



ECZACIBAŞI GROUP SUSTAINABILITY REPORT 2013

Towards a Healthy, High Quality and Sustainable Future

The Eczacıbaşı Group embraces the World Business Council for Sustainable Development's (WBCSD) vision of sustainable development, which is "a comprehensive approach with economic, environmental and social dimensions which seeks to establish a balance between the needs of the business world and people and the availability of natural resources to ensure that current activities do not threaten the world's future." We believe that business will lead the change towards healthy ecosystems, dynamic economies, and happier, more prosperous societies.

A UN Global Compact signatory and member of WBCSD, the Eczacıbaşı Group has been reporting on its sustainability performance since 2008. The Group's sustainability reporting parameters are harmonized with the Global Reporting Initiative (GRI) reporting framework.

PricewaterhouseCoopers (PwC) has provided limited assurance on the consolidated energy consumption figures of Eczacıbaşı Group industrial operations in Turkey since 2009.

This is the second report in which we provide an executive summary of specific sustainability targets and progress made, in line with our commitment to maintaining transparent communication of our sustainability performance with stakeholders.

Contents



Joint Statement from the Chairman and CEO	2
Eczacıbaşı Group Environmental Highlights	4
Challenges, Opportunities and Priorities	6
Eczacıbaşı Group Sustainability Performance 2010-2013	7
Eczacıbaşı Group Financial Highlights	9
Targets, Projects and Performance	12
Materiality	24
Stakeholder Engagement	26
Eczacıbaşı Group's Energy and Carbon Reporting Guidance	36
Independent Assurance Report	38
Reference Guide to UN Global Compact Principles	40

Joint Statement from the Chairman and CEO



Since signing the UN Global Compact in 2006, we have firmly committed our businesses to aligning their operations with widely accepted sustainability principles. Our goal is to make sustainability a core consideration in every business decision – from product design to marketing. Not only do we believe this is the only way of ensuring a meaningful quality of life for our customers today and tomorrow, we are also certain that it will increase our competitiveness and long-term profitability.

For this reason, in early 2014 we introduced six key performance indicators (KPIs) in the area of resource efficiency, gender equality, and occupational health and safety for our operations in Turkey. These KPIs will motivate our companies to surpass the achievements they made in all three areas over the last three years and provide clear guidelines to them about our expectations.

In 2010 – one year after we began to measure the carbon footprint of the Eczacıbaşı Group's industrial operations in Turkey – we set ourselves two energy targets for the period 2011-2013: a 6 percent reduction in the per-ton energy consumption of our industrial operations in Turkey and a 15 percent reduction in the consolidated energy consumption of our administrative and commercial buildings in Turkey. Subsequently, we added a 6 percent per-ton reduction target for water.

Over the next three years, our companies implemented dozens of projects aimed at reducing the environmental impact of their operations through greater resource efficiency, waste recovery, creative logistical restructuring, and product designs aimed at improving our customers' environmental footprint. Through efficiency projects, our industrial operations and buildings saved an estimated 282 thousand tons of water and 73 thousand MWh equivalent of energy, this way preventing 22.3 thousand tons of carbon emissions.

As a result, our industrial operations in Turkey were able to reduce their per-ton energy and water consumption by respectively 5.5 and 13.9 percent between 2011 and 2013. Over the same period, our administrative and commercial buildings in Turkey cut their combined energy consumption by 15.6 percent in absolute terms.

To achieve further improvements in energy and water efficiency, we have set a KPI for our companies that requires them to reduce their per-ton energy and water performance by 4 percent between 2014 and 2016.

In tandem with efforts to reduce our impact on the environment, we expressed our commitment to greater gender equality in our operations. In 2011, we announced a policy for our operations in Turkey giving precedence to women among recruitment candidates of equal strengths and attributes. We followed this up by joining a number of national and international civil initiatives to empower women in business, agreed to – and passed – an independent audit of our human resources policies, introduced flexible work schedules in our operations in Turkey, and initiated an obligatory training program on gender equality.

To underline the priority we give to increasing the share of women in our operations in Turkey, we are asking our companies in Turkey to raise the share of women recruited to professional positions every year. Aware that Turkey's labor markets present challenges for Group companies seeking to fill positions in sales, production and logistics with highly-skilled women candidates, we have asked our human resources teams to ensure more women apply for positions that are traditionally considered to be jobs for men.

Occupational health and safety has been another focus of our sustainability efforts during the past three years. Here, we asked those of our manufacturing operations that had not yet certified their environmental and occupational health and safety management systems to complete this task by end-2013 and initiated two large projects that will advance our goal of attaining the best OHS record in our industries in the years ahead.

For the period between 2014 and 2016, we expect our companies to steadily lower their injury rates and develop plans to eliminate, or at least greatly reduce, risks in the workplace. Supporting their efforts in this area is our newly established company, Eczacıbaşı Occupational Health and Safety Services, which is providing a wide range of preventative health and safety services in accordance with new regulations governing workplace health and safety.

Recognizing how sustainability principles can enhance brand value and unleash creative power, we improved the link in our operations between innovation and sustainability with the launch of the Vitra Innovation Center and established a new Group-wide award specifically for projects contributing to sustainable growth and consumption. We also encouraged companies to analyze the lifecycles of their key products and communicate their sustainability credentials forcefully to customers and other stakeholders. We spurred employee dialogue about sustainable development issues and encourage sustainable lifestyle choices via our award-winning internal communication platform, "Be Green".

Additionally, we continued to encourage our companies to develop sustainable products and services and inform customers and other stakeholders of their sustainable credentials, two areas where we made significant progress over the last three years.

A leader in this field is our flagship building products brand, Vitra, which became the first in Europe to prepare an Environmental Product Declaration for ceramic sanitary ware and the first in Turkey to earn the right to use the prestigious Ecolabel and

Greenguard label on many of its tile series. Most recently, our faucet and fitting brand for the Turkish market, Artema, became the first in Turkey to register its products with the European Water Label System and openly display the water performance of its products on packaging, this way enabling consumers to make better choices. Another leader in its industry is Kanyon, our award-winning shopping, office and residential facility in Istanbul, which became the first in Turkey and 16th worldwide to receive an excellent BREEAM rating as well as a BREEAM award.

Looking ahead, we aim to expand our engagement with suppliers and customers on sustainability issues while continuing our efforts in the areas above, so as to promote sustainable systems and solutions throughout our value chains and – more ambitiously – in our industries. In this regard, we will continue to develop our collaboration with service providers, national authorities and competitors to further develop sustainable logistics solutions.

We will also step up communication with customers about the environmental threats facing our planet and the changes they can make in their lifestyles and consumption choices to lessen their own impact. Clearly, eco-conscious consumers are the key to our success: the greater their community and clout, the faster our transformation to sustainable business models and products.



Bülent Eczacıbaşı
Chairman



Dr. Erdal Karamercan
President and CEO

Eczacıbaşı Group Environmental Highlights

Statement of Energy Consumption and Carbon Emissions in Turkey

*Total energy consumed by the Group's industrial sites in Turkey and resulting carbon emissions. Full details of data content and the basis for preparation can be found in the Energy and Carbon Reporting Guidance section of this report. This data, which comprises the "Selected Information", has received limited assurance from PwC, details of which are provided in the Independent Assurance Report on page 38.

