



**Kibar**

**SUSTAINABILITY REPORT | 2014**

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# ABOUT THE REPORT

For any opinions and suggestions about the report, please contact us at [kurumsaliletisim@kibar.com](mailto:kurumsaliletisim@kibar.com)

This report has been prepared within the scope of Global Impact Progress Report and aims to communicate Kibar Group's performance and plans on the fields of environment, community and corporate governance to its stakeholders in an open and transparent manner. This report covers the period of January-December 2014. However, certain data is compared to 2012 and 2013, in order to obtain more significant results.

Having signed the Ten Principles of United Nations Global Compact (UNGC) in 2013, Kibar Holding also based on the Global Reporting Initiatives's (GRI) G4 Guidelines, an internationally accepted reporting standard, in its 2014 Progression Report.

Unless otherwise stated, information contained in this report includes consolidated data of Assan Aluminyum, Assan Gıda, Assan Hanil, Assan Panel and ISPAK, all of which are Kibar Group companies. This report also includes the best practices of the said companies in the fields of environment, communities and corporate governance.

## GLOBAL COMPACT

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

The Global Compact, signed 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 161 countries around the world. UNGC has been active in Turkey since 2002 and has 304 members as of 2014.

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 large masses via progress reports.





# ABOUT THE REPORT

## HUMAN RIGHTS

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- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Businesses make sure that they are not complicit in human rights abuses

## LABOUR STANDARDS

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- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: The elimination of all forms of forced and compulsory labour
- Principle 5: The effective abolition of child labour
- Principle 6: The elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

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- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Undertake initiatives to promote greater environmental responsibility
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

## ANTI-CORRUPTION

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- Principle 10: Businesses should work against corruption in all its forms including extortion and bribery.

# MESSAGE FROM CHAIRMAN



ALİ KİBAR  
CHAIRMAN OF THE BOARD  
KİBAR HOLDİNG

*With our half century experience and our future-oriented vision, we share our experience and values to our society and contribute to social development through our investments in education.*

Dear Stakeholders,

As Kibar Group, minding the needs of next generations, committing itself to grow responsibly and carrying out all processes based on the principle of transparency, we are excited to present our progress report prepared within this scope adopting a participative process, being a requirement of the United Nations Global Compact we signed in 2013.

With a contemporary, innovative and future-oriented vision and providing employment for over 7000 people in a total of 22 companies, our Group acts proactively as a responsible corporate citizen on environmental, social and economic issues including climate change, reduced natural resources, demands and expectations of the shareholders that were imposed as a priority on the society and companies by the globalization movement and it achieves effective and efficient results against possible risks. Our close relationships with the stakeholders enable us to have their demands, expectations, feedback and support in all of our operations and processes, therefore further increasing the value of our company while creating a common value for our society.

Respect and commitment to international human rights in all areas of activity have established a fair, egalitarian, inclusive and environmental-friendly business culture while enabling us to become an exemplary corporate citizen, with our vision, broad experience and business culture, across all the industries in which we operate outside the Group.

With our half century experience and our future-oriented vision, we share our experience and values to our society and contribute to social development through our investments in education. Our corporate approach adopting the sustainable development as a principle allows us to boost our energy efficiency and to protect our environment and natural resources in every industry which we operate.

I would like to thank to all of our stakeholders, especially our employees, who have contributed to our growth and made our success story possible ever since the day we were founded. With your strength and support, as Kibar Group, we are taking firm steps to achieve Turkey's Sustainable Development Goals and to strive for a better future.

Sincerely yours,

# MESSAGE FROM CEO



Dr. TAMER SAKA  
CEO  
KIBAR HOLDING

*Our close relationship with our stakeholders is the most powerful asset we have in the sustainability journey.*

Dear Stakeholders,

Businesses have acquired an innate and brand-new feature which has been increasingly continued to develop in the last 20 years: Transparency. Our achievements in this new changing order as Kibar Group are based on the transparency and consistency that we carry along since the beginning. I am honored to present our progress report to our stakeholders, a summary of the progress we have been making and a requirement of the United Nations Global Compact we signed in 2013.

Our close relationship with our stakeholders is the most powerful asset we have in the sustainability journey. Adopting the concept of leadership instead of individual leaders, our group can systematically approach to business processes with the constant feedbacks from our stakeholders, take firm steps and improve its competitive advantages every day. This way, we allow our skills to develop. The most valuable output of this philosophy is our working concepts and conditions that create value and change continuously.

With the perception of justice required by international

human rights, we adopt the fairest conditions in our business processes and fight against corruption and violation of rights. In the light of our inclusive ethic concept, being the essential element of the employment value we create in and out of the Group, we don't compromise in discrimination, bribery and informal employment, child labor and corruption. With this concept, we lead and shape the sectors in which we operate. Therefore, we continue our journey to the better with a great enthusiasm and excitement with the industries we take part in.

The culture of Kibar brand created in and out of the organization, manifests itself in social investment projects. Our corporate social responsibilities include supporting children's education and leaving them a brighter future. We aim to increase the resources we allocate to education and healthcare investments every year. We also invest in the environment. We proactively manage the potential risks and turn them into opportunities to make our environmental investment more effective. We keep our best practices in energy and raw material efficiency, protecting water and natural resources, protecting the environment and biodiversity, waste management in the industries we operate.

Looking back, I believe that the innovative approach and self-confidence are the driving force behind the success of Kibar Group. I am confident that with that valuable asset, we will add continuous and sustainable values for our customers, society, sectors and employees. I owe great gratitude to our employees, business partners and other stakeholders who have supported us in achieving our goals.

Sincerely Yours

# KİBAR GROUP

## KİBAR HOLDING AT A GLANCE

Being one of the most important groups of Turkey, Kibar Group has been contributing to the country's economy and communal living. Operating in the fields of industry, service and trade, Kibar Group companies are leading their respective sectors. Combining its know-how and experience with its reputation, positive brand recognition and innovative organization, the Group keeps on this development with its sustainable growing vision. High production capacity, investments in exports and society, strong partnerships create great value. Kibar Group's international business partners include leading companies such as Hyundai, Sicpa, THY, Posco, Hanil E-Hwa and Heritage.



Assan Alüminyum Tuzla Facilities

# KIBAR GROUP

## REVIEW TO KIBAR GROUP

Founded in 1984, Kibar Holding Kibar Group took the first step into the industry with the Kartal Sheet Metal Processing Unit in 1972. In 1985, 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. Operating in metal, automotive, packaging, construction materials, real estate, logistics, energy, food and service industries, Kibar Group has 22 companies within its body. Since the it was established, Kibar Holding has been growing by creating employment opportunities and reaching the society; and it contributed \$3.7 billion to the Turkish economy with its 6502 employees as of the end of 2014.

