

2018



Kibar

SUSTAINABILITY
REPORT





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*"Successful companies are like stars.
They radiate light around them."*

Asim Kibar
Founder and Honorary President
Kibar Holding



Kibar Holding, with its sixth sustainability report in 2018, provides a summary of its economic, social and environmental performance to all its stakeholders. The purpose of the 2018 Sustainability Report is to share accurate and up-to-date information about Kibar Group's corporate values, business conduct and performance in accordance with international standards.

The information included in the report, covering the period between January 1 - December 31, 2018 includes the consolidated data of Assan Alüminyum, Assan Foods, Assan Hanil, Assan Panel and İspak, which are Kibar Holding's main companies, and Kibar Group's sustainability approach.

The data shared in the "About Kibar Holding" section provide information about Kibar Holding A.Ş. Group companies and their subsidiaries. Kibar Holding 2018 Sustainability Report has been prepared in accordance with the GRI Standards: Core option. This report also aims to meet the annual Progress Reporting requirements of the Global Compact signed by Kibar Holding in 2013. The report includes the performance of Kibar Holding in line with the United Nations Sustainable Development Goals.



ABOUT THE REPORT



MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

Our world, especially towards the end of the 20th century, has faced environmental problems on a global scale with the effect of increasing population and industrialization. The secret of minimizing these problems and their manageability even if they cannot be stopped is hidden in the concept of sustainability. The concept of sustainability is a holistic approach encompassing ecological, economic and social dimensions. At the core of sustainability is to leave a livable world to future generations in every respect. In every respect, we mean; a clean natural environment that can renew itself, social conditions based on equality and prosperity, and an economic system that guards society and the environment. It is a fact that a development model aimed only at economic growth will not be long-term, and that sustainable development will be possible only through efforts covering all segments of the society as well as environmental benefit, and the business world has long been aware of it. In this context, groups like us, especially those working in the industry, have important duties to spread a responsive sustainability approach for the future.

Throughout our history of nearly half a century, while contributing to production, economy and employment, we have always been aware of our responsibilities. We accept this business culture as one of our most important values and we carry out all our activities in this direction. Kibar Holding is a group operating in various sectors from food to automotive, packaging to aluminum. With 22 companies and 7,500 employees, we create

added value for our country. In all of our facilities, we pay attention to continuous improvement based on operational excellence, to increase efficiency, to develop resources and capacity, and to use innovative technologies. We focus more on export markets that are strategic for our country and continue to grow by increasing our share in these markets. Our group companies are among the leading companies of our country in terms of our support to the economy and the successful performance graphics demonstrate this.

Maintaining this success and ensuring corporate sustainability are among our top priorities. We make investments to accelerate digital transformation without fear of change and innovation, put forward projects that support career development of our human resources - one of our most important values, and that increase environmental awareness. We will continue with our sustainability efforts with a holistic approach and to carry them further in line with the requirements of the Global Compact we have signed. We are continuing our efforts with the awareness that our successes returns as a contribution to our country.

I would like to thank our valued customers, business partners, stakeholders and all our colleagues who support our sustainability efforts, stand by us and embrace our principles. In the coming years, we will continue to work with the same perseverance and belief in order to create projects that create value for both our economy and society.

Ali Kibar
Chairman of the Board





MESSAGE FROM THE CEO

Esteemed Stakeholders,

With the impact of climate change on all ecosystems, the rise in global temperature and the problem of climate change has moved from the agenda of scientists to the agenda of the whole world. Global temperature rise, melting of glaciers, rising sea levels, droughts, extreme rains, storms, reduction of agricultural land reveal the impacts of climate change and environmental degradation for everyone.

Ensuring sustainable economic development without damaging the environment and natural resources, stopping or limiting harmful effects and combating environmental pollution is not an issue that the business world can ignore. This requires that the concepts of economic growth and development be evaluated together with the goal of sustainability, which is a multi-dimensional concept covering economic, social and environmental elements together.

Environmental degradation causes the questioning of traditional ways of doing business all over the world, however, the threats posed by environmental problems bring new business models and opportunities.

As Kibar Group, we continue our economic growth with an understanding of people-orientation, values based on honesty, protecting natural resources and environment by considering the needs of future generations, realizing investments for social benefit and social responsibility projects.

*With our high production capacity industrial plants, we continue to create added value for Turkey's economy and employment, and **we GROW with the principles of sustainability**. With our export performance in 2018, we are proud to be 4th on "top 1,000 exporting companies" list of Turkey Exporters Assembly, as well as to be the industry leader in the "Ferrous and Non-Ferrous Metals" category.*

***We EMPOWER our people** by using national and international standards as guidance in order to provide our employees with the working conditions they deserve, believing in the importance of acting together as a family and creating a sharing-oriented working culture, seeing a participatory business life and employee satisfaction as the key to success, preparing our employees for the future, applying occupational health and safety procedures at international standards, and embracing our business ethics understanding based on honesty.*

***We INNOVATE for the future** by keeping product safety, quality and customer satisfaction at the highest level beyond all financial concerns, following technology and developments closely on a global scale, shaping our R&D and innovation strategies in this direction, enabling our employees to realize their creative and innovative ideas, continuing digital transformation efforts and ensuring the high standards of information security brought by digitalization.*

***We CARE for next generations** by working to eliminate or limit the negative effects of our activities on the environment from production to distribution at every stage and to raise awareness, by converting potential threats posed by environmental problems to opportunities with environmentally friendly technologies and products, by reducing energy, emissions and water density, by generating electricity from renewable energy sources, by using natural resources efficiently, by supporting circular economy through effective waste management and by using environmentally friendly disposal methods.*

***We ENCOURAGE our stakeholders** by acting with the responsibility and awareness of uncovering the potential of our stakeholders in achieving sustainable development goals; evaluating our relationships with stakeholders in the entire value chain from raw material procurement to production and end customers within the framework of sustainability principles; making supply chain management an important part of our corporate sustainability practices.*

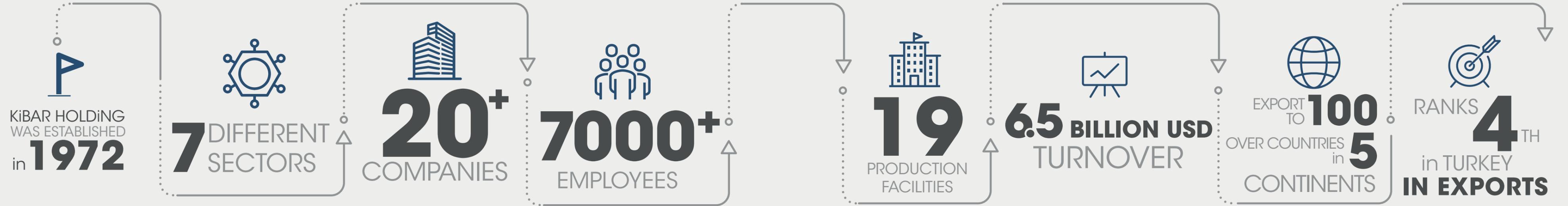
***We SHARE for the society** by making significant investments in education, health and social life through our efforts that contribute to raising the welfare level of the society and carrying out social responsibility projects that create value.*

We would like to thank our colleagues, business partners, customers, suppliers and all our stakeholders for their invaluable contributions to our sustainability efforts and we are pleased to share our 2018 Sustainability Report in accordance with globally accepted Global Reporting Initiative's "core" reporting option.

Haluk Kayabaşı
CEO



ABOUT KIBAR HOLDING



*Data covers Kibar Holding A.Ş companies and their subsidiaries. Financial data is obtained from independently audited solo financial statements.

KIBAR GROUP

ASSAN ALÜMİNYUM



Tuzla

Assan Alüminyum, one of the world's leading manufacturer in the flat-rolled aluminum (FRP) industry, has been producing rolled aluminium products since its establishment in 1988. With rolls, sheets, foils and painted aluminum products, it offers its products to a variety of sectors such as packaging, distribution, construction, consumer durables, automotive, heating and cooling.



Dilovası

Assan Alüminyum, with its annual installed capacity reached 300,000 tons of flat aluminum industry, is Turkey's leading organization. It is also one of the three largest producers in Europe with a production capacity of 100,000 tons of aluminum foil. Assan Alüminyum exports to more than 70 countries on four continents, mainly in Western Europe and North America.

Kibar Americas



Manavgat

ASSAN FOODS



İstanbul

Assan Foods, founded by Kibar Holding in 1998, produces over 300 products including high quality tomato and pepper paste, ketchup, mayonnaise and various sauces in its facilities in Susurluk and the Aegean Free Zone. Assan Foods' factory in Susurluk, is one of the plants that has the highest capacity of processing tomato in a single location in Turkey. The facility, which is established on an open area of 200.000 m², has the capacity to process 4,500 tons of fresh tomatoes per day. Assan Foods exports to more than 30 countries on 4 continents. In addition, it supplies tomato paste, pepper paste and pepper juice as a raw material to multinational companies in many countries of the world.



Susurluk

EGE ASSAN



İzmir

Ege Assan was established by Assan Foods in 2010 in the Aegean Free Zone for tomato paste export. Ege Assan facility has an annual packaging capacity of 24,000 tons of tomato paste on an area of 4,500 m². The company's products are exported to North Africa, Middle East and Arabian Peninsula countries.

ASSAN HANİL



İzmit 1

Assan Hanil, one of Kibar Group's automotive investments, was established in 1997 in partnership with South Korean Seoyon E-Hwa and has started production as main component supplier in the automotive sector. In addition to driver and passenger seats, Assan Hanil manufactures door panels, front and rear bumpers, instrument panel, console, carpet, radiator carrier, inflating parts, torpedo, ceiling, interior and exterior plastic parts. It is one of the few companies in the world capable of designing, developing and manufacturing air suspension driver seats. Assan Hanil, who supplied parts only for Hyundai Assan in the first years of its establishment, added companies respectively to its customer portfolio: Ford Otosan, Isuzu, Honda, Agco and Mercedes Benz Turkey. The company manufactures in its facilities spread over a total area of 89.000 m² in four different locations with high technology based on automation.



İzmit 2



Bursa



Aksaray

ASSAN PANEL



Tuzla

Assan Panel, the leader company of Insulation Panel Solutions and Systems sector, started its production in 1990 with its first factory in Tuzla with a capacity of 4.000.000 m² per year. Assan Panel invested respectively in İskenderun Facility with a capacity of 3.000.000 m² / year in 2004, Balıkesir Facility with a capacity of 3.000.000 m² / year in 2009 and Jordan Facility with a capacity of 4.500.000 m² / year in 2012. In 2015, the Company completed the second line investment in Tuzla İstanbul Facility with a capacity of 3.500.000 m² / year and reached a capacity of 18.000.000 m² / year. Assan Panel, which is the leader in its sector, contributes to the construction of sustainable and environmentally friendly buildings with its production of chemical products such as: PIR and rockwool filled cold room, roof and facade sandwich panel products, panels ready for installation of solar systems, project-specific accessories, polycarbonate skylights, fasteners consisting of screw types, sealing and filling products. The company exports to 69 countries and is among the most powerful global players in the sector.



Balıkesir



İskenderun



Jordan

HYUNDAI ASSAN



İzmit

Another of Kibar Group's automotive investments, Hyundai Assan, began production in Turkey in 1997 in partnership with Kibar Holding Hyundai. Hyundai Assan Izmit Factory, which has an annual production capacity of 245,000 units and a production area of 1,000,000 m², exports its i10 and i20 models to more than 45 countries, produced with more than 2,500 employees. The countries Hyundai Assan is most exporting to are Germany, Britain and Italy, and it is among the top five most admired automotive brands in Turkey.

İSPAK AMBALAJ



İzmit

İspak Ambalaj, founded in 1974, is a fast growing, long-established packaging company. With over 40 years of expertise and R&D studies, it produces integrated packaging from raw material supply to lacquering, lamination and extrusion, printing and slitting to the delivery of special packaging products. The factory, which was opened in 2017 in Izmit, has increased its production capacity to 30,000 tons per year with its factory designed with Industry 4.0 technology. Especially with its expertise in flexible packaging production and its ability to offer various applications; it manufactures packaging materials for chocolate products, confectionery, dairy products, beverages, dried food and snacks, medical supplies and pharmaceutical packaging, hygiene products and pet foods. The company also designs and supplies packaging applications for tobacco and industrial products.



Tuzla

POSCO ASSAN TST



İzmit

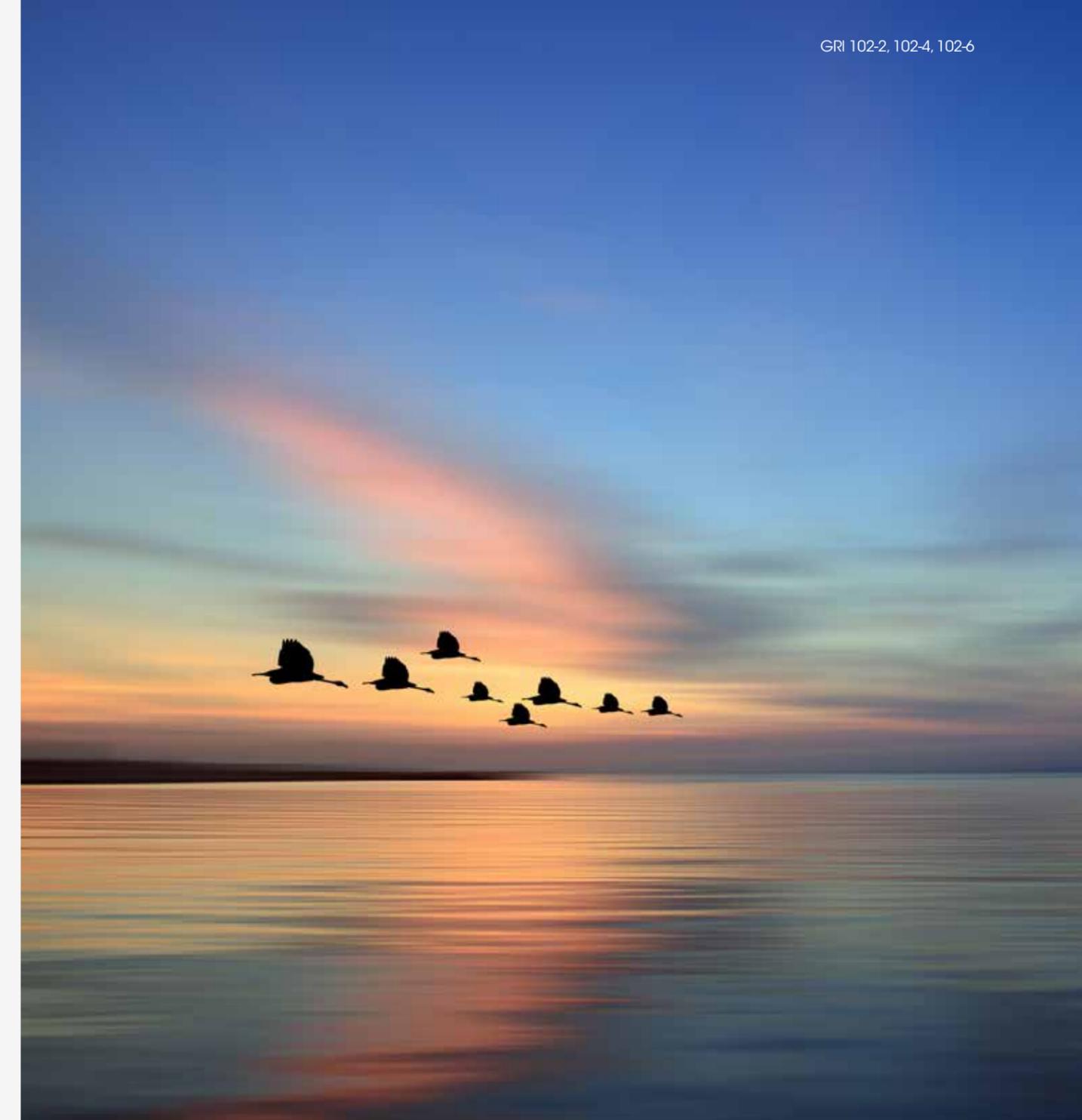
Posco Assan was founded in 2011 in partnership with Kibar Holding, Pohang Iron and Steel Company (POSCO) and POSCO Daewoo. Posco Assan TST, Turkey's first and only facility which has a stainless steel cold rolling facility, started production in 2013 with an annual production capacity of 300,000 tons.

TSI AIRCRAFT SEAT PRODUCTION



İstanbul

TSI AIRCRAFT SEAT PRODUCTION was established with the joint venture of Kibar Holding, Turkish Airlines and THY Teknik A.Ş. TSI manufactures aircraft seats with the authorization of EASA (European Aviation Safety Agency) and FAA (Federal Aviation Administration). The seats are used in A320, A330, A350, B737, B777 and B787 aircraft series. TSI also produces aircraft seat spare parts with the authorization of PMA (Parts Manufacturing Authority) and provides maintenance services with Part 145 certificate. As a result of the audits conducted by EASA, ADOA (Alternative Procedures to Design Organization Approval) was received in November 2012 and POA (Production Organization Approval) in December 2013; thus aircraft seats are produced with the authorization of EASA and FAA. TSI SEATS Inc., established by TSI for the American aviation industry, operates in Salt Lake City Utah.



ASSAN GAYRİMENKUL

Karaköy

Established in 2008 within the body of Kibar Holding, Assan Gayrimenkul (Real Estate) provides services in the fields of real estate development, investment and management. The main activities of Assan Gayrimenkul (Real Estate) are determining the areas where the Group will make new investments, making purchases, following the legislation and legal process, developing and implementing the final project.

ASSAN YAPI

İstanbul

Assan Yapı (Construction), established in 2007 within the structure of Kibar Group, operates in all fields within the construction sector. The projects completed and put into service by Assan Yapı (Construction) include Pendik-Kurtköy Houses, Asim Kibar Vocational and Technical Anatolian High School, Tuzla Municipality Semiha Kibar Social Facilities, Tuzla Semiha Kibar Teacher House, Tuzla Municipality Waterfall Park projects. Assan Alüminyum Dilovası Facilities rehabilitation and expansion investments new factory buildings construction, Coil-To-Coil paint line construction and Assan Hanil expansion investments new plant projects were carried out by Assan Yapı (Construction). In 2016, Assan Yapı (Construction) undertook the contracting of İspak Ambalaj Factory project on turn-key basis. The factory, which is one of the biggest in Europe in its sector, has been completed in 2016.

