

# 2013

## SUSTAINABILITY REPORT





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**KIBAR HOLDING**



# ABOUT THE REPORT

**The Sustainability Report 2013 of Kibar Group includes Assan Alüminyum, Assan Gıda, Assan Hanil, Assan Panel and İSPAK. Unless otherwise stated, the information related to all companies of Kibar Group is under the title of Kibar Group.**

## GLOBAL COMPACT

Ten principles of the United Nations Global Compact (UNGC) consist of the titles of human rights, labor standards, environment and anti-corruption. The United Nations Global Compact particularly asks companies to embrace, support and implement these principles.

This report has been prepared in accordance with the Global Compact Progress Report. The report covers the period of January-December 2013. However, certain data is compared to 2011 and 2012 in order to obtain more significant results. For any opinion and suggestions about the report, please contact [kurumsaliletisim@kibar.com](mailto:kurumsaliletisim@kibar.com).

*For more information about the principles of the United Nations Global Compact, please visit <http://www.globalcompactturkiye.org/global-compact-turkiye/ilkeler/>.*

The Global Compact, launched by the United Nations in 2000, is an important initiative today with more than 8000 signatory companies and over 12,000 participants in total of 145 countries around the world. In Turkey, UNGC has been active since 2002 and has 291 members as of 2013.

The United Nations Global Compact asks the signatory companies embracing its 10 universal principles to reveal their existing practices within the scope of the said principles, their management approaches based on performance and their planning to the stakeholders and the large masses via progress reports at least once in a year.



# MESSAGE FROM CHAIRMAN OF THE BOARD



*"We establish our "innovation" concept, one of the indispensable elements of our group culture, aiming to strengthen our sustainability performance in addition to our financial success."*

## Dear Stakeholders,

As Kibar Group, with our innovative, responsible, participative vision that puts the sustainable growth in the center and creates value, we signed the United Nations Global Compact in 2013 to contribute to the aim of a sustainable future in accordance with the "United Nations Millennium Development Goals". We are excited to present our first Progress Report prepared within this scope adopting a participative process.

Today, together with globalization movement, environmental, social and economic issues including climate change, increase in population, reduced natural resources, demands and expectations of the shareholders, pressure by civil society, rapidly changing regulations that affect the world markets pose greater risk than ever on the private sector. Only companies with a modern, innovative and future-oriented vision can obtain competitive advantage by giving proactive answers to the diversified risks by reforming their strategic operations within the framework of these issues. As Kibar Group, while we try integrating the sustainable management in our all business processes with this concept, we also strive to further strengthen our two-way communication depending on the expectations and demands of our stakeholders.

Operating since 1972, our Group has accelerated Turkey's development with 22 companies operating in the industries of metal, automotive, construction materials, packaging, logistics, real estate, food, service and energy and providing employment to about 7000 people today. With its strong foreign partnerships, its broad experience in industry, service and trade in Turkey and its contributions to production, employment, trade, service and exportation, Kibar Group creates an important value for Turkey to achieve its Sustainable Development Objectives.

We establish our "innovation" concept, one of the indispensable elements of our group culture, upon the aim to strengthen our sustainability performance in addition to our financial success. After having signed the United Nations Global Compact, we have performed an important structuring in our management in order to strengthen our corporate structure and to meet the exportation needs resulting from the diversification of development and operation branches of Kibar Group. Accordingly, we are pleased to see that our vision has developed alongside with our experience and reputation. As a result of these innovations, we have settled Kibar Group's stability and sustainable growth, in accordance with its strategic aims, in a way to add value to our country and to the world. We continue to contribute to the local development, in the regions where we operate, with the concept of responsible company and with the investments of infrastructure, health and education. Again within the framework of these innovations, thanks to our mission to include all of our stakeholders, we have approached our social responsibility projects with a perspective of providing benefit both to the society and the economy.

As Kibar Group, we take firm steps forward for a sustainable, responsible, reliable, transparent and fair world without compromising our values which have resulted trust and prestige for our Group over the years. In the light of this objective, our progress report, prepared within the scope of United Nations Global Compact, is also the first Sustainability Report of Kibar Group.

I owe a debt of gratitude towards our stakeholders who have the biggest share in our success from past to present. We believe that with the strength we get from you, we will grow and develop to achieve socio-economic development of Turkey and we will keep on working hard.

Best regards,

*Ali Kibar*

**CHAIRMAN OF THE BOARD**

KIBAR HOLDING

# MESSAGE FROM CEO

*"We wish to create long lasting values while fulfilling our corporate responsibilities by being aware of that the society and the environment are the inseparable whole."*



## Dear Stakeholders,

Beginning from our foundation, we have grown to good and new with you. Today, when the distances and frontiers disappear, every day we get closer with our stakeholders and we make our cooperation stronger. We are very glad to announce you our progress report required by the new commitment of which we are signatories and we believe that it will empower our strong bounds with our stakeholders.

In 2013, as Kibar Group, we signed the United Nations Global Compact including the global principles to form a consistent, fair and transparent global economy in today's world. And I wish to express that we are proud of being a part of Global Compact network in Turkey which is one of the ten countries having the biggest national network and which is chosen the Most Successful National Network this year. The principles of human rights, labor, environment and anti-corruption have been gaining more importance and internalized with the support and interest of the business world, media, academy and government.

With the United Nations Global Compact forming the essentials of Kibar Group, we protect the rights of our stakeholders in every business processes we conduct and we place the international human rights liabilities as the foundation of the employment value we create in our country. We work with our all stakeholders against the abuse of rights. In this period of time when our mission, vision and values are reformed, we plan the active participation of our employees and suppliers in the group objectives. Within this context, we established various mechanisms in our all manufacturing plants and we start with our employees, our privileged stakeholders, in terms of the value we add to the society. We take as a duty to protect the employment added value we create in our country from discrimination, bribery and corruption. We are proud of the internal culture created by our brand value and the social investments performed traditionally since our foundation.

Within the order in which the business world is evolved with globalization, the environmental sustainability has now central importance. As Kibar Group, we started our sustainability journey by being the leader of the energy efficiency projects performed in industry in Turkey. Today, we are proud of having realized some of our objectives within Group. We believe that we have successfully brought our environmental responsibility to the present day with our various innovative products and quality certificates the examples of which we can frequently see when we look at the past. As of today, the environmental standards set by the Global Principles will contribute us to set out new objectives in environmental protection. We wish to create persistent values while fulfilling our corporate responsibilities by being aware of the fact that the society and the environment are an inseparable.

We have contributed to the industries to which we deliver services and to our suppliers within our value chain by being a locomotive with the innovations we made in the industries where we manufacture in the direction of our values. Today, we work with our best for the future with the self-confidence vested in us by our history. I kindly thank all my colleagues who provided support with their valuable contributions in the preparation of the first sustainability report of Kibar Group. I believe that Kibar Group's sustainability studies will grow by being developed with the precious contributions of our all stakeholders.

Best regards,

*Tamer Saka*  
CEO  
KIBAR HOLDING





# KIBAR GROUP

## KIBAR GROUP AT A GLANCE

Kibar Group has been one of the most important groups of Turkey with its contributions to the country's economy and communal living since 1972. Thanks to its innovative structure and its commitment to the corporate values, Kibar Group contributes to the sustainable development objectives of Turkey. It creates important values with its production capacity, employment its supplies, its exportation and its investments in society.