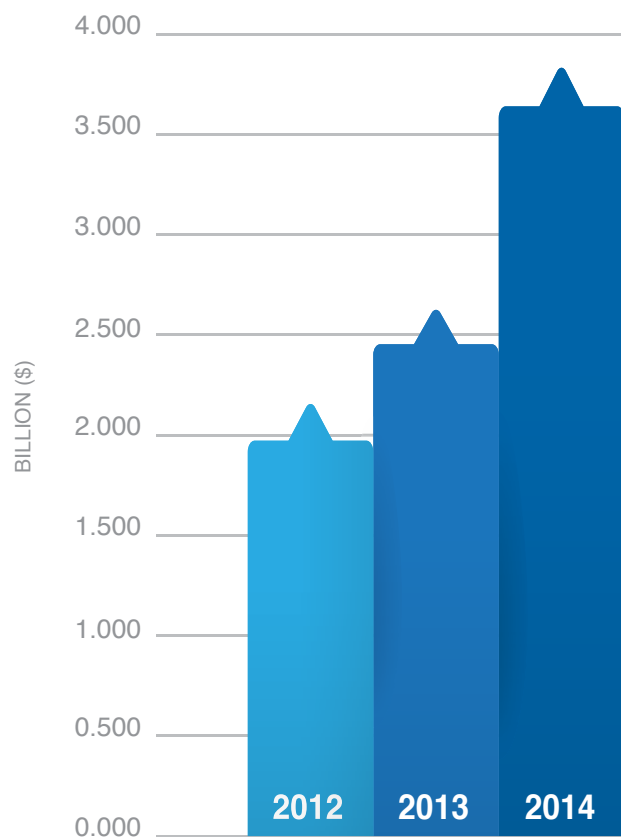
In 2014, Kibar Group companies ranked among the 500 Biggest Industrial Institutions of Istanbul Chamber of Industry (ITO) kept on growing by contributing to economy and society. Especially, Hyundai Assan climbed up in the 13<sup>th</sup> place from its 25<sup>th</sup> place in 2013, Assan went up from 56<sup>th</sup> place to the 55<sup>th</sup> place and Assan Hanil entered the ranking in the 223rd place. Other companies in the ITO 500 list, Assan Panel and Assan Demir ranked in the 430<sup>th</sup> and 469<sup>th</sup> place respectively.



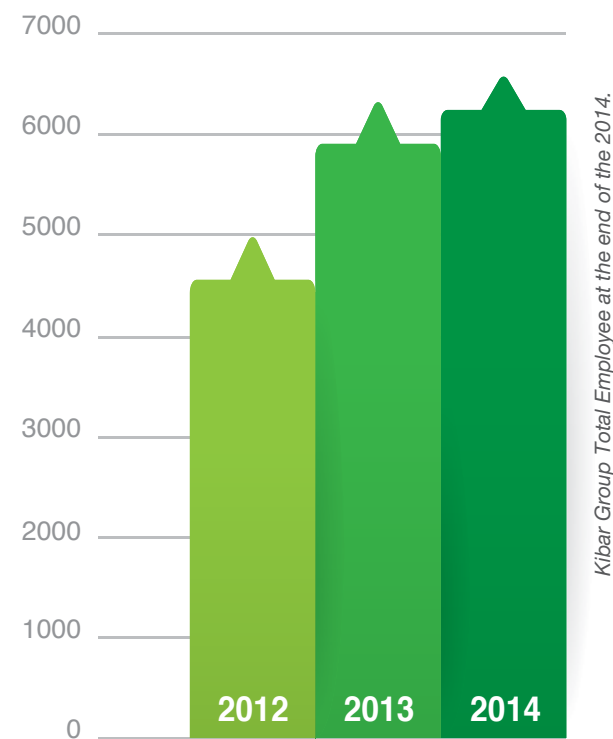
# KIBAR GROUP

## REVIEW TO KIBAR GROUP

Direct Generated Economic Value



Kibar Holding Total Employee



Kibar Group Total Employee at the end of the 2014.

# KIBAR GROUP COMPANIES



industry

## ASSAN ALÜMİNYUM

Started its 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 DEMİR

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 GIDA

Started its operations in Susurluk - Balıkesir 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.

## EGE ASSAN GIDA

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.

# KIBAR GROUP COMPANIES



industry

## ASSAN HANİL

Established with South Korean Hanil E-HWA partnership in 1997, Assan Hanil is an important subindustry supplier for the automotive industry. In its manufacturing plants located in 3 different facilities in Kocaeli and Bursa, 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.

## 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), stone wool insulation materials providing fire safety for its products.

## 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.

# KİBAR GROUP COMPANIES



industry

## KİBAR 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 ÜRETİMİ

It is a joint venture by THY Turkish Airlines, 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.



# KIBAR GROUP COMPANIES

industry



Assan Alüminyum



Assan Demir Dilovası Kocaeli



Assan Gıda Susurluk Factory



Assan Hanil Kocaeli

# KIBAR GROUP COMPANIES

industry



Assan Panel Balıkesir Facilities



Hyundai Assan Kocaeli



İSPAK İstanbul



Posco Assan Kocaeli



Turkish Seats Industry (TSI) Kocaeli

# KİBAR GROUP COMPANIES



trade

## ASSAN GAYRİMENKUL

Established in 2008, Assan Gayrimenkul aims to develop all the real estate projects of the Group and to implement these projects within the scope of the relevant legislation. Furthermore, the company carries on with new project efforts in high potential areas having room for development.

## ASSAN YAPI

Established in 2007, Assan Yapı offers services for every field of the construction industry. The company first started its operations with “Assan Yapı-Kurtkoy Houses”. It completed and put into service the “Asım 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 DIŞ TİCARET

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.

## KİBAR ENERJİ

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.



# KİBAR GROUP COMPANIES

trade

## KİBAR 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.

## KİBAR DIŞ TİCARET

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. In 2014, Kibar Dış Ticaret was one of the top 10 exporters in Turkey.





# KİBAR GROUP COMPANIES



service

## ASSAN BİLİŞİM

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

## ASSAN LOJİSTİK

Established in 1996, Assan Lojistik 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. Since 2001, it has been operating in operational fleet leasing and providing its in-group experiences and boutique service concept to out-group firms.

## ASSAN PORT

It was put into service by Assan Liman İşletmeleri A.Ş. of Kibar Holding in İskenderun Bay at the end of 2010 to provide services for all types of container ships and general cargo ships. Having been partnered with the Dutch TIL (Terminal Investments Limited) Group, 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.

## KİBAR SİGORTA

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.

# KIBAR GROUP COMPANIES

service

## INTERNATIONAL RISK BROKER (IRB)

Reasürans Brokerliği A.Ş. started its operations on June 11th, 2015. With its Risk Engineering Services, it provides consulting services to determine the risk factors, identify and implement proactive measures in order to minimize the risk factors. It provides Claims Consulting service to the insured in various areas including compensating the claim in the most accurate and quick way, following up the rights and liabilities etc.

## SICPA ASSAN

Established in 2007 with the joint venture of Kibar Holding and Sicpa Holding, longestablished 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 authentic 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.



Assan Lojistik



Assan Port Iskenderun



Assan Lojistik



Assan Lojistik

# CORPORATE GOVERNANCE

Kibar Group's governance approach is based on creating value, trust and constant improvement. Information management to ensure employee participation, team-oriented authorized situational leadership and systematic approach are the principles of all business processes. Risk management, strategy, business development and human resources processes are coordinated based on these principles.

Kibar Group regards its employees as its greatest power and in 2014, the group started to prioritize adopting policies for employee development. In this scope, three-year roadmap and strategy were set to establish Human Resources Systems within the Holding Company and the Group companies. In 2014, the first action was to reinforce the Human Resources infrastructure and Basic Human Resources Procedures and Personnel Regulation were updated accordingly. Information systems were renewed to establish a sustainable organization and to ensure easy and quick access of managers and employees to the information related to Human Resources processes. Also, in line with the feedback from employees, new projects started in needed units.