Energy Consumption (MWh)*

2008	1,165,974
2009	1,058,705
2010	1,283,221
2011	1,389,423
2012	1,571,610
2013	1,504,091

Carbon Emissions (ton)*

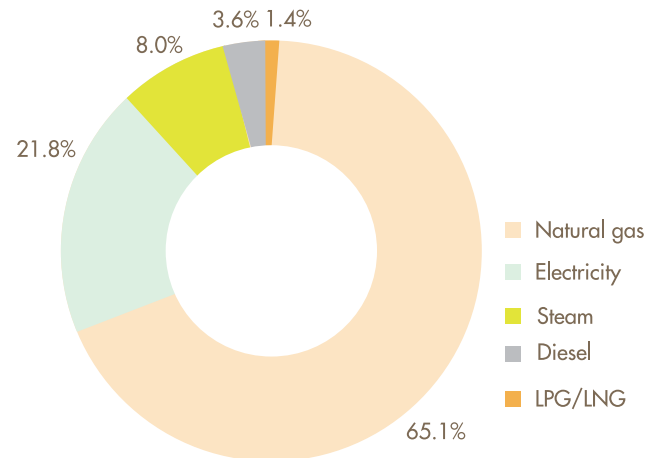
2008	287,395
2009	262,582
2010	323,137
2011	348,299
2012	406,772
2013	398,690

Water Consumption (m³)*

2008	1,935,959
2009	1,661,588
2010	2,793,345
2011	3,044,729
2012	3,910,676
2013	4,045,821

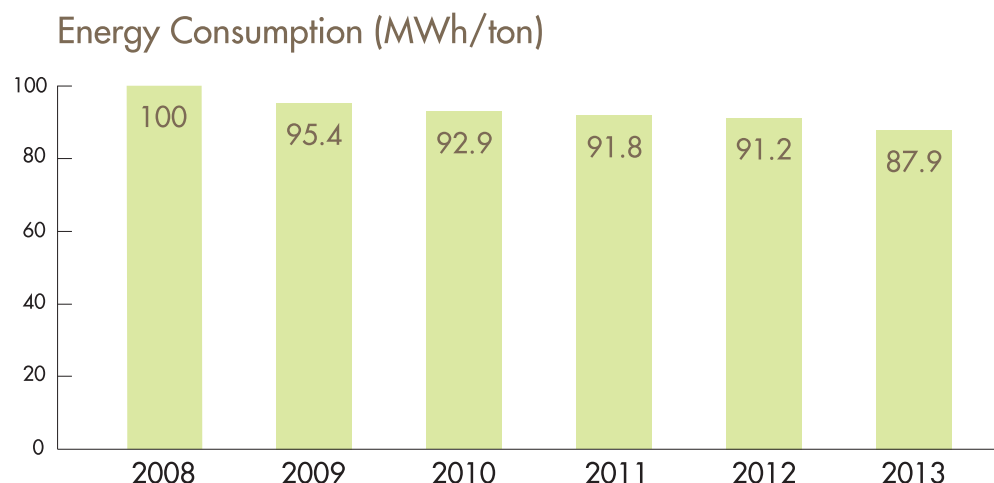
*Total water consumed by the Group's industrial sites in Turkey.

Energy Consumption by Source* (% in MWh equivalent)

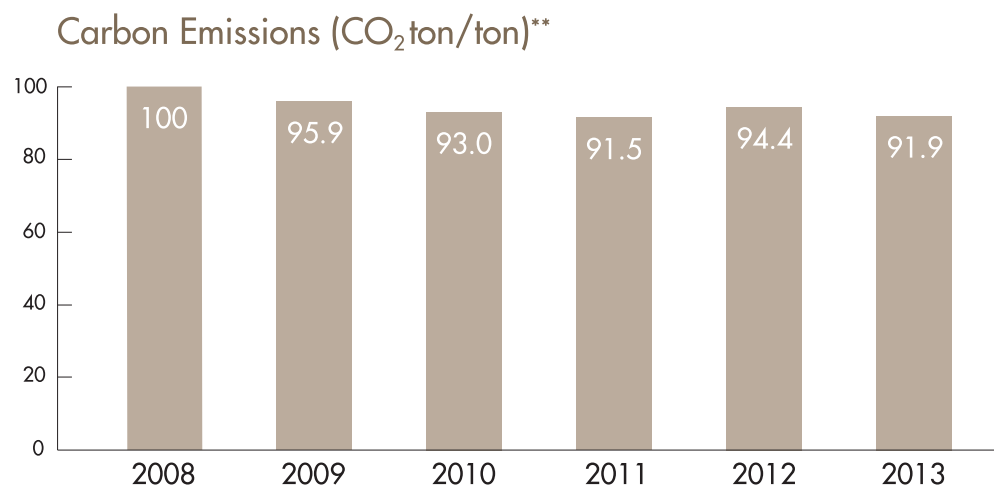


*Total energy consumed by the Group's industrial sites in Turkey.

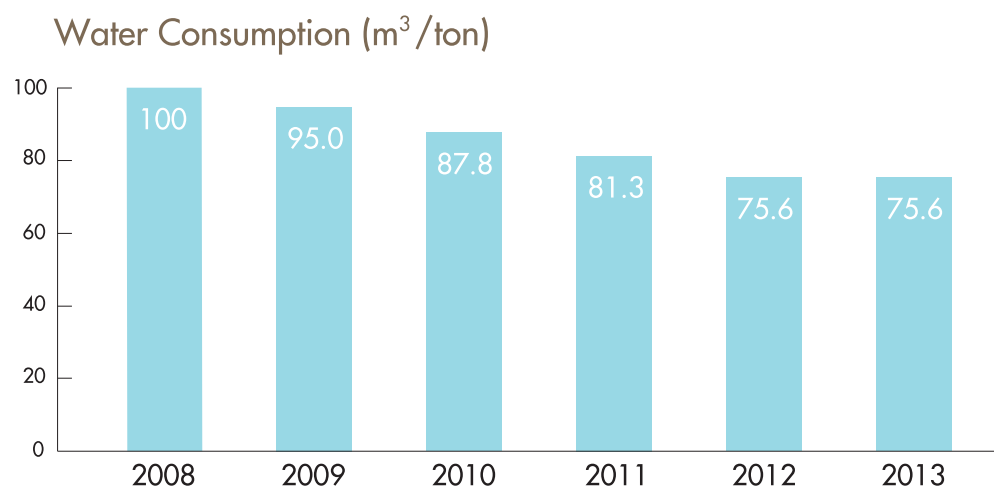
Energy, Carbon Emissions and Water per ton-equivalent of Output*



*Per ton data for industrial sites in Turkey does not include Esan Eczacıbaşı Industrial Raw Materials because it accounts for close to 75 percent of total output on a ton basis, so small changes in its output can have a disproportionately large impact on per ton data. Per ton data for previous years has been adjusted to reflect changes in assets and facilitate comparison between years.



**This year we began to use the new conversion factor for electricity set out in the 2012 Guidelines to Defra. Accordingly, we have applied this new factor to our carbon emissions data for the years 2012 and 2013.



Challenges, Opportunities & Priorities



Our sustainability strategy

The Eczacıbaşı Group is committed to designing and implementing business strategies that improve its long-term economic performance, enhance the wellbeing of society, and contribute to the sustainable use of natural resources. To this end, Eczacıbaşı Group companies are endeavoring to incorporate sustainability principles into every business process, from the procurement of raw materials through to the design of products and services, marketing and distribution; to strengthen their communication with stakeholders to understand better their values and expectations and promote sustainable solutions; and to attract, motivate, train and retain the human resources that will drive this transformation.

To achieve these goals, we have determined a set of medium-term priorities based on our evaluation of the risks and opportunities our companies face, the expectations of our stakeholders, and our most pressing concerns (see Materiality on page 24). These priorities can be grouped into five main categories, each with associated medium to long-term economic gains:

1. Eco-efficiency →

reduce costs and increase productivity.

2. Sustainability-led innovation →

obtain and maintain competitive advantage by offering sustainable and innovative products and services to a growing base of eco-conscious consumers.

3. Sustainability communications →

increase brand and corporate value.

4. Excellence in health and safety →

achieve operational efficiency, top quality standards and employee satisfaction.

5. Gender equality →

unleash new vision and leadership talent.