*"To do the best and to be  
the best in the fields we are  
active is always our first objective."*

**Asım KIBAR**

**Founder and Honorary President**

**Operating in metal, automotive, packaging, construction materials, real estate, logistics, energy, food and service industries, Kibar Group has 22 companies within its body.**



# COMPANIES OF KIBAR GROUP



**Assan Alüminyum:** Started their operation in 1988, Assan Alüminyum has been manufacturing and trading flat rolled aluminum (roll, sheet and foil). Manufacturing under Kibar Group in Istanbul Tuzla and Kocaeli Dilovası plants, the company is the leading company in Turkey in the flat aluminum industry with an annual installed capacity of 250 thousand tons. In addition, it has an aluminum painting capacity of 60 thousand tons annually in its roll painting plants.

#### Assan Demir:

Established in 1972, Assan Demir provides service for sheet iron and steel products with its insight paying attention to the needs of today's end users and industrial firms. It offers manufacturing and supply services in its Dilovası and İskenderun plants to the demands of its customers by stocking the products needed in the flat product groups as a solution partner for stock management.

**Assan Gıda:** Started its operations in 1998, Assan Gıda produces and exports tomato paste, ketchup, mayonnaise and tomato sauces. Assan Gıda's industrial investment following the most modern technology has currently reached 40 million dollars and the company sells to local and foreign markets.

**Assan Hanil:** Established with South Korean Hanil E-HWA partnership in 1997, Assan Hanil is an important supplier for the automotive industry. In its manufacturing plant, Assan Hanil manufactures interior and exterior trim parts, driver and passenger seat systems for commercial and passenger vehicles. Assan Hanil manufactures passenger and driver seats, door panels, roof and carpet coverings, rear parcel shelves, front and rear bumpers, front control panels, inflation parts, glove compartments, etc. in its Kocaeli plant.

**Assan Panel:** Established in 1990, Assan Panel manufactures sandwich panels. With its environmental friendly production concept of high safety standards, it contributes to the construction of sustainable buildings by using polyurethane, PIR (polyisocyanurate), rock wool insulation materials providing fire safety for its products. In 2010, Assan Panel invested in Painting Plants and started high quality painted metal production activities with its Coil Coating/Roll Painting technology, as well as selling in the regional markets.

**Ege Assan Gıda:** It was established in 2010 for exporting tomato paste by Assan Gıda Sanayi ve Ticaret A.Ş. in the Aegean Free Zone in İzmir to increase the competitive edge in global markets and to meet the customers' needs and expectations.

**Hyundai Assan:** As the Turkish distributor of Hyundai at the end of 1989, Kibar Group started vehicle manufacturing activities in İzmit-Alikahya in 1997. With an investment of 670 million dollars in 2013, the annual capacity doubled, reaching 200,000 units. In the present, manufacturing activities continue in three shifts, and 36 vehicles on average are manufactured per hour. The company distributes, imports, sells spare parts, and carries out maintenance services for Hyundai vehicles.

**İSPAK:** Operating in flexible packaging industry since 1974, İSPAK has continued its operations as a subsidiary of Kibar Group since 1993. İSPAK produces package solutions and products for any processed food, candies, chocolate, milk and dairy products, pharmaceuticals, cosmetics, cigarettes, beverages, white goods, insulation products and it provides services to many leading firms.

**Kibar Industry:** Established in 2011 by Assan Panel Sanayi ve Ticaret A.Ş., Kibar Industry Co. started its operations in Jordan to produce sandwich panels. The manufacturing plant, located at a distance of 45 km to the capital Amman, was established on a total area of 65 thousand square meters, 10 thousand square meters of which is indoors. The foundations of the plant were laid early 2012, and firstly polyurethane filled sandwich panels and supplementary elements are manufactured with a continuous line of 4.5 million square meters capacity.

**Posco Assan TST:** It was established in 2011 with the cooperation of Kibar Holding, South Korea based Posco and Daewoo International to manufacture stainless steel. Posco Assan TST was built on an area of 170 thousand square meters in Kocaeli Asım Kibar Organized Industrial Area. The investment cost of the plant is 357 million dollars. The plant manufactures 200 thousand tons stainless steel annually. The objective is to increase the capacity to 400 thousand tons for the next term.

**TSI Uçak Koltuk Üretim:** THY Turkish Airlines is a joint venture established by TT Turkish Technic and Assan Hanil Otomotiv. TSI designs, manufactures and sells all types of passenger seats used in commercial aeronautics. Focusing on weight, which is very important in aviation industry and which directly affects fuel consumption, the company creates added value with the design of high quality, light and innovative products with competitive prices.



# COMPANIES OF KIBAR GROUP



**Assan Gayrimenkul:** Established in 2008, Assan Gayrimenkul aims to develop all the real estate projects of the Group and to implement these projects. Furthermore, the company carries on with new project efforts in high potential areas open to development.

**Assan Yapi:** Established in 2007, Assan Yapi offers services for every field of the construction industry. The company first started its operations with "Assan Yapi-Kurtkoy Houses". It completed and put into service the "Asim Kibar Anatolian Hotel Management and Tourism Vocational High School", "Semiha Kibar Leisure Center" of Tuzla Municipality and Tuzla "Semiha Kibar Teacher's Lodge". "Selale Park" project of Tuzla Municipality and Assan Alüminyum Dilova Plants are among the projects that the company implemented.

**Bareks Dış Ticaret:** Established in 1995, Bareks Dış Ticaret exports steel-iron, non-ferrous materials, and various consumer goods to the Commonwealth of Independent States (CIS). In addition, it conducts, under the name of Bareks Mermer, the wholesale and retail organization of marble it imports from Ukraine, Turkey and various marble manufacturing countries across the world.

**Kibar Dış Ticaret:** Established in 1985, Kibar Dış Ticaret organizes the international trade activities of Kibar Group. Today, it performs the exportation activities of many leading private and public industrial institutions in Turkey and the importation of some of raw material needs of these institutions. It also performs high tonnage trade from foreign companies to third companies.

**Kibar Enerji:** Established in 2011, Kibar Enerji imports, and carries out wholesales activities for, natural gas. Within the West Line Contract transfer in 2012, Kibar Enerji took over the purchase-sales contract of natural gas of about 1 billion cubic meters and has obtained the right to import and carry out wholesales activities of natural gas as of 1st January 2013. It plans new investments and activities in energy industry.

**Kibar International S.A.:** In 2001, Kibar International S.A. was established in Lausanne, Switzerland, the heart of Europe and near the finance circles, to support the import and export activities of the international companies within Kibar Group. By its foundation purpose, Kibar International S.A. performs efforts to find appropriate suppliers for all foreign purchases particularly raw materials, and to increase exports by mediating the exportation of Kibar Group and it also provides services for suitable financing.



# COMPANIES OF KIBAR GROUP



## SERVICE

**Assan Bilişim:** Established in 2006, Assan Bilişim carries out information and communication services. Assan Bilişim is a technology and consultancy company providing particularly development services of corporate source planning solutions tailored for customers, Microsoft Axapta consultancy, project management, installing information security management systems, emergency central services, system development, system support, hardware and integrator services, data center, call center, choosing software, process development and desktop support services.

**Assan Lojistik ve Filo Kiralama:** Established in 1996, Assan Lojistik ve Filo Kiralama A.Ş. provides door to door logistic services at a national and international level. It provides domestic transportation, storehouse, storing, distribution and stocking, in-port transportation, lashing, handling, supervision and clearance services in Turkey. It also provides multimodal transportation, international land transport, international air transport, international marine transport, international railroad transport and heavy transport operational services. Established in 2001 to provide services for Kibar Holding, group companies and the subsidiaries, Kibar Filo Kiralama has started to provide its in-group experiences and boutique service concept to out-group firms since 2012.

