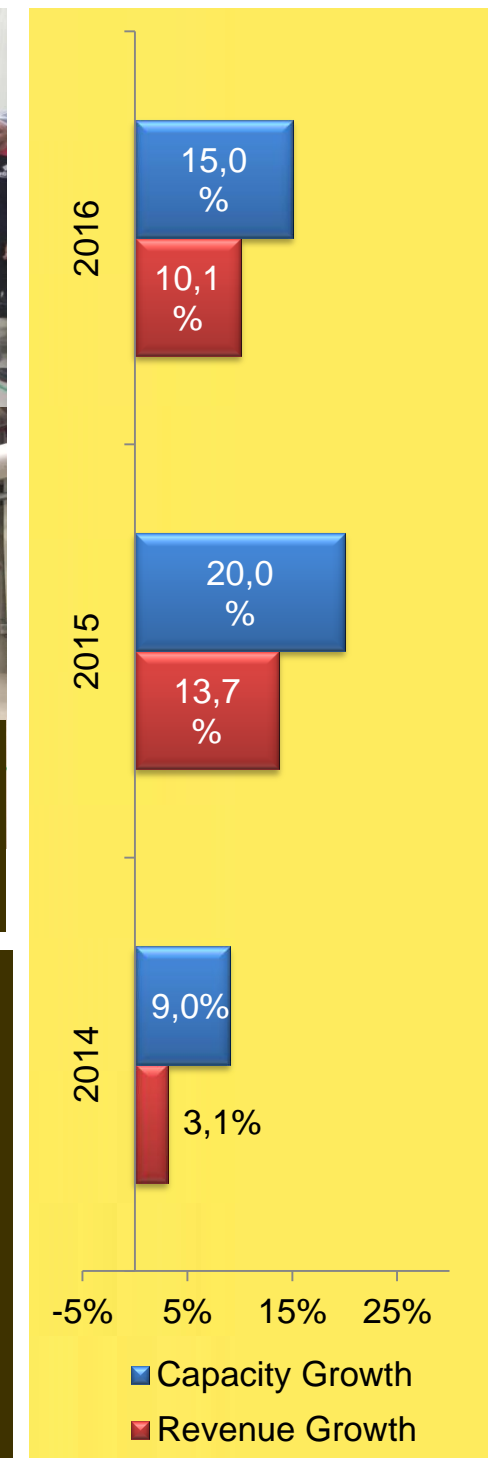


Elif Cairo Plant
Elif's Cairo plant has doubled its capacity in its first year with 65% increase in head count.

Our Progress **2016**

Parallel to its growth strategy and capacity policy, Elif made infrastructure investments and increased its capacity for its mid-term growth targets. **15%**

Business continued to grow in 2016 with the power of new Egypt caior plant. **12%**





WORKPLACE

Elif values embraced by co-workers bring achievement in workplace

WCA (WORKPLACE CONDITIONS ASSESSMENT) ACHIEVEMENT AWARD

Elif Istanbul plant has undertaken an internationally recognized audit focusing on working conditions within the company. The results achieved by Elif was outstanding. The Achievement Award was awarded with top marks in all areas.

The main focus of the audit was the legal framework, payment and working hours, health and safety, the management system and environmental concerns.

Intertek has assessed the practices of Elif according to the WCA scope, which resulted in performance criteria required for «Achievement Award». With the overall rating across all categories of 100%, Elif was far above global comparisons and well above the national average. Elif is aware that the good performance of our co-workers also depends to a great extent on the necessary framework conditions. The presentation of the award is an incentive for Elif to continue to focus on the topics of WCA: (1) Labor, (2) Wages,

and Hours, (3) Health and Safety, (4) Management System and (5) Environment.

REWARD AND RECOGNITION SYSTEM IN PRACTICE

Elif is moving forward with its vision to be a global benchmark packaging company for the well-being of the society by offering responsible and innovative packaging solutions based on universal principles and Elif values. Together with all of its co-workers, Elif is working relentlessly to create value in a spirit of leadership, through diversity and integrity and with a clear awareness of our responsibility.

Elif's corporate values reflect the behaviors shaping the future. In order to leverage this approach by recognizing co-workers' achievements Elif launched a Reward and Recognition System. System aims to motivate co-worker attitudes, behaviors, efforts and actions contributing these values.