KİBAR DIŞ TİCARET

Karaköy

Founded in 1985, the company exports many of Turkey's leading companies and meets the requirements of the raw materials of these organizations. The foreign trade volume of the company reached 1,500,000 tons per year. Kibar Dış Ticaret ranks one of the first among Export Champions which is published annually by the Turkey Exporters Assembly.

KİBAR ENERJİ

Karaköy

Kibar Energy was established within the Kibar Group in 2011 to import and wholesale natural gas in Turkey's Energy Market. Kibar Energy, which took over 1 billion m³ of natural gas purchase and sale contract annually within the scope of the Western Line Contract transfer in 2012, has been importing and wholesaling natural gas since January 1, 2013.

KİBAR INTERNATIONAL

Switzerland

Kibar International SA, established in Switzerland in 2001, has acted with the group companies in providing the commercial and financial solutions through local and European financial institutions as well as the realization of the targets in all processes from the supply of raw materials, mainly ferrous and non-ferrous metals, to the sale of semi-finished and finished products.

**ASSAN BİLİŞİM**

Tuzla

Assan Bilişim was established in 2006 to meet all IT needs of Kibar Holding group companies. It is a technology company which is a reliable partner of all Group companies by providing advanced technology services and solutions.

ASSAN LOJİSTİK

Tuzla

It was established in 1996 to provide port-related logistics services. Assan Logistics, which provides domestic transportation, warehousing, storage, non-gauge freight transportation and port services throughout Turkey, performs intermodal, highway, maritime, airway and project transportation operations abroad. As of 2017, Assan Logistics started scheduled partial transportation services to the Western Mediterranean and North African countries. With its Istanbul-Tuzla and Hatay-İskenderun facilities, Mersin Sales Office, self-owned truck fleet and large supplier pool, it provides services to many large companies in the sector.

ASSAN PORT

İskenderun

Assan Port, which started to serve as the first container terminal in İskenderun Bay in 2010, has become a very important alternative for the region today. As of the end of 2013, it continues its commercial activities in partnership with Terminal Investment Limited SA. Assan Port has an annual container handling capacity of 250,000 TEU and serves general cargo, project cargo and dry bulk carriers. Assan Port İskenderun is the closest container terminal opening to the west for Northern Iraq as well as providing advantages for companies in the Eastern Mediterranean and Southeastern Anatolia and south of Central Anatolia.

İTERAKTİF ÇEVRE DANIŞMANLIK

İstanbul

İteraktif Environment started operations in 2016 with the joint venture of Kibar Group and The Heritage Group of USA to provide competitive and innovative solutions in the field of total waste management and environmental consultancy. Providing customers with the opportunity to report

their wastes online 24/7 through comprehensive data management solutions, İteraktif Environment plays a role as the solution partner of its customers on the road to sustainability. In addition to total waste management and environmental consultancy, İteraktif Environment provides services to its customers at international standards through comprehensive training modules and audit services.

İRB SİGORTA

İstanbul

Kibar Sigorta, which has been carrying out insurance activities for 25 years within the structure of Kibar Holding, started to provide services in the fields of insurance and risk management as İRB Sigorta ve Reasürans Brokerliği A.Ş. in 2015. İRB's expert staff helps design, cost optimization and risk transfer of corporate clients' insurance programs. It also provides consultancy services to minimize the risk factor by supporting the determination and implementation of proactive measures with Risk Engineering Services. The Company provides Damage Advisory services to the insured in matters such as compensation of damages in a correct and rapid manner, and monitoring of rights and liabilities.



GOVERNANCE IN KIBAR GROUP

Kibar Holding's governance approach is based on the effective use of resources in order to adapt to rapidly changing conditions. All resources such as natural resources, human resources, capital, information, equipment and infrastructure are planned and evaluated in the most effective and efficient manner. Effective leadership is achieved through an effective and transparent language of communication with all stakeholders. Effective and transparent communication between shareholders and management team is provided in all Group companies, strategic and long-term planning and management elements are prioritized.

This management approach accelerates the transformation of all our Group companies into enterprises that prioritize innovation in all processes with product safety and customer satisfaction at its center, develop innovative products, adapt to new technologies and systems easily, aiming at high competitiveness and global growth.

Since its establishment, Kibar Group has adopted a participatory, innovative, reliable, environmentally conscious and people-oriented management approach. With this approach, economic, social and environmental factors are evaluated

together in all strategic and operational processes and decision-making mechanisms, which form the basis of Kibar Group's sustainability approach.

Risk Management

Kibar Holding Board of Directors acts in line with the risk management approach that supports global developments and current governance concepts by keeping the balance of risk, growth and return at the most appropriate level in strategic decision making while managing and representing the company.

Within the scope of corporate risk management, Kibar Holding continues its efforts to identify and effectively manage corporate risks for its stakeholders, assets and operations in accordance with international standards. Risk management activities, which are a part of corporate governance, are carried out within the framework of corporate risk management principles.

Corporate risk management and business continuity principles are structured in accordance with international standards such as ISO 31000 Risk Management and ISO 22301 Business Continuity Management System in line with company strategies and corporate

culture. In 2018, the Risk Management Department, which is responsible for the coordination of the risk management activities of the Holding and Group companies, conducted annual risk assessment studies, prepared detailed risk maps and identified risk action plans to be followed.

Internal Audit and Internal Control

At Kibar Holding, auditing activities are followed with a proactive methodology based on International Internal Audit Standards and Kibar Holding Code of Ethics. The audits performed by the Internal Audit Vice Presidency are carried out in a risk and process oriented manner in order to control compliance with the legislation, corporate policies and principles and the determined strategic targets.

Internal audits at Kibar Holding include; process audits, compliance audits, financial audits and information technologies audits. The findings of the risks identified within the scope of audit activities are transferred to the related units and suggestions for improvement are presented.

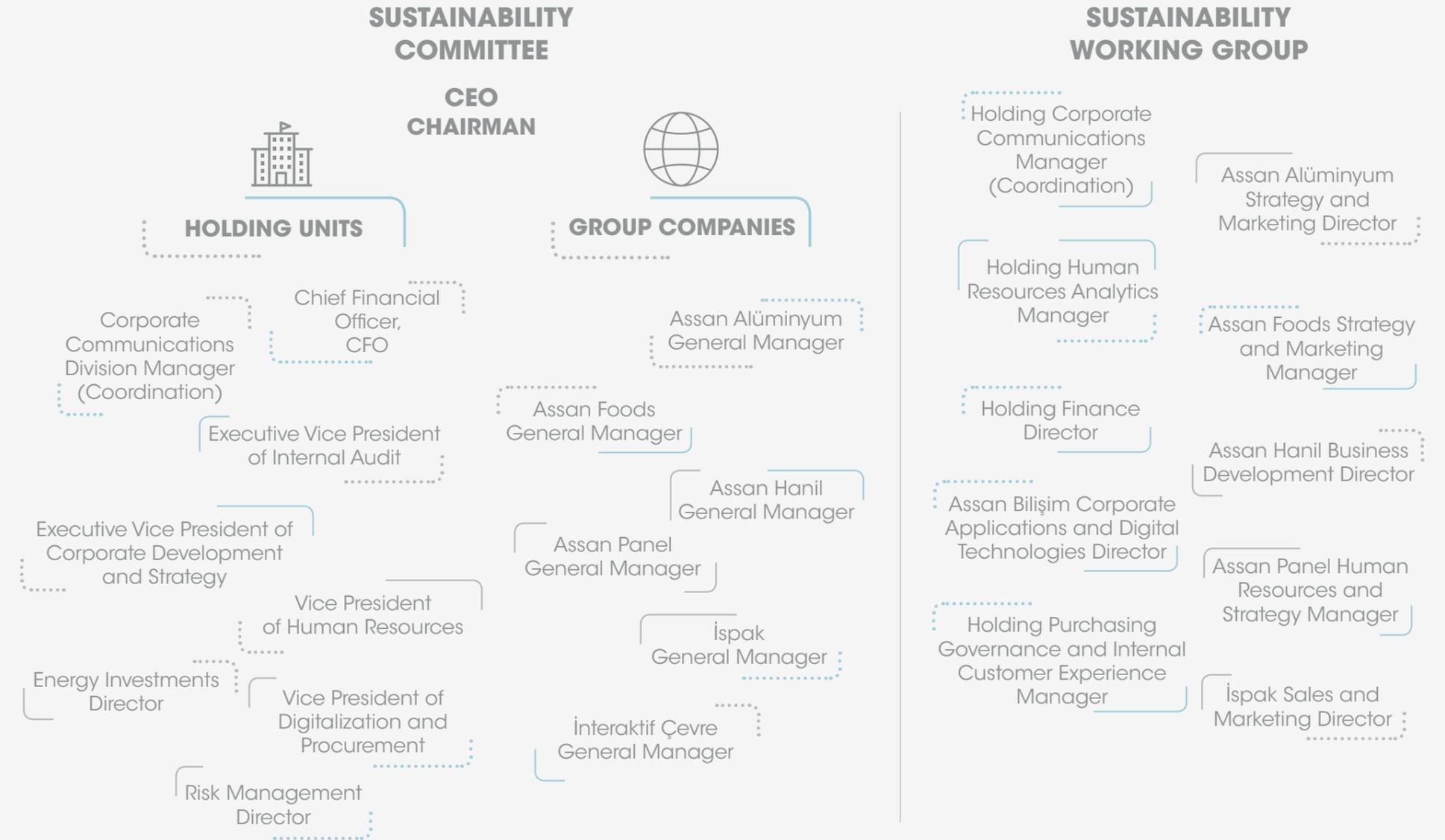
Sustainability Management

Kibar Holding aims to ensure that sustainability is at the core of all activities and is embraced by employees. In this respect, sustainability management has been established in a participatory structure. The Sustainability Committee and the Sustainability Working Group are the main elements of sustainability management.

The Sustainability Committee is chaired by the CEO of the Holding, and the members of the Committee are the Holding unit managers and the general managers of the Group companies. The Sustainability Committee determines the Group's sustainability approach, sets its policies and strategies, prepares an action plan, sets goals and monitors sustainability performance. The Sustainability Working Group achieves the action plan in line with the approach determined by the Sustainability Committee.



Sustainability Governance Structure





SUSTAINABILITY IN KIBAR GROUP

The foundation of Kibar Holding's sustainability approach is based on founder and honorary president Asim Kibar's principles of honesty and reliability that the Group defines as its core values. Kibar Group's business culture is based on its deep-rooted corporate governance tradition, innovative approach, business ethics, social responsibility culture and the sustainability approach shaped in line with the United Nations Global Compact (UNGC).

Adopting the Global Compact, Kibar Group offers its employees a fair and equal work environment, where human rights are protected, occupational health and safety is given priority, professional development is supported.

In Kibar Group, human rights are guaranteed in accordance with the Universal Declaration of Human Rights and the Global Compact and the provisions promulgated by national and international legislation. All kinds of discrimination, child labor, forced and compulsory labor practices are prevented. Group companies expect suppliers and business partners to meet similar working norms, follow their practices in this area and contribute to the realization of conditions.

In Kibar Holding, environmental issues are managed in accordance with national and international standards. The majority of Kibar Group companies have ISO 14001 Environmental Management System Certification. All of the companies have specialized units in the field of environmental management and work is carried out to increase the environmental awareness of the employees.

In all of its operations, Kibar Group companies are obliged to comply with the principles of the Global Compact, which are based on the development of global and sustainable social responsibility awareness in the business world and the policies and strategies determined by Kibar Holding in line with these principles.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

Out of 17, Kibar Group contributes positively to the 12 Sustainable Development Goals of the United Nations: "Zero Hunger", "Good Health and Well-being", "Quality Education", "Gender Equality", "Clean Water and Sanitation", "Affordable and Clean Energy", "Decent Work and Economic Growth", "Industry Innovation and Infrastructure", "Reduced Inequality", "Responsible Consumption and Production", "Climate Action" and "Peace and Justice Strong Institutions".



GOAL 2 : Zero Hunger
We increase the yield and income from agriculture through Good Agricultural Practices, Smart Farming and trainings for farmers.



GOAL 5: Gender Equality
In order to increase women's participation in business life, we increase the number of female employees and continue awareness raising activities through seminars that promote gender equality.



GOAL 8: Decent Work and Economic Growth
In order to provide our employees with the working conditions they deserve, we take international standards as guidelines, and in our procurement procedures, we do not employ child labor and forced labor, and ensure fair working conditions. We increase productivity and economic growth through investments in R&D and innovation.



GOAL 12: Responsible Consumption and Production
We adopt a cyclical economy, sustainability and innovation based production model, use natural resources efficiently, increase waste reuse with effective waste management and prefer environmentally friendly disposal methods.



GOAL 3: Good Health and Well-being
We support access to health services through social benefit investments in the field of health, and strive to provide the best possible health conditions for employees through occupational health and safety practices.



GOAL 6: Clean Water and Sanitation
We reduce water density by developing sustainable water strategies to protect the ecosystem and protect water resources through our Waste Water Recovery Facility investment.



GOAL 9: Industry, Innovation and Infrastructure
We support innovation and innovative products for sustainable development. Since the day we were established with our innovative investments in metal, automotive, packaging, building materials, real estate, logistics, energy, food and service sectors, we have been making significant contributions to the national economy and social welfare.



GOAL 13: Climate Action
Within the scope of efforts to combat climate change, we limit the negative impacts of our activities on the environment, increase energy efficiency, reduce energy and emission intensity and generate electricity from renewable energy sources.



GOAL 4: Quality Education
Through social benefit investments in the field of education, we improve children's access to education. With the support of Kibar Career School, Lifelong Learning approach, Development Ambassadors Project, Blue Collar Development Academy and vocational trainings, we provide employees access to vocational training and lifelong learning opportunities.



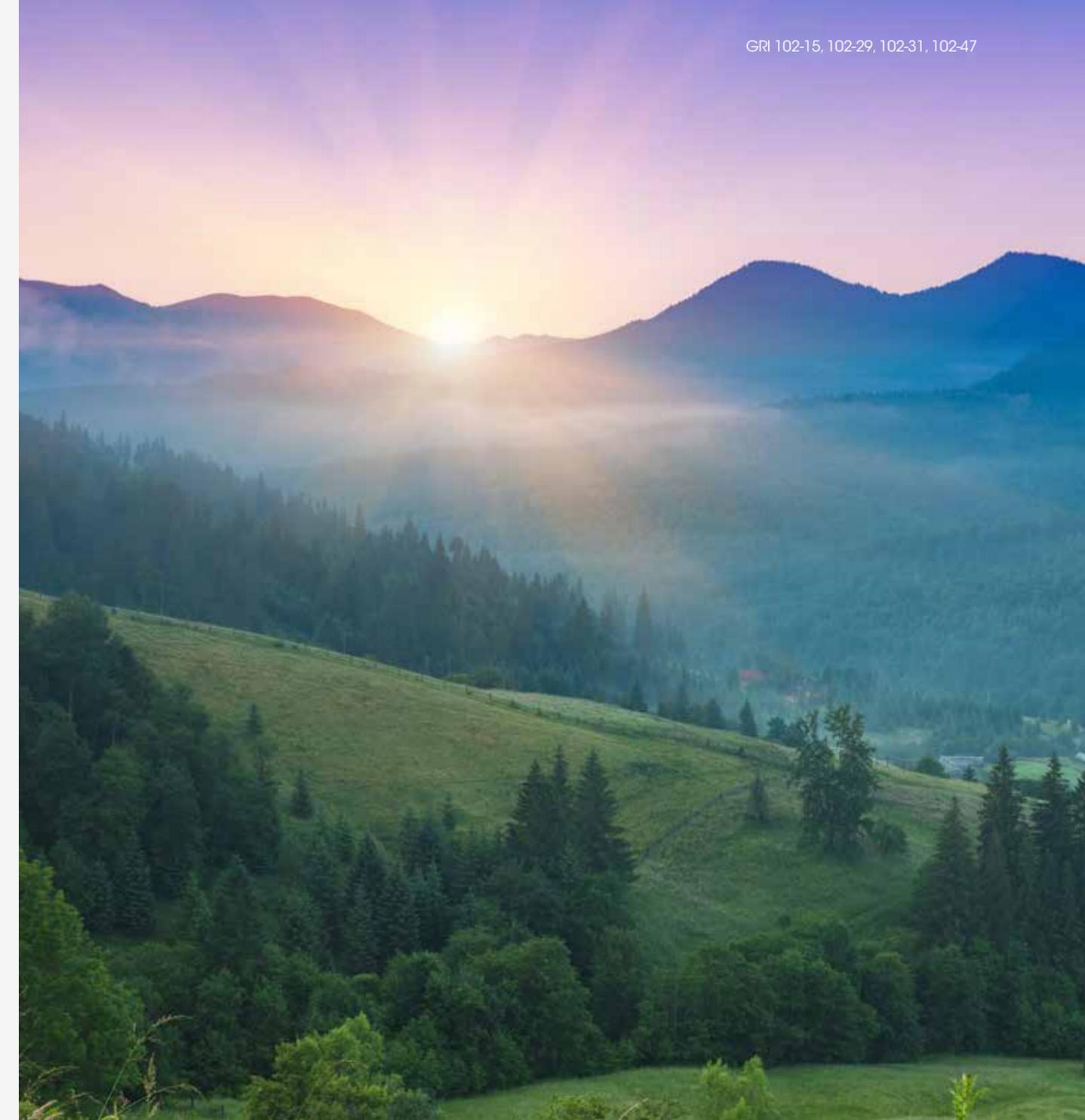
GOAL 7: Affordable and Clean Energy
As a result of energy efficiency projects and awareness-raising activities implemented throughout the Group, we reduce energy intensities and generate electricity from renewable energy sources.



GOAL 10: Reduced Inequality
We ensure equal opportunity with our performance-based management system. We sign the Kibar Group Framework Agreement before working with suppliers to ensure that they cannot be treated differently and unfairly due to personal characteristics and preferences such as language, religion, race, gender.



GOAL 16: Peace and Justice Strong Institutions
We define our group's approach to combating bribery and corruption with written rules. We expect the concept of anti-bribery and anti-corruption from all relevant stakeholders, including suppliers and business partners, as well as group employees.