**Assan Port:** It was put into service by Assan Liman İşletmeleri A.Ş. of Kibar Holding in Iskenderun Bay at the end of 2010 to provide services for modern container ships. In addition to its advantages for the firms in Eastern Mediterranean, Southeastern Anatolia and Central Anatolia as a geographic location, it is the nearest container terminal opening west for the North Iraq.

**Kibar Sigorta:** Started its operation in 1982 and started providing services for companies outside Kibar Group in 1993, Kibar Sigorta organizes the Risk Management and Insurance operations of all active assets and passive responsibilities of its customers. Kibar Sigorta provides risk management and customer oriented services for in-group/out-group industrial and service plants and for individuals with a full broker concept within the process toward the European Union and it operates in all insurance branches including private risks.

**Sicpa Assan:** Established in 2007 with the joint venture of Kibar Holding and Sicpa Holding, long-established groups of Switzerland, Sicpa Assan offers high technology solutions in Brand Security and Product Monitoring-Follow-up Systems. In the systems developed by Sicpa Assan for brand and product security, special applications for the industry and the industrial situation are performed to monitor the products in supply chain and to separate real and counterfeit products. With the offered technologic services and solution packages, the public institutions prevent the counterfeit and unlicensed products out of registry. It supplies security products for different industries.



# KIBAR GROUP FROM PAST TO PRESENT

**1972** : Kibar Group took the first step into the industry with the Kartal Sheet Metal Processing Unit in 1972. In 1980, the Galvanized Manufacturing Plants were built in Kartal. Going into action with the consistent hot dipped manufacturing, Assan Demir ranks 366th among ISO 500 as of 2013 and holds a "Silver Plaque" of TSI Quality Award.

**1982** : Kibar Sigorta has been providing insurance services for all assets of Kibar Group since 1982 and has started providing insurance agency services to out of Group since 1993.

**1984** : In 1984, Kibar Holding A.Ş. was established. And one year later, Kibar Dış Ticaret A.Ş., currently exporting for many leading private and public industrial enterprises in Turkey, and importing a part of their raw materials needs, was established. Managing the commercial relations of Kibar Group companies with foreign countries, today the company is one of the 10 biggest exporters of Turkey with its annual trade volume of 1.5 million tons. Kibar Dış Ticaret A.Ş. ranks 8th among 1000 companies in the list of Turkish Exporters Assembly (TIM).

**1988** : Established in 1988, Assan Alüminyum A.Ş. is the biggest flat rolled aluminum manufacturer in Turkey and 7th in Europe with its installed capacity of 250.000 tons. In 2013, it was 56th among ISO 500 companies.

**1989** : Turkish distributorship of South Korean Hyundai Motor Company was acquired at the end of 1989. Hyundai decided to establish its first overseas manufacturing plant in Turkey by taking into consideration the high potential of Turkey where it attained an important success in a short time and by considering Turkey's geographical proximity to Europe. In 1994, Hyundai Assan Otomotiv was established with the partnership of South Korean Hyundai Motor Company and Kibar Holding. The gates of Hyundai opening to Europe, Hyundai Assan Otomotiv San. ve Tic. A.Ş. have produced more than 1 million vehicles until the present. Hyundai Assan ranks 25<sup>th</sup> among ISO 500 as of 2013.

**1990** : Assan Panel, established within Kibar Group in 1990, is the biggest sandwich panel manufacturer of Turkey and is ranked in the 401st place in ISO 500 as of 2013. With its annual sales numbers generated from its panel production reaching up to 8,000,000 m<sup>2</sup>, Assan Panel has attained a capacity usage rate which sets an all-time record, both locally and globally.

- 1993 : İSPAK, operating in flexible package industry, was taken over in 1993. With its products, İSPAK provides services for many leading domestic and international companies. Having the "TPMA Category Excellence Award" in Japan, İSPAK has been growing very fast and being structured accordingly and continues to realize various "firsts" in the industry.
- 1996 : Established in 1996, Assan Lojistik ve Filo Kiralama A.Ş. provides door-to-door logistic services at a national and international level.
- 1997 : In 1997, soon after Assan Hanil Otomotiv San. ve Tic. A.Ş. was established in Kocaeli, it became operational in a short time and then it started to provide parts for important vehicle manufacturers including Hyundai, Ford, Isuzu and Honda.
- 1998 : Assan Gıda started its operations in 1998. Assan Gıda exports, to 70 countries on 5 continents, its ketchup and tomato paste products manufactured in its plant built with an investment of 40 million dollars and it is the biggest ketchup exporter in Turkey.
- 2001 : With the purpose of facilitating the exports activities of Kibar Group, Kibar International S.A. was established in Lausanne, Switzerland in 2001.
- 2005 : Assan Panel İskenderun Plant started operations.
- 2006 : Assan Bilişim was established in 2006 and put into service as Assan Alüminyum Dilovası Plants by taking over the Dilovası Plants in the same year.
- 2007 : Sicpa Assan, providing services for brand and product safety which is very important in today's world, was established in 2007 with Sicpa partnership. In the same year, Assan Yapı was established to provide services for every field of construction industry. In 2008, Assan Gayrimenkul was established to manage the domestic and international real estates of Kibar Group and to identify and design investment areas.
- 2010 : Assan Port was put into service at the end of 2010 by one of the Kibar Group companies, Assan Liman İşletmeleri A.Ş. Assan Port was the first container terminal providing services for container ships and general cargo ships in İskenderun Bay and became the second and very important alternative for the same hinterland after Mersin. Having an annual capacity of 250,000 TEU, the terminal is expected to reach the capacity of 400,000 TEU at the end of 2015 with the new investments.
- 2011 : The investments continued in the new fields by establishing Posco Assan (Posco Assan TST), the first stainless steel manufacturing plant in Turkey; TSI Uçak Koltuk Üretimi A.Ş., the first plane seats manufacturing plant in Turkey; Kibar Enerji Dağıtım A.Ş. and Kibar Industry Company, the first international manufacturing plant of Kibar Holding in Jordan.
- 2012 : The foundations of Assan Alüminyum Dilovası Dye House Plant were laid in 2012. Kibar Industry Jordan Plants started its operations.
- 2013 : 50% of the shares of Assan Liman İşletmeleri A.Ş. was transferred to United Investment Limited S.A. and to Galata Liman İşletmeleri A.Ş. in the same year, Assan Hanil Dye House was established and started its operations.