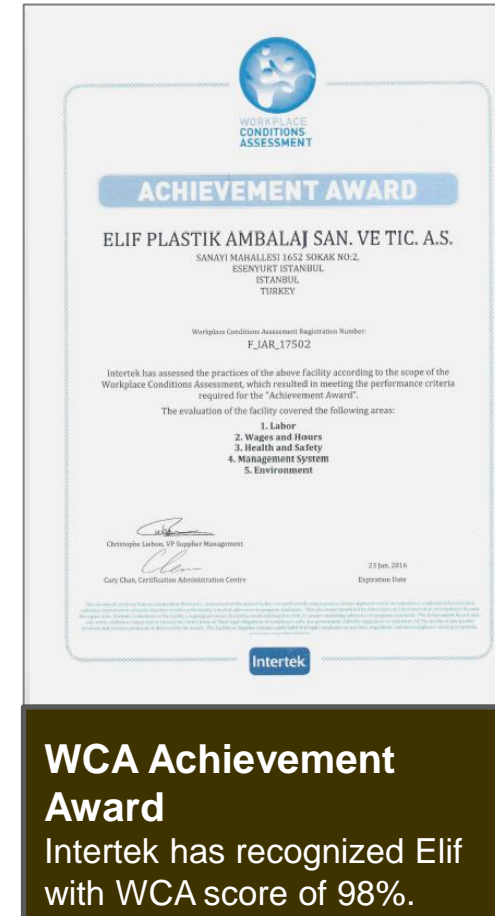
Elif's Reward and Recognition System forms a base for Performance Reviews and highly appreciated by the co-workers.

ELIF AS A SUCCESSFUL CO-WORKER BRAND

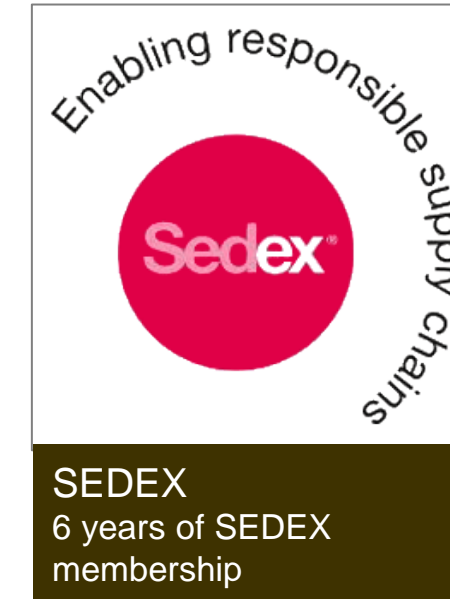
In 2016, Elif performed its first co-worker satisfaction and brand loyalty survey. On the first year, the survey is launched as a pilot survey in Istanbul plant. According to the results of the first year survey, Elif co-worker brand loyalty is calculated as 69,05%.

Considering the sector and the region, Elif co-worker satisfaction and brand loyalty is well above the average ratings.

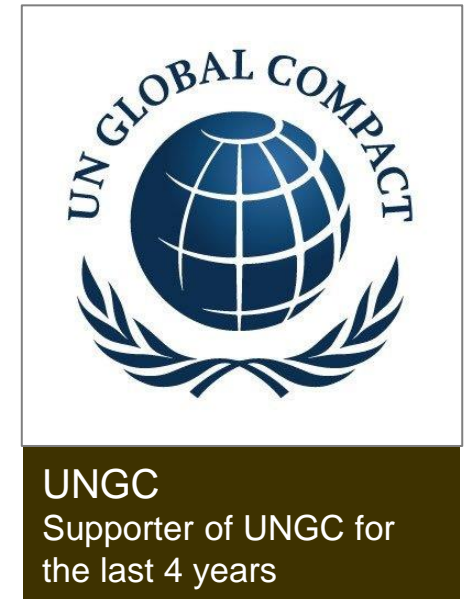
In 2017, Elif plans to roll-out the survey in the whole organization of Istanbul plant as well as Elif Egypt plant.



WCA Achievement Award
Intertek has recognized Elif with WCA score of 98%.