SUSTAINABILITY APPROACH

The foundation of Kibar Group's sustainability approach, which has a human-centered management approach since its establishment, is based on a stable economic growth model that considers social and environmental factors, considering sustainability as a business style and making it a company culture, adopting 10 main principles and 17 Sustainable Development Goals of the United Nations Global Compact, developing sustainability policies and strategies, sustainability and institutionalization of its activities, dissemination of sustainability to all operations and processes and encouraging stakeholders in the field of sustainability.

Kibar Holding's sustainability priorities have been determined by evaluating social, economic and environmental factors such as global developments, sustainability priorities with the contribution of Global Compact member companies to the objectives of the Global Compact published by UNGC, sectoral developments, Kibar Holding policies and strategies, Kibar Holding sustainability approach, Kibar Group's contribution to the United Nations Sustainable Development Goals, Sustainability Committee and Sustainability Working Group's views, stakeholder expectations, risks and opportunities.



WE GROW

with sustainability principles

We continue to grow consistently, add value to the economy and create employment within the framework of sustainability principles through innovative investments.

(Material Issues: Economic Performance, Purchasing)



WE EMPOWER

people

We work like a family united and taking power from each other. WE share the future, success and life. (Material Issues: Anti-Corruption, Labor Relations, Occupational Health and Safety, Training, Diversity and Participation, Product and Service Quality)

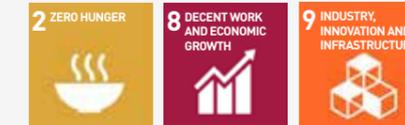


WE INNOVATE

for the future

We consider product quality and customer satisfaction at the highest level, and we see technological development and innovation as the cornerstone of sustainable growth.

(Material Issues: Information Security, R&D and Innovation, Digitalization)



WE CARE

for next generations

With the awareness that natural resources are not infinite and unlimited, we act with future generations in mind. (Material Issues: Raw Materials / Materials, Energy, Water, Emissions, Waste Water and Waste, Environmental Compliance.)



WE ENCOURAGE

our stakeholders

We expect our stakeholders to adopt sustainable development goals.

(Material Issues: Child Labor, Forced Labor, Human Rights Assessments, Supplier Assessments)



WE SHARE

for the communities

We continue to serve the society with our social responsibility approach.

(Material Issue: Social Welfare)





WE GROW

with sustainability principles



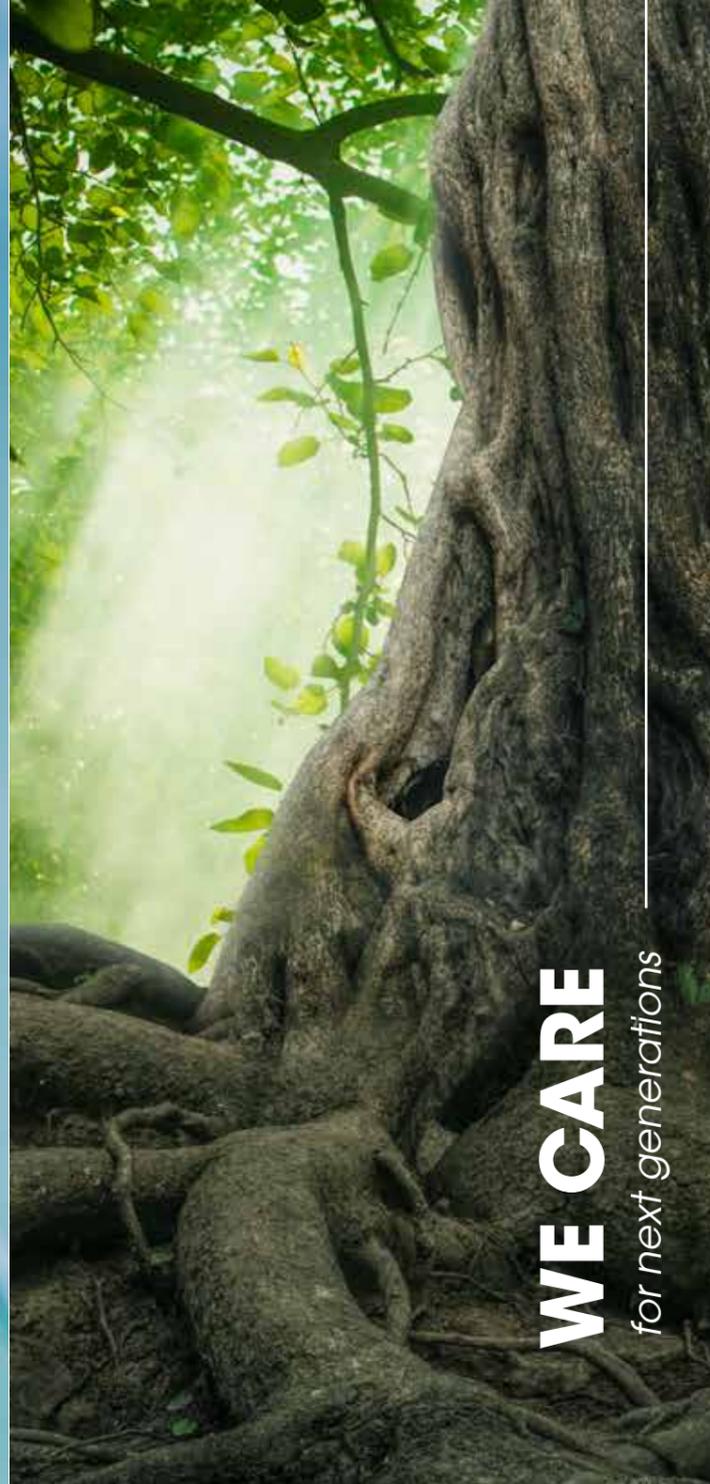
WE EMPOWER

people



WE INNOVATE

for the future



WE CARE

for next generations



WE ENCOURAGE

our stakeholders



WE SHARE

for the communities



WE GROW

with sustainability principles

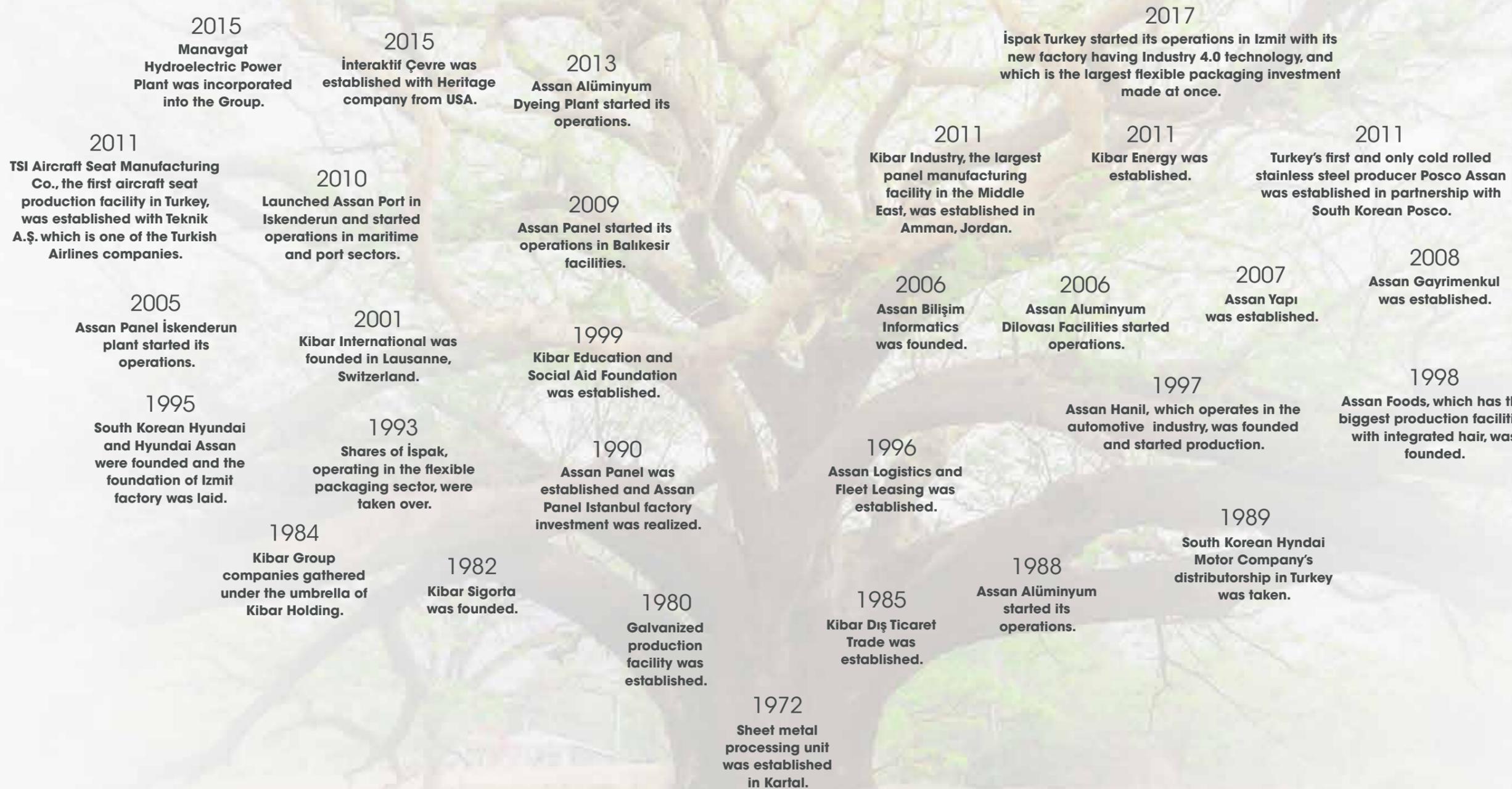
We continue to grow steadily, add value to the economy and create employment within the framework of sustainability principles through innovative investments.



WE GROW

with sustainability principles

Kibar Group makes a significant contribution to Turkey's economy with its high production capacity industrial plants, its employment creation capacity, exports and social investments.



KIBAR GROUP INVESTMENTS

Kibar Group which began its first production by opening the sheet metal operating unit in Kartal in 1972, operates with more than 20 companies in metals, automotive, packaging, building materials, real estate, logistics, energy, food and service industries and is among Turkey's leading business groups.

The Group has become a major force in contributing to the development of Turkey's economy thanks to its reputation, brand image, strong partnerships, the knowledge and experience about the Turkish markets. Kibar Group's international business partners include world's leading brands such as Hyundai, THY, Posco, TIL, Seoyon E-Hwa and Heritage.

In the "Turkey's largest 500 industrial enterprises" list which is published annually, Kibar Holding is present separately with many of its companies operating in different sectors.

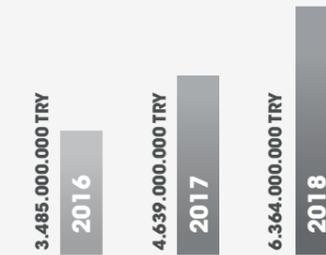
Kibar Group has been continuing its investments and growing steadily since the day it was founded and contributing to the national economy and social welfare. However, it acts with the awareness of its ecological, economic and social responsibilities.



ECONOMIC VALUE

In 2018, sales revenues of Kibar Group companies that are within the scope of this reporting increased by 37% compared to 2017 and 83% compared to 2016.

Economic Value Generated



In 2018, **sales revenues** of Kibar Group companies that are within the scope of reporting increased by 83% compared to 2016.

83%

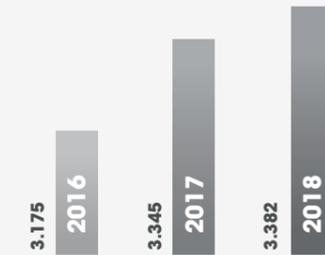
In 2018, **sales revenues** of Kibar Group companies that are within the scope of reporting increased by 37% compared to 2017.

37%

HUMAN RESOURCES

The number of employees at Kibar Group companies that are within the scope of reporting has increased by 6.5% in the last two years.

Human Resources



In 2018, the **number of employees** of Kibar Group companies within the scope of reporting increased by 6.5% compared to 2016.

6.5%

EXPORT

Kibar Group is one of Turkey's largest exporter with exports to more than 100 countries. In 2018, exports increased by 8% compared to the previous year and reached \$ 2.72 billion.

In "Export Champions Awards" ceremony, Kibar Foreign Trade became 4th on "top 1,000 exporting companies" list of Turkey Exporters Assembly, as well as to be the industry leader in the "Ferrous and Non-Ferrous Metals" category thanks to its export performance in 2018.

In addition, at the "Metallic Stars of Exports 2018", organized by the Istanbul Ferrous and Non-Ferrous Metals Exporters Association, the Group was deemed worthy of an award in the category of Aluminum Commodities.

CHAMPIONS OF EXPORT

4TH
in TURKEY

 1ST IN FERROUS AND
NON-FERROUS
METALS INDUSTRY

METALLIC STARS OF EXPORTS

 **2018**
ALUMINUM
GOODS GROUPS



WE EMPOWER
people

We work like a family, united and taking power from each other. WE share the future, success and life.



WE EMPOWER

people

We work like a family united and taking power from each other. In 2018, Kibar Group began to express its journey to become WE under the themes of "Future", "Success" and "Life". WE symbolize the future, success and the power to share life. Kibar Group believes in the importance of creating a working culture focused on sharing by acting together as a family. At Kibar Holding and its affiliates, employees are provided with a business environment based on trust, integrity, diligence, innovation and flexibility, supporting unity and working together.



STRONGER TOGETHER



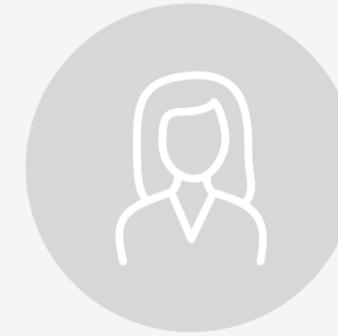
DIVERSITY AND INCLUSION

The Kibar Group is guided by the International Labor Organization (ILO) Conventions, the UN Universal Declaration of Human Rights, as well as the provisions of the Labor Law in order to provide its employees with the working conditions they deserve, and is also developing systems for the protection of these rights.

In Kibar Group, efforts are underway to prevent gender inequality and increase female employment. Group companies carry out various activities to encourage women's participation in business life. As a result of these studies, the number of female employees increased by 2.7% compared to 2016.

Support for Female Employment

With the ergonomic improvements made in the production lines in Assan Hanil, it is ensured that female employees also work on the lines that are regarded as "men's job". In 2018, ergonomic risk analysis studies were completed with Reba method and the studies for 2019 were planned. In 2018, Assan Hanil was once again awarded by İŞKUR and İzmit Municipality with the "İŞKUR Award for Promoting Women's Employment" award.



Number of female employees INCREASED BY 3% IN 2018 COMPARED TO 2016.

The number of white-collar female employees in Kibar Group companies increased by **11%** in 2018 compared to 2016.

According to the survey conducted in 2018, employee engagement increased by 30% compared to the last survey conducted in 2016.

Support for Employment of People with Disabilities

Assan Hanil has been developing various projects since 2016 in order to encourage more disabled employees to take part in business life. Collaboration with İŞKUR is carried out for the recruitment of disabled employees. As a result of these efforts, Assan Hanil has been awarded as the company that employs more than quota in the "No Barriers to My Career" Program which was organized for the 8th time in 2018 in partnership with İzmit Municipality and İŞKUR.

Information Mill Seminars

In 2018, Support Gender Equality themed Information Mill Seminars were held in Assan Hanil in cooperation with Ford Otosan and AÇEV.

Kibar Holding sees a participatory business life as the key to both employee satisfaction and corporate success. Accordingly, employees' participation in decision-making processes is encouraged by considering their expectations and suggestions. Since 2014, employee opinions have been collected through an Employee Opinion Survey conducted by an independent institution. The results of the survey are examined and necessary remedial activities are carried out in line with the feedback.

Employee Suggestion System

Assan Hanil has a suggestion system where all employees can submit their suggestions. Suggestions evaluated by the Suggestion Evaluation Committee are implemented if deemed appropriate. The suggestions that are implemented are rewarded within the scope of the suggestion reward system by measuring the usefulness of the breakdowns such as finance, ergonomics and process / method.

Assan Value Creation Improvement Model: STEP

STEP model is applied in Assan Alüminyum. This model is classified as Small Steps, Big Steps and Accident is Coming Form (KGF). Small Steps are improvement suggestions that can be realized with individual priority, experience and common sense. The Big Steps are group-based improvement proposals that project groups can make. KGFs are customized recommendations on Occupational Health and Safety. In 2018, SAP application area was put into operation within the scope of ADIM, and process improvement and studies were carried out with the Supply Chain Project.

Strengthening the communication between companies and employees at Kibar Holding is one of the main objectives of the WE employer brand. Under this brand, it is aimed to make all employees feel the value of working together and to increase WE awareness in the whole Group through continuous sharing. Employees are informed about the developments within the Group through different communication platforms. The most important communication channels of the Group are the annual management meeting, the internal network Porttakal and Kibarca magazine, both digital and printed.

FUTURE TALENTS

Employees are considered as the most important value that will carry Kibar Group to the future. Kibar Group, which shapes the employer brand in this direction, aims to prepare its employees for the future with talent acquisition programs, talent management and continuous development opportunities and effective performance management.

Talent Acquisition

Recruitment is carried out in an objective and fair manner, with equal opportunities for all candidates. The candidate selection process is meticulously carried out to fill the group-wide positions with

the right skills. Throughout the process, different tools such as personality inventory, competency-based interviews and assessment center are used and different career portals and databases are used to increase the diversity.

K-Team Young Talent Internship Program has been started with the motto "Real career starts with real internship" in order to bring young talents to the Group. Since the start of the program, 154 young talent have found internship opportunities in Group companies and 42 participants have been hired.

Talent Management

Within the scope of talent management, employees who make a difference with their performance and potential are identified throughout the Group and career development plans are realized in line with the needs and objectives of the employees and the organization. Behavioral competencies, professional and technical knowledge and skills of the employees are increased through the programs organized under the roof of Kibar Career School. With the advantage of being a multi-company Group, inter-company rotation and task change of the employees evaluated in the talent group is supported.