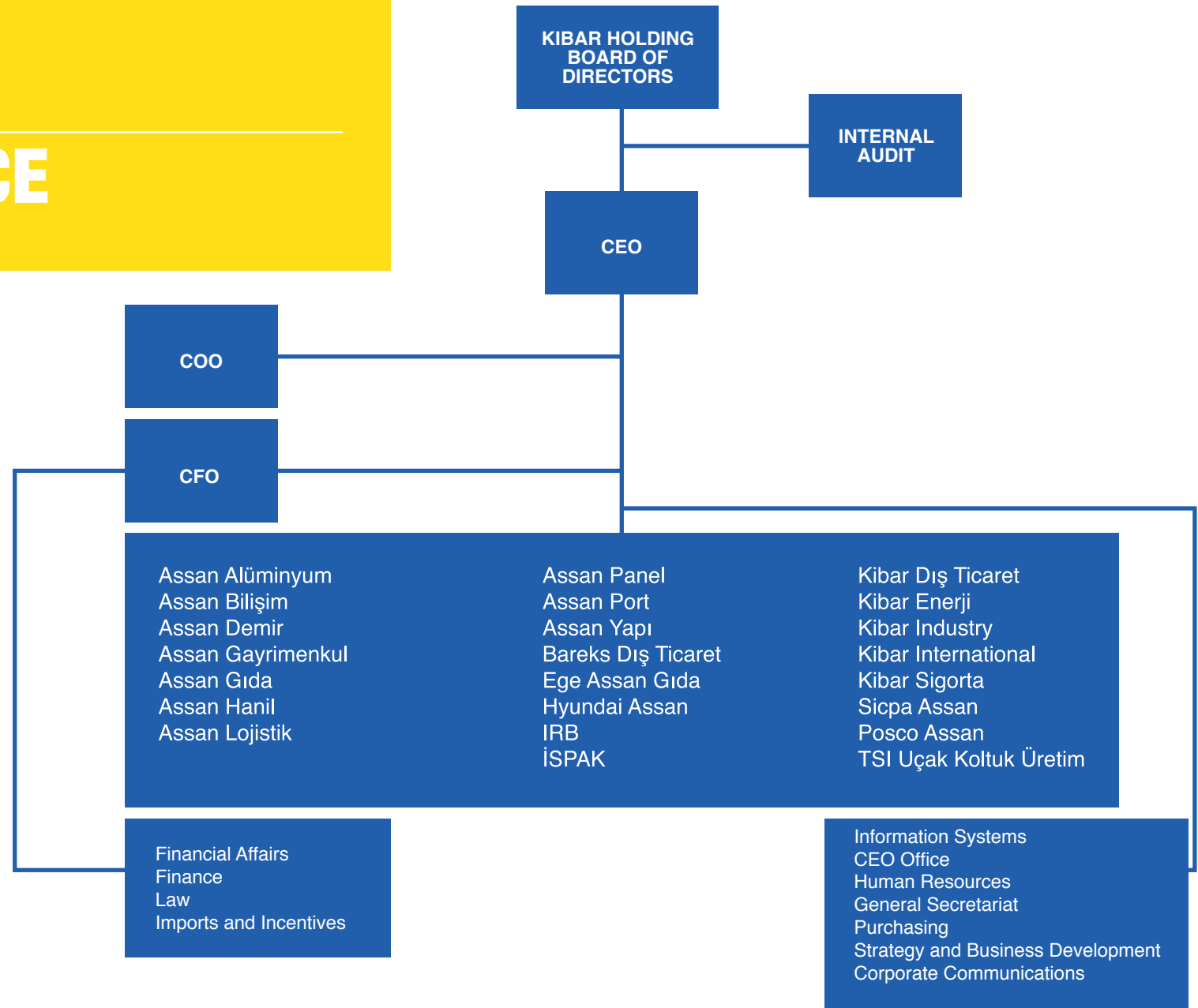
Kibar Group, addressing to the expectations of its shareholders within the scope of the global and corporate priorities, develops the top management vision and decision-making mechanisms involving the employees.

To further reinforce the corporate organization of the group, changes and reorganization initiated in 2013 continued in 2014 as well and Leadership Competences with Development Purposes were defined with the participation of employees.

Kibar Group addresses to environmental, social and economic issues which are managed with an integrated approach within the Group, where the corporate culture, principles and governance practices are spread across the group companies.

# CORPORATE GOVERNANCE

**Kibar Holding  
Organization Chart<sup>1</sup>**



<sup>1</sup>2015 Organization Chart.



# R&D AND INNOVATION

Kibar Group ensures that all activities have the consistent quality to meet the customers' needs and expectations and they are supported by the "innovation". With its human-oriented innovation philosophy, the Group strives to improve live qualities of employees, customers and all stakeholders in general.

Kibar Group achieves its goals, including improving efficiency, reducing resource use and waste generation, improving the product quality and diversity while decreasing the risks, manufacturing new technology and products and achieving a more competitive position in the long term, through its Research and Development (R&D) activities, based on the stakeholders' expectations and demands.

In parallel to these activities, product performance was enhanced with the use of newly developed alloy called 8156 within Assan Alüminyum and process time in manufacturing processes was reduced which all together resulted in electricity and natural gas savings of 160.000 kWh and 145.000 m<sup>3</sup> respectively in 2014. These numbers correspond to annual electricity consumption of 50 people and natural gas consumption of 243 people respectively.

Alloy composition and sub-production process designed accordingly resulted in reduction of forging time by 25-30% and energy saving while enabling forging of 25% more products within the same period. In addition, thanks to another alloy called 5005 which reduced the forging

times, 520.000 m<sup>3</sup> natural gas were saved in 2014, which is roughly equal to natural gas consumption of 873 people<sup>2</sup>. These changes in the process did not cause any alterations in product quality while energy consumption is decreased and existing production capacity was improved.

To meet the demands of stakeholders, by changing a process in folio manufacturing, a new product was developed which couldn't be manufactured at Assan Alüminyum before. More homogeneous distribution was ensured in mechanical features in the coils, product quality was improved and 20% capacity increase was ensured.

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Thanks to the works on manufacturing technique called "Continuous Casting" related to high strength aluminium alloys, three products that haven't been manufactured in any other company using continuous casting method in Turkey and Europe, started to be manufactured in 2014 and foreign-dependency of these products used especially in the automotive industry was reduced.

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**Assan Alüminyum supports hybrid car project of Black Sea Technical University Mechanic Engineering Department.**

<sup>1</sup>2014 data of Ministry of Energy and Natural Resources and TUIK data were based on when calculating electricity consumption per person.

<sup>2</sup>2014 data of Ministry of Energy and Natural Resources and TUIK data were based on when calculating natural gas consumption per person.

# R&D AND INNOVATION

Assan Gıda keeps offering new and unique products to the market with its innovative approach, including Oba Bagel Dressing. Kingtom Tomato Paste offering tomato-based sauces for breakfast and developing small packages by aiming single-person houses and students, and the Chipotle Sauce developed for a leading company reflect Assan Gıda's innovative philosophy.

One of the leading companies with its own R&D Center, Assan Hanil focuses on the seats used in transportation vehicles in its R&D activities. With its project of developing more lightweight passenger seats with Mg alloy to be allowed in the aviation industry in the near future, Assan Hanil aims to create possible new job opportunities and to develop the technology know-how. In partnership with TUBITAK, projects on the seats used in transportation vehicles are carried out which would enable manufacturing of more ergonomic new products that haven't been manufactured in Turkey before; granting the patents which may be a large source of income in highly competitive industries; decreasing foreign-dependency and imports in the industry; reducing manufacturing, assembly and usage costs; and improving competitiveness in international markets.

In 2014, 9 patent applications, 6 useful model granting the inventor the rights related to the product's manufacturing and marketing for 10 years and 4 industrial design applications are pending.

Leading company in sandwich panel market, Assan Panel's mission is to keep up with the changing time and technology. Master Panel Nova

5TM, developed as a composite product that is alternative to double layer trapeze stone wool coating, is highly fire-resistant and ensures high assembly by bringing a number of various workmanship and material items together.