SEDEX
6 years of SEDEX membership

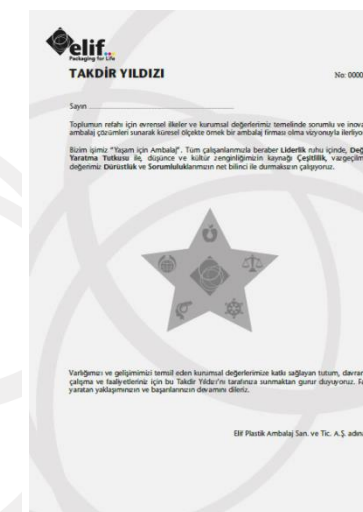
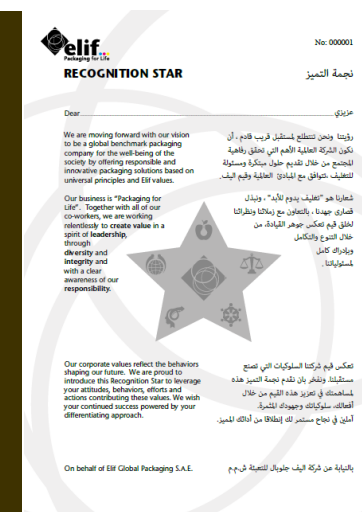


UNGC
Supporter of UNGC for the last 4 years

Elif is committed to continuously enhance the workplace conditions for better working environment and provide a safe and healthy work environment for its co-workers, contractors and visitors .

Elif Reward & Recognition System

Elif launched Reward & Recognition System in 2016 in its Istanbul and Cairo plants.





WORKPLACE

Improving performance by finding safer ways to manufacture and distribute our products

OCCUPATIONAL HEALTH AND SAFETY

Elif is certificated with OHSAS 18001 supported by a variety of programs. The goal of Elif's occupational health and safety programs is to achieve greater protection for the welfare of employees, contractors and visitors.

For Elif, occupational health and safety is a cross-disciplinary area concerned with the safety, health and welfare of people under its roof. Activities covered can be listed as:

- Implementation of automatic CO2 fire extinguishers in printing department
- 7/24 medical healthcare personnel deployment. Application of shift system for medical healthcare personnel
- Conditioning system for plate cleaning system in the printing department
- Smoke and flame detector implementation on distillation machines
- Increasing recycling activity of wasted paper and cardboard by 10%

- Replacing standard visitor cards with multilingual safety instruction integrated visitor cards
- Demonstrating a safety film on the screens of visitor changing rooms
- Use of preventive ruler in pre-press preparation department
- "Drive Safely" training for forklift operators
- "First Aid Training" for all process control engineers and department occupational health and safety responsables

In 2016, Elif has experience 76 cases due to snap blade cuts and/or in cutting department. After restrictions and limitations applied on the cause reason, Elif has decided to use a new type of snap blade knife and non-deplatable glove. Use of these new gloves and blades will start in 2017 and it is expected to decrease the number of related cases significantly.

With the exclusion of the above mentioned cases, Elif remained stable in the frequency and weight of the cases.

MORE THAN 200 JOBS

Elif has generated more than 200 employment opportunities in 2016. Bringing individuals from different backgrounds, cultures, perspectives and career experiences together, Elif is committed to create a winning team with a winning culture where co-workers, colleagues and managers diversify and have equal employment opportunity.

12 HOURS OF EDUCATION

Elif is aware that the quality and service which Elif promise can only be achieved through continuous development of qualified co-workers. Therefore, Elif selects high quality employees and invests in human resources by building capability through 'on the job learning' as well as formal programs, trainings and development tools.

The training, education and orientation programs covered by Elif in 2016 are 12 hours per co-worker in total. Elif plans to increase the training programs for career and co-worker development.



Stable case weight and frequency ✓

12 ✓ hours of training

More than 200 ✓ new job opportunities

Mission, Vision and Strategy Revitalized
 Elif revitalized its mission and vision statements as well as its core strategy as a part of its studies for Turquality.



MARKETPLACE

Elif continues pioneering technology from Industry 4.0 to Packaging 4.0.

INDUSTRY 4.0 VISION

Industry 4.0 is a vision that machines and systems independently monitor all of the important process and system states, share information with each other and optimize the production processes throughout the entire process chain.

Industrial Revolutions 1.0 to 3.0 took the industrial advancements through mechanised processes, mass production and production automation. Today Industry 4.0 pursuits product innovation, increased collaboration, operational process enhancement and cyber-physical production.