Kibar Holding is in favor of the sustainable development of the acquired skills. Through the lifelong learning approach,

various training and development activities are carried out in order to continuously improve the professional knowledge and skills and personal competencies of the employees. Within this scope, professional technical development programs and competency / leadership development programs are implemented. The programs, which are designed by considering the needs of the employees, also contribute to the increase of the interaction among the employees and strengthening the communication between different companies and departments.

Kibar Career School

Kibar Career School is the corporate development platform where Kibar Group's continuous development and learning culture from each other is combined with development activities that will support sustainable growth. In this platform, employees are provided with the opportunity to discover their strengths and their openness to development. Within this scope, a number of technical tools such as development center practices, internal trainings to support their learning, development programs to support competence and technical development, and distance learning tools are used. Leadership Development Programs at Kibar Career School were completed in 2018 and new program studies were initiated. During this period, companies

continued their development activities and provided trainings in line with their plans. Effective Leadership Workshop within the scope of Leadership Development Program was organized and for the follow-up of this development process, "Learning From Each Other Days" were held with the participation of senior management.

Development Ambassadors

In the Kibar Group, which cares about learning from each other, the Development Ambassador Training Program was launched with the aim of making the sharing culture continuous and thus contributing to the career and personal development of the employees. Within the scope of the program, employees who are called Development Ambassadors and who can share their knowledge and experiences voluntarily provide classroom trainings within the company or between Group companies. The Development Ambassadors Program is planned to be extended to all Group companies in 2019.

Development Academy for Blue Collar Employees

Blue Collar Development Academy was established in Assan Hanil in order to enable blue collar employees to become competent, participatory and highly motivated leaders in the field and to find development areas for them. 391 participants received 25 thousand 608 hours of training in 115 days. In 2017-2018, employees who completed the academy were appointed.

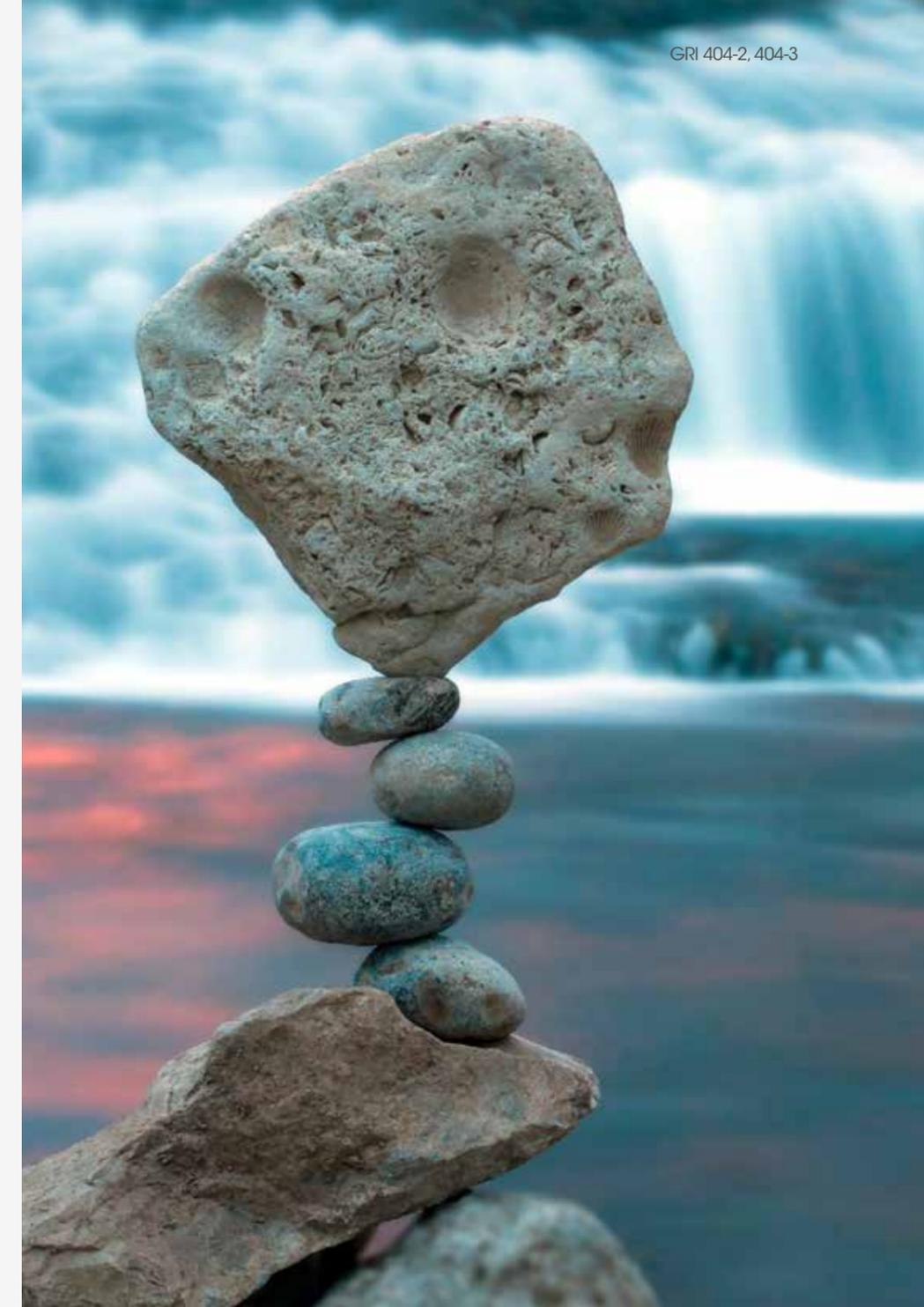
Performance Management

Believing that success must be sustainable, rather than being content with achieving goals, the Kibar Group knows that it is necessary to do things that leave a mark on the future. In this context, the performance management system aims to increase the motivation of the employees in signing for works that will leave a mark on the future with the Kibar Group Blue Drop Awards.

Kibar Holding believes that development is a journey. For this reason, the performance management system, in which the company objectives of employees are transformed into individual and team targets and where development plans are developed accordingly, is called the Success and Development

Path. The performance management system, whose general principles are determined by the Holding, is structured to meet the needs of the Group companies. In order to spread the performance culture throughout the organization and provide effective and accurate feedback to employees, trainings are provided to team managers during the interim and end-year evaluation periods. Performance management system provides important data for different processes such as training and development, talent management, recognition and rewarding.

The Kibar Group employs a total reward system that is integrated with all Human Resources processes, which complies with Group and company strategies, rewards contributions to business results and company performance. The social and other benefits offered to employees in addition to the base salary, are part of the total reward management system.



Remuneration Policy

Remuneration and benefit policies are built on an objective, fair, dynamic and competitive structure, taking into account internal balance. Kibar Holding and Group companies are provided with a fair and competitive base salary by taking into consideration different criteria such as job families, roles, responsibilities, knowledge, skills and competence levels within the scope of the determined salary policy. Fair and competitive compensation is guaranteed by internationally accepted job evaluation methodologies and wage benchmarking studies. As per the remuneration policy, there cannot be different and unfair practice due to the personal characteristics and preferences such as language, religion, race and gender.

Kibar Holding believes that employees are the most reliable and differentiating resource in order to adapt quickly to the changing competitive environment. In this respect, importance is given to the creation of environments that enable employees to realize their creative and innovative ideas. To this end, Kibar Holding carries out the Blue Drop Awards project to reveal, reward and disseminate the creative and

innovative ideas of its employees. With the motto "each successful project starts with a drop of idea and spreads with waves" the Blue Drop Awards are aimed at achieving the Group's strategic goals, recognizing and rewarding competency-based success.

In 2018, a project team was formed with participants from all companies to review the Blue Drop Awards process and identify the necessary improvements. Following the studies with this team, focus areas were identified and improvements were planned. Aiming to advance the development culture, the project reached more employees in the second year and more teams were awarded. From last year to this year, awards have reached 24 projects to 39 projects, 112 participants to 212 participants, 9 awards to 14 awards.

SOCIAL LIFE

Kibar Group strives to build a sustainable world in terms of progress and life, not only performance-oriented but also life-oriented and sharing-oriented, while making industry moves that shape the future. To this end, a happy and participatory work environment is created where employees can develop belonging. Acting as a family, Kibar Group accepts all of its

employees as part of this family and believes in the importance of sharing moments that add value to life.

Employee Support Program

Launched at the end of 2018, Kibar Group's employee support program, one of Kibar Group's innovative human resources practices, provides Kibar Group employees and their families with unlimited, free 24/7 advice. The support provided under the Employee Support Program covers many subjects such as psychological, medical counseling, legal, financial information services, healthy nutrition, ergonomics, techno-support, veterinary support, social life and general information services.

Kibar Group employees and their families are supported by experts in their fields. In case of need, up to six sessions of free, face-to-face psychological support are also offered under the guidance of the clinical psychologists at the call center. The program, which can be accessed through different channels such as telephone, website and mobile application, strictly complies with the principle of information privacy.

Employees are encouraged to play sports through the Kibar Group Sports Festival, which has been ongoing since 2016. In this way, the Company contributes to the establishment of strong communication between the Group companies and employees and the formation of the WE culture within the Group. Kibar Sports Festival brings sport, entertainment, togetherness and the pleasure of reaching the goals together.

The Kibar Sports Festivals, which became traditional throughout the Kibar Group, took place in eight branches in 2018: football, volleyball, basketball, tennis, table tennis, swimming, athletics and bowling. A total of 650 employees participated in the festivals and fought in gentlemanly in 153 competitions. The festivities in which love and tolerance prevailed ended with an award ceremony with the participation of Kibar Group employees and their families. In addition to the Kibar Sports Festivals, Kibar Volunteers Organizations, Kibar Group Festivals, Occupational Health and Safety Week Competitions and the April 23 Painting Competition are organized for the children working on the National Sovereignty and Children's Day. In addition, the companies also conduct activities aimed at supporting the social lives of its employees, regardless of the activities organized throughout the Group. While the employees at İSPAK facilities are provided with social

facilities and sports facilities where they can spend time out of work, the families working in Assan Hanil are frequently brought together with special events. Assan Alüminyum operates kickbox, yoga, pilates and folk dance clubs, while Assan Hanil has established sports, theater, travel-photography, music and food clubs with the voluntary participation of employees within the scope of the ASHAREKET project.

OCCUPATIONAL HEALTH AND SAFETY

As a group operating in the industrial and production sectors, Occupational Health and Safety (OHS) is among the priorities of Kibar Holding. Occupational Health and Safety processes are managed under the responsibility of OHS committees in line with international standards. As of 2018, 110 employees and employee representatives are employed in 10 OHS committees operating in Kibar Group companies.

In order to increase the consciousness and awareness of occupational health and safety of employees throughout the Group, trainings are provided. During the reporting period, 41,476 hours of OHS training was provided. In 2018, 3,454 contractor company employees received 5,507 hours of OHS training in the Kibar Group, which spread OHS culture throughout the entire value chain.



WE are Security

İspak Ambalaj has implemented the WE are Security Project in the packaging production field in order to spread the occupational safety culture among employees and raise awareness. Thanks to the project, accident frequency and weight ratio are improved. İspak aims to turn the WE are Security into a corporate culture and to continue it in the long term.

All occupational accidents, including minor accidents, are examined in detail by occupational safety experts and related unit representatives and necessary preventive and corrective measures are taken. Thanks to this approach, the Group has not experienced fatal accidents or occupational diseases.

BUSINESS ETHICS

Kibar Group's business ethics approach requires employees to act at the highest ethical standards. The understanding of business ethics, which is based on the values of integrity and honesty, constitutes the basis of doing business beyond legal requirements in all activities including financial and operational activities, technological assets and brand values.

Kibar Group respects the beliefs and personal values of all its employees, stakeholders and business partners. Kibar Group is based on internationally accepted universal declarations and acts within the framework of Kibar Group values and principles. The Kibar Group Code of Ethics, which covers the aforementioned values and principles, is published on the corporate website.

Code of Ethics

In Kibar Group, the principles of behavior towards work life and the fundamental rights and responsibilities of employees are determined within the framework of the Code of Ethics. Employees are informed about ethical rules and have direct access to the Ethics Committee.

Kibar Group Code of Ethics consists of 7 main topics: honesty, confidentiality, fairness, quality and continuous improvement, conflict of interest, our responsibilities and accepting / giving gifts. Kibar Group is based on the principle of honesty in all its activities and considers honesty, sincerity and high business ethics above all. In this respect, the protection of the private information of all stakeholders, the understanding of justice based on equality of opportunity, quality and continuous development objectives are discussed in detail in the Code of Ethics. Situations that may create

a conflict of interest, ways of avoiding a conflict of interest and details of the practice of gift exchange are explained in detail. Kibar Group's responsibilities to the laws, customers, employees, business partners, competitors, society and humanity are set forth within the framework of the Code of Ethics. The Code of Ethics also includes examples of events and examples of behavior expected to be applied in business situations. Employee perception is kept up-to-date with the themed posters of "Do You Think This is Ethical?"

Within the Kibar Group, it is the Ethics Committee's responsibility to ensure compliance with the Code of Ethics, to investigate and resolve complaints and notifications of violations. Group companies have Ethical Rule Advisors who are assigned to support all kinds of needs and questions of employees regarding the implementation of the Code of Ethics.

Ethics Hotline has been established, which can be used internally or externally in case of violation of the Code of Ethics. Calls to the Ethics Hotline are answered by authorized persons. Cases of violations can be communicated by e-mail or letter as well as the Ethics Hotline and submitted to the Ethics Committee for review.

The Committee evaluates the notifications received from the Ethics Hotline, assigns the appropriate units for the conduct of the studies and ensures that the studies it deems appropriate are carried out.

You can reach the Kibar Holding Code of Ethics at <https://www.kibar.com/en/holding/codes-of-conduct>

Business Ethics Training was given to 548 employees working in Kibar Group companies in 2018, and to 2622 employees in the last 4 years.

Fight Against Corruption

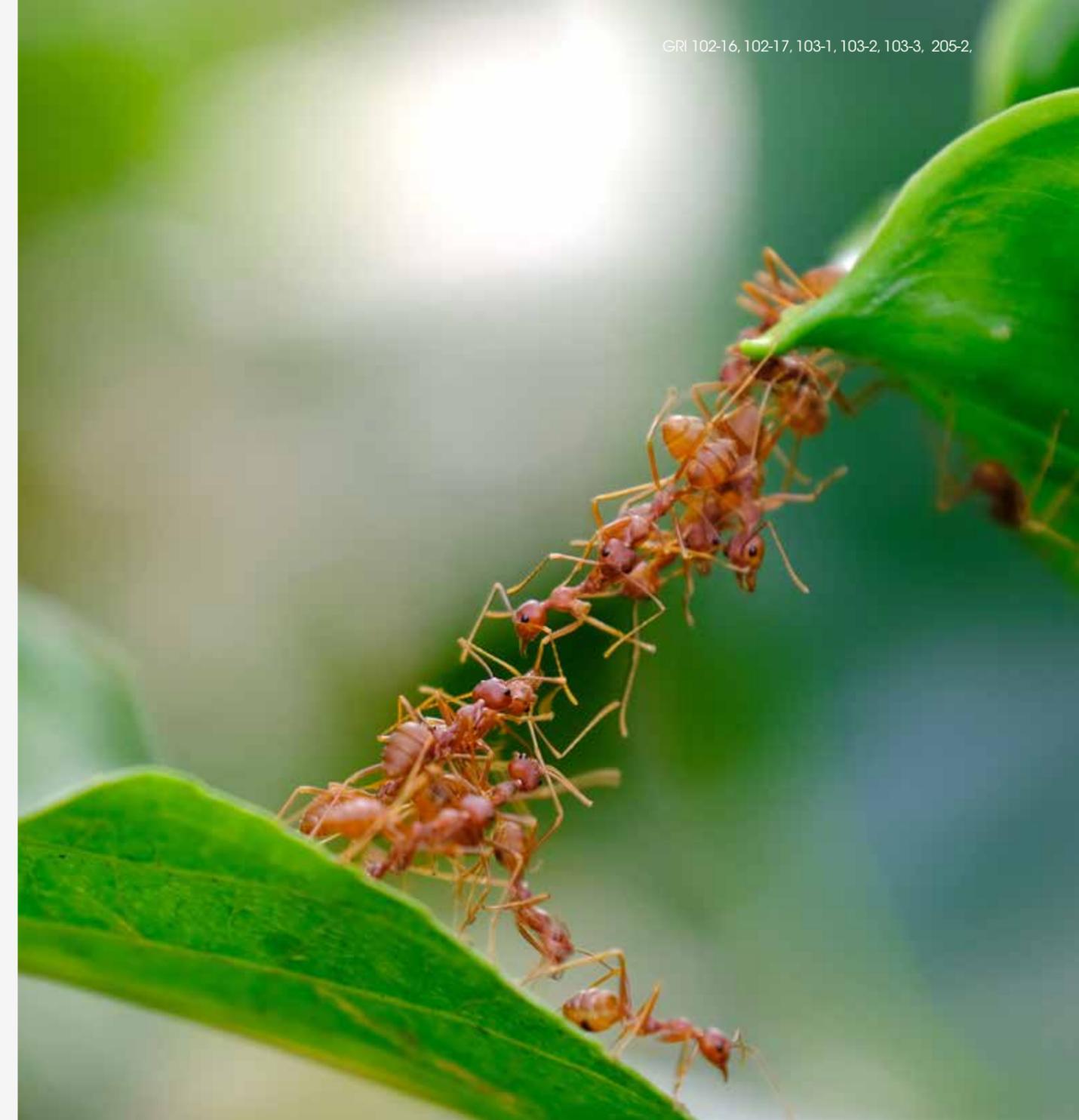
The Kibar Group does not tolerate bribery and corruption in any way and takes measures to prevent such behavior. The Group's approach to combating bribery and corruption is also defined in the Kibar Holding Code of Ethics.

Compliance with this understanding is the responsibility of all Group managers and employees. All employees are obliged to report this when they encounter a violation of the code of conduct or suspicion of bribery and corruption. The notices forwarded are evaluated within the framework of confidentiality. Internal control of corruption risks is evaluated within the scope of process audits carried out by the Internal Audit Department, as well as

review and investigation activities. In this context, process audits and investigation activities were carried out in Group companies in 2018.