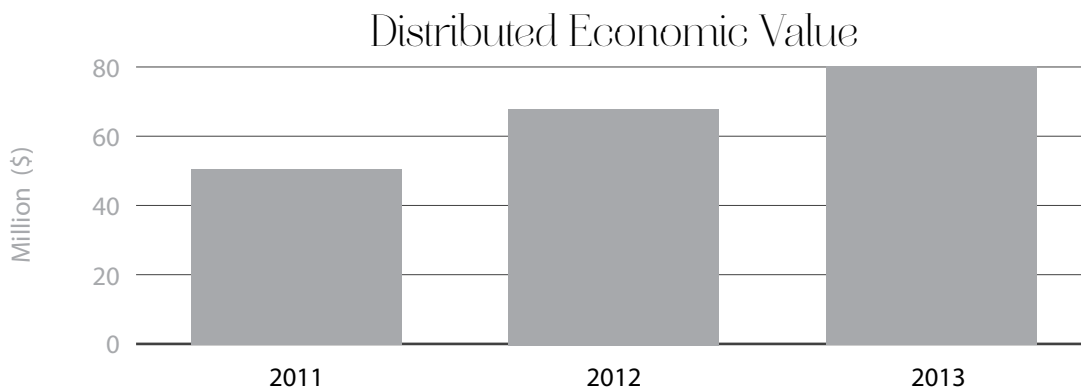
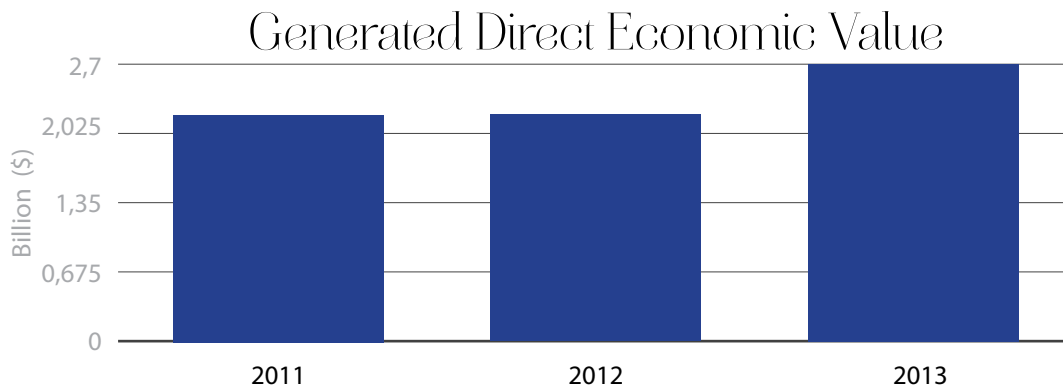
Kibar Group continues to grow and invest in line with its objective of becoming one of the leading companies in Turkey and being a growing company by adding value to Turkey.



# KIBAR GROUP

## THE VALUE WE ADD TO THE ECONOMY

When the important problems of European economies and of the Middle Eastern political environment are considered, Turkey's situation is of more importance. The companies of Kibar Group, having strong partnerships within this business cycle, operate to improve and to diversify the current operations by benefiting from the power of their operations in Turkey and from their experiences of global scale. The Group brought the plants, to be able to compete in an international scale, in Turkey with the investments which attach importance to the local industry development as well as the trade, which create employment and which are persisting in the long term. Kibar Group contributes to Turkish economy with its production of 3 billion dollars. The 80 million dollars of this value is formed by the tax payments. Kibar Group provides direct value to Turkish economy with employment, production and exportation.



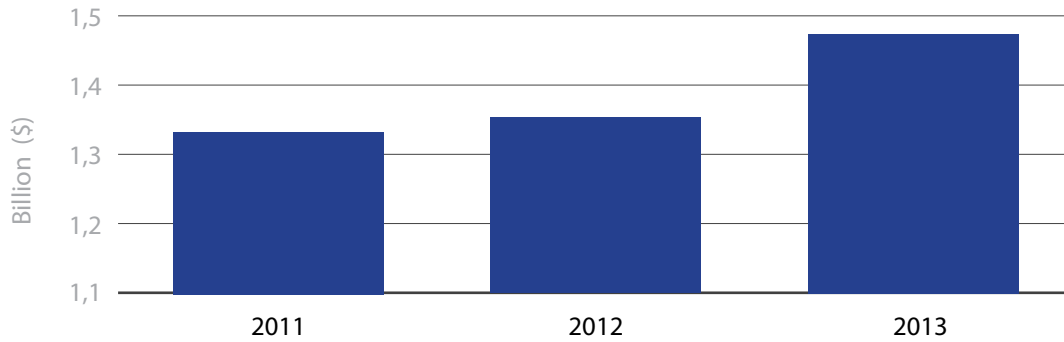
The leading companies within the Group are ranked among the 500 Biggest Industrial Institutions of Istanbul Chamber of Industry. Hyundai Assan ranks in the 25<sup>th</sup>, Assan Alüminyum in the 56<sup>th</sup>, Assan Demir in the 366<sup>th</sup> and Assan Panel in the 401<sup>st</sup> place among ISO 500 as of 2013.

Kibar Dış Ticaret A.Ş. was one of the 10 biggest exporters in Turkey in 2011, 2012 and 2013. Being active since 1985, the company has been exporting to 101 countries as of 2012 by earning the trust of international firms thanks to its experience of 28 years and its quality work force. Besides the bulk ship transportation, the container transportation also had a great role in the growth of its market share in international platform. Kibar Dış Ticaret A.Ş. improved its market share with the quality service concept towards these developments.

#### Exportation Countries of Kibar Holding

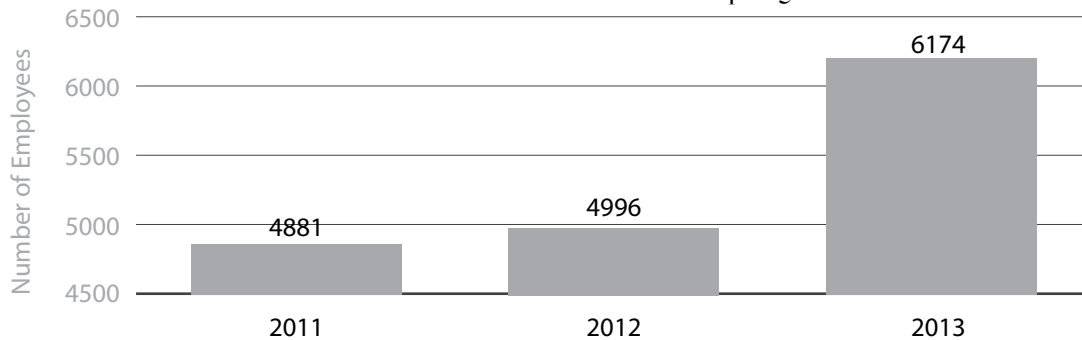


#### Exportation Data



Kibar Group creates important social and economical value in terms of employment as well. There has been an increase of 26% in the number of employees within the Group since 2011. As of 2013, Kibar Group has made a direct contribution to the economy by offering employment for about 7000 people.