To ensure our progress in all five areas, particularly in Turkey – the base of most of our operations – we have developed a number of incentives for managers and employees, including:

- Key performance indicators
- Agenda items on strategic business plans
- Events
- Incentives, awards and competitions to recognize and reward teams for successful sustainability projects.

Eczacıbaşı Group Performance Highlights 2010-2013

	Aim	Timeline	Progress
	Integrating new sustainability objectives into key performance indicators of companies in Turkey	2013	 Achieved
	Reducing the per ton energy consumption of our industrial sites in Turkey by 6 percent and implementing efficiency projects	2011 - 2013	 Nearly achieved
	Reducing the per ton water consumption of each of our industrial sites in Turkey by 6 percent and implementing efficiency projects	2011 - 2013	 Achieved
	Reducing the consolidated energy consumption of our administrative and commercial buildings in Turkey by 15 percent	2011 - 2013	 Achieved
	Scaling up our sustainability drive across our value chain, especially through green procurement	2012 - Continuous	 Ongoing
	Creating awareness of green brands and sustainable consumption habits among our employees through training and communication programs	2012 - Continuous	 On target
	Introducing new, innovative and eco-certified green brands/products in our product lines in the Consumer Products and Building Products Divisions	2010 - Continuous	 On target
	Increasing the percentage of women among new recruits in Turkey to 50 percent	2011 - 2016	 Ongoing
	Developing and improving our community programs	Continuous	 On target
	Integrating and advancing workplace accident detection, diagnosis and prevention programs in Group companies' health and safety systems	2011 - 2016	 On target
	Providing better hygiene conditions and facilities in 30 boarding schools in Turkey	2011 - 2016	 On target

Our sustainability management

Our sustainable development working groups represent the backbone of our organizational structure for initiating, developing and monitoring sustainable development activities throughout the Group. Comprising more than 60 people from diverse functions across our organization, these working groups promote sustainable growth throughout the Group by collecting and evaluating data, sharing best practices, recommending ways to improve performance, and enhancing awareness and understanding of sustainable development issues, particularly among decision-makers. The working groups are also responsible for developing relations with business NGOs working on sustainable development issues and taking an active role in their committees and initiatives.

The **Environment Working Group** is primarily responsible for determining which environmental indicators are material to the Group's operations, then coordinating with companies to collect and evaluate this data on a quarterly basis.

The four tasks of the **Energy Efficiency in Buildings Working Group** are to evaluate current energy and water use in the Group's administrative and commercial buildings, establish minimum performance levels, determine energy efficiency targets, and undertake training and awareness campaigns.

The goal of the **Product Responsibility Working Group** is to assist the Group develop products and services that contribute to sustainable lifestyles by monitoring consumer and market trends, innovations and emerging technologies, and communicating this information to relevant companies.

In 2010, we established the position of **Vice President of Sustainable Development** reporting directly to the President and CEO, responsible for coordinating sustainable development activities throughout the Group, is the first of its kind in Turkey. Corporate Communications and Sustainable Development at the Eczacıbaşı Group's headquarters coordinate the initiation, development and monitoring of sustainable development activities and represent the Group in various civil society and international organizations pursuing sustainability-related agendas.

Organizational structure of the Eczacıbaşı Group

The Eczacıbaşı Group is a professionally managed group of 41 affiliated companies directed by our parent company, Eczacıbaşı Holding. The primary functions of Eczacıbaşı Holding are to develop our Group's long term goals and business strategy and coordinate Group resources and investments accordingly.

Eczacıbaşı Holding's executive structure reflects the priority we give to encouraging management participation at the highest level of the decision-making process. Eczacıbaşı Holding's Board of Directors has eight members, including five independent directors.

Under the leadership of this Board, we have an Executive Steering Committee with broad responsibility and authority on Group management decisions. This committee comprises the chairman and two vice-chairmen of the Board of Directors and the vice presidents of Eczacıbaşı Holding's main operational and functional divisions. Its core functions are to approve investments and annual budgets submitted by Group companies, to monitor progress in both areas, and to recommend measures for ensuring that targets are met. The Executive Steering Committee is supported in these responsibilities by a number of sub-committees involving the senior management of Group companies. These committees cover key management issues: auditing, new business development, human resources; planning, finance and investments; corporate communications; and the coordination of company activities within core business divisions.

Five Eczacıbaşı Group companies are open to the public: Eczacıbaşı Pharmaceutical and Industrial Investment Co., Eczacıbaşı Building Products Co., Intema Building Materials Marketing and Sales Co., Eczacıbaşı Investment Holding Co. and Eczacıbaşı Investment Partnership Co. All of these companies publish their corporate governance principles in their year-end annual reports, which are available through our corporate website. www.eczacibasi.com.tr

Eczacıbaşı Group Financial Highlights*

(TL Million)

	2012	2013
TOTAL NET SALES		
Building Products	2,246.9	2,450.7
Healthcare	542.3	620.3
Consumer Products	1,220.8	1,273.0
Other Products and Services	1,943.1	2,391.3
Eczacıbaşı Group	5,953.1	6,735.3
INTERNATIONAL SALES		
Building Products	1,249.3	1,347.7
Healthcare	18.3	56.0
Consumer Products	121.0	147.9
Other Products and Services	505.8	653.2
Eczacıbaşı Group	1,894.3	2,204.8
EBITDA		
Building Products	158.9	175.3
Healthcare	46.5	42.7
Consumer Products	83.2	56.2
Other Products and Services	184.7	274.3
Eczacıbaşı Group	473.3	548.4

*Combined results of Group companies

Eczacıbaşı Group at a Glance

Building Products Division

- Eczacıbaşı Building Products Co.
- Burgbad AG
- Vitra Tiles Co.
- Vitra Tiles LLC (Russia)
- Engers Keramik GmbH & Co. KG
- V&B Fliesen GmbH
- İntema Building Materials Marketing and Sales Co.
- Vitra Ireland Ltd.
- Vitra (UK) Ltd.
- Vitra Bad GmbH (Germany)
- Vitra USA Inc.
- Vitra Bath and Tiles JSC (Russia)

Business areas

- Sanitary ware
- Sanitary fittings
- Ceramic tiles
- Kitchen & bathroom furniture
- Acrylic bathtubs & shower trays
- Fillers & adhesives

Healthcare Division

- Eczacıbaşı-Baxter Hospital Supply Co.
- Eczacıbaşı-Monrol Nuclear Products Co.
- Eczacıbaşı Pharmaceuticals Marketing Co.
- Eczacıbaşı Pharmaceuticals Trading Co.
- Eczacıbaşı Health Services Inc.
- Eczacıbaşı Occupational Health and Safety Services
- Eczacıbaşı Health Care Products JSC (Russia)
- Capintec Inc.
- MoHImage Molecular Imaging Co.

JV partners

- Baxter
- Bozlu Group

Business areas

- Ethical drugs
- Dietary supplements
- IV solutions
- Non-Rx products
- Hospital supplies
- Dialysis treatment
- Home healthcare services
- Occupational health and safety services
- Radiopharmaceuticals
- Pharmaceutical active ingredients
- Radiation measurement and protection equipment

Consumer Products Division

- İpek Kağıt Tissue Paper Co.
- İpek Kağıt Kazakhstan LLP
- Eczacıbaşı Girişim Co.
- Eczacıbaşı-Schwarzkopf Professional Hairdresser Products Co.
- Eczacıbaşı Hygiene Products Co.
- Eczacıbaşı Profesyonel

JV partners

- Schwarzkopf

Business areas

- Tissue paper products
- Cosmetics
- Wet wipes
- Personal care products
- Baby care products
- Household cleaning products
- Away-from-home products

Finance

- Eczacıbaşı Securities Co.
- Eczacıbaşı Asset Management Co.
- Eczacıbaşı Investment Holding Co.
- Eczacıbaşı Investment Partnership Co.
- Eczacıbaşı Pharmaceutical and Industrial Investment Co.