The anti-bribery and anti-corruption approach is binding for all relevant stakeholders, including suppliers and business partners, as well as group employees.

Kibar Group employees are not held responsible for any direct or indirect damages to which the Company may be exposed due to their compliance with ethical principles, and no sanctions are imposed on them. During the 2018 operating period, there were no reports of ethical values, violations of universal human rights or cases of corruption. There are no lawsuits filed against our Group in this period.





WE INNOVATE

for the future

We consider product quality and customer satisfaction at the highest level, and we see technological development and innovation as the cornerstone of sustainable growth.



WE INNOVATE

for the future

Kibar Group, a well-established industrial enterprise, owes its corporate success to the quality of its products and services while meeting the needs of its customers, and its ability to anticipate future needs.

For this purpose, products, systems and processes are updated using the most modern technologies. Thanks to the importance given to innovation and digitalization, productivity is increased, new markets are reached, and the negative impact of products, services and processes on the environment is minimized. Kibar Holding works with the entire value chain in order to create the Kibar of the future and reflects the "WE are strong together" approach to technology studies.

PRODUCT AND SERVICE QUALITY

In Kibar Group, product safety, quality and customer satisfaction is a business priority managed at the highest global standards beyond all financial concerns. In addition to the management systems required by their sectors, all Group companies follow numerous quality and safety standards according to customer expectations.

FM Certificate in Assan Panel

Assan Panel, which has pioneered the firsts in the sector, is a leading manufacturer in the sector. In 2015, it received FM approval in buildings without height limit.

Kibar Group offers differentiated products and services to its customers by evaluating the developing technology and digital opportunities together with business models. Group companies develop customer-oriented business processes based on effective and transparent communication. According to the results of independent customer satisfaction surveys conducted every year in all Kibar Group companies, necessary studies are carried out and the added value provided by products and services is tried to be increased. In addition, action plans are prepared according to the results of this research.

Company	Management System and Quality Certificate
Assan Alüminyum	ISO 50001: Energy Management System ISO IEC27001: Information Security Management System IATF16949: Quality Management System ISO 9001: Quality Management System ISO 14001: Environmental Management System TS18001 (OHSAS): Occupational Safety Management System CE: EU Certificate of Conformity NSF: International Health Organization Certificate of Conformity Kosher: Kosher Food Compliance Certificate ISPM15: Certificate of Conformity for Wooden Packaging Materials Authorized Liability Status ISO 31000: The compliance certification of the Enterprise Risk Management System standard is planned to be made in the second half of 2019.
Assan Foods	ISO 9001: 2008 - Quality Management System BRC: International Food Safety Standard IFS: International Food Standard
Assan Hanil	ISO 9001: 2015 - Quality Management System IATF 16949: 2016 - Quality Management System (International Automotive Task Force) ISO 14001: 2015 - Environmental Management System OHSAS 18001: Occupational Health and Safety Management System ISO / IEC 27001: 2013 - Information Security Management System
Assan Panel	ISO 27001: 2013 - Information Security Standard ISO 9001: Quality Management System TS ISO 31000: Risk Management - Principles and Guidelines ISO 14001: 2015 - Environmental Management System
İspak	ISO 9001: Quality Management System ISO 22000: Food Safety Management System BRC: International Food Safety Standard ISO 27001: Information Security Management System

In 2018, over 1,200 face-to-face customer contacts were made to better understand customer needs.

At Assan Alüminyum, customer relations are meticulously managed and sector-based technical trainings are provided to customers every year. Together with the delivered products, the package label and test certificates and product specs prepared according to customers' requests are sent. Social media sharing and e-bulletins are prepared in order to share the company agenda with customers transparently. Routine evaluation meetings with local authorized dealers and business partners' meetings covering all customers are among the customer communication practices.

Assan Foods, which creates full-time teams to respond to customer requests and complaints, uses customer feedback when designing product contents and packaging.

Assan Hanil uses a barcode system to provide traceability in addition to the part code and raw material information on the products. With the production lot number in the barcode, the data of the part can be monitored via ERP. These data are raw materials and sub-

parts, production date, production line, machine, mold information and process parameters. Periodically updated brochures introducing the company's products and services are also shared with customers. Assan Hanil, in a joint project with Ford Otosan, conducts mitigation works for some of the current products with alternative materials. In addition, it continues to develop composite lightweight parts instead of metal with Mercedes.

Assan Hanil Technology Day

Assan Hanil organized Technology Day Event for its customers, other automotive OEM's, automotive suppliers and leading industry experts. There, Assan Hanil introduced R&D investments, solutions developed specifically for customers and latest technology products. Autonomous driving simulation cabin from South Korea was specially brought for this event, it has achieved a first in Turkey and the guests met with the technology of the future.

At İspak, the quality certificate, which is sent with the product, includes all the tests carried out for the product, the standards according to which the tests are performed and the results. For export products, a packing list indicating the content of the total shipment is also sent. Root cause analysis is made on the problems by examining the customer

complaints directly. As a result of root cause analysis, necessary studies are determined and revisions and improvements are carried out to prevent the problem from occurring again.

R&D AND INNOVATION

Kibar Group continuously reviews its operations in line with the aim of making growth sustainable, adapts rapidly to changing global conditions, closely follows the technology and developments in the world with the practices of Industry 4.0, which will increase productivity to higher levels, and shapes R&D and innovation strategies in this direction.

Innovation and innovative products play an important role in Kibar Group's strategy to shape the future. Within the scope of innovation efforts aimed at creating new markets and bringing customers together with environmentally friendly and value-added products, joint efforts are being carried out with many institutions, particularly universities. As a result of research and development activities, companies that are within the scope of reporting received 24 patents. With a responsible and innovative perspective, Kibar Holding attaches great importance to creating the conditions that will enable its employees to realize their creative

and innovative ideas. To this end, the Company launched the Blue Drop Awards Project to bring out innovative ideas from employees and to share their success stories with group companies.

Innovation is based on increasing efficiency, reducing resource use and waste generation, increasing product quality and diversity, reducing costs and risks, producing new business models and technologies that create value for stakeholders, and developing environmental friendly and value-added products.

Assan Alüminyum carries out its research and development activities in the R&D Center registered by the Turkish Ministry of Science, Industry and Technology. The scope of R&D activities is the development of high-performance, sector-specific and customer-specific products. Assan Alüminyum receives consultancy services under a 4-year contract signed with Vrije University in 2017. In addition, it receives technical consultancy services from Middle East Technical University within the scope of TÜBİTAK project and academic consultancy services from Koç University.

Assan Hanil, with the support of the Turkish Ministry of Science, Industry and Technology, has established

its own R&D center in 2010 and continues its R&D and innovation activities to respond rapidly to the changing trends of the automotive sector and the expectations of the manufacturers. While basic research is carried out mainly with universities, applied research and experimental development studies are carried out within the R&D Center of Assan Hanil. Assan Hanil, working on innovative projects aimed at weight reduction, cost optimization and quality improvement, has 6 trademark registrations, 43 patents, 53 registered Industrial Property Rights and 70 Intellectual Property Rights. The R&D Center, which underwent a new restructuring in 2018, established a department to develop automotive trim components, which have significant commercial potential in Turkey, in addition to seat product development competence. In the projects carried out in Computer-aided engineering (CAE) and Production Engineering departments; a structure was created to support innovative design, modeling and production processes.

İspak Ambalaj, with its new factory designed with Industry 4.0 concepts, has made the largest investment in flexible packaging in Turkey, made at one time. In its new facility where automated production systems, simulations, clean room, horizontal



and vertical software integration, cyber security and cloud technologies are used, Ispak aims to expand its portfolio in food packaging and industrial product areas.

In 2018, Assan Panel accelerated its R&D studies in its laboratory, which has the hardware and software to perform all kinds of physical and mechanical tests of the sandwich panel in "Euronorm" standards. It has invested in a new chemical laboratory for the quality assurance of polyurethane. The studies in this field aim to increase the number of patented products and improve the expertise in polyurethane material. Assan Panel has increased its product range, especially the Optibase product, through the pilot productions carried out by applying cost-benefit optimization in the Optipanel series in the economic panel segment.

Assan Foods, due to having one of the factories which can process the most tomatoes in a single Location in Turkey, it focuses on optimization studies in production processes. In Assan Foods, conducting these activities with a global consulting firm, a lean manufacturing project was initiated in 2018. In this direction, it is aimed to increase efficiency with new technology investments. In addition, the installation of robotic automation systems on five production lines was completed.

R&D And Innovation Projects

Assan Alüminyum

In Assan Alüminyum:

- Capacity Increase Project in order to meet the anticipated demand increase without any problem
- Project for the "Development of High Deep Drawing Aluminum Bottle Cap (pilferproof) Material" for the development of flat aluminum raw material for the production of bottle cap, an innovative product which is expected to create a new market for our group and an important export opportunity for our country.
- "Reduced Finstok Development Project for the New Generation of Heat Exchanger Systems Used in the Automotive Sector" in order to obtain a finer fin material without sacrificing the product feature, thus reducing the total weight of the vehicle and reducing the energy consumption and providing a domestic product to the market dominated by foreign products.
- In order to prevent clogging and scrap errors caused by agglomeration of graphite, the use of "Graphite Alternative Separating Agent for Casting Rollers and Optimization of Process Parameters Project" is planned to be completed in 2019.
- Solidification, Microstructure and Productivity Optimization Project in Twin Roll Casting Technology, which is aimed to be completed in 2020,

aims to improve casting speed and efficiency value. In addition, with the aim of developing new products, the Project of Optimization of Material Surface Properties in Aluminum Alloys of 8xxx Series and the Development of Foil with High Forming Capability Project are continuing.

Assan Foods

The sauces brand of Assan Foods, Colorado promises 3 new launches every year. In 2018, 3 Asian sauces were launched. "Colorado Gourmet" products for restaurant tables were relaunched in black packaging after consumer tests increasing the sales substantially. Another launch under Colorado brand was Ranch sauce.

Assan Hanil

- The Original Air Suspension Seat Design Project, which was initiated by Assan Hanil in order to develop a high value-added product for the global automotive market and to increase the competencies of the R&D Center, created the basis for new business development opportunities on a global scale. Assan Hanil, with this project, was the first local company in Turkish market to design the seat that can be sold globally and received its homologation. It is foreseen to provide mitigation with the Magnesium and



Aircraft Seat Mitigation Project carried out within the scope of mitigation activities.

With the Project of Using Environmentally Friendly NFPPF Material Instead of PUR and Adhesive in the Headliner Product Used in Vehicles, it is aimed to add value to the Headliner product with a much more environmentally friendly, 100% recycled and lighter material. Headliner fabric, which is one of the biggest products in automotive industry and used in roof covering of vehicles; is produced of polyurethane foam, glass fibers and chemical adhesives that bond them together. In this project, instead of glass fibers, natural fibers and instead of polyurethane, thermoplastic-based materials are used in headliner material. The sheets obtained from the production of natural flax, hemp, jute and hemp fibers together with polypropylene are combined by using polypropylene based foam instead of polyurethane. Thus with a much more environmentally friendly and lighter material, it adds value to the headliner product. In addition, this PP-based solution is 100% recyclable.

Ford F-Max: Truck of the Year

Assan Hanil has completed the development of air suspension driver seats for trucks and mass production started in 2018. Assan Hanil seats were first used in the mass production of the Ford F-Max, which was selected as the Truck of the Year 2019 in Europe. Considered by the Truck of the Year jury with high comfort and usefulness comments, significant improvements have been made in the mass production technologies of the seat. Particular competence has been gained in the field of precision welding and assembly of complex mechanisms. Thanks to this project, the mass production of a product developed with 100% domestic facilities was started in Assan Hanil.

The projects planned to be completed in 2020 in Assan Hanil;

- The Project of Producing Fender Carrier Parts as Composites under the mitigation target in order to reduce the weight of the trucks and reduce the fuel to be obtained by the use of lightened vehicles and consequently to reduce the carbon emission to the environment;
- Tübitak Composite Backrest Project - ASD Driver Seat Mitigation, Development of Composite Seat Parts Instead of Steel, which is realized with the aim of reducing the number of parts and processes and developing

hybrid part production technology.

Assan Panel

Assan Panel, to meet the expectations of industrial plants with natural lighting design compatible with polycarbonate roof panels in Turkey, the first and the only solution of its kind, began commercial sales under the brand name Freelight.

Assan Panel established the Polyurethane Laboratory in 2018 in order to strengthen the quality control processes of chemical raw materials and increase customer satisfaction. Laboratory analysis methods have been optimized in accordance with ISO standards. With this initiative, Assan Panel has achieved a first in the sandwich panel sector and adopted continuous development within its structure.

İspak

In the production area, solvent is used as solvent during many processes such as printing, lamination and lacquering. With the Solvent Recovery Plant Project, the solvent evaporating during the process is recovered by selecting and condensing from the ambient air without releasing it to the atmosphere. Therefore, both environmental and economic sustainability are contributed.

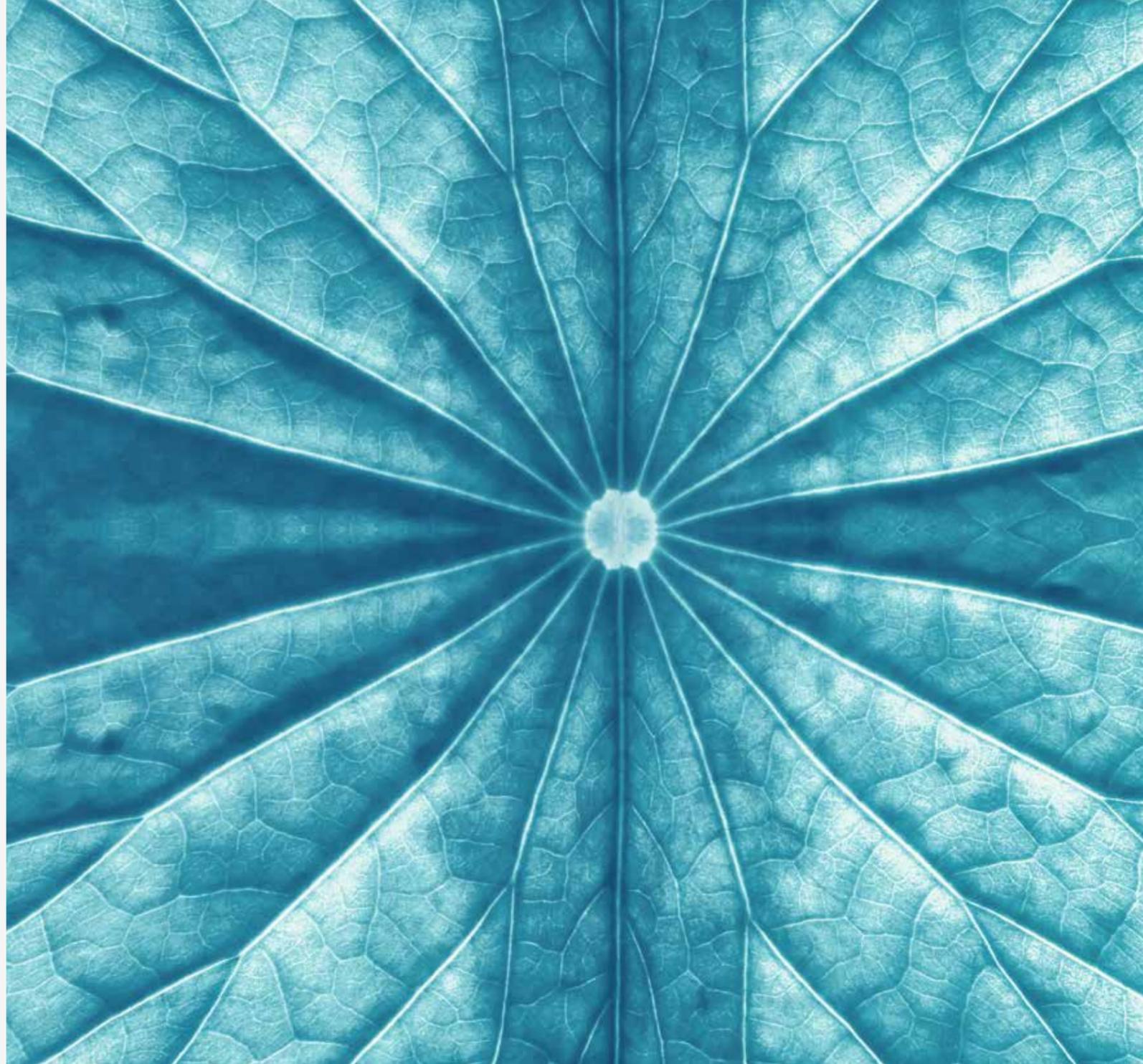
With the project completed in 2018, the annual amount of solvent

purchases was reduced by 97%, the use of solvents of the same quality, standard and purity was ensured, thus preventing the release of solvent into the atmosphere and reducing the negative impact on the environment. In addition, manual ink pan cleaning with solvent chemicals was initiated in 2018 with the "Closed Circuit Washing and Cleaning Units of Ink Pans Project". The amount of solvent escaping by evaporation with the chimney on the system is recovered by solvent recovery system. With this project, approximately 80% of the amount of solvent used for cleaning has been saved.

DIGITALIZATION

For Kibar Group, which makes innovative investments requiring intensive R&D activities and continuously develops products according to the needs of customers, accessing healthy data is an institutional priority for decision-making processes. Therefore, all Kibar Group companies are continuing their digital transformation efforts. In addition, the long-term strategic Digitalization Roadmap Project was launched.

In 2018, in the digitalization projects of the Group companies within Kibar Holding, the Company focused on technological infrastructure, cyber security and system continuity. Work has been started to develop in the



areas of network security, server security, asset management and patch management. In this context;

- Technologies have been renewed on critical issues such as virtualization platform, active directory, mail system and backup system,
- 4.5G redundant circuits have been activated in addition to existing lines in all campuses,
- Systems that host critical processes of Group companies have started to be backed up to disaster center and cloud center,
- Existing ERP applications are modeled and implemented for the new needs of renewed operational processes in Group companies,
- The transition of human resources personnel and payroll programs to Payroll system in SAP has been completed.