For the facilities requiring high acoustic insulation, Acoustic Felted Stone Wool Panel which also meets the expected performance (thermal insulation, exterior architectural expectations etc.) criteria of a coating material. Improving comfort of the employees in the buildings equipped with the product contributes to employee efficiency and health.

In line with the expectations of Assan Panel's business partners, Master Panel 1000 R3 Capped Panel was developed. This product increases the coated area by 8,5% and reduces the assembly times. It also ensured higher lengths of production by using the same equipment and manpower on the existing production line. "Qualist Consumption Monitoring Software" started to be used in Assan Panel facilities, momentarily monitors the used chemicals, determines compliance with the formulations and ensures loss chemical saving of 58%.

İSPAK aims to manufacture products that are more susceptible to human health and the environment by using more superior technologies. During refridgerator back wall panel production in İSPAK, cardboard usage was reduced from 350 gr/m<sup>2</sup> to 250 gr/m<sup>2</sup>; 12-micron aluminium was used insteas of 20-micron aluminium; and manufacturing by using polyethylene with extrusion method in some of the products using glue are the applications developed to become more environmental-friendly. Moreover, thanks to flexible packaging manufacturing which ensures maximum packaging with minimum material input, leverage and energy saving are provided and food waste is prevented, compared to ridig packagings.

# OUR EMPLOYEES



Kibar Group, within the scope of its human-oriented business processes, centers on human and employee rights. Respecting human and employee rights stipulated in international agreements, the Group develops systems to protect and support these rights.

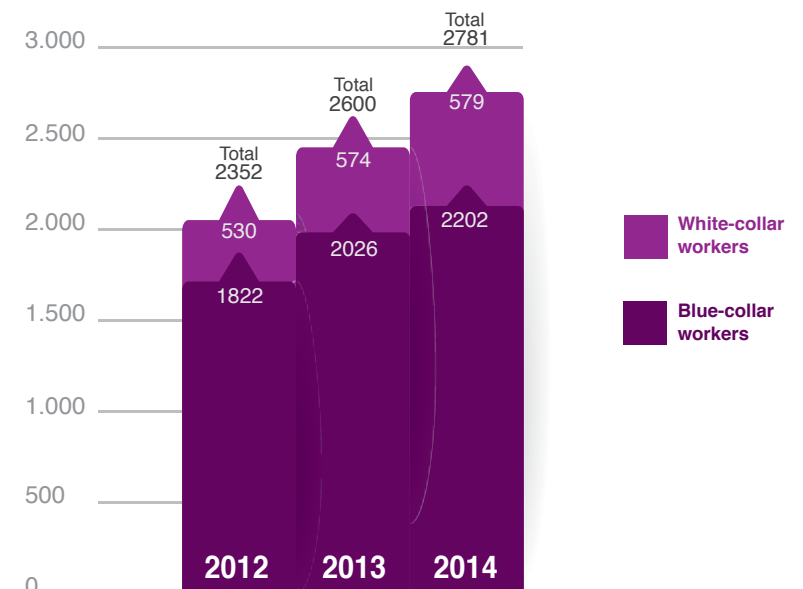
Kibar Group is aware of the driving force of their employees and places great importance on their well-being. Regarding the quality manpower as its major asset, the Group keeps recruiting competent employees and ensuring their continuous development.

Kibar Group companies employed 18% more people in 2014, compared to 2012. 79% of the Group's employees are blue-collar while 21% are white-collar employees.

Kibar Group adopts the principle of nondiscrimination based on religion, language, region, ethnicity and gender; providing all legal and employee personal rights to the employees; not violating personal rights and human dignity, and not permitting such actions; and anti-corruption in all of its companies. It conducts regular audits in its companies within the scope of anti-corruption. Gender equality is especially important within the Group companies and they try to increase the number of female employees. In 2014, 12% of Assan Hanil employees and 45% of Assan Gıda employees were women. As of 2012, Assan Hanil increased the number of female employees by around 100%. The company creates employment

opportunities for women in the region it operates and supports local socio-economic development.

**Number of Employee by Years\***



\*Including Assan Alüminyum, Assan Gıda, Assan Hanil, Assan Panel and İSPAK data.

# OUR EMPLOYEES

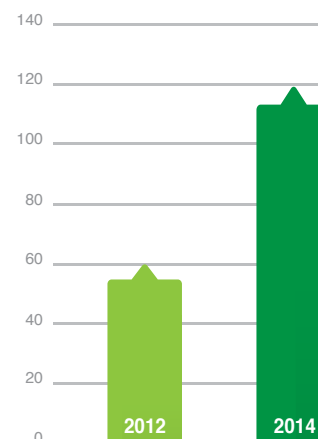


Kibar Group prioritizes its employees' personal and professional developments, supports continuous learning and development, implements innovative human resources policies, creates a workplace where the employees use their creativity and express their opinions, and adopts participative management.

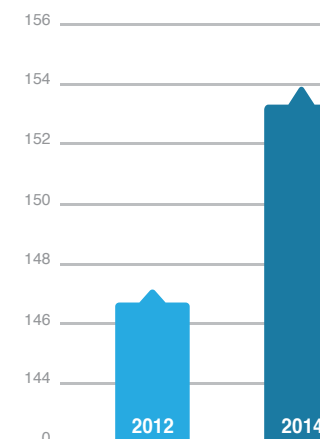
Within the Group, Employee Opinion Surveys are carried out by an independent organization since 2004 to evaluate employee satisfaction and improve their motivation. Measuring general employee satisfaction, these surveys are a platform where the employees can report their concerns, wishes and comments to the management. Also, Employee Opinion Surveys Project Team was created in 2014. Employee satisfaction, their commitment to the work environment and their willingness are measured through

the surveys and the Project Team and improvements are made as a result of the recommendations. Owned and supported in CEO level, Employee Opinion Survey Representative enabled employees to submit their recommendations to the management to improve the results. In addition, Opinion Survey Project Teams were created and started working following the meetings conducted with CEO. In line with the various recommendations submitted by the employees in 2014, changes were made in catering services and workplace attire as well as improvements in air conditioning systems and building new facility. In Group companies,

Assan Hanil Number of Woman Employee



Assan Gida Number of Woman Employee



General Manager and other top managers were given goals to increase the level of company satisfaction and workshops were organized within the companies. Development opportunities are available across the Group. For instance; in İSPAK, all employees gather with the management in monthly employee communication meetings and address to current issues, questions and concerns.

In 2014, performance management system was introduced in all companies. With "The Road to Success and Development" performance



# OUR EMPLOYEES



management system, companies aim to have all employees adopt the high performance culture focusing on keeping the company successful and ensuring continuous employee development. Within the scope of the system, “Balanced Goal Cards” to expand the company goals among its employees, “Kibar Leadership Competencies” guiding them through achievement of these goals, and “Criteria” to make objective assessment of the employees who are out of the scope of goal expansion were identified.