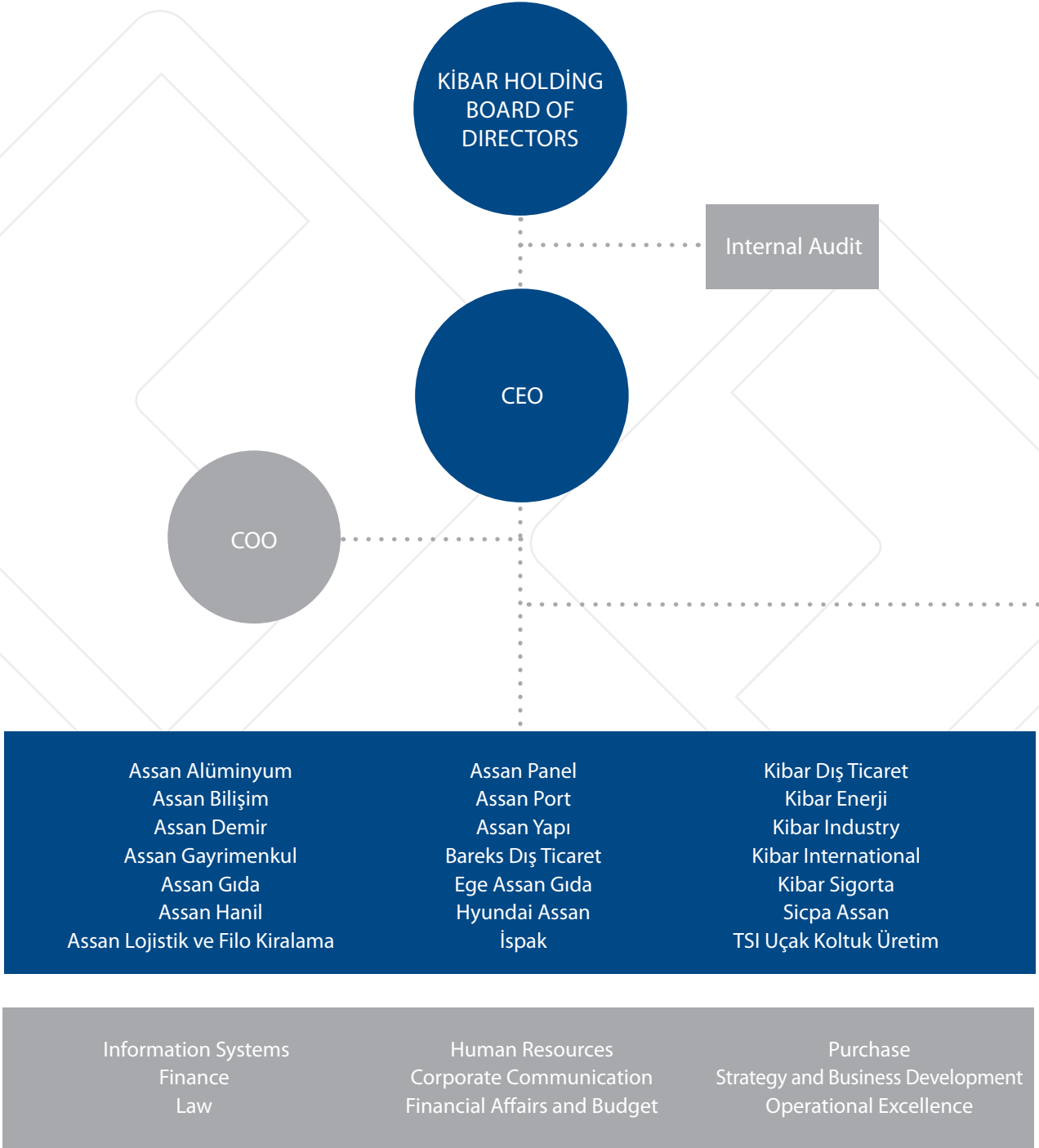
#### Total Number of Employees



# GOVERNANCE IN KIBAR HOLDİNG

Since its foundation, Kibar Group has prioritized the aim to contribute to the growth and the development of Turkey. Today Kibar Group continues its journey, set out as a family corporation, as one of the biggest companies in Turkey manufacturing and exporting to the prestigious brands of the world under its umbrella thanks to its values. The management principles formed resulting from these values are applied within the Group. Employee participation, creating value, authorized situational leadership, consistent improvement, team orientation, information management, systematic approach and trust are the management principles of Kibar Group. The environmental, social and economic issues are held with an integrated approach within the Group. The companies of Kibar Group and the relevant departments are coordinated in accordance with these principles.

## KIBAR HOLDİNG ORGANIZATION CHART





As of 2013, the companies within Kibar Holding and/or Group support the following national and international initiatives, take active part in their activities and/or are represented by the superior management of Kibar Group.

## INTERNATIONAL INITIATIVES / ASSOCIATIONS



## NATIONAL INITIATIVES / ASSOCIATIONS





## WORKPLACE

Within the Group, the employee-oriented surveys comprising all companies are carried out by an independent organization since 2004. Employee satisfaction, their commitment to the work environment and their willingness are measured with annual surveys. The concerns and suggestions about labor standards and human rights are shared through the surveys and the relevant studies are conducted according to the data obtained from the surveys. The survey outputs are assessed with the studies performed both in the company and in the group. For 2014, all managers and senior managers have been given targets to improve the survey results.

### HUMAN RIGHTS AND LABOR STANDARDS

**Kibar Group respects and supports global human rights. Within this scope, various mechanisms are implemented within Kibar Group and these mechanisms are developed with various improvements, the contribution of the employees in particular. The quality concept of Kibar Group starts with a good, safe and dynamic work environment.**

Each company within Kibar Group chose an Employee Representative in 2014. The Employee Representatives prepared action proposals based on the requests and complaints of the employees and submitted them to the management. The employee representatives met regularly and the studies submitted to the management were taken into consideration and supported at a CEO level.

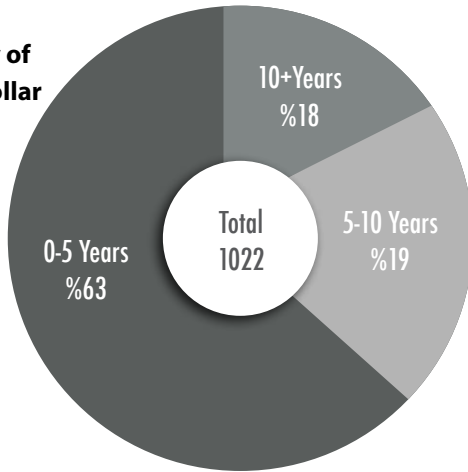
Kibar Group respects human rights and labor standards, as stipulated with the national legislations and international agreements, and does not allow the prevention of these fundamental rights. In parallel with the importance of the human rights, it supports the mechanisms for the prevention of compulsory employment and child labor. Kibar Group aims to provide a safe, productive, and peaceful work environment for its employees and pays strict attention to this issue. Within the processes of recruitment and employment; nondiscrimination in terms of language, religion, region, nationality and gender, providing all legal and employee personal rights to the employees, not violating personal rights and human dignity, and not permitting such actions, respecting the general moral principles, not accepting behaviors disrupting productivity, safety and the order of the work environment are accepted as important ethical principles and values.

There is an Ethical Management Procedure within İSPAK as an example of these efforts. Within this procedure, there are various rules embraced in different subjects such as fight against child labor taking measures against compulsory employment and discrimination in work place, fight for discipline and against corruption. These rules are certified by SEDEX, which we became a member in 2010 and which is a social inspection standard providing opportunity to inspect the supply chains of more than 23 industries in 150 countries.

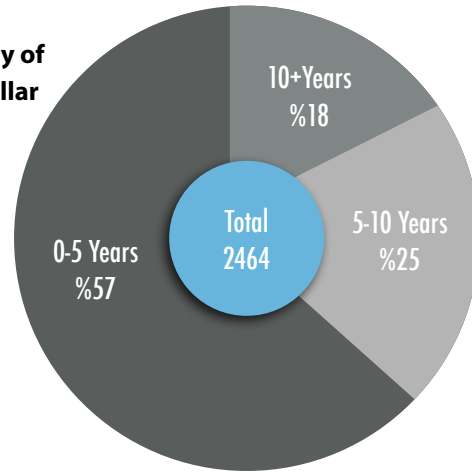
The internal audit department performs regular audits in terms of fighting corruption. Furthermore, the independent audit organizations perform audits within the Kibar Group as well.