It is aimed to increase productivity with the e-transformation projects initiated. E-invoice, e-ledger, e-export, e-validation, e-archive, e-waybill and e-transformation process have been successfully expanding. Business processes that are digitized with e-transformation provide both labor and time savings by minimizing processing times. Moving corporate documents to the digital media increases productivity and reduces the possibility of errors. Most of these

projects have been completed and all is planned to be completed in 2020.

Within the scope of the Digital Transformation of the Production Site implemented in Assan Alüminyum, the implementation of the Manufacturing Execution System (MES) was initiated on 19 pilot benches. The project aims to provide instant response to customer requests, increase in production and energy efficiency, and automatic Overall Equipment Efficiency (OEE) measurement with automatic data collection.

Digitalization Award to Assan Hanil!

With the SAP Master Data Governance (MDG) Project, which was completed in 2018, a very effective master data management module, in which master data management is defined without being dependent on individuals, was put into service. Examples of this practice is rarely found in the world, it contains many pioneering features as the first MDG project done in Turkey at S/4 HANA platform. The MDG project provides the opportunity to analyze inefficiencies in processes, help minimize user errors and design flexible workflows, and determine role-based authorization and task responsibility matrices. The MDG project was awarded by SAP, in the main data project branch of the year.

With the Digital Transformation Project of the Production Site realized at Assan Alüminyum Dilovası Factory, the signals collected from the machines are made meaningful and operator feedback is provided automatically. Thus, feedback is received by the operators with real-time data without the need for manual data entry. This project aims to reveal more efficient production parameters, increase efficiency and traceability. Some machine group operating principles that are dependent on the individual are stored systematically in the database and institutional memory is created. Machine Learning Modeling studies in Microsoft Azure platform are continuing on Big Data. With the Autonomous Maintenance Study Project implemented in Assan Hanil, maintenance measurement values entered manually are created in SAP ERP system and automatic maintenance notification is sent to the maintenance team. This saves paper and ensures efficiency. In 2018, the data centers between the two facilities of Assan Hanil in İzmit were strengthened in terms of hardware and software and made redundant end-to-end redundancy. The data centers in Assan Hanil Bursa and Assan Foods Susurluk have been renewed.

With the ERP and Bank System Integration Project, the Bank has taken advantage of the integration services

offered by the banks, enabling the bank records to be automatically entered into the system and the accounting records to be kept in the system automatically. This project aims to reduce the operational burden. The project started at Kibar Holding, Kibar Dış Ticaret and Assan Alüminyum is planned to be extended to other group companies.

Smart Agriculture from Assan Foods

Launched in South Marmara and covering a land of 12,500 acres, Smart Agriculture Project aims to monitor and analyze all parameters of plant development process from planting to harvest in pilot fields, soil and product management, more efficient use of resources and minimize environmental impacts.

Launched in 2017 and implemented for the third time, the data obtained from the air and soil are shared with farmers; water savings and pesticides use are reduced and the disease is tackled at the highest level. This contributes to regional economy and product quality. It is aimed to increase the number of parameters followed in the project in the following period.

The QDMS-Integrated Management System, which provides automation of the activities required by all management system standards followed in the Kibar Group, has been adopted. The project aimed to automate the management system processes, ensure the transfer of procedures and instructions to the digital environment, increase traceability, secure data sharing and create corporate memory. SAP HR Payroll - Success Factors, which is a system that monitors the processes that will cover the whole working life starting from the recruitment process, has been increased in human resources processes and the employees have the opportunity to have first-hand information. In 2019, it is aimed to accelerate access with the mobile application.

In 2018, Assan Alüminyum launched the Roller Cooling System Automation Project for adaptive automatic control of the roller cooling system. As a result of the study, a 23% increase in machine performance was achieved.

Assan Foods has commissioned the End-of-Line Automation Project to integrate developing technology into production systems, increase planable production time and reduce production costs. Automation works have increased the capacity of the

ketchup, mayonnaise and sauces line hour / day as well as making more than 40 different products that can be automatically packed, coded and palletized.

In İspak, a QlikSense Management Dashboard system was established, where all Key Performance Indicators for production and sales functions can be monitored or analyzed instantly or comparatively with the budget. The system consolidates and reports data from Axapta ERP, Salesforce CRM and Bimser QDMS systems that are currently operating independently of each other. Providing the information needed in the management and decision-making processes in a consolidated and instant manner saves time and labor for the follow-up of the processes.

Within the scope of High-Bay Warehouse Project realized in İspak, automatic warehouse integrations were realized and the warehouse was actively used with ERP. Thus, it is possible to make the stock follow-up more healthy, to keep the stock turnover rates under control and to consume the stocks more accurately with the material recall algorithms. As a result of the integration created with all ERP functions, the communication between the units can be established over the system, providing time and efficiency to the users.

The increased flow of information and the greater mobility of employees brings with it the need for more rational management of complex communication. In this respect, a study has been initiated in order to ensure real-time communication of users by integrating all communication ways and communication tools with the Unified Communications approach. The aim of the study, where technologies such as Mobile, Skype, Dect are analyzed, is to provide maximum mobility for all employees and to establish Integrated Communication System with applications such as audio and video conferencing, messaging and instant status notification.



INFORMATION SECURITY

Increasing digitalization brings with it the necessity of high information security standards. Kibar Group targets the highest information security by following new technologies.

All Kibar Group companies that are within the scope of reporting have ISO 27001 certification or information management systems based on this management system. Corporate data and all stakeholders' information are secured.

With the Asset and Configuration Management project, the existing demand, change management and project planning processes are developed and efforts are underway to establish a structure covering security needs.

In Kibar Group, numerous projects aimed at providing data and access security were implemented. With the server security and patch management project completed in 2018, minimum security standards were reviewed and operational security guidelines and patch management processes were prepared in order to prevent user-related security gaps. In a project to be completed in 2019, by updating the network topology

and Firewall rules, the vulnerabilities will be cleared and the risk of intrusion will be minimized. The prediction of malicious transactions will be provided by artificial intelligence by constructing the SIEM mechanism required for security incident management.

Protection of Personal Data

Within the scope of compliance with the Law on the Protection of Personal Data, a workshop was held in Kibar Holding, IRB and Assan Alüminyum for the purpose of classifying, securing and anonymizing the data. Data discovery activities were carried out, risk analyzes were conducted, business process improvement studies and emergency action plans were prepared.





WE CARE
for next generations

With the awareness that natural resources are not infinite and unlimited, we act with future generations in mind.



REDUCING ENVIRONMENTAL IMPACTS

Kibar Group strives to reduce the environmental impact of its activities and to raise awareness at all stages of production and distribution. Within the scope of R&D activities, it transforms potential threats caused by environmental problems into opportunities by developing environmentally friendly technologies and products.



WE CARE

for next generations

The use of energy and natural resources is increasing in the world and this brings environmental problems. Kibar Group, acting with the awareness that natural resources are not infinite and unlimited, adopts a sustainable development approach that will enable the transfer of resources to future generations. This understanding is based on a human-oriented, economic, environmental and socially sustainable system.

COMBATING CLIMATE CHANGE

Climate change has become one of the most important problems of our age that concerns the whole world. Factors such as population growth, industrialization, urbanization, land use, increase in fossil fuel use and decrease in forests lead to an increase in greenhouse gas emissions in the atmosphere and a change in emission volumes. This situation increases global warming and brings about climate change. In addition to global temperature rise, climate change is also effective in changing weather events such as extreme rains, floods, severe hurricanes, ozone depletion, air pollution, drought, desertification, elevation of ocean and sea levels, and degradation of the ecosystem.

Research shows that the average global temperature rise should be limited to at least 2 °C to limit the devastating effects of climate change. This requires reducing the greenhouse gas concentration in the atmosphere to an equivalent of 450 parts per million.

Climate change and declining natural resources directly affect natural life and the global economy. Changing climatic conditions create new needs and diminishing types of raw materials need to be renewed with rational alternatives. Kibar Group continues its activities by taking into consideration the risks and opportunities created by changing climatic conditions.

Assan Hanil uses products approved by IMDS (International Material Data System) as raw materials and thus, it tries to minimize the effects of the products on climate change throughout their life cycle.

The maintenance and protection of Asim Kibar Love Forest, which was established by Kibar Holding in Istanbul in 1995 on an area of 10,000 m², is supported by the group. 1,629 trees have been planted by the Group companies in the last three years.

Good Agriculture In Assan Foods

Assan Foods produces tomatoes, which are used as raw materials, within the framework of Good Agricultural Practices (GAP) defined as "Processes that should be applied to make the agricultural production system socially livable, economically profitable and efficient, protecting human health, giving importance to animal health, welfare and environment" by the United Nations Food and Agriculture Organization (FAO) and also with smart agriculture. In Good Agricultural Practice, traditional farming methods are combined with the latest technologies. Thus, production efficiency is increased and product quality is kept at the highest level, production that does not harm the environment, human and animal health is made, natural resources are protected, quality of life is improved for producers, local people and society and traceability and sustainability is provided in agriculture.

Aluminum, which is the main raw material of Assan Alüminyum, is a lighter and environmentally friendly material compared to its alternatives. Aluminum protects food longer and provides logistical advantage. It helps to reduce CO2 emissions thanks to its contribution to reducing vehicle weight in the automotive industry. It is a preferred material in construction and durable consumption sectors due to its high corrosion resistance, light weight and easy formability. Aluminum is a green material that is 100% recyclable after the end of its service life. In this way, it can save 95% energy compared to the use of primary aluminum.

Within the scope of efforts to combat climate change, Kibar Group limits the negative impact of its activities on the environment, reduces energy consumption, increases energy efficiency, reduces energy density, generates electricity from renewable energy sources and manages natural resource use with a sustainability approach.

ENERGY MANAGEMENT

Energy efficiency is one of the most important issues in combating climate change. Energy efficiency projects provide benefits to the economy by reducing the country's dependence on foreign resources. Kibar Group continues its efforts to utilize energy resources in the highest efficiency in all of its fields of activity. In 2018, many productivity projects were carried out within the Kibar Group.

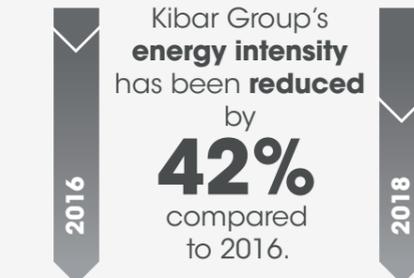
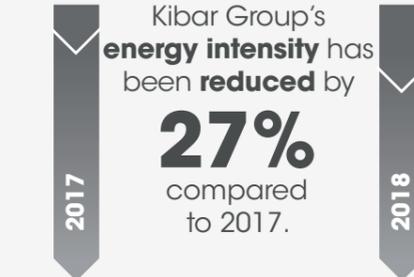
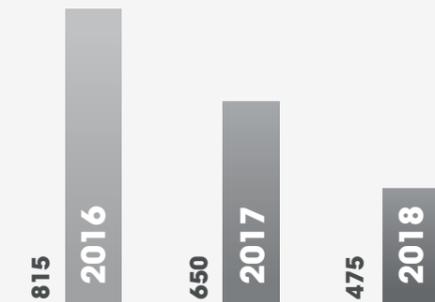
Assan Alüminyum, which continues its energy efficiency efforts in line with ISO 50001 Energy Management System and Energy Policy, has achieved 6,400,000 kWh energy savings in 2018 with 14 projects. In the last 6 years, more than 70 energy efficiency projects have been implemented and total annual savings have reached 20 million kWh.

In 2018, in Assan Alüminyum Dilovası Facilities, heat leakages and natural gas consumption was reduced by changing the ceiling insulation in 4 annealing furnaces. The number of fans in Tuzla Tensioning And Straightening Line has been decreased. Energy consumption was reduced by applying a variable displacement pump in Tuzla Foil rolling mills.

Significant energy savings have been achieved by redesigning the process flow in Ispak. With the improvement of laminator heating system in Assan Panel, heating time and energy consumption were reduced. With the chemical cleaning of the roof lanterns and windows, sunlight has been utilized more and an average energy saving of 54,000 kWh has been achieved annually.

As a result of energy efficiency projects, the energy density of Kibar Group companies decreased. The energy density, which represents the amount of energy consumed to produce one unit of product, decreased by 32.2% in Assan Alüminyum, 22.9% in Assan Hanil, 22% in Assan Foods, 24.6% in Ispak and 12.7% in Assan Panel compared to the previous year. In terms of reported companies, Kibar Group's energy intensity decreased by 27% in 2018 compared to the previous year and by 41.7% compared to 2016.

Energy density (GJ / million TRY)



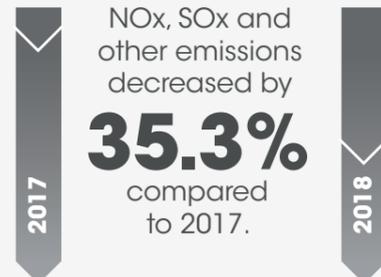
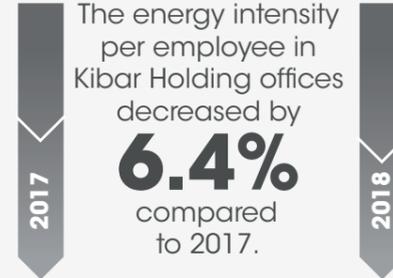
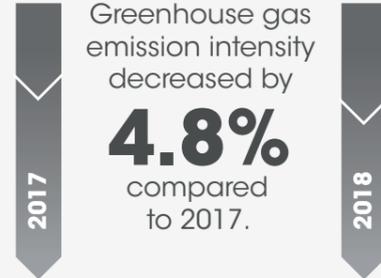
Kibar Group companies' energy intensity reduction rates compared to 2017



Energy efficiency and the use of renewable energy sources in energy production are the most important components of sustainable development. In 2018, 132,000,000 kWh of electricity was generated from renewable energy sources thanks to the Manavgat Hydroelectric Power Plant, which is a renewable energy investment made by Kibar Group within the scope of efforts to combat climate change. Operating in an energy intensive sector, Assan Alüminyum's power plant generates 77% of the company's electricity consumption.

As a result of its energy efficiency efforts, Assan Alüminyum has managed to reduce its greenhouse gas emission intensity by 4.8%. Nitrogen oxide (NOx) and sulfur oxide (SOx) emissions were reduced by 35.3% in 2018 compared to 2017 and 48% compared to 2016.

In addition, as a result of the energy efficiency studies carried out in Kibar Holding offices, the energy density, which represents the amount of energy consumed per person, decreased by 6.4% in 2018 compared to the previous year and by 11.3% compared to 2016.



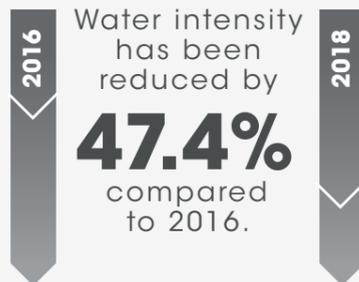
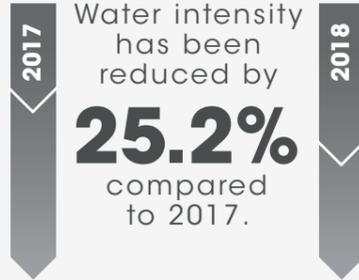
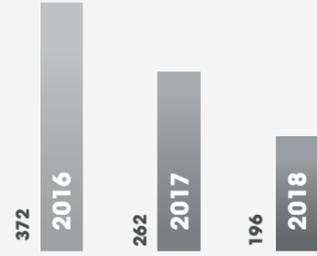
WATER MANAGEMENT

Water is one of the most vital resources for sustainable development. Population growth, industrialization and agricultural activities increase water demand and cause pollution with various parameters. Despite the increasing demand for water, the limited availability of water resources makes it necessary to manage the existing water resources efficiently.

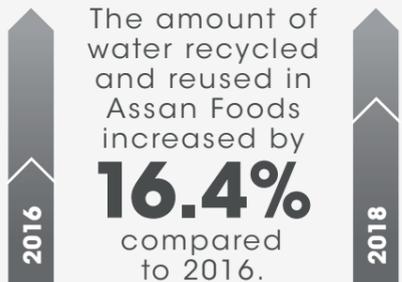
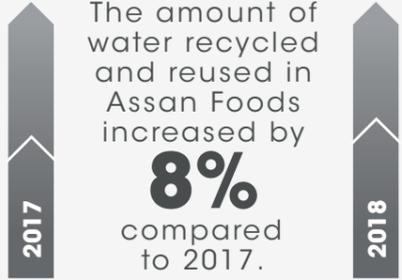
The main objective in the sustainability of water resources is to take into account the needs of future generations by not changing the functioning of the hydrological cycle. Acting with this awareness, Kibar Group continues its efforts to improve sustainable water use and water management.

As a result of efforts to ensure the sustainability of water resources, the water intensity of Kibar Group companies within the scope of the reporting has decreased. Water density, which represents the amount of water consumed to produce one unit of product, decreased by 25.2% in 2018 compared to 2017 and 47.4% compared to 2016.