## CONTINUOUS LEARNING

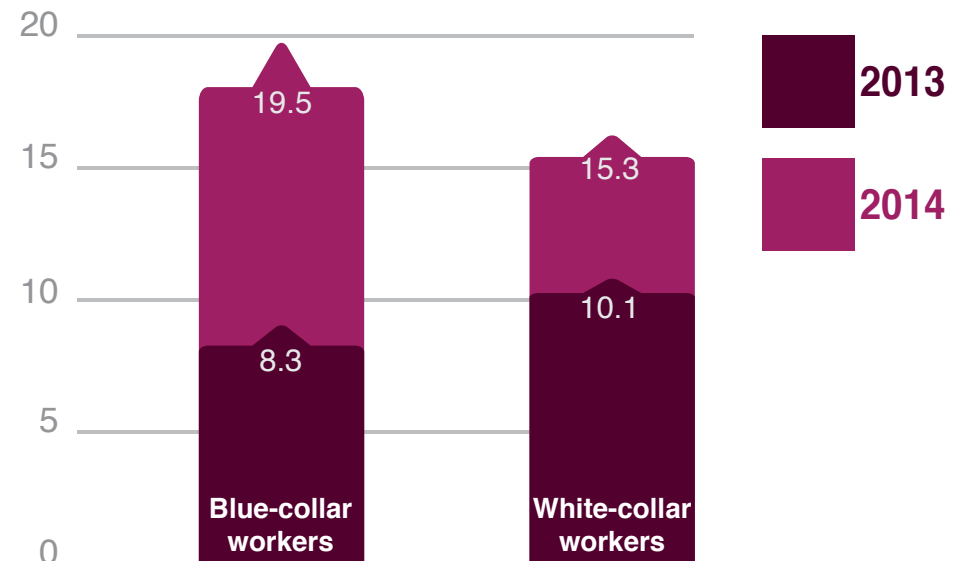
Kibar Group focuses on providing career training, skill management opportunities and creating a safe, healthy and happy workplace. The Group aims to increase the number of training sessions per employee and in 2014, it achieved this goal by significantly increasing the training sessions. Various training topics include occupational health and safety, professional and personal development and environmental trainings. Hours of annual training per white-collar employee almost doubled in 2014 and increased from 8,5 hours to 16 hours while the hours of annual training per blue-collar employee tripled.

Kibar Career Academy was established as a pioneer in education. With this project, Kibar Holding aims development of employee skills in areas such as sales and other competencies. In this scope,

trainings with Sabancı University, Kibar Group’s education partner, started in December 2014.

To reinforce the communications between the companies and employees, Porttakal went online in 2014, as an internal communication portal for Kibar

## Training Period For Each Employee



# OUR EMPLOYEES



Group. Porttakal aims to further support the corporate memory, as a platform actively used by the Group where employees save data and have access to them all the time as well as use it as a communication platform. Going online in October, internal communication bulletin K-Haber is another important means of communications. Content of K-Haber, basically news from the employees, is prepared with the participation of Kibar Holding employees and it plays an important role in strengthening the in-group bonds.

In addition to employee trainings, Kibar Group companies reflect on the culture of creating impact on the entire value chain by organizing training activities in universities. Assan Panel carries out applied training sessions in architecture and engineering faculties in various universities, contributing students' education by introducing them to high performance industrial roof and facade cover materials as well as creating opportunities to recruit young talented minds.

## HAPPY, SAFE AND EFFICIENT WORKPLACE

In its occupational health and safety policies, Kibar Group accepts that only a healthy and safe workplace can make employees happy and efficient. There are Occupational Health and Safety Committees, meeting regularly every month and responsible from performance of the existing occupational health and safety policy. 60% of Kibar Group companies are

managed according to OHSAS 18001 Occupational Health and Safety. Assan Panel aims to get OHSAS 18001 in near future.

Accidents are assessed by occupational safety experts and representatives of other relevant units, preventive and corrective actions are identified and implemented as a result of the analysis performed. In conclusion, since 2011, there have been zero lethal incidents and occupational diseases within Kibar group companies and 2014 was no exception. The companies covered in this report saw decline in 2014 year-end, compared to 2013. To decrease the number of accidents, Kibar Group companies carry out various projects in addition to accident analyses and trainings. For instance, a company-wide survey to raise awareness of Assan Hanil employees on occupational health and safety, a public service announcement on occupational health and safety, introduction of personal protective equipment at stands set up in various locations were implemented within Assan Hanil, aiming to draw attention to occupational health and safety issues. Assan Hanil collaborated with the German sensor manufacturer SICK. In Assan Hanil painting workshop, SICK designed special safety barriers for Assan Hanil's requirements in order to prevent human entrance and accidents inside the cabinets from the openings between these cabinets. Smart light curtain, designed and engineered by SICK's R&D department, was first used in Assan Hanil plants.

# OUR EMPLOYEES

Being a leading supplier to a number of global companies, Assan Gıda passed the audits of Supplier Ethical Data Exchange (SEDEX) and BRC Food Safety Global Standards , proving to be in compliance with the international standards in environmental and social manufacturing conditions.

In addition to occupational health and safety requirements, respecting all social and environmental rules and implementing best practices to ensure happy, safe and efficient workplace environment, high standards of Kibar Holding companies are certified by international organizations. Kibar Group companies export to many global companies, respect and implement international standards in their manufacturing processes. Assan Gıda, one of the Group companies, successfully passed the audits of Supplier Ethical Data Exchange (SEDEX) and BRC Food Safety Global Standards .

## RESPONSIBLE SUPPLY CHAIN

Kibar Group develops environmentally and socially responsible processes in its operations and asks its suppliers to meet the similar conditions. As part of the responsible supply chain practices, purchasing procedures, principles and ethical rules were established. In compliance with the

Global Compact, purchasing criteria address to a wide range of areas including anti-child labor and anti-compulsory employment and each supplier is expected to meet these criteria.

All Kibar Group companies respect the Group procedures and principles in purchasing processes and conduct audits in their suppliers. Price, quality, delivery time and environmental and social conditions are taken into consideration to assess the suppliers during these audits. Suppliers are qualified to be approved suppliers of Kibar Group if they get the required scores.

<sup>1</sup>Supplier Ethical Data Exchange (SEDEX): Küresel tedarik zincirlerinde etik ve sorumlu iş yapış pratiklerini geliştirmek için çalışan kar gütmeyen bir kuruluştur.

<sup>2</sup>İngiliz Perakendeciler Birliği Standardı (BRC): Uluslararası kabul görmüş gıda güvenliği standartlarını kapsayıcı bir çerçeve oluşturmak ve gıda güvenliğinin gelişmesine yardımcı olmak amacıyla İngiliz perakendecilerinin oluşturmuş olduğu bir standarttır.

# SOCIAL AWARENESS

Kibar Group wishes to add value for the society and to produce with the society. Shaping the group companies with their respective sectors and stakeholders reached by these sectors is what carries Kibar Holding into a better future. Addressing to social issues to add value, increasing investments within the group – just like in the past – in the future are Kibar Group's major social objectives. To that end, Kibar Education and Social Relief Foundation was Established in 1999 to institutionalize the charity activities within the Group, supporting government services by investing in education, health and social areas.

Various social responsibility projects are conducted with the participations of the stakeholders of the companies within Kibar Group. These investments in Kibar Group companies mainly focus on the local communities in regions where these companies operate.

**Assan Gıda**, based on Kibar Group's social responsibility vision, is a leading company which contributes to the industry in which it operates. It has been conducting perception surveys and projects to raise awareness on Quality and Food Safety in highschoools and universities in the region in which it operates. It also organizes trainings in and off plant and various institutions. Within the scope of the projects to raise awareness and to improve sector perception, 112 students were reached in 2014.

Within the scope of Assan Hanil's annual Women's Day Activities, projects to raise awareness on equality of opportunity and femicide. Assan Hanil



*Asım Kibar Cultural Center İskenderun Türkiye*

plays an important role in employment of women in the region it operates. From the top management to productions operators in the manufacturing processes, the company hires women for various positions.

Focusing on disabled persons' employment within the scope of its social works, Assan Hanil employs 11 disabled personnel within Bizimköy Production Foundation for the Disabled.