In 2013, the total number of employees within Kibar Group reached **3486\***. **29%** of the employees are white-collar and **71%** of them are blue-collar employees. As of 2013, **63%** of **1022** white-collar employees has a seniority of 0-5 years, **19%** of them has a seniority of 5-10 years and **18%** of them has a seniority of 10 and more than 10 years. **57%** of **2464** blue-collar employees has a seniority of 0-5 years, **25%** of them has a seniority of 5-10 years and **18%** of them has a seniority of 10 and more years.

**Rate of Seniority of White-Collar**



**Rate of Seniority of Blue-Collar**



The employee turnover rate in Kibar Group companies decreased to 16% in 2013 while it was 20% in 2011. The recruitment of new employees increased to 29% in 2013 while it was 20% in 2011.

As an indicator of the consistent improvement, the performance management for all employees has been held with a common approach in the group as of 2014 and has been reformed in accordance with today's needs and the group strategies. "Personnel Regulations", given on the first day of employment as a supplement of the employment contract, has been updated in line with the requirements of the improved business life in 2014.

## OCCUPATIONAL HEALTH AND SAFETY

Having a safe work environment is a fundamental human right for each employee. Occupational health and safety is one of the priority matters within Kibar Group and there are Occupational Health and Safety Committees, meeting regularly every month based on the existing occupational health and safety policy. The activities to reduce the causes of accident and the efforts to create awareness for secure behaviors and to improve the labor standards are planned. In addition to the committee which performs activities such as following the required regular checks and health screening, identifying existing risks and planning the necessary actions to eliminate the risks, planning occupational training courses and job shadowing for employees, performing drills and revision of emergency action plans, there is a notification system for the employees to make suggestions and issue warning notices to reduce the accident risks. There was a decrease of 6% in the rate of accidents in the last three years. The time for occupational health and safety training courses was increased by 32%. There were no fatalities and occupational diseases from 2011 to 2013. The regular training courses, ergonomics studies and occupational health and safety systems in the manufacturing plants had a big role in this.

*\*This data covers the Kibar Group industrial companies excluding Posco Assan and Hyundai Assan.*

Kibar Group companies carried the work environment to the international standards with the international certificates and standards in the direction of the pursued quality in manufacturing. Assan Aluminyum, Assan Hanil and İspak have the OHSAS 18001 Occupational Health Safety Management System. Assan Gıda has certificates by the British Retail Consortium, internationally accepted food safety standards, and the Certificate of International Food Safety. Assan Aluminyum holds and ISO 27001 Information Security Certificate. The objective is to ensure that all Kibar Group companies have this certificate by the end of 2015. Having BRC certificate since 2005, İSPAK also holds an ISO 22000 HACCP Food Safety Certificate.\*\*

**\*\*OHSAS 18001 Occupational Health Safety Management System:** It is a management model ensuring the control of applications which may affect the health and safety of the employees in the work place.

**British Retail Consortium:** It is a standard create by the British retailers to form a frame covering the internationally accepted food safety standards and to help the development of food safety.

**International Food Safety:** It is a standard created to ensure that the organizations sell safer food products in their markets.

**ISO 27001 Information Security Management System:** It is a standard created to form an active information security management system.

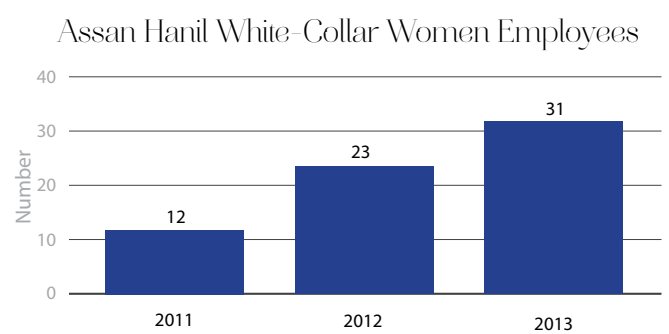
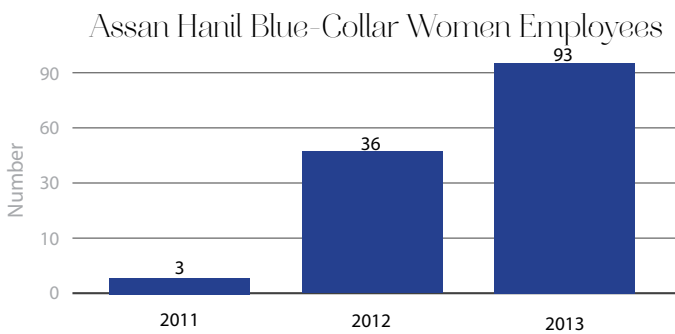
**ISO 22000 Food Safety Management System:** It is an international standard created to form a worldwide safe food production chain.



## GENDER EQUALITY

Ensuring the equality of women and men in work place is very important for Kibar Group. Within the companies of the Group, various activities are carried out to increase the number of women who are both white and blue-collar employees. As of 2013, 1 out of every 7 employees is a woman, within the companies of Kibar Group.\*

As an example of efforts for increasing the number of women employees, in **Assan Hanil**, all work and manufacturing processes have been reorganized to ensure that the women work more comfortably, and important ergonomics studies have been conducted.



\*This data covers the Kibar Group industrial companies excluding Posco Assan and Hyundai Assan.

## TRAINING

With the confidence that its success is a result of the power and support of its employees and that the most important value is the human capital, Kibar Holding places great importance in continuous training, and it is also a part of the human resources policy. Within Kibar Group, occupational training, self improvement training, occupational health and safety training and environment training courses are offered for employees.

## SALARIES AND FRINGE BENEFITS

Within Kibar Holding, job definitions are prepared for all work categories. The pricing system that assesses both the employee's competencies and the contribution s/he makes for the company, as well as its level of difficulty and responsibility, is taken as basis in Kibar Group. For white-collar employees, a work assessment and grading study was conducted with HAY Consultancy Company. The salary policies are reviewed via pricing studies every year. The salary assessment is performed once in a year for the employees working with monthly salaries and one or two times a year for employees working on a wage system in accordance with the practices of the industry they serve in.

Personal premium system based on personal performance is applied for the employees working in the defined positions when their performance is positive within the companies of Kibar Group.

Private health insurance, covering the families as well, is provided for employees in many companies of Kibar Group. Also there are social reliefs, bonuses, and fringe benefits that vary on a company basis.

There is workplace doctor in all working areas. In addition, the music room has been put into service for the employees in addition to the various sport activities such as table tennis, kick-box and basketball in Tuzla Plants where Assan Alüminyum, Assan Bilişim, Assan Panel, İSPAK, Sicpa Assan and Kibar Holding are situated. The social activities performed within the Group are explained in detail in the section of "The Value We Add to the Society".



Asim Kibar Love Forest (2001)

## OUR ENVIRONMENTAL AWARENESS

*The energy efficiency is becoming more and more important throughout the world. It is very important to undertake efforts to provide energy sustainability, reduce the external dependence, reduce the load of energy costs on economy, and fight against the climate change in Turkey. The energy and productive usage of the energy resources are among the priorities of Kibar Group. The energy efficiency projects and the modernization operations, performed within this scope in Assan Alüminyum in 2009, were supported by IFC the organization of World Bank extending loans for sustainable investments of the private sector. Kibar Group makes contributions to create energy awareness in Turkey, to carry out studies for the effective usage of energy with Energy Efficiency Association (ENVER-DER), where Chairman Ali Kibar is the General Vice President.*

With the globalization, the removed frontiers increased the participation of society in the business world and a new frame of mind started to be formed according to the transparency expectations and the needs of stakeholders. Sustainability is now centralized within the research of comprehensive answers towards environmental, social and economic problems and the business world is situated around it.