Business areas

- Finance investment

Information Technology

- E-Kart Electronic Card Systems Co.
- Eczacıbaşı Information and Communication Technologies Co.

JV partners

- Giesecke & Devrient

Business areas

- IT
- E-card systems

Welding Technology

- Eczacıbaşı-Lincoln Electric Askaynak Co.

JV partners

- Lincoln Electric

Business areas

- Welding consumables and equipment

Mining

- Esan Eczacıbaşı Industrial Raw Materials Co.
- Esan Italia Minerals SRL

Business areas

- Industrial raw materials

Other Products and Services

- Kanyon Management and Marketing Ltd.
- Ekom Eczacıbaşı Foreign Trade Co.
- Eczacıbaşı Property Development and Investment Co.
- Yapı-İş Real Estate and Construction Co.
- Eczacıbaşı Insurance Agency Co.

JV partners

- İş REIT

Business areas

- Finance investment
- Foreign trade
- Insurance
- Property development and facility management

Targets, Projects & Performance



Over the past five years, the Eczacıbaşı Group has extended the focus of its sustainability projects from resource efficiency to sustainable product development, human capital and, most recently, logistics.

Over the past five years, the Eczacıbaşı Group has extended the focus of its sustainability projects from resource efficiency to sustainable product development, human capital and, most recently, logistics.

Initially, we focused on energy and water because we recognized we could use both of these major operational inputs more efficiently to improve our bottom line, reduce our risk and improve our environmental footprint. After three years of very significant savings, however, the marginal return on new energy and water efficiency projects has naturally begun to decline.

Sustainable product development was a logical next step for our sustainability strategy, because it extends our environmental commitment to consumers and obliges us to address and, if needed, redress the impact of our products during use and disposal. By shifting our design focus to resource savings throughout product life cycles, it also provides new sources of inspiration and benchmarks for employees involved in product design, R&D and innovation.

In tandem with our commitment to reducing the environmental impact of our operations and products, we are strengthening our ability to attract, retain and develop the best human capital available. Initially, we are focusing on health and safety and gender equality, two areas where we can and should improve our performance in the short term to reduce our risks and improve our long-term profitability.

Logistics, our newest field of focus, reflects our commitment to promoting sustainable business throughout our value chains, starting with the transport of our inputs and finished products in Turkey and abroad.

Energy

Since 2010, when we asked our companies to reduce their per-ton energy consumption by 6 percent over the subsequent three years, Eczacıbaşı Group companies have carried out dozens of projects that have saved them close to 73 thousand MWh of energy and prevented corresponding carbon emissions of 22 tons.

In 2013, our industrial operations carried out some 20 projects targeting energy efficiency in production, lighting and logistics. The largest of these was Vitra Tiles’ project to increase the firing energy efficiency of its roller kilns by reducing chimney temperatures. This project alone is expected to save the company’s tile operation at the Bozüyük complex about 1.2 million cubic meters of natural gas per year, with a correspondent reduction in CO₂ emissions of close 2.3 thousand tons annually.

Another major project in the Building Products Division redesigned the stacking system for ceramic sanitary ware tunnel kilns to save some 550 thousand cubic meters of natural gas and just over 1,000 tons of CO₂ emissions per year. Notably, these savings were achieved at zero cost since the project did not require any investment in machinery or infrastructure.

Vitra Tiles’ project is the latest of numerous major waste heat recovery projects undertaken by our Building Products Division since 2003, when Eczacıbaşı Building Products (Vitra) became the first sanitary ware producer in Turkey to install heat recovery systems on the stacks of its tunnel kilns.

Between 2010 and 2013, the Eczacıbaşı Group’s Building Products Division undertook many large projects to reduce or recover waste heat from the heating and cooling processes of its sanitary ware and tile plants in Turkey and abroad. Projects of this kind have facilitated natural gas savings of close to 7 million cubic meters annually since 2010, an amount associated with more than 13 thousand tons of carbon emissions.

Dust extraction is another area where we are improving our energy efficiency. In November 2013, Burgbad installed a new extraction system at its Bad Fredeburg plant that significantly reduces energy use and operating costs while increasing capacity by half. The new system is equipped with innovative control technology that enables each machine to determine its own capacity, leading to an 82 percent improvement in efficiency.

Burgbad estimates that the new system will generate combined natural gas and electricity savings of 1,275 MWh per year, preventing close to 250 tons of carbon emissions annually.

In 2013, several of our manufacturing operations also continued to find ways to improve the efficiency of their electricity use for lighting, machinery operation and air conditioning. Projects of this kind generated savings of close to 1.5 thousand MWh in 2013, preventing some 700 tons of carbon emissions.



2011-2013 Targets

6 percent reduction in the per-ton energy consumption of Eczacıbaşı Group industrial sites in Turkey; 15 percent reduction in the total energy consumption of administrative and commercial buildings in Turkey

Performance

5.5 percent reduction in per-ton energy consumption; 15.6 percent reduction in the energy consumption of administrative and commercial buildings

2014-2016 Target

4 percent reduction in each industrial operation’s per-ton energy consumption (KPI)



Annual Savings from Energy Projects

	2011	2012	2013	Total
Energy ('000 MWh)	30.0	16.6	27.7	74.0
CO ₂ ('000 Tons)	6.5	8.0	8.6	23.0

Growing interest in renewable energies

Initially, our companies were able to achieve significant energy savings with minimal investment outlays.

By 2013, however, they had taken advantage of the easiest opportunities to improve their energy efficiency, making it much more difficult and costly to attain the savings levels of earlier years. For this reason, our companies have begun looking for ways to offset or replace fossil fuel-based energy with renewable energy.

In a first significant project to expand our use of solar energy from natural lighting and water heating to electricity production, our mining operation Eczacıbaşı Esan installed 500 kilowatts of photovoltaic panels on the roof of its storage depot

in Güllük, Milas, Turkey. The largest photovoltaic auto production investment of its kind in the region, the project is expected to reduce Esan's consumption of electricity generated from non-renewable fuels by 760 MWh per year, with a corresponding reduction in carbon emissions of 390 tons.

Eczacıbaşı Esan aims to expand its use of renewable energy to other facilities in the years ahead.

Rethinking our vehicle fleets and transport routes

Logistics is another area where companies are continuing to find opportunities for reducing their carbon footprint. Last year, Eczacıbaşı Building Products (VitrA) ceramic sanitary ware and VitrA Tiles' tile plant in Turkey replaced their entire fleet of diesel-fueled forklifts with electrical ones, this way reducing their annual carbon emissions from



In November 2013, Burgbad installed a new extraction system at its Bad Fredeburg plant that significantly reduces energy use and operating costs while increasing capacity by half.

By removing the panels on the support structure for firing sanitary ware in the tunnel kiln, VitrA has reduced its natural gas consumption for this process by an estimated 550 thousand cubic meters per year.



diesel fuel by an estimated 1.7 thousand tons. Engers Keramik replaced its diesel fleet with hybrid ones, which recharge high-performance double-layer capacitors used for accelerating when vehicle brakes are applied, for estimated fuel savings of up to 28 percent.

In a first for its industry, Burgbad purchased seven buses to transport employees to its Greding plant and back. Each bus is driven by an employee who usually lives the farthest from the plant and who is responsible for refueling, washing and repairing the bus. All other riders pay a small amount for using the service. As of end-2013, 45 employees were using the service buses, this way reducing their carbon emissions by an estimated 31 tons per year.

Other companies are reorganizing their factory layouts to reduce distances between operations and rethinking their modes of transport and transport routes for raw materials and finished products.

In 2013, a number of projects of this kind reduced our carbon emissions by almost 1.2 thousand tons. The most important of these is the Building Products Division's multimodal transportation project.