# SOCIAL AWARENESS

Assan Hanil's other social objectives include environmental responsibility and human health projects are. In 2015, an afforestation project was carried out within Asım Kibar Organized Industrial Zone. In addition, an art exhibition was held to display artworks created by using electronic wastes to raise the company employees' environmental awareness and sensitivity. Employees and visitors were informed on the environmental impacts of these wastes by means of the boards in the exhibition area. Moreover, the project of planting one tree on the birthday of every Assan Hanil employee is carried out with the TEMA Foundation.

Aiming to carry out various projects to raise awareness on human health, Assan Hanil provided financial support to Step by Step Platform in 2015 and encouraged its employees to participate in Eurasia Marathon. Within the scope of the project, Assan Hanil was also sponsor to the platform.

Assan Panel organizes Insulation Days to raise public awareness. These activities are held across Turkey to raise awareness on thermal, water, noise and fire insulation and to keep the customers informed. Detailed information on insulation are passed on to the participants in these events where energy savings and high safety standards are also shared. These meetings are attended by contractors, architects and engineers. 300 people were reached through these meetings. Manufacturing environmental friendly and fire-resistant materials and implementing them accurately ensure effective use of local and global resources.

Being the leader company in industrial transformation, Assan Panel also organizes university trainings. Within the scope of Assan Panel University Trainings project, applied trainings are given in architecture and engineering faculties to contribute to the students' education process. These trainings provide the students with know-how on superior performances of industrial roof and facade covering materials. During the trainings, energy-saving materials' contribution to the domestic economy is also emphasized. In 2014, trainings were held in Işık University, Başkent University, Namık Kemal University with the participation of 240 people. Trainings are also scheduled for 2015 in different universities.

Addressing to the impacts of food loss and waste, İSPAK aims to raise public awareness in this issue, generalize the use of packaged products and prevent food waste by extending the products' shelf life with alternative packaging solutions. Within this scope, it became a member of SAVE FOOD Platform in 2015. This platform will help the company to develop awareness on the relevant issues in the industry and customers.

Assan Alüminyum prioritizes cooperation with and support to the universities. Within this scope, it donated 5 plates in 5754 alloys and delivered them to Trabzon for electric and hybrid car projects carried out by Mechanical Engineering students at Black Sea Technical University. With the cars built by using these plates donated by Assan Alüminyum, the students became 3rd and 7th in the Black Sea Technical University



# SOCIAL AWARENESS

Energy Technologies Community Award and won a Domestic Product Incentive Award by Tübitak.

Reaching out the communities and growing with them with the values it adds, Kibar Group will keep materializing the projects that create added-value with the driving force of its employees, stakeholders, suppliers and business partners.



*Semiha Kibar Transplanting and Dialysis Hospital Kayseri*



# OUR ENVIRONMENTAL AWARENESS



Organizations aiming for sustainable growth must proactively manage the economic and social issues as well as their environmental impacts that may result from their operations. Kibar Group companies are aware of and assume the responsibility of the global environmental problems including increasing population growth, reckless use of decreasing natural resources, climate change, decreasing biodiversity and increasing pollution. As these environmental problems pose serious

risks on the industry and society, Kibar Group is acting in responsibility and awareness of the situation.

At Kibar Group, environmental sustainability is based on developing innovative solutions to minimize the impacts on the environment and to encourage environmental-friendly behavioral change. The goal of minimizing the group companies' environmental footprints is achieved by efficiently using the natural resources, especially water, energy, waste management and responsible supply chain. Potential risk imposed by environmental issues are turned into opportunities by developing more environmental-friendly technologies and products through R&D activities of Kibar Group companies.

In 2014, environmental investments and expenses increased by 2.2 times and exceeded 930.000 TL, compared to 2012. .

National and international certification processes are important to prove that the responsibilities for product quality, process quality and manufacturing process safety as well as environmental responsibilities are met. Kibar Group, therefore, is adding new national and international certificates for its companies and facilities and adopts an integrated governance model. 60% of the Kibar Group companies have ISO 14001 Environmental Management System certificate. In 2014, two plants of Assan Hanil in İzmit were awarded with ISO 14001 certificate. It is scheduled that 60% of Kibar Group companies will have ISO 50001 Energy Management System by the end of 2016. The projects with a government incentive will be implemented following the inclusion of Assan Hanil in ISO 50001 Energy Management System in 2016. Assan Alüminyum holds ISO 16949 Automotive Quality Management System certificate guaranteeing the compliance of automotive industry products' quality and efficiency to global standards. Assan Panel is the first company in Turkey to hold EN 14509, a EU standard in which all processes are detailed from manufacturing to supply in sandwich panel industry.

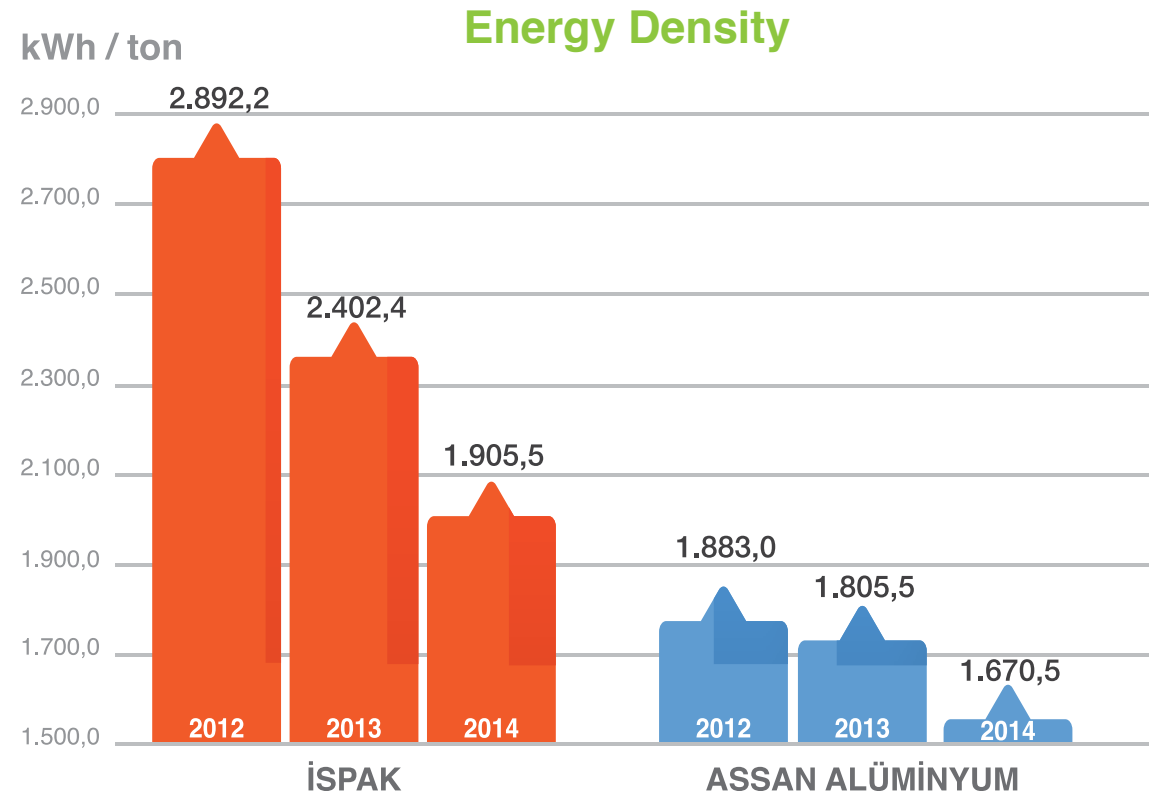
# OUR ENVIRONMENTAL AWARENESS

## ENERGY EFFICIENCY

Draught, decreasing water resources, occurrence of more frequent and devastating meteorological events caused by the global climate change have been manifesting themselves around the world. Using fossil fuels is one of the human activities that emit the most greenhouse gases to the atmosphere which ultimately cause the climate change. Within this scope, using energy efficiently is one of the environmental responsibilities of companies manufacturing industrial products requiring high level of energy consumption.