With the industrial organizations under its umbrella, Kibar Group continues to meet today's needs with its innovative structure, ensures economic sustainability, and fulfils its environmental responsibilities with the environmental technologies increasing operational productivity. Acting with the same proactive concept for transforming the risks into opportunities, Kibar Group works devotedly for the successful implementation of the necessary policies and actions and follows closely the developments of the relevant issues.

Aiming to achieve Kibar Holding's environmental footprint objectives, the new "Operational Excellence" Division has been established to design, implement and follow the efficiency increasing projects. This division reinforces the responsibility awareness for both economic and environmental sustainability studies. Compliance with international certificates and standards is important to register the quality of products and the safety of the manufacturing process. Within this scope, Kibar Group places importance in maintaining and developing its quality with the national and international certifications of its companies and plants within the Group.

- Assan panel and Assan Hanil of Kibar Group hold ISO 14001 certificates and plan to extend this certificate in the future.
- Assan Alüminyum is the first company to hold the ISO 16949 certificate within the Group.
- 80% of Kibar Group companies holds the ISO 9001 certificate as of 2014.
- Assan Panel is the first company to hold an EN 14509 Certificate in Turkey.\*

*\*ISO 14001 Environment Management System: It is an international standard defining the control and development process of the environmental performance of a company.*

*ISO 16949: It is the only standard accepted worldwide related to any organization active in the supply chain of automotive industry.*

*ISO 9001: It is an international standard defining the required terms to be applied on the basis of establishing Quality Management System and constituting it as basis for the certification.*

*EN 14509: It is the standard detailing all processes about sandwich panel manufacturing from manufacturing to supply and complying with the European Union norms.*

Ensuring efficiency increase by prioritizing environmental sustainability is one of the priorities of Kibar Group. It is planned to make energy management systems effective to increase the productivity within the offices and plants of Group. In addition to the efforts within Group, the companies also work on energy efficiency and ensure environmental sustainability. There are certified energy managers in Assan Aluminyum and Assan Hanil. Assan Aluminyum plans to actualize the project (VAP), the objective of which is to increase efficiency by saving on electricity and natural gas, in 2015.

"It is planned that 60% of Kibar Group companies will have ISO 50001 Energy Management System until the end of 2015. The projects with a government incentive will be implemented following the inclusion of Assan Hanil in ISO 50001 Energy Management System next year.\*"

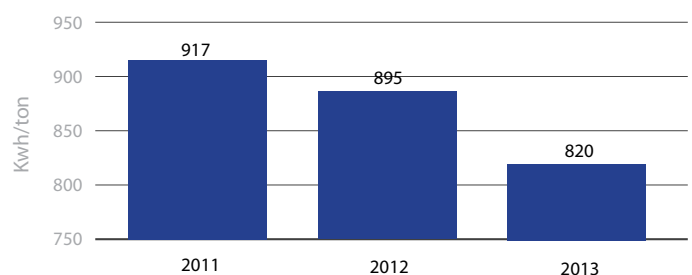
With the technical and operational improvements performed in the manufacturing lines of Assan Aluminyum, the manufacturing process performance was increased and an energy saving of 21% was performed as a result of this. Resulting from the improvement studies, when the consumption values of 2013 are considered, there is a natural gas saving of 16,08 m3 per ton and electricity saving of 62,32 kWh per ton compared to 2009. And when the consumption of 2013 is considered, a natural gas saving of 4,745,900 m3/year and electricity saving of 18,398,400 kWh/year was achieved compared to 2009 and there is a decrease of 17,500 tons in CO2 amount.

In Assan Aluminyum, there is decrease of 2.9% in the amount of solid waste generated during manufacturing activities in 2013 compared to 2011. In İSPAK, the energy intensity is decreased by 9.6%, energy consumption is decreased by 1.5% and greenhouse gas emissions are decreased by 4.5% in 2013 compared to 2011.

Assan Gıda aims to increase the tomato paste efficiency per unit tomato by making the supplied raw material (tomato) quality consistently observable and by optimizing the process parameters. The efficiency measures (OEE) are performed on the basis of line and equipment in manufacturing processes, the projects related to the identified improvement areas are made and taken into work plan. Within the energy efficiency projects, a saving of 244,000 kwh/year was achieved in 2013 through the prevention of transformer losses. With the completion of the ongoing economic lighting project, a saving of 68% will be attained through this project. In Assan Gıda, the energy consumption in 2013 is lower by 8.6% compared to 2011.



Assan Gıda Energy Consumption



\*ISO 50001 Energy Management System: It is based on the identification of energy policies of organizations, management of energy consumption within the framework of energy management programs in line with their objectives and targets, and ensuring improvements by assessing the performance of the energy management system.



There are efficiency increasing projects (VAP), aimed to ensure an energy saving of 1000 TEP (11,000,000 KWh) within Assan Hanil. There will be projects with government incentive with the ISO 50001 Energy Management System developed to increase the productivity in manufacturing plants and planned to be effective in 2015. In Assan Hanil, the techniques of "Simple Manufacturing" and "6 Sigma" are currently used in many projects to increase the efficiency. The production capacity per hour is increased through innovations in the assembly lines.

Within the total productive maintenance efforts conducted within İSPAK, kaizens are performed to increase productivity.

Machines used in manufacturing are modified in a way to increase productivity. In addition, studies are performed to consistently increase the productivity in the manufacturing processes as well. Factors such as climate change, population increase and economic development increase the pressure on natural resources. Turkey has a special location in terms of natural resources resulting from its geographical structure. However, the usage of sustainable resources has become very important due to irresponsible usage of natural resources and climate change. For this reason, Kibar Group conducts studies about meeting raw material requirements and the efficient usage of the resources used in the processes.



There is a domestic and industrial waste water treatment plant at the Tuzla Plant of Kibar Holding. The treated water is recovered in the plants. The water processed in the manufacturing season of tomato paste, when the water consumption is highest in Assan Gıda, is reused in a different process. As a result, the water obtained from the concentration of tomato has been reused in tomato processing, about 100 m<sup>3</sup> water has been recycled per hour and the consumption of additional natural resources (water) has been prevented. The water need resulting from the increased production capacity has been met in this way. It is planned to decrease the water consumption by ensuring the waste water, from the dye houses in Assan Hanil, is returned to the system. The water consumption of the system is eliminated by transforming the cooling system, used in manufacturing systems of İSPAK, into closed system.

Efforts geared towards decreasing natural resources consumption are carried out in İSPAK. Thanks to cooperation with customers, the usage of thinner material was agreed and improvements were made for resource usage. As a result, both the costs are reduced and the environmental impact is decreased.

By decreasing the thickness of aluminum foil used in packages, aluminum saving of 40,650 kg per year has been made and in the first half of 2014, glue saving of 18,600 kg has been made with the technique of lamination without solvent and paper saving of 75,000 kg has been made resulting from the reduction in paper thickness. In the first half of 2014, aluminum saving of 6000 kg has been made in the chewing gum package. With the "heat pipe" technique used in the manufacturing processes, energy saving is performed and 4000 m3 natural gas has been saved in the first half of 2014. With a new project that is at the design phase, it is planned to perform an aluminum reduction of 140,000 kg by reducing the thickness of the back foils used in refrigerators.