In 2012, as part of the Joint Logistics Project we initiated in 2011 (see below), the Building Products Division began to review its international transport routes to look for ways to reduce costs and improve delivery services. It studied alternative supply routes and modes of transport, and met with internal and external customers to discuss their needs and concerns. It tested a variety of alternatives and then evaluated their performance with customers.

Through this analysis, the Division developed a multi-modal transportation network that not only enabled it to reduce its annual international transport costs by close to \$1 million but also its carbon emissions by 950 tons.



VitrA Tiles' project increased the firing energy efficiency of its roller kilns by reducing chimney temperatures.

The Eczacıbaşı Group's first photovoltaic investment in Milas is expected to generate 760 MWh of electricity per year.

Joint logistics project delivers results

In 2011, the Eczacıbaşı Group launched a logistics project with the largest transportation spenders in each Division. These five companies – Eczacıbaşı Building Products, VitrA Tiles, İpek Kağıt Tissue Paper, Eczacıbaşı Esan Industrial Raw Materials and Eczacıbaşı-Baxter Hospital Supply – account for close to 90 percent of the Group's collective transportation costs. We then established three teams with members from these companies to focus on:

- Domestic logistics
- International overland transport
- Maritime transport.

Teams set targets for each type of transport (overland, rail, air and maritime) and looked at alternative routes and modes of transport to reduce costs. Some of the most successful solutions that came out of this analysis included combining different companies'

cargos, increasing the use of trailer trucks and containers, improving load capacity and discharge flexibility, and making use of new container designs, such as swapbody containers.

New logistics solutions for building products

The Building Products Division's Multimodal Logistics and Sustainability Project tackled the Division's international transport routes from Turkey to Germany, the UK, France and Russia, which account for the majority of the Division's international transportation costs.

In Germany, where container use had been restricted by customers' preference for side-loading systems, the Division adopted the use of side-loading swapbody containers. By switching to these containers – a first in its industry – the Division was able to increase the share of rail in its transport budget from



New and carbon efficient logistics solutions



Russia

Share of maritime transport increased **44%**

Transportation costs lowered **14%**

CO₂ emissions lowered **26%**



Germany

Share of rail increased **30%**

Transportation costs lowered **15%**

CO₂ emissions lowered **12%**



France

Share of maritime transport increased **35%**

Transportation costs lowered **9%**

CO₂ emissions lowered **23%**



United Kingdom

Use of multi-load containers increased to **22%**

Transportation costs lowered **14%**

CO₂ emissions lowered **49%**



18 to 30 percent for cost savings of 15 percent and a 12 percent reduction in corresponding CO₂ emissions.

In France, the Division doubled the load capacity of its 40 foot containers by combining small volume heavy items with large volume lighter ones and increased the use of these containers from 17 to 35 percent. As a result, it was able to lower the cost of transportation to customers in this country by 9 percent and associated CO₂ emissions by 23 percent.

The UK presented a unique problem in the small size of many deliveries being made to this country, which meant that any redesigning had to accommodate this customer structure. Accordingly, the Division increased its use of multi-load containers from 12 to 22 percent and reduced its reliance on TIRs, this way lowering related costs by 14 percent and CO₂ emissions by 49 percent.

In Russia, the Division expanded its cooperation with local logistics providers and increased its use of 40 foot containers from 5 to 44 percent in order to reduce costs by 14 percent, CO₂ emissions by 26 percent, and expedite the import process.

Energy efficiency in administrative and commercial buildings

In early 2011, we asked each of our companies in Turkey to decrease the combined energy use of their commercial and administrative buildings in Turkey by 15 percent. Over the next three years, our Energy Efficiency in Buildings Working Group coordinated with managers, engineers, building administrators, technicians and maintenance specialists to design, implement and evaluate energy efficiency projects and practices for 20 commercial and administrative buildings in Turkey covering roughly 150,000 m².

With the support of specialist consultants, companies carried out systematic studies of building features, functions and energy-use equipment in order to develop and implement dozens of projects aimed at improving the efficiency of lighting systems, heating and air conditioning systems, motors, and automation systems as well as improving insulation. On a building-by-building basis, savings have ranged from 5 to 42 percent, with an average ROI of 38 percent.



Energy Consumption¹ in Buildings

	2011	2012	2013	3-year change
Electricity (MWh)	23,183	22,861	21,558	-13.8%
Natural Gas (MWh)	5,311	5,180	4,780	-22.8%
Total Energy (MWh)	28,494	28,041	26,338	-15.6%
CO ₂ (Tons)	21,934	21,522	20,097	-18.1%

¹ Energy consumption of all commercial and administrative buildings in Turkey.





2011-2013 Target

6 percent reduction in the per-ton water consumption of Eczacıbaşı Group industrial sites in Turkey between 2011 and 2013

Performance

13.9 percent reduction

2014-2016 Target

4 percent reduction in each industrial operation's per-ton water consumption (KPI)

Water

After finding ways to save more than 120 thousand tons of water per year in 2011 and 2012, our operations were only able to achieve new water savings of 36 thousand tons in 2013. Most of these savings reflect a new project by Eczacıbaşı-Baxter Hospital Supply to recycle and reuse water used in sanitation processes. Another project by Artema has reduced water consumption in the rinsing process for chrome plating by 20 percent by improving the evaluation of chemical and metal waste values, saving not only water, but also labor and energy.

The significant decline in new water savings in 2013 reflects the growing difficulty of finding opportunities for further reducing water use after years of efficiency projects in this area.

Most of our operations are already treating and reusing effluents from production processes and domestic use and many have achieved closed water loops. VitrA's ceramic sanitary ware plant at Bozüyük, for example, treats and reuses 100 percent of its effluent, enabling it to withdraw 40 percent less freshwater than would otherwise be required.



Annual Savings from Water Projects

	2011	2012	2013	Total
Water ('000 Tons)	122	124	36	282

İpek Kağıt, our tissue paper manufacturer, is recycling its process water and Eczacıbaşı-Lincoln Electric Askaynak, our welding product joint venture, has a central bath system that uses 50 percent less water for its drawing and plating welding wire lines than manufacturers with multiple bath systems.

Still, in light of the growing pressure on Turkey's fresh water resources, particularly in the western part of the country where most of our largest industrial operations are located, we are asking our operations to focus more time and investment on finding new opportunities for water savings so as to achieve a 4 percent reduction in their per-ton water consumption between 2014 and 2016.



ISO/EN Certification of Eczacıbaşı Group Manufacturing Companies

	Quality 9001 ¹	Environment 14001/EMAS	OHS 18001	Energy 16001/50001	Others
Eczacıbaşı Building Products (VitrA)	1994	1998 ¹	2008 ²	2010 ³	17025 (2010) FSC (2011)/2 EPDs (2012) ³
Eczacıbaşı Building Products (Artema)	1994 ²	1999 ²	2012		EPD (2013) ² EU Water Label (2013) ²
VitrA Tiles	1995	2009	2011	2014	EU Ecolabel (2011) ²
V&B Fliesen	1995	2010 ⁴		2013	
Eczacıbaşı-Baxter Hospital Supply	2001	2002	2005	2013	
Eczacıbaşı-Monrol Nuclear Products	2002	2002	2012		
İpek Kağıt Tissue Paper	1994	2010 ²	2011	2011 ²	
Eczacıbaşı Girişim	2007	2009	2009		22716 (Cosmetics GMP) (2013)
E-Kart Electronic Card Systems	2004	2011 ²	2011 ²		14064(2011) ² 27001(2012) ² /22301(2013) PAS2050:2011(2013) ²
Eczacıbaşı-Lincoln Electric Askaynak	1995 ²	2012 ²	2013		
Eczacıbaşı Esan	1994	2012	2012		17025 (2010) ²

¹ First in its industry in Turkey and second worldwide ² First in its industry in Turkey ³ First in its industry worldwide ⁴ First in its industry in Germany

Innovation

In line with our commitment to sustainable development, we want our companies to grow their businesses in ways that not only advance their economic performance but also their environmental and social capital. To achieve this, we are asking our companies to embark on a never-ending innovation journey to make every one of their business operations, products and services more sustainable.