Productive usage of the energy resources and innovative solutions providing energy savings are among the priorities of Kibar Group. Its energy efficiency approach is in parallel to Turkey's policies of reducing foreign-dependence in energy resources and improving energy supply security.

Kibar Group companies carry out projects as a token of the importance attached to energy efficiency within the organization. Assan Alüminyum and İSPAK increased their tonne-based manufacturing by 13% and 28% respectively. Although the production capacity increased, Assan Alüminyum kept the energy consumption at 2012 level while İSPAK decreased its consumption by 15.5%. Therefore, energy density of both companies declined.



# OUR ENVIRONMENTAL AWARENESS

## ENERGY EFFICIENCY

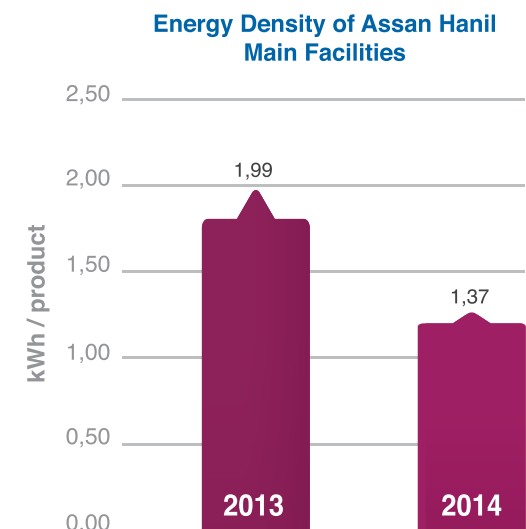
Similarly, Assan Hanil decreased the energy density by 30% in its main manufacturing site, reducing from 1,99 kWh per unit in 2013 to 1,37 kWh in 2014. Within the scope of the illumination system renovation project in Assan Hanil's main manufacturing site, fluorescent lights were replaced with LED illumination system. Moreover, within the scope of the pump transformation project in 6 injection machines, old generation engines with fixed speed and low efficiency were replaced with high efficiency driver engines. As a result of the LED illumination system and new generation engines, a total of 1.483.405 kWh energy saving was accomplished in 2014. This corresponds to annual electricity consumption of about 450 people . Also, 90% of the energy is lost in form of heat due to low efficiency in screw compressor; with the heat exchanger project, the lost heat is used for heating the environment in winter.

Illumination system renovation project, making a great difference in energy saving, is carried out by Assan Panel in 2014. The project helped Assan Panel to achieve 73% energy saving, compared to 2013.

Keeping its total energy consumption in 2014 at the 2012 level, Assan Alüminyum achieved this by implementing a number of efficiency projects. Quality improvements in manufacturing processes in Plate

and Foil operations in Assan Alüminyum Dilovası plant, decreasing the pass number and monitoring the rolling performance, energy density per tonne was reduced by 7%, compared to 2013. In the same year, Assan Alüminyum carried out Melting Furnace Chaging Practice Optimization in its Tuzla plant, and as a result, 6.5%/tonne saving was achieved in natural gas consumption. R&D activities enabled a total of 160.000 kWh electricity and 665.000 m<sup>3</sup> natural gas savings in 2014.

In 2015, keeping the energy efficiency projects, Assan Alüminyum aims to reduce its natural gas consumption by 20 m<sup>3</sup>/tonne by extending liquid metal transfer to all lines, efficiency increases and optimization of charging practices.



<sup>1</sup>The capitation of electricity consumption calculated by Republic of Turkey Ministry of Energy and Natural Resources 2014 data.

<sup>2</sup>It is an additional information. It is out of the report.

<sup>3</sup>It is waste water of used at home and offices. It is not included toilet waste.

# OUR ENVIRONMENTAL AWARENESS

## ENERGY EFFICIENCY

In İSPAK, 1.090.000 kWh energy saving was achieved as a result of the energy efficiency projects in 2014. These projects include improvement on the hot oil system and assembly works. In addition, SET (Specific Energy Consumption) level reduced by over 26%, thanks to the Energy Monitoring System.

In 2015, “Assan Panel Insulation Days” and “Assan Panel University Trainings” will be held to raise awareness in thermal, water, noise and fire insulation across Turkey. Assan Panel manufactures environmental-friendly and fire-resistant insulation materials and aims to achieve energy saving by accurately implementing these materials.

Kibar Group’s environmental sustainability covers company operations, industrial and social issues. Offering sustainable products to the markets in which they operate is one of the environmental responsibilities of Kibar Group companies. Master Panel Nova 5TM and Master Panel 1000 R3 Capped Panel products, offered by Assan Panel, help the customers to use energy more efficiently by providing insulation.

### Kibar Holding A.Ş. Headquarters<sup>2</sup>

In line with Kibar Group’s environmental responsibility principles, there are a number of applications to efficiently use natural resources and energy in Kibar Holding headquarters located in Zorlu Center. Energy saving is ensured with an automated illumination with LED system and a control mechanism in central heating and cooling systems. Also, in order to maximize the use of daylight, meeting rooms are separated with glass walls. Photocell and water-saving fixtures are used to prevent water waste. Also, less water is needed in green area irrigation, thanks to the systems ensuring reuse of gray water and rain waters. There are collection bins for plastics, glass, papers, batteries and plastic bottle caps.

<sup>2</sup>It is an additional information. It is out of the report.

<sup>3</sup>It is waste water of used at home and offices. It is not included toilet waste.

# OUR ENVIRONMENTAL AWARENESS

## WATER MANAGEMENT

Our country's water resources have been shrinking due to climate change, draught, excessive use of water resources and wrong agricultural applications. Kibar Group companies aim to use the water resources effectively and minimize the water consumption.

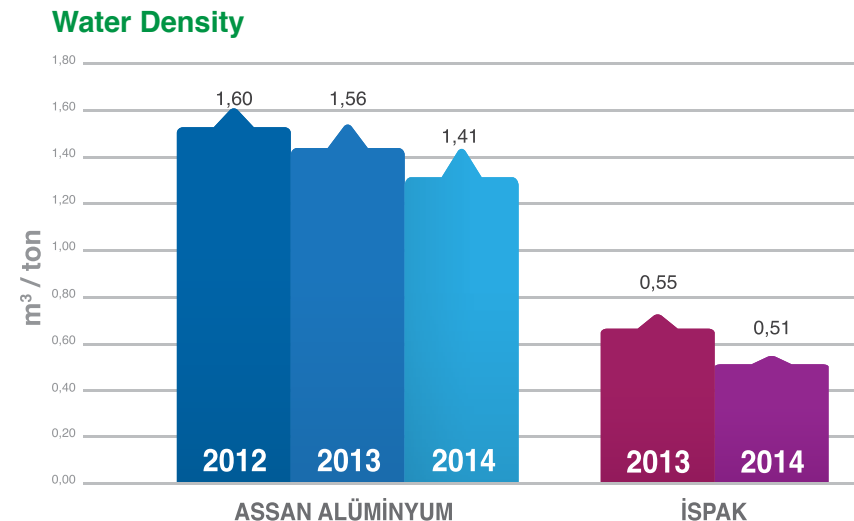
Kibar Group companies, assuming this responsibility, achieved a decrease of 4,4% in 2014 total water consumption, compared to 2012. This reduction was made possible by various savings projects explained below.