However, the road to completely implementing this vision is a long term evolution for Elif. This is why it is important to specifically define Industry 4.0 for flexible packaging market: Packaging 4.0.

Packaging 4.0 refers to intelligent machines with integrated processes and intuitive operation.

PACKAGING 4.0 AT ELIF

Elif targets to achieve flexibility, quality and cost efficiency at the same time with Packaging 4.0. The new industrial approach allows Elif to answer new strategic trends of:

- Convergence of applications for initiating new advancements
- Greater business focus on energy efficiency and sustainability
- Greater presence of mobility and web-based information systems

Elif started to move forward into Industry 4.0 in 2008 with datamaster software enabling definition of production phases of machines, identifying stops and downtimes, live data collection from the systems and instantaneous sharing of the collected data for analysis.

After transformation of Elif's ERP system into a full scale ERP, Elif started to use MII module with integration of PLC devices on all machines. PLCs enabled data flow into operator computers and recording.

With the effective use of APO, Elif has started to control and analyse all inputs and outputs of the system. Implementation of the new system resulted in harmonization of the production with the variations in the inputs. Live data enables diagnosis and analysis of the deviations in the outputs instantly, making it possible to interfere the system on time.

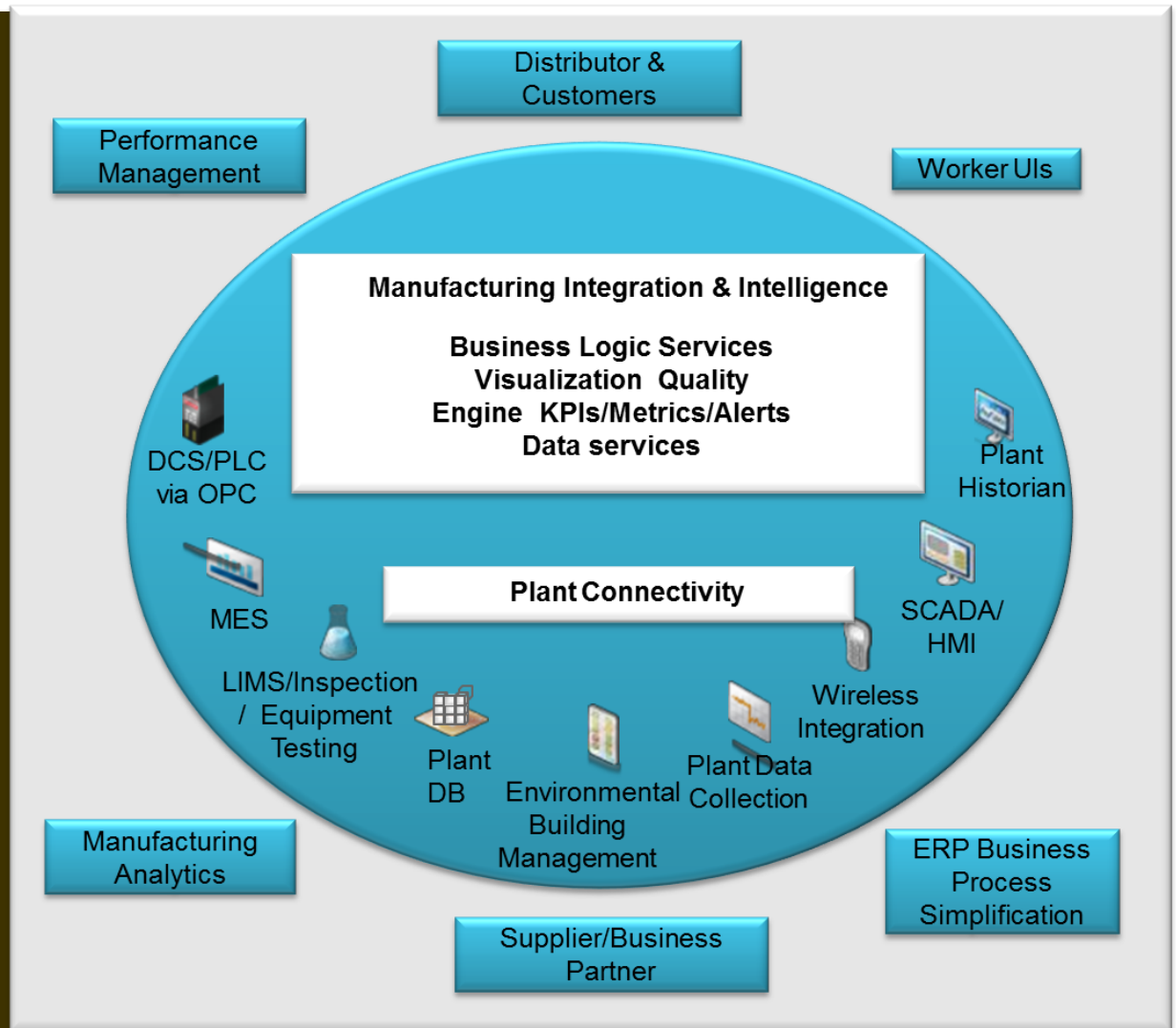
The strategic platform of Packaging 4.0. enables manufacturing integration and intelligence and plant connectivity.