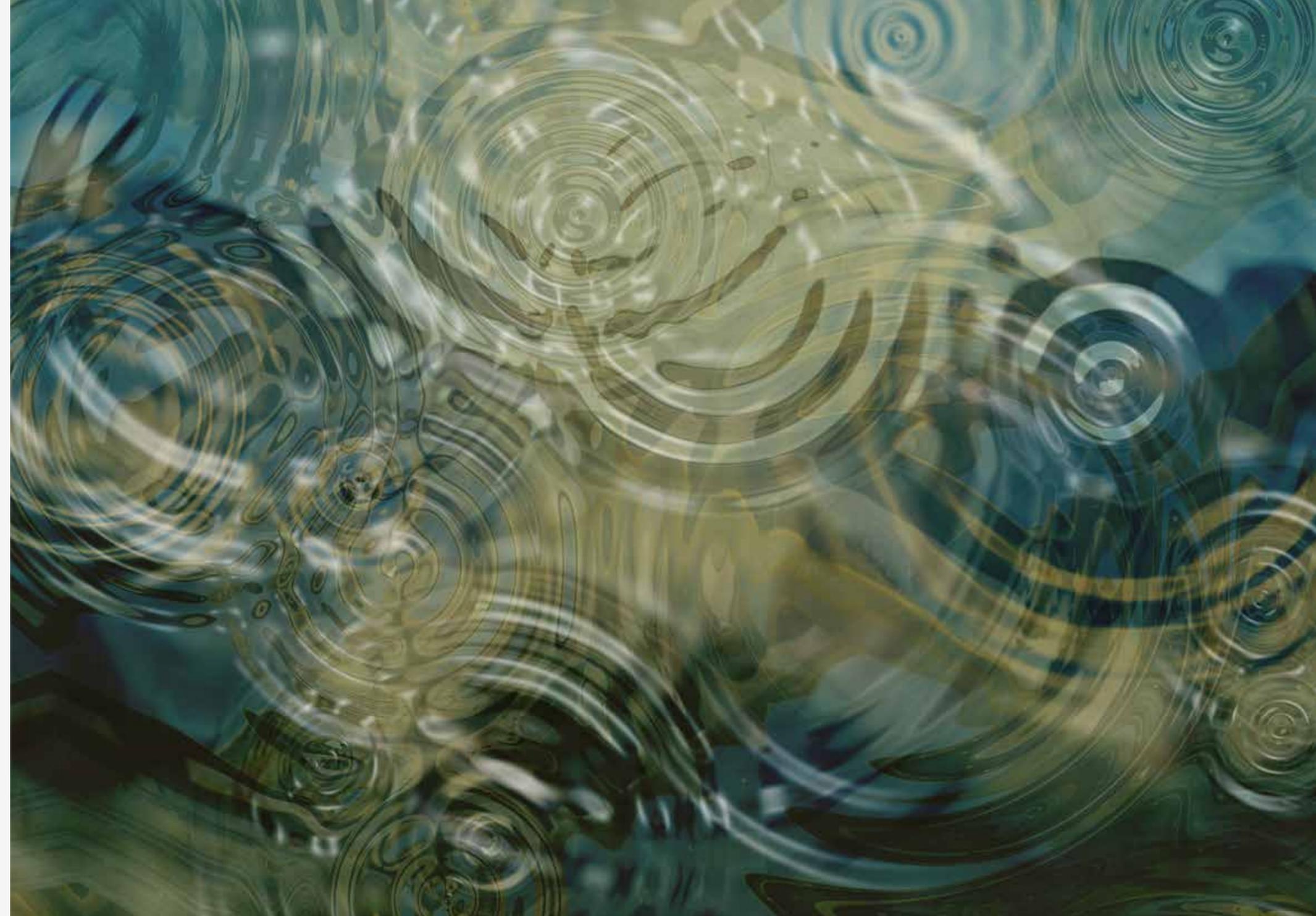
Water intensity (m³ / million TRY)



The amount of water recycled and reused in Assan Foods increased by 8% compared to the previous year and by 16.4% compared to 2016 and reached 270,000 m³. This amount corresponds to 33% of the water consumed.



Wastewater Recycling Plant, which is integrated to Wastewater Treatment Plant established in 2014 in Asim Kibar Industrial Zone in Kocaeli, where Kibar Holding pioneered and participated, is transformed into high quality domestic water by subjecting the wastewater to further treatment and line to meet the water needs. Wastewater Recycling Plant was commissioned in May 2018. Since 2018, the amount of recovery water used is 298.023 m³. In 2019, the use of recovery water is expected to reach 900,000 m³.



WASTE MANAGEMENT

Effective waste management is crucial for the conservation and efficient use of natural resources, which form the basis of sustainable development. Waste needs to be reduced, recovered and disposed in an environmentally friendly way.

The amount of waste recycled in Kibar Group companies that are within the scope of reporting increased by 24.3% in 2018 compared to the previous year and 93% of the waste generated was recovered.



%93
of the waste generated in 2018 was RECYCLED

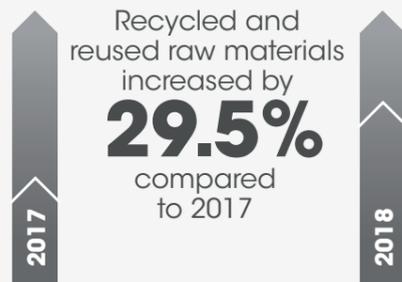
EFFICIENT USE OF RESOURCES

Resource efficiency is among the environmental priorities of the Kibar Group. Within the scope of resource management, using the natural resources efficiently, supporting the circular economy by increasing the effective waste management and reuse, and choosing environmental disposal methods are priority issues.

Established in 2015 within the body of Kibar Group, *Interaktif Environmental Consultancy* provides total waste management and environmental consultancy services to Group companies with an understanding that adopts global-scale, circular economy and attaches importance to R&D activities in waste. The *Interaktif Environment* contributes to the improvement of performance in the use of resources and waste minimization throughout the group.

The Kibar Group supports the principles of Industry 4.0 and the circular economy in line with its sustainable industry objective. Within this scope, Kibar Group companies aim to continuously review their production processes and ensure that every waste generated is recycled. Thus, resource efficiency and environmental benefits are aimed.

In Kibar Group, which adopts a circular economy, sustainability and innovation based production model, the amount of recycled and reused raw materials increased by 29.5% in 2018 compared to the previous year and by 53.5% compared to 2016.



The packaging materials used in all Kibar Group companies are collected in accordance with legal requirements. In 2018, over 4,000 tons of packaging materials were collected at Kibar Group Companies within the scope of the reporting. The rate of reclaimed packaging material increased by 7.7% compared to 2016 and by 1.4% compared to the previous year.



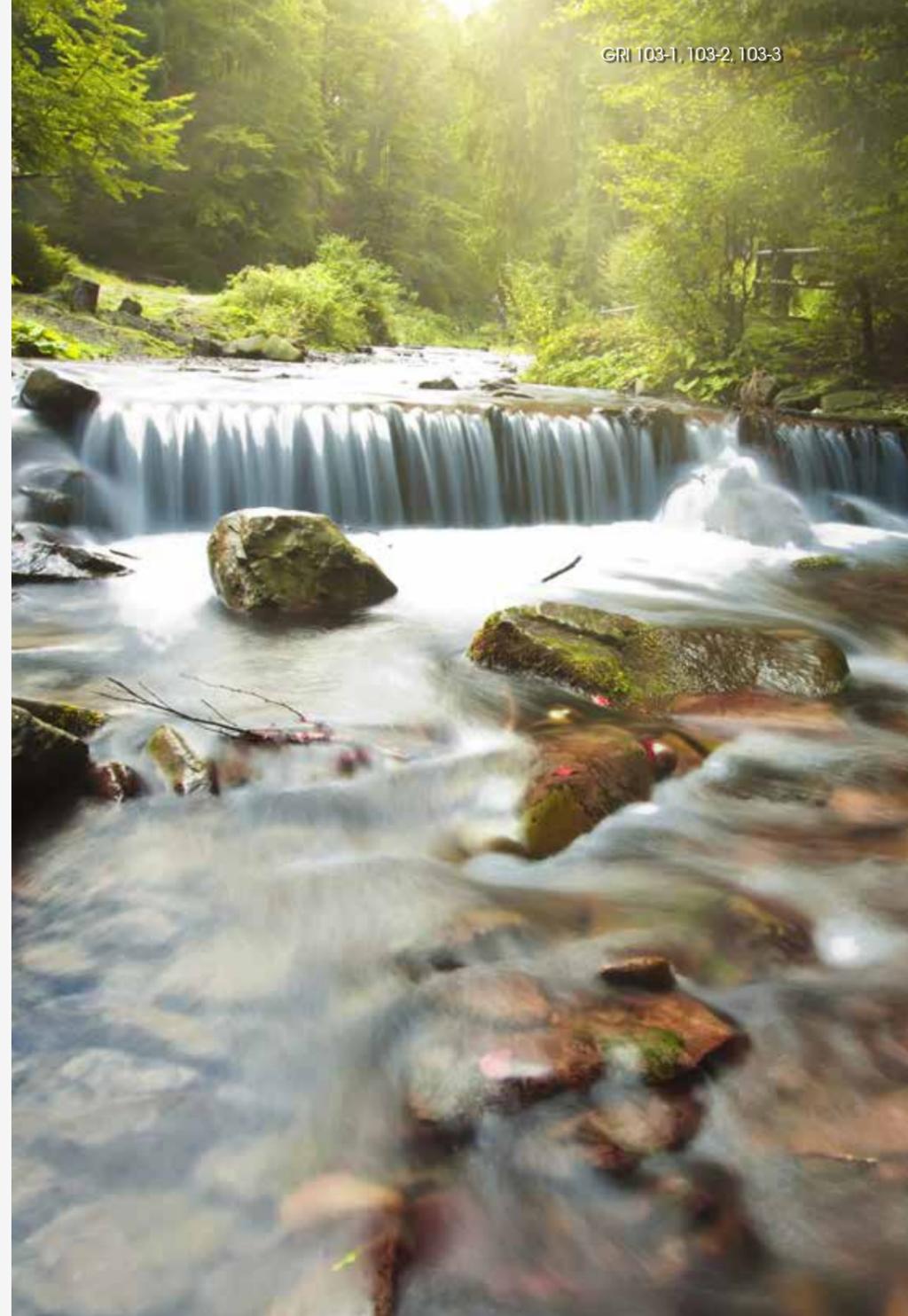
Secondary aluminum use in Assan Alüminyum

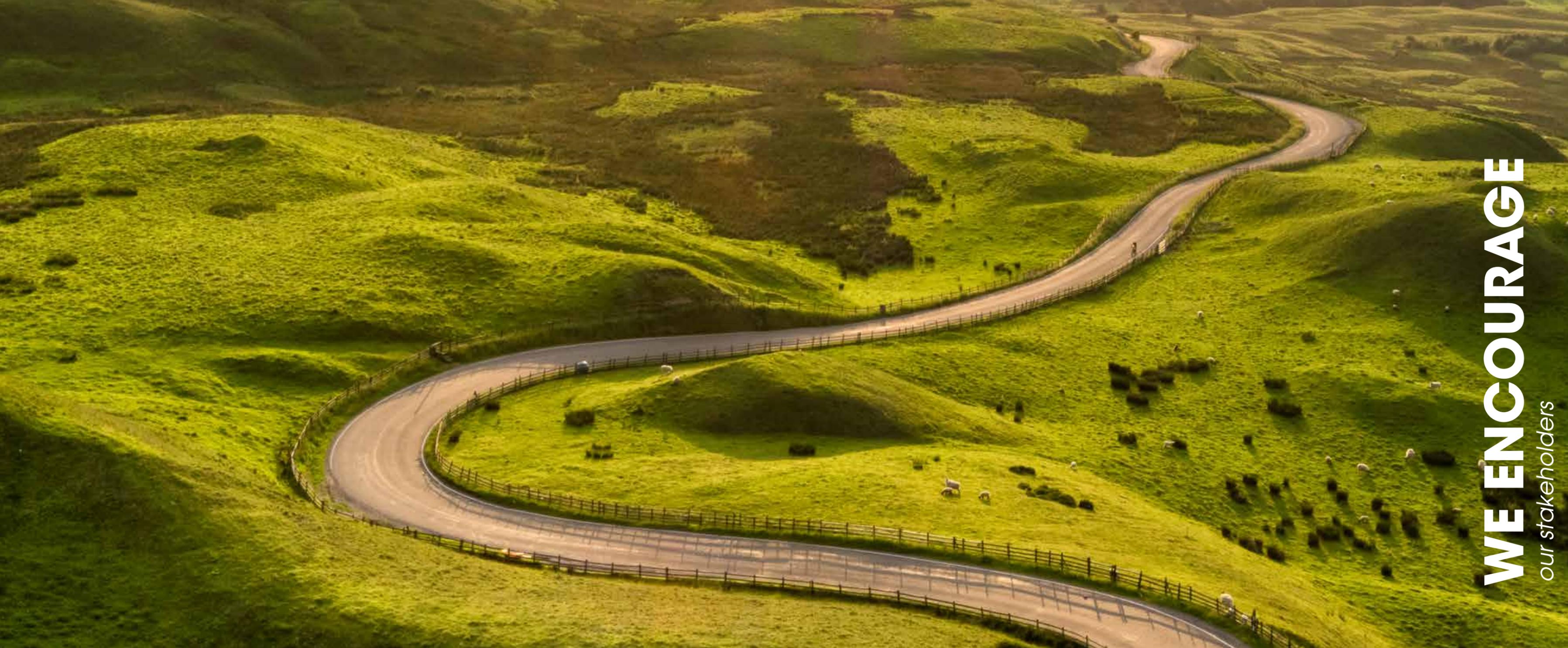
Turkey is primary aluminum importer. Secondary aluminum (scrapped) and aluminum scrap are increasingly used in production in Assan Alüminyum in order to reduce external dependence and to provide effective waste management. Since most of this input is scrap generated during production, a significant localization of raw materials is also provided. Since recycled aluminum production requires 95% less energy than primary aluminum, this application also provides great benefits in terms of sustainability.

In 2018, Kibar Group organized 5,798 hours of environmental training for 2,632 employees; 1,277 hours for 2,731 contractor employees, thus 7,075 hours of environmental training was organized for a total of 5,363 people.

Optimizing the Chemical Composition of 3105 Alloy at Assan Alüminyum

Primary aluminum is the most energy-intensive and costly item of aluminum semi-finished product production. The use of secondary aluminum and scrap aluminum produced by re-melting instead of primary aluminum in production significantly reduces raw material costs and reduces resource usage and energy requirements. The aim of this project, which will be completed in 2019, is to optimize the chemical composition of 3105 alloy for the use of more secondary aluminum and scrap and to ensure the design of the sub-production processes in accordance with this new composition. In this way, Assan Alüminyum's energy consumption will be reduced, secondary resource utilization will support the cyclical economy and the carbon footprint will be reduced.





WE ENCOURAGE

our stakeholders

We expect our stakeholders to adopt Sustainable Development Goals.

STAKEHOLDER RELATIONS

Kibar Group's sustainability approach is based on an approach that encompasses not only its own practices but also the practices of all its stakeholders. In this respect, Kibar Group maintains its relations with all stakeholders including suppliers, manufacturers, distributors, retailers and customers in the entire value chain from raw material procurement to production and distribution to the end customer, based on the economic, human rights, environmental and social activities of its stakeholders. Kibar Holding considers its potential to contribute in the social field, creativity and innovation in the selection of the stakeholder group it will cooperate with. It expects its stakeholders to act in line with sustainable development goals.

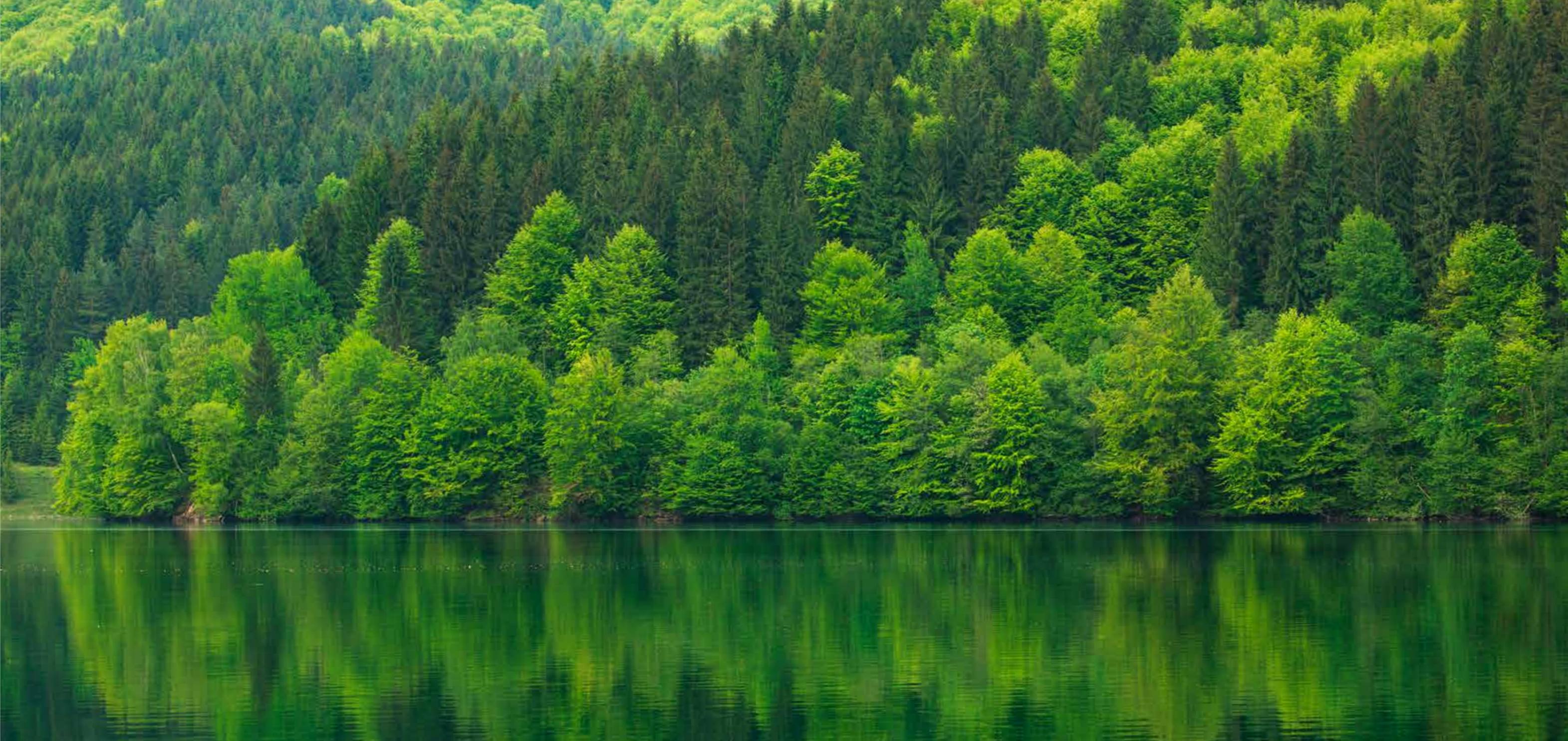
Kibar Group considers providing its stakeholders with accurate and timely information as its corporate responsibility. For this reason, stakeholder communication continues in a number of platforms specially designed for different stakeholder groups.



WE ENCOURAGE

our stakeholders

Since its establishment, Kibar Group has integrated its activities in accordance with universal principles, into its corporate culture. Evaluating economic growth together with the sustainability objective that covers economic, social and environmental elements together, Kibar Group acts with the responsibility and awareness of revealing the potential of its stakeholders in achieving sustainable development goals. The activities carried out within the scope of supply chain management in Kibar Group constitute an important part of corporate sustainability practices.