Sustainability principles are probably the most powerful conceptual tools for ensuring the long-term success of our businesses. Aside from directing us to produce more efficiently, use fewer resources and reduce our waste, they set our sights on emerging environmental, social and economic issues, prepare us for changes in policies and regulations, and enable our businesses to transform these challenges into opportunities. They also inspire us to imagine new ways of living that align our businesses with our customers' values and visions of a better future.

Ideation is the first stage of our companies' innovation journeys, and we encourage it in a number of ways. One is through workshops on different stages of the innovation process, such as product design and development, business models, and customer communication. In 2013, we focused most of our workshops on process innovation, an area we will continue to explore in more detail in 2014 when we launch our new Value Improvement Program (DIP). DIP aims to spur people to review every expense in their business processes for ways to reduce costs while maintaining or increasing the value of products and services in question. Supported by a comprehensive training program and a Group-wide team of Diplomats (internal advocates), DIP provides a transparent and systematic framework for the development, reporting, evaluation and recognition of successful value improvement projects.

Another important tool in our ideation process is our internal suggestion system for employees, Inocino, which we established in 2009. In 2013, employees submitted close to 7,000 innovative ideas through

this system, raising the number of ideas collected to date to over 21,000. Close to half of these have passed the initial approval stage and are being worked on further. Increasingly, our companies are also turning to "open innovation", through calls for ideas on open source platforms.

Collaboration with universities

In tandem with our drive to promote innovative ideas, we have expanded our research and development capability through collaboration with universities. In 2013, just six years after we began to promote collaboration with universities, our companies partnered with 20 universities on some 60 projects involving the development of new products, materials and product design. Some of these are being managed at the VitrA Innovation Center, which we established in 2011 to develop new products, materials, and technologies for our Building Products Division.

Inspiring innovation

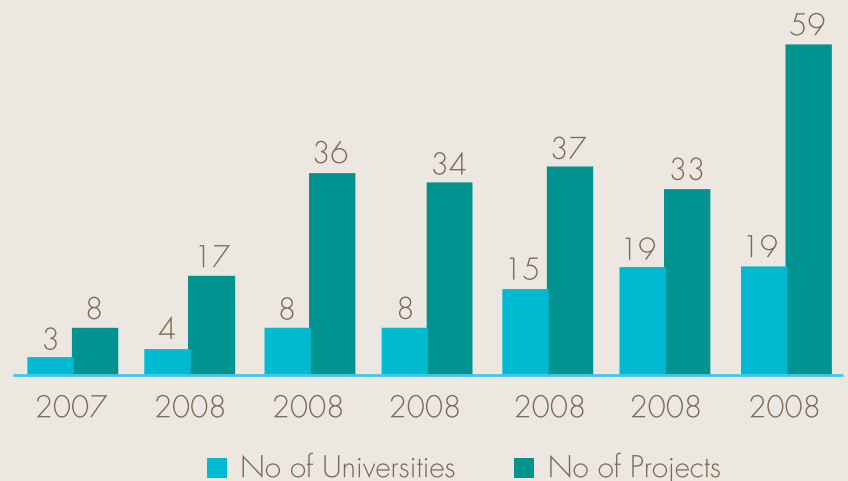
One of the ways we encourage, recognize and reward innovation is through the Eczacıbaşı Innovation awards, which we present every year at Meetinnovation – a day-long event involving all Eczacıbaşı Group professional employees.



Inocino, our Group's internal suggestion system for innovative ideas: A fresh, new look and a new logo.



Our Collaboration with Universities



The event features a keynote speaker discussing an issue or aspect of innovation, an evaluation of the Group's innovation performance, panel discussions, and an exhibition of company projects competing for innovation awards in five main categories: Innovative Products and Services, Innovative Efficiency Projects, Innovative Communication, E-Transformation and Sustainable Development.

We also have a dedicated portlet for innovation on the Eczacıbaşı Group portal with information about our innovation approach, innovative global trends, innovative products developed by Group companies and others, and links to innovation-related sites, books, presentations and more. The portlet hosts Group Division's innovation team rooms as well.

Measuring our innovation performance

We measure our innovation performance in a variety of ways. One is employee self-assessment. Every year, we ask our people to rate the innovation capacity of their operations with respect to leadership, strategic planning, knowledge, human resources, processes and sustainable development. Another is by analyzing commercial/financial and operational results and customer/consumer satisfaction.

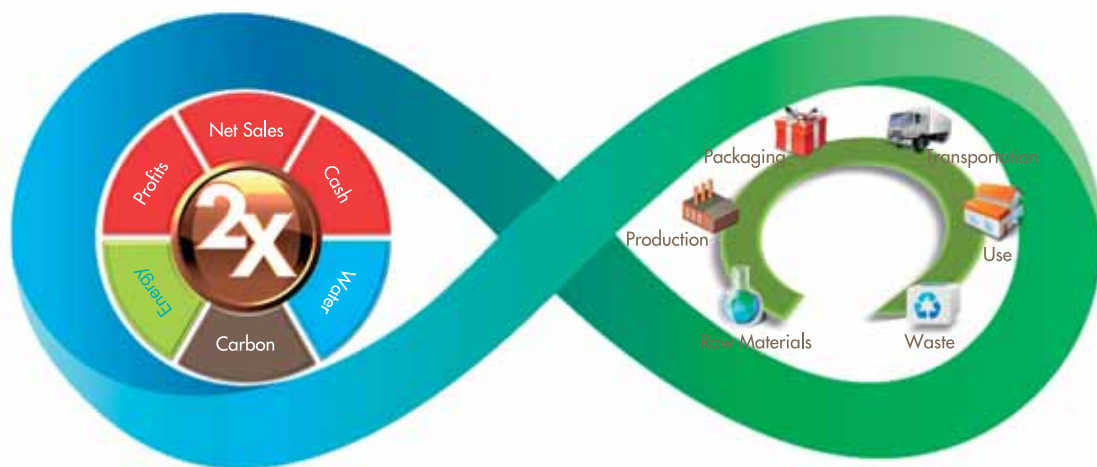
In this regard, new products as a percentage of total sales is an important quantitative indicator, but a consolidated figure is misleading because of the great variety of industries we are involved in and the large range in business volumes. Another is the

contribution of innovative projects to the value of our Group operations. One measure of this is the contribution of innovation projects submitted to our annual Group-wide innovation competition. Since we started this event over a decade ago, Group companies have submitted over 361 projects that have collectively contributed \$253 million to Group operations.

As of end-2013, the Eczacıbaşı Group's intellectual property assets, another indicator of innovative success, totaled more than 130 patent, design and trademark authorizations in Turkey and abroad.

Intellectual Property Highlights as of 2013

	Applications		Approvals	
	Turkey	International	Turkey	International
Patent	15	34		
Utility Model	1			
Industrial Design	56	89	19	44
Trademark	68	256	3	65
Total	140	379	22	110



We base our assessment of our innovation performance on a combination of economic, environmental and social indicators and design our eco-innovative products accordingly.

Women

In Turkey, as around the world, there are still significant barriers to women's access to education and healthcare services, and to their full and equal participation in economic, social and political life. Research shows that women thrive under fair and equal conditions and make greater contributions to the welfare of their communities and per capita GDP growth in their countries. Hence, ensuring equal opportunities for women is absolutely essential to economic, social and environmental sustainability.

At Eczacıbaşı, our equal opportunities policy and practices are key components of our holistic approach to sustainability. Currently, our primary focus in this area is improving our recruitment of women and empowering them to advance their career in our operations in Turkey, a country that continues to struggle with women's economic participation.

To this end, in 2014 we are including equal opportunity targets in our new category of sustainability key performance indicators (KPIs) for Group operations based in Turkey. Accordingly, our companies in Turkey will be able to improve their overall performance in any given year by recruiting a higher percentage of women for professional positions than the previous year. This equal opportunities KPI strengthens our commitment to a policy we announced on 8 March 2011 of giving priority to women when deciding among white collar candidates of equal strengths and attributes. At the same time, it reaffirms our allegiance to the UN Women's Empowerment Principles, to which we are a party since 2013.

Inspired by our participation, since 2011, in an equal opportunities initiative organized by KAGIDER, Turkey's leading women's NGO, and the World Bank, we adopted a policy of 'flexible work schedules' in 2013 to make it easier for both men and women to achieve a balance between their responsibilities at work and at home. Almost a year after launching this policy, we carried out a survey to understand how this program was received by our Group employees, especially by those with children and other dependents. Fully 82 percent of the respondents said they were pleased by the policy and used the flexible work option frequently. Some of the respondents also said that the policy enabled them to better manage their work load and spend more time with their children and families.

Testimonials

"I think this is a great program and one that increases my productivity. I appreciate the professionalism and the value that my employer places on my private life and responsibilities at home."

"The flexible work program enhances my sense of loyalty to my company, increases my motivation to work and improves my job performance. I find it to be one of the best HR programs offered by the Eczacıbaşı Group."

In May 2013, we initiated a training program on gender equality for employees at our companies in Turkey. The purpose of the program is to raise



The proportion of women in white collar new recruits in Turkey was 36 percent as of end-2013, down from 42 percent in 2012. The share of women among all our professional employees is 34 percent.



In May 2013, we initiated a training program on gender equality for employees at our companies in Turkey.

awareness about the roles that societies and cultures often assign genders and which represent some of the most significant barriers to equal opportunity. So far, over twenty companies in Turkey and several hundred employees have participated in this program.

Group companies are also implementing gender equality programs that not only inspire and encourage women colleagues to strengthen their bid for leadership within the Group but also help us communicate our gender diversity goals to stakeholders.

Pay equality accredited at V&B Fliesen



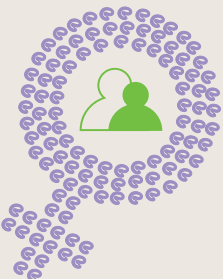
V&B Fliesen GmbH is
"Logib – D tested"

In 2013, V&B Fliesen took part in a pay equality analysis project, Logib-D, initiated by Germany's Federal Ministry of Family Affairs, Seniors, Women and Youth (BMFSFJ) in cooperation with renowned members of German industry. Aside from its commitment to equal pay, V&B Fliesen has put reconciliation of family and work high on its agenda, with a new system of flexible work schedules based on the needs of employees.

Empowering women leaders

Eczacıbaşı-Baxter Hospital Supply has found an innovative way to assist women in middle management positions advance their careers. BAKınız Kadın Liderler ("Look, Women Leaders!"), an employee-managed platform established in 2013, organized a search conference at the beginning of the year to learn about women employees' expectations and collect their suggestions about the projects they wanted to do to expand the platform.

During the year, the platform organized brown bag lunch lectures, benchmarking workshops and seminars on childcare and women's health. At the end of the year, a short survey of employees revealed that half of the respondents who attended the seminars and lectures began to perceive the roles and status of professional women differently.



Eczacıbaşı Group and equal opportunities: key developments in 2013

Equality at Work platform

Joined the **Equality at Work platform**, established in collaboration with the World Economic Forum under the auspices of Turkey's Ministry of Family and Social Policies **to fight gender-based discrimination** and reduce the economic participation and opportunity gender gap in the Turkish economy.

Gender Equality Award

Received a **Gender Equality Award** – Second Place from Turkey's Ministry of Labor and Social Security for its successful efforts to promote gender equality at the workplace.

Initiated **gender equality training** in 20 companies in Turkey.

Adopted a policy of '**flexible work schedules**'.

Trainings and flexible work

Signed the UN Global Compact's '**Women's Empowerment Principles**'. The Women's Empowerment Principles are a set of principles for business offering guidance on how to empower women in the workplace, marketplace and community.

Women's Empowerment Principles

Health and safety

In 2008, the Eczacıbaşı Group stepped up its efforts to coordinate critical occupational health and safety (OHS) policies at a Group-level by setting out a common OHS strategy and then establishing a team of health and safety professionals to monitor and execute this strategy. At that time, the various databases and systems that our companies used to track and address OHS incidents were combined into a Group OHS Inventory.

Since then, as a result of our sustainability reporting, we have integrated into our Group and company level OHS data analysis the GRI injury rate indicator, which we have published in our reports since 2008.

In tandem with these efforts, we asked all our manufacturing operations that had not yet obtained OHS 18001 certification of their health and safety management systems to complete this process by end-2013. As of that date, all our manufacturing operations in Turkey had certified their OHS systems.

In 2012, we initiated a project to develop accident detection and prevention systems for all our operations based on the Behavioral Accident Prevention Process and began to compile a catalogue of work-related health and safety problems in all our companies.

Improving health and safety management

In 2013, we transformed our internal health and safety unit into an independent company, Eczacıbaşı Occupational Health and Safety Services, in response to new legislation requiring every workplace in Turkey – regardless of their size – to have in place a functional occupational health and safety committee;

a risk mapping, assessment and planning system; an emergency action plan; a health surveillance system that kicks in at job entry; and occupational health and safety training. Workplaces may establish these systems themselves or receive assistance from third parties like ours that are created specifically to provide these services. Not only will this new initiative assist our own companies comply fully with new regulations, they will also provide occupational health and safety expertise and medical services to a growing number of companies outside the Group.

We also expect this new initiative to help us pinpoint problem areas that have contributed to higher than average injury rates in some of our operations in recent years. In 2013, half of our 10 manufacturing operations in Turkey recorded injury rates below 1.0 per 200 thousand hours worked, while the other five were in the 4-5 range, raising our average rate to 3.5.

To demonstrate our resolve in improving our performance in this area, we have included two OHS targets in our key performance indicators for the period 2014-2016. The first requires companies with an injury rate over 2.0 to reduce this rate by 30 percent each year. The second is that operations with high or very high risks develop an action plan for eliminating these risks by end-2014.

Materiality

Stakeholders	Expectations and Priorities
Customers	<ul style="list-style-type: none"> Affordable, value for money goods and services Innovative design and functions Eco-friendly, recyclable Healthy and safe (no toxic chemicals) Wide availability and timely delivery Good customer services
Environment	<ul style="list-style-type: none"> Containing the adverse effects of global warming Reversing land and ocean biodiversity loss and reforestation Effectively managing waste Avoiding further water, air and soil pollution and rehabilitating polluted areas Tackling freshwater scarcity
Employees	<ul style="list-style-type: none"> Safe, healthy and sustainable work environment Competitive salaries and benefits Transparent and ethical management Job security and career development opportunities Compliance with corporate culture and values Genuine, friendly interaction Time for leisure and personal life
Government and Civil Society	<ul style="list-style-type: none"> Full compliance with legislation, taxation and ethical standards Job creation and retention Local, regional and international development New technologies and innovation Sponsorships and corporate philanthropy University cooperation Equal opportunity employer

Opportunities

Strategies

Eco efficiency

Lower energy consumption
Lower water consumption
Achieve energy efficiency in buildings
Integrate sustainable logistics solutions

Innovation

Offer sustainably produced goods and services
Incubate new businesses/markets
Engage in coopetition through facilitating collaboration with universities and competitors
Develop new and technologically superior materials

Talent

Excellence in occupational health and safety
Gender equality
Attracting and retaining talent
Developing a culture of "positive leadership"
Employee ownership of eco-conscious and sustainable lifestyles

Sustainable Brands

Eco-certification of products and services
High impact sustainability communications
Life cycle analysis of products
"Green" procurement and other supply chain efforts
Working together with and for communities

Stakeholder Engagement



For us, stakeholders are everyone we interact with or impact, and who impact upon us, starting with our employees and customers, and including our suppliers and business partners, our industry associations, the communities to which we belong, and governmental institutions.

The Eczacıbaşı Group appreciates the importance of actively engaging with stakeholders to advance both its mission of pioneering healthy, high quality and sustainable living and its long-term business success. For us, stakeholders are everyone we interact with or impact, and who impact upon us, starting with our employees and customers, and including our suppliers and business partners, our industry associations, the communities to which we belong, and governmental institutions.

Because our Group is involved in such a diverse range of businesses, each with their unique set of issues and challenges, we have a wide variety of approaches to stakeholder engagement. Some of our operations, by virtue of their industry, focus more on NGOs or government; others on customers. For the purposes of this report, we have selected a handful of what we consider to be exemplary practices involving different operations and each of our main stakeholder categories.

Employees

Recognizing that our Group's success depends on the success and satisfaction of our employees, we strive to ensure that every one of our operations has in place the best human resources recruitment, development and retention programs, provides professional, appealing and healthy working environments, and develops long-term relationships with their employees that begin in their university years and continue into and through their retirement.

Sustainable success in the implementation of our corporate strategies requires that we have a dynamic structure that is prepared for change. In this, our employees are our most essential source of power, so we support and motivate them to achieve their top performance. Hence, we offer our employees the opportunity to discover and exploit their potential, develop their talents further in view of attaining corporate goals, strengthen their individual motivation and team spirit, and, based on their performance, advance their career.

Through performance evaluation, open-door access to management, strategy meetings, innovation teams, and our Group-wide suggestion and project

evaluation system, we are harnessing the creative energy of our employees and encouraging their participation in management decisions.

Our mission statement and values provide clear guidelines on the Group's policy regarding human rights, freedom of association and corruption, as does its Human Resources Handbook. For more information, please visit the Human Resources section of our corporate website, www.eczacibasi.com

Creating new leaders

We offer creative and inspiring training programs to our leaders in order to establish and retain a management culture that fuels our sustainability drive. Leadership training at the Eczacıbaşı Group focuses exclusively on the empowerment of team members through effective and constructive communication, feedback and delegation.

One such leadership training program is "Develop Your People". Graduates of this Group-wide training program admit to reconsidering their leadership style, especially the way in which they arrive at decisions on behalf of their teams. One graduate commented in the posttraining evaluation that "I leave the training program a changed person, convinced of the importance of the 'human factor' in our everyday work and committed to encouraging my team members to participate in management."

Another is our award-winning "Future Fit" program, which reflects the emphasis we place on helping our employees unleash their full potential. "Future Fit" aims to build a community of qualified, successful and motivated employees in the Group with strong leadership potential and Group-wide vision. A novelty of the program is that it draws from various training modules and styles offered by a handful of leading HR training companies, including Ken Blanchard, Dale Carnegie and the Management Training Center.

The program supports its various learning modules with a dynamic teamwork module at the end of which "Future Fit" graduates are expected to develop sustainable and innovative project plans for review by our Group's top management for potential implementation in the following period. One such project is our "Be Green" sustainability communications platform, details of which can be found in the "Promoting Sustainable Lifestyle" section below. At the 10th Annual International Business Awards in 2013, our "Future Fit" program received a bronze Stevie® Award in the Management Team of the Year category.

Additionally, some of our companies have developed original programs to spur their employees' creativity and enthusiasm. Eczacıbaşı-Baxter Hospital Supply, for example, developed the BAK program to improve innovation



BAK was awarded the prestigious National HR Award in the category of "Creating an Innovative Culture" by Peryön, the Turkish Association for People Management.



skills, transform innovation into a way of life, and encourage employees to transform their workplace into a healthy, energetic and fun environment. The BAK program garners the creativity and energy of over fifty Eczacıbaşı-Baxter employees in eight project teams focusing on environmental and social responsibility, sustainability, women's empowerment, healthy lifestyles, emerging trends and the Y generation's expectations, and social events.

Attracting young talent

The Eczacıbaşı Group's flagship graduate recruitment program, "Career Test Drive", has been attracting new talent from Turkey's colleges and higher education institutions for five years. Career Test Drive recruits "pilots", undergraduate students in their senior year and graduate students in their freshman year, for exclusive internship programs in the marketing, sales, new business development, finance, supply chain management, production, quality control, R&D, human resources and information technologies departments of Group companies.

Career Test Drive program openings are advertised in campus job fairs and via lectures, talks, consultations, the social media accounts of the Eczacıbaşı Group, and print and online advertisements.

Career Test Drive (CTD) assigns a mentor and a project to each new "pilot". The drive begins with an orientation program for new groups of CTD drivers, continues with the project design and

implementation phases, and ends with project presentations by the "pilots" to their mentors, relevant managers including general managers and CXOs. CTD participants are assisted and provided opportunities to enrich their learning at every step of their program in the form of trainings and exclusive and one-on-one mentoring. Those "pilots" that perform well throughout the program are offered permanent positions in companies within the Group.

Between 2009, when the program began, and 2013, the number of applications and mentors in the program rose five-fold. Over this period, 22 Career Test Drive "pilots" were offered placements in our Group.

Promoting sustainable lifestyles

The long-term success of our efforts to incorporate sustainability principles into every aspect of our business operations depends on our ability to communicate our commitment throughout our organization, create awareness about the issues, and enlist the support of all our employees in promoting and implementing solutions.

"Be Green", our Group's online and offline sustainability communications project, encourages all our employees to lead the drive towards greener lifestyles by setting excellent examples themselves. In addition to leaflets and visuals located in high traffic areas of our office buildings and plants, "Be Green" has a dedicated portlet in our corporate portal with up-to-date information on sustainable

A video showing testimonials from the Career Test Drive pilots is available on the Eczacıbaşı Group's YouTube channel at www.youtube.com/watch?v=hq_aTOYT1LG4



development issues, green consumption and environment friendly lifestyles; interactive tools and games, a discussion forum, and links to reliable sources of information on a variety of related issues.

Through our social media accounts on Facebook, we also share Twitter and LinkedIn informative and interactive graphics and written content all year round with our stakeholders and the general public and celebrate significant days dedicated to environmental, social and economic sustainability.

"Be Green" won the Finalist Award in the "Employee Communications" category of the international PR News Digital PR Awards, one of the world's most prestigious awards for digital projects involving public relations, marketing or communication.

Competing with more than 700 projects overall and 80 in its own category, including such giant companies as the US Postal Service and All State Insurance, "Be Green" placed among the top five in its category.

Customers

Creating customer loyalty in a traditional industry

Contributing to the quality of technical education has been a cornerstone of Eczacıbaşı-Lincoln Electric Askaynak's CSR activities since 2005, when it signed its first protocol with the Ministry of Education's Vocational Education Directorate to organize one-week refresher courses at its plant every year for 40 teachers at state-run vocational schools. Since then, close to 300 teachers have benefitted from Askaynak's refresher courses.

Over this period, the company has published and distributed, free of charge, 15-20 thousand copies per year of supplementary educational material for students in the metal technology, infrastructure technology and shipbuilding departments of vocational high schools around Turkey, provided consumables and state-of-the-art welding equipment for free or at very economical prices, and donated special glass to technical high schools to build more than 270 welding workbenches.

Askaynak also organizes seminars and daylong events on new developments in welding technologies for students and faculty at universities around Turkey.