The increasing intelligence of the machines through the integrated automation and intelligent operation increase the level of control over the machine which lead an increase in flexibility, cost efficiency and quality of the production at the same time.

Packaging 4.0 is being implemented in Elif plants and business units in multiple geographies and will be developed with the advancements of the technology.

Industry 4.0

Overview of the strategic platform for Elif's connected plant in Istanbul. Data feeding ERP MII enables live management of performance resulting in increased flexibility, quality and cost efficiency.



Packaging 4.0 at Elif

Upgrades at Elif Istanbul plant for Packaging 4.0





MARKETPLACE

The future of sustainable packaging is about being smarter and more adaptive

NEO-ECO PACKAGING FOR FUTURE

Neo-Eco is the next evolutionary step in how sustainability is addressed in packaging, with new innovations in material technology improving the product experience. Neo-Eco packaging can improve both the functionality and ecological credentials at the same time through the use of new substrate technology, not just by reducing material usage.

The future of sustainable packaging will not just be in material usage, light weighting and recycling – it will be about empowering consumers with the ability to lead their lives in a more environmentally positive, convenient and functional way. In that way packaging should enable people to use the product more responsibly and efficiently.

In recent years, innovations of Elif are focused on neo-eco packaging concept. Elif completed 91 NPD and EPD projects in 2016. Reclosable and chic wicket bags, ElifCotty and ElifRibbon are launched consequently in 2014 and 2015.

Being functional with reclosability for hygiene and, at the same time, attracting consumer with its chic design makes ElifCotty and Elif Ribbon good examples of eco-neo packaging.

ElifHolo, holographic printing solution of Elif eliminating metal substrate usage is another example for neo-eco packaging. While ElifHolo eliminates the metal substrate usage for creation of holographic effects, it also provides cost benefit compared the traditional hologram applications.

ElifCare and ElifFine are Elif's eco packaging solutions. ElifCare offers 100% biodegradability and compostability with unlimited shelf life stable optical and mechanical properties and optimum cost structure.

ElifFine is another example for neo-eco packaging. This new packaging solution of Elif, is a natural material based film offering paper like natural touch. ElifFine provides stiffness, high strength, tear resistance, barrier properties like plastic films and presents a natural texture with deadfold property of paper due to its unique formulation.

ELIFHYBR – NEW HYBRID PRINTING TECHNOLOGY

Elif's latest neo-eco innovation is ElifHybr. ElifHybr is Elif's state-of-art printing technology using combination of different ink transfer systems around a CI drum together with electron beam (EB) curing and ElifHepta color system. ElifHybr is unique by offering high cost efficiency and more sustainable process at the same time.

ElifHybr enables customers diversifying their product and campaign portfolio by increasing the cost efficiency of short runs by eliminating the high plate and cylinder costs. ElifHybr also optimizes the lost time due to set up by lowering the time spent between two jobs thanks to the robot technology used for changing plates and easy to clean EB inks.

EB curing method used in hybrid printing enables sharp and high quality printing results, lowering energy consumption and eliminating solvent. ElifHepta Color System also leverages vibrant print results.



ElifCare
Biodegradability with unlimited shelflife and stable properties.



ElifFine
Elif's new solution offering new tactile experience for consumers.



ElifHybr
Elif's new neo-eco printing solution enabling cost and energy efficiency.



ElifHepta
Elif's new color system enabling more than 92% of pantones.



WorldStars from Elif
Elif honored with 4 World Star awards in different categories.



ElifHolo
Holography that eliminates metal substrate and reduces total cost.