The "skylight" based on polycarbonate, within the Assan Panel product range, offers the opportunity to benefit from daylight. With the skylights used also in the manufacturing plants of Assan Panel, there has been made an annual saving of about 85.000 kwh/year in energy consumption. The fact that the employees benefited from the daylight brought about positive feedbacks in terms of labor standards improvement.



"The sustainable construction materials are durable, recyclable materials which are produced, used and complete their lifecycle respectful of the environment. Kibar Group companies aim to offer sustainable products within the product range."

Another product introduced by Assan Panel to Turkish market is **"Fire-Stop"**, a sandwich panel product resistant to fire for 45 minutes. With superior success in fire resistance time thanks to a molecule named polyisocyanurate (PIR), the product complies with the fire legislations, doesn't dribble instantly and thus prevents the fire load while ensuring the buildings to protect their integrity in case of fire.

In addition to the efficiency increasing studies performed in the plants and the sustainable products, Kibar Group performs various initiatives to protect the environment in the company offices. Through efforts for reducing paper use, Kibar Group companies started to use e-invoices as of December 2013 and a reduction of 42.5% was attained. With the same purpose, a saving of about 50,000 pages is planned to be attained by implementing the e-book project.

The waste management and disposal of hazardous wastes are among the fundamental responsibilities of companies in the present day. Hazardous wastes are disposed of as per ISO 14001. Assan Alüminyum ensured reduction of rolling oil amount with the improvements ensured in the manufacturing process. The chemicals in tanks are carried by means of a closed circuit system and the risks from hazardous wastes are minimized. In Assan Gıda, the quantity of hazardous wastes was reduced by 44.06% in 2013 compared to 2011.

In Assan Hanil, various efforts are carried out to reduce the water consumption in the dye house. Some of the waste water is resented to the manufacturing system and so the recycling is ensured. When the second half of 2013 and the first half of 2014 are compared, there is a decrease of 48% in monthly average waste water amount.







## THE VALUE WE ADD TO THE SOCIETY

*"Kibar Group always tries to strengthen its communication with its stakeholders in line with its general objectives and principles for providing social development."*

With a long-established foundation culture since its establishment, Kibar Group aims to contribute to the development needed particularly in education, health and social areas and to create persistent values. Established in 1999 with this purpose to institutionalize the charity activities within the Group, Kibar Education and Social Relief Foundation supports government services by investing in education, health and social areas.

Within the Group, a number of social responsibility projects have been carried out, and important contributions have been made, particularly to the local development of the regions where the Group operates. The relations with the residents in the regions, one of the important stakeholders of Kibar Group, improve with relief and investments. Libraries and laboratories are constructed in primary schools and vocational high schools in the regions where the manufacturing plants of Kibar Group are situated and regular donations are made for education materials such as stationery, projection device, computers, etc. Modern, well equipped facilities, where various needs are met by providing scholarships or financial aids, are constructed. Since 2005, the companies within the Group have made donations to the leading education foundations of Turkey particularly to Turkish Education Foundation, Community Volunteers Foundation, Mother-Child Education Foundation.

In addition to the financial support and materials donations, the construction of Asım Kibar Vocational and Technical Anatolian High School was completed in 2010 in Tuzla and the construction of Tuzla Semiha Kibar Practice Hotel was completed in 2011 and they were donated to the District National Education Directorate. Furthermore, Semiha Kibar Leisure Center was constructed and donated in Tuzla Region.

Within the Food Technology Program of Karacabey Technical and Industrial Vocational High School by Assan Gıda, "Food Safety Training Courses" and plant visits were organized.







Various social responsibility projects are conducted with the participations of the stakeholders of the companies within Kibar Group. The efforts are performed to increase the employee participation in the projects of Corporate Social Responsibility. The Agriculture Group of Assan Gıda employees prepared an information booklet to inform the farmers, the most important stakeholders, about the correct usage of pesticides in 2013. In the distributed 300 booklets, the preparation, storage of pesticide and its effects on human and environment health were explained; and the measures to be taken during its usage and the first-aid techniques to be applied in case of intoxication were mentioned. Also the soil analyzes and sustainable agriculture methods for growing tomatoes were explained in the booklet. Using only the tomatoes grown with natural methods for its products, Assan Gıda aims to ensure that this booklet is a guideline for its suppliers for issues such as soil use, irrigation methods, and fertilizer usage as well as habitat protection.

Through the “Improve with Your Book” project held by the participation of Kibar Group companies, 7304 students were reached by distributing books to elementary and high schools.

With the purpose of developing the environmental awareness of its stakeholders, Assan Hanil started Vegetable Waste Oil Collecting Campaign. Conducted by 25 volunteers within the company, the campaign aims to draw the attention of the employees to the disposal methods of domestic wastes. The waste battery collection campaign within the Holding continues successfully as well.

With the Blue Cap Campaign held by Assan Alüminyum, a total of 300 kg caps were collected between January 2012 and March 2013 during the course of the project, and they were delivered to Pendik Gonulver Association. Two wheelchairs were purchased in return for the caps and delivered to individuals with physical challenges. The Blue Cap Project was carried out successfully with the volunteer support of all employees.

Asım Kibar Love Forest, surrounding Omerli Dam was created in 1995 on an area of over 10,000 square meters with the participation of Kibar Group employees. Formed by planting 30,000 saplings, Asım Kibar Love Forest represents the environmental awareness of Kibar Group.

Every year, Hyundai Assan expands the “Hyundai Assan Memorial Forest” built in 2008 in İzmit Alikahya Town where the plant is situated. More than 5 thousand saplings are planted currently in the forest, and it is planned to increase this number to at least 10 thousand trees.





There are sport activities held with the participation of all employees within Kibar Group. The companies organize matches among themselves. Amateur company teams have been successful in the intercompany league. Health and life without barriers are among the areas in which Kibar Group invests the most, following the area of education. In 1987, the Turkish team had a great success in World Disabled Children Olympics with the support provided to Turkish Special Sportsmen Association. Since then, equipment donations have been made to hospitals, and Semiha Kibar Organ Transplantation and Dialysis Hospital was established within Kayseri Erciyes University. Kibar Group website was reformed with this concept and designed in a way that all users can easily access by complying with the Internet Accessibility Initiative WCAG 2.0 standard. A big contribution was made by Kibar Education and Social Relief Foundation to the construction of the Pet Building of Cerrahpasa Medical Faculty Nuclear Medicine Presidency. Generally employees' and suppliers' families participate in the campaigns and the social responsibility initiatives organized within the Group. Employees and suppliers meet during the visits held by the organization club and during corporate picnic or dinner events.

Kibar Group asks its suppliers, one of its key stakeholders, to comply with specific standards. All companies make their supplier choices in accordance with the criteria set forth in "Supplier Selection and Performance Assessment Procedure". While working with suppliers and subcontractors, Kibar Group also ensures that there are no human rights breaches such as unregistered employment or child labor. Within this scope, there are no discriminations in the relations formed with the suppliers. The companies within Kibar Holding prefer working with the suppliers that hold Quality, Occupational Health and Safety, Environment certificates and these issues are particularly controlled during the supplier chain visits. Before commencing cooperation, the certificates (ISO, AQAP, MSDS, test report, etc.) and references documenting the compliance of the products with the criteria stipulated by the legislations and the regulations are requested from the suppliers. The terms to be included in the approved supplier list vary depending on the issue.

Assan Hanil performs the supplier assessments on four aspects: quality, logistics, purchase and engineering. In addition, the objective is to raise awareness among the suppliers with the training programs and to sustain and carry further this increased awareness in a consistent way.