STAKEHOLDER GROUPS

Personnel	Group Companies	Customers	Dealers	Shareholders and Investors	Public Institutions	Academic Institutions
Annual Report (annual), UNGC (annual), Employee Satisfaction Research (2 years), Reputation Research (annual), Suggestion Systems (instant), Ethical Rules (continuous), Employee Training (continuous), Occupational Health and Safety Boards (continuous), Periodical Publications (continuous), Internal Information Announcements (instant), Web (continuous), Intranet (continuous)	Annual Report (annual), UNGC (annual), Employee Satisfaction Research (2 years), Reputation Research (annual), Suggestion Systems (instant), Ethical Rules (continuous), Employee Training (continuous), Occupational Health and Safety Boards (continuous), Periodical Publications (continuous), Internal Information Announcements (instant), Web (continuous), Intranet (continuous)	UNGC (annual), Reputation Research (annual), Code of Ethics (continuous), Web (continuous), Focus Group Studies (instant), Product / Brand / Market Research (annual), Customer / Consumer Support Lines (continuous), Satisfaction Measurement (annual)	UNGC (annual), Reputation Research (annual), Code of Ethics (continuous) Dealer Meetings and Research (annual), Periodical Publications (continuous), Web (continuous), Dealer Meetings and Research (annual)	Annual Report (annual), UNGC (annual), Reputation Research (annual), Code of Ethics (continuous), Web (continuous), General Assembly Meetings (annual), Information and Material Disclosures (instant), Roadshow and Investor Presentations (instant)	UNGC (annual), Reputation Research (annual), Code of Ethics (continuous), Audits (instant / annual), Web (continuous)	UNGC (annual), Reputation Research (annual), Web (continuous), Reviews (instant), University Collaboration
Non-Governmental Organizations And Trade Unions		Media			University Career Clubs / University Students	
UNGC (annual), Web (continuous), Memberships (continuous), Joint Projects (instant)		UNGC (annual), Web (continuous), Press Meetings and Statements (instant)			Surveys (instant), Joint Projects (instant), K-Team Young Talent Internship Program (annual)	

COMMUNICATION TOOLS AND FREQUENCY

SUSTAINABILITY in SUPPLY CHAIN

Kibar Group has a wide supplier network due to its size and portfolio of companies operating in different sectors. It shares its business ethics and corporate sustainability understanding with its supply chain, and therefore prefers long-term business agreements. In the joint purchasing structure of the Group, suppliers with high technology, energy efficient products and services are preferred and purchasing activities are carried out through a global supplier network.

Procurement Procedures developed in accordance with the United Nations Global Compact cover issues such as prohibition of child labor and forced labor, ensuring fair working conditions and reducing environmental impacts.

Before starting to work with suppliers, Kibar Group Framework Agreement is signed to ensure that critical sustainability priorities are adopted by suppliers.

All suppliers are expected to implement the Purchasing Ethics Code, which is an integral part of the Kibar Group Code of Ethics. The sustainability performance of the extensive supply network of close to 4500 active suppliers is continuously monitored and improved.

The framework agreements used in the Kibar Group include the following provisions under the title of "Ethical Rules and Legal Obligations".

- Kibar Group supplier;
- * Can not use force for employees to work in any way.
 - * Can not use child labor.
 - * Employees can not be subjected to physical punishment or physical, sexual, psychological or verbal abuse.
 - * No Kibar Group employee may be offered a bribe under any name or circumstance.
 - * Employees' wages, including salary and overtime, may not be lower than the minimum wage specified in applicable laws and regulations.
 - * In any employment decision, including recruitment, promotion, compensation, benefits, training, dismissal and termination, cannot discriminate employees based on race, ethnicity, language, religion, sexual preference, gender, political and ideological views.
 - * Provide a healthy and safe work

environment to its employees in order to prevent accidents and injuries.
* Be able to prove that it complies fully with all environmental regulations in all its activities.

When managing supply chains, Kibar Group companies demand the standards required by their sectors from supply chains within the framework of these principles. ISO 14001 Environmental Management System certificate is examined in Assan Hanil and İspak during supplier audits.

Kibar Group adopts local procurement practices as much as possible in order to increase the contribution of its activities to the national economy. In 2018, Kibar Group has 3,336 local suppliers and the local procurement rate is 76%.

All legal and environmental risks are included in the supplier risk assessment process. The supplier is expected to be able to prove that it fully complies with all legal regulations to protect the environment, human rights, health and safety conditions. For this purpose, certifications of suppliers are requested.

As a result of the assessments made



in 2018, there are no suppliers in the critical category due to their environmental and social impacts. No new suppliers have been identified, which should be subject to environmental and social auditing.



WE SHARE
for the communities

We continue to serve the society with our social responsibility approach.



WE SHARE

for the communities

In line with the "Through our understanding of social responsibility, we will continue to present what we have gained from this society to the service of this society" principle of Founder and Honorary President Asim Kibar, Kibar Holding and its affiliates carry out activities that contribute to the welfare of society.

SOCIAL BENEFIT INVESTMENTS

Kibar Education and Social Aid Foundation was established in 1999 in order to institutionalize the philanthropic activities of Kibar Group. Kibar Holding make significant investments in education, health and social life areas for our country under the umbrella of Kibar Education and Social Aid Foundation, while Group companies realize social responsibility projects that create value for the society.

Social benefit investments in education

More than 800 students have graduated from Asim Kibar Vocational and Technical Anatolian High School with 23 classrooms built in Istanbul by Kibar Group and started education in 2010. The activities carried out at the school to provide students with a sustainability culture are part of Kibar Group's sustainability efforts. In this context, information activities are carried out in the areas of environmental awareness, climate change and recycling. Domestic oil, paper and plastic materials are collected for recycling and delivered to the related units.

Throughout the year, teachers and students develop projects to meet the sheltering and feeding needs of stray animals in the vicinity.

Asim Kibar Vocational and Technical Anatolian High School is the first and only school that has a Barista Workshop in its region. In addition, the students who participated in many gastronomy and sports competitions at national and international levels achieved significant degrees.

Semiha Kibar Kindergarten, built by Kibar Group in Sariseki İskenderun district of Hatay in 2014, is the first and only kindergarten of the region. To date, 462 children have received pre-school education at the Semiha Kibar Kindergarten, which was built to provide quality preschool education to 36-69 months old children. In 2018, various improvements were made in the physical fields of the school by Kibar Holding.

For 3 years Semiha Kibar Kindergarten has been awarded with the White Flag for meeting the criteria set by the Turkish Ministry of National Education and the Turkish Ministry of Health in terms of hygiene and hygiene rules.

Between 2016- 2019, Semiha Kibar kindergarten has been awarded the title of Nutrition Friendly School Certificate within the scope of Turkey Healthy Eating and Active Life Program, "Gaining the habit of adequate and balanced nutrition and regular physical activity in the fight against obesity in schools" section.

Social Benefit Investments in Health

Semiha Kibar Organ Transplantation and Dialysis Hospital, which was built by Kibar Holding within the campus of Erciyes University in Kayseri, commenced service in 1995. The hospital is established on an area of 920 m²; and consists of 6100 m² closed area spread over 7 floors, 180 m² patient reception and consultation area, 2 operating rooms, 2 sterile rooms, anesthesia and intensive care control room, blood bank, 3 polyclinics, laboratory, x-ray room, meeting and seminar room for 40 people, data processing center and a cafeteria area serving in a 200 m² outdoor terrace area.

There are 41 rooms and 89 patient beds under the Inpatient Service, Hemodialysis Unit, Peritoneal Dialysis Unit, General Nephrology Polyclinic and Transplantation Polyclinic departments in the hospital where 95 healthcare personnel serve. The hospital has all the necessary follow-up and treatment

facilities without the need for referral to a different center due to kidney disease. Semiha Kibar Organ Transplantation and Dialysis Hospital, where regular follow-up of kidney transplant patients is made, included Hypertension Clinic and Outpatient Treatment Center in 2013 and became one of the comprehensive hospitals in the field of nephrology in our country.

Semiha Kibar Organ Transplantation and Dialysis Hospital has provided organ transplantation to more than 1,000 patients and dialysis service to more than 5,000 patients to date.

Semiha Kibar Organ Transplantation and Dialysis Hospital, which has TSE-ISO EN 9001 certificate where Waste Management System is available, is an important medical center which is exemplary in our country with its academic studies.

Social Benefit Investments in the Field of Social Life

Asim Kibar Cultural Center, which was built by Kibar Holding in the İskenderun district of Hatay in 2013 and covers an area of 3000 m², organizes meetings, concerts, educational activities and entertainment organizations. 456,000 people benefited from 2780 events by the end of 2018.



Semiha Kibar Practice Hotel, which was built by Kibar Holding in Istanbul and started its activities in 2012, is the first in the region. The hotel is designed to provide practice training by experts, for students in the field of hospitality and tourism. To date, over 25,000 guests have been hosted, enabling 2,400 students to gain experience. With the Semiha Kibar Practice Hotel, it is aimed to benefit the tourism sector of our country.

Semiha Kibar Social Life Center, which was built by Kibar Holding in Istanbul in 2011 and transferred to Tuzla Municipality, stands out with its moon-star-like architectural structure. In Semiha Kibar Social Life Center, which has 2 conference halls and a digital library with a capacity of 550 people in an area of 2,200 m², 240 conferences have been held so far and 72,000 visitors have participated in these conferences.

In the Semiha Kibar Social Life Center, 360,000 people were served in the restaurant area and 36,000 people were provided access to the library.

The wastes generated in the Semiha Kibar Social Life Center are separated and recycled through the related units.

SOCIAL RESPONSIBILITY

KIBAR Volunteers

In 2018, a corporate volunteering program was launched under the name of Kibar Volunteers in order to ensure that all Kibar Group employees voluntarily participate and work in solidarity with the environment and the public interest. During the process, a Founding Executive Committee consisting of Kibar employees was formed, areas of volunteerism and participation processes were determined, and a questionnaire was organized for the employees to determine the field they want to participate in volunteering activities. The website of kibargonulluleri.com where employees can access 24/7 in digital environment has been prepared.



Assan Foods carried out activities to investigate the living conditions of seasonal agricultural workers. With the participation of the employees, stationery and clothing were provided for the school-age children of seasonal employees. Furthermore, packages of special hygiene and cleaning materials were distributed to seasonal agricultural workers who came to work during the tomato season.

Assan Foods continues its efforts to expand the planting areas in the region where it operates. In this context, trainings are organized for farmers. The smart agricultural practices are explained to the farmers and the farmers are able to keep up with the developing technologies.

Assan Hanil organized an event for the benefit of children in need during International Women's Day on the 8th of March. A workshop was organized to prepare organic toys for children in need. Toys were delivered to a kindergarten in Izmit under Turkish Ministry of Family, Labor and Social Services. In addition, the donation made to TOÇEV in 2018 covered one month education expenses of 86 students.

The Vetro 2.0 Project was initiated by Assan Hanil in order to train qualified human resources to increase the

competitiveness of the region and to contribute to Kocaeli's vision of industrial transformation. With the trainings given within the scope of the project, it is aimed to make the students more technically equipped. The project, which was launched in 2018, is planned to last for one and a half years. During this period, 64 students and 16 teachers will be trained in intelligent production systems. Students who have technical background and pass the interviews will benefit from the internship opportunity at the end of the process. In the last 3 years, one-month education expenses of 221 students have been met on behalf of customers.

Assan Alüminyum is working with vocational high schools in Tuzla and Dilovası to provide interns. In this way, students contribute to the development of career plans, gaining work experience and improving their social conditions.



For detailed information about Kibar Holding Sustainability Report, you can contact Kibar Holding Corporate Communications.

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We thank for their contributions during the reporting process.

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Design : Being Çözüm



PERFORMANCE INDICATORS

Employee Demographics			
Employees	2016	2017	2018
Total number of employees	3.175	3.345	3.382
White collar female employees	197	219	219
White collar male employees	463	495	508
Blue collar female employees	204	206	193
Blue collar male employees	2.311	2.425	2.462
Total number of female employees ¹	401	425	412
Total number of male employees ¹	2.774	2.920	2.970
Employees by age groups			
Below 30	909	912	1.004
30-50	2.188	2.347	2.318
Above 50	78	86	60
Total number of executives*			
Female	27	31	28
Male	130	127	121
Female executive ratio (%)	17	20	19
Parental Leave			
Number of employees on maternity leave	14	19	16
Number of employees on paternity leave	212	227	245
Number of employees returning from maternity leave	9	15	16
Number of employees returning from paternity leave	198	211	241

* covers job titles manager and above

Employee Development			
Trainings	2016	2017	2018
Employee trainings- number of participants			
Blue collar	2.076	2.185	2.427
White collar	489	532	581
Female	350	354	400
Male	2.215	2.363	2.608
Employee trainings- Total hour			
Blue collar	2.067	1.803	2.857
White collar	8.820	8.838	8.003
Blue collar males	43.675	47.336	43.325
White collar male	17.867	17.406	16.293
Total	72.429	75.383	70.477
Suggestion systems			
Suggestions made	1912	2223	3.305
Suggestions realized	472	615**	1.077
Employees under performance review The number of employees under performance review			
Blue collar female	61	82	97
White collar female	138	175	196
Blue collar male	1.156	1.455	1.723
White collar male	324	396	469
Total	1.679	2.109	2.485

** Assan Hanil is excluded

Occupational Health and Safety			
Injury Rate	2016	2017	2018
Direct employees			
Female	4,87	6,52	9,86
Male	12,10	14,65	16,13
Contractors			
Female	9,82	3,80	0,00
Male	16,25	23,26	14,17
Accident severity rate			
Direct employees			
Female	0,21	0,04	0,05
Male	0,13	0,14	0,25
Contractors			
Female	0,05	0,01	0,00
Male	0,01	0,11	0,16
Occupational Disease Rate			
Direct employees			
Female	0	0	0
Male	0	0	0
Contractors			
Female	0	0	0
Male	0	0	0
Fatal accidents			
Direct employees			
Female	0	0	0
Male	0	0	0
Contractors			
Female	0	0	0
Male	0	0	0

Occupational Health and Safety Trainings			
	2016	2017	2018
Total OHS training hour for employees	36.719	40.980	41.476
Total OHS training hour for contractors	4.015	4.481	5.507
Number of employees participated to OHS trainings	8.063	5.482	9.275
Number of contractors participated to OHS trainings	2.017	1.371	3.454

Occupational Health and Safety Governance			
	2016	2017	2018
Number of OHS Committees	7	8	10
Number of OHS Committee members	55	55	110
Number of employee representatives at OHS committees	7	8	18

Environmental Performance Indicators*			
Natural resource use	2016	2017	2018
Total amount of production (ton)*	402.154	404.471	420.991
Total amount of natural resources used (ton)	579.487	582.888	600.020
Recycled/reused input materials	88.727	105.134	136.177
Recycled/reused input materials (%)	15%	18%	23%
Reclaimed packaging material (ton)	3.781	4.016	4.071
Total water consumption (m³)	1.295.515	1.213.180	1.245.182
Recycled/reused water (ton)	232.000	250.000	270.000
Water intensity (m³/1.000.000 TRY)	372	262	196
Waste Management			
Hazardous waste (ton)	8.723	9.074	12.551
Energy recovery	76	923	52
Recovery	8.255	7.928	12.244
Landfill	383	221	250
Incineration	5	0	0
Other	2,76	2,50	4,41
Non-hazardous waste (ton)	9.595	10.992	8.369
Energy recovery	103	1.289	0
Recovery	7.616	7.784	7.287
Landfill	1.299	1.570	715
Incineration	0	0	0
Other	577	348	366

*Environmental performance indicators were recalculated in 2018
 ** Excludes Assan Hanil where production is monitored units.

Fight against climate change			
Direct energy consumption (GJ)	2016	2017	2018
Natural gas	2.003.650	2.114.694	2.090.748
Coal	136.758	125.782	150.936
Total direct energy consumption	2.140.408	2.240.476	2.241.684
Indirect energy consumption (GJ)			
Electricity	698.988	776.264	779.306
Total indirect energy consumption	698.988	776.264	779.306
Total energy consumption (GJ)	2.839.396	3.016.740	3.020.990
Energy intensity (GJ/1.000.000 TRY)	815	650	475
Management Approach			
Environmental trainings (total hour)			
Trainings for employees	616	1.375	5.798
Trainings for contractors	231	302	1.277
Saplings planted	870	164	595

Economic Performance Indicators			
	2016	2017	2018
Net sales (TRY)	3.485.291.103	4.638.564.972	6.363.974.211



GRI CONTENT INDEX

GRI CONTENT INDEX	
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102-4	About Kibar Holding, page 10-11; Kibar Group page 12-15
102-5	https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/sirketbilgileri/12030
102-6	Kibar Group, page 12-15; Exports, page 34
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102-8	Human Resources page 33; Performance Indicators page 86
102-9	We Encourage our Stakeholders, page 74; Sustainability in Supply Chain, page 77
102-10	GRI Content Index: There are no significant changes in reporting period.
102-11	Risk Management, page 17
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1 For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented. This service was performed on the Turkish version of this report.

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102-40	Stakeholder Groups, page 76
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102-51	https://www.kibar.com/tr-tr/surdurulebilirlik/surdurulebilirlik-raporu
102-52	GRI Content Index: Reporting is annual
102-53	Contact - Back cover
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102-55	About the Report, page 5
102-56	GRI Content Index: there is no external assurance

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	306-3	GRI Content Index: No spill incidents occurred during the reporting period.
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	103-3	We Care for Next Generations, page 63
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GRI 405: Diversity and Equal Oppurtunity 2016	405-1	Performance Indicators, page 86
	405-2	GRI Content Index: Kibar Holding and its affiliates employ "equal work-equal pay" understanding. There are no gender-based wage differentiation.
GRI 406: Anti-Discrimination 2016	406-1	GRI Content Index No discrimination incident occurred during the reporting period.

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GRI 416: Customer Health and Safety 2016	416-2	GRI Content Index: There are no cases of non-compliance in the reporting period.
GRI 417: Marketing and Labelling 2016	417-1	Product and Service Quality, page 49-50
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MEMBERSHIPS AND COOPERATIONS



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