Assan Alüminyum's water consumption was decreased by 12% in 2014, compared to 2012, and declined to 1.41 m<sup>3</sup>/tonne production. Effective water management activities including the renovation in steeping tanks, boiler and dilatation warehouses as well as the revision project of the cooling towers ensured Assan Alüminyum to reduce its water consumption by 4.600 m<sup>3</sup>, although its manufacturing capacity increased by 37.000 tonnes in 2014, compared to 2012. İSPAK reduced its water consumption per tonne by 7.3% in 2013-2014.

Assan Gıda's water consumption in 2014 was 1.080.489 m<sup>3</sup>. Thanks to water efficiency projects, Assan Gıda achieved a drop in water consumption by 6%, decreasing from 17 m<sup>3</sup>/tonne in 2012 to 16 m<sup>3</sup>/tonne in 2014. Recovered and reused water comprised of 35% of the total water consumption in 2013 while in 2014, this went up to 38%. With the water efficiency projects conducted in the main manufacturing

plant of Assan Hanil, water consumption per unit declined from 0,009 m<sup>3</sup> in 2013 to 0,002 m<sup>3</sup> in 2014.

Water recycling project carried out in Assan Hanil's paint plant is developed to reduce the use of clean water and chemicals. The project was completed in 2014 year-end and aims an annual decrease of 40% in water consumption.



# OUR ENVIRONMENTAL AWARENESS

## WASTE MANAGEMENT

Waste management plays a very significant role in Kibar Group's environmental responsibility approach. The waste management includes minimizing the generated wastes, ensuring recycling of recyclable wastes and disposal of the non-recyclable wastes according to legal obligations, and preventing environmental impact of the wastes that pose potential danger on the natural habitat. Also, efficiency of raw material and natural resource is increased with an effective waste management.

Kibar Group companies recycled a total of 9.743 tonnes of waste in 2014. Accordingly, 54% of the total generated waste amount is recycled in 2014. As a part of the reducing environmental impact strategy, Kibar Group increases the recycled waste while decreasing the wastes shipped to solid waste plants.

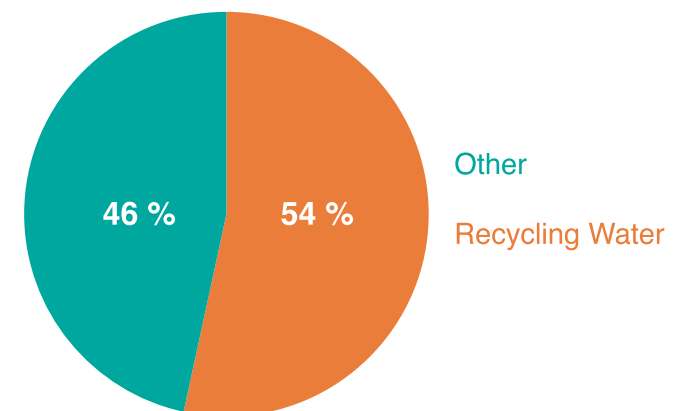
Assan Alüminyum's recycled waste amount was 6.839 tonnes in 2012 and 7.355 tonnes in 2014. Thus, recycled waste amount was increased from 87.6% to 89.3%. In Assan Hanil, recycled waste amount increased significantly from 21% in 2012 to 64% in 2014.

In Kibar Group companies, in addition to increasing the amount of recycled wastes, projects are carried out to increase the use of recycled materials in manufacturing processes. In order to support the recycled resources, Assan Alüminyum uses recycled aluminum in manufacturing processes. Recycled aluminum used in Tuzla plant was increased by 5% from 2012 to 2014. In İSPAK, recycled aluminum, polyurethane film

and paper, paint and deadwood wastes are used. In 2014, 6.33% of the materials used in total manufacturing consisted of these materials. Also, as a result of the waste management activities, hazardous waste amount in İSPAK was reduced by 89,34 tonnes compared to 2013 and decreased to 113,2 tonnes.

Assan Alüminyum Tuzla plant uses a new material to decrease the treatment sludge and decreases the amount of disposed sludge by 50 tonnes in 1 year. With the improvement made in forging furnaces, amount

### Kibar Group Recycling Waste of Total Waste at 2014





# OUR ENVIRONMENTAL AWARENESS

## WASTE MANAGEMENT

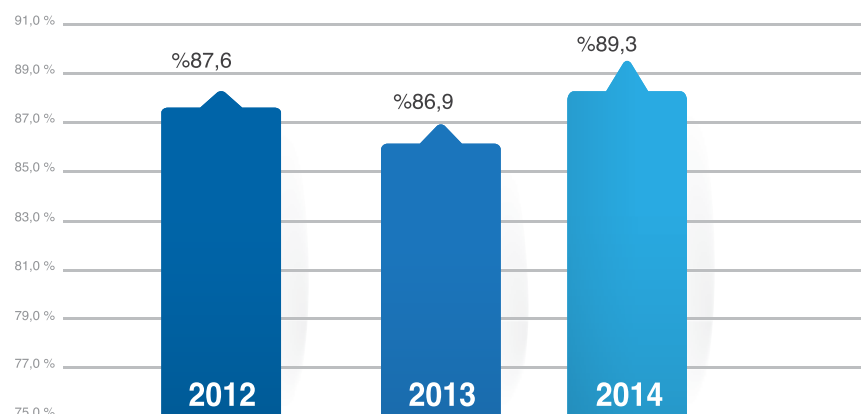
of nitrogen used in the forges was reduced by 5 kg per forging tonne in Dilovası and Tuzla plants. Also, Methyl Ethyl Ketone (MEK) used for cleaning of rolling cylinder is treated in the new MEK Treatment Unit, resulting in 75% less MEK production per month.

Waste thinners in Assan Hanil painting plant are recycled in a thinner treatment machine. In 2014, the thinner treatment efficiency project enabled to cut down the thinner treatment time by 4 hours, without any changes in quality. This increased the treated thinner amount by 200 L per

day and decreased the hazardous waste amount sent to recycling. This project reduced the hazardous waste amount from 13,6% in 2013 to 11,8% in 2014.

Kibar Group complies with the UNGV 10 principles in its companies and works on further improving these applications. In 2015, companies will keep the applications increasing the employment participation and satisfaction, the education and health investment adding value to the communities, and the applications reducing their environmental impact.

**Assan Alüminyum Recycling Waste of Total Waste at 2014**



Although it is bound by legal obligations, Assan Hanil, acting in line with environmental responsibility, established a continuous emission measurement system to measure organic carbon emissions in its painting plant. Measurements taken on this system are reported to the Ministry of Environment and Urban Planning and the chimneys are monitored online.

### **LEGAL WARNING**

Kibar Holding Sustainability Report (the "Report") was prepared by Kibar Holding A.Ş. ("Kibar Holding" or "Kibar Group") within the scope of United Nations Global Reporting Principles. The report was prepared for information purposes only and was not intended to constitute basis for investment decisions. As of the period covered by the report, all the information and relevant documents are believed to be accurate and based on reliable sources disclosed with good will. However, Kibar Group does not declare, guarantee or commit to the information contained in the Report. Accordingly, Kibar Group companies, members of board of directors and employees of these companies are not held responsible of direct or indirect losses and damages that may incur as a result of an information contained or not contained in this Report.



# Kibar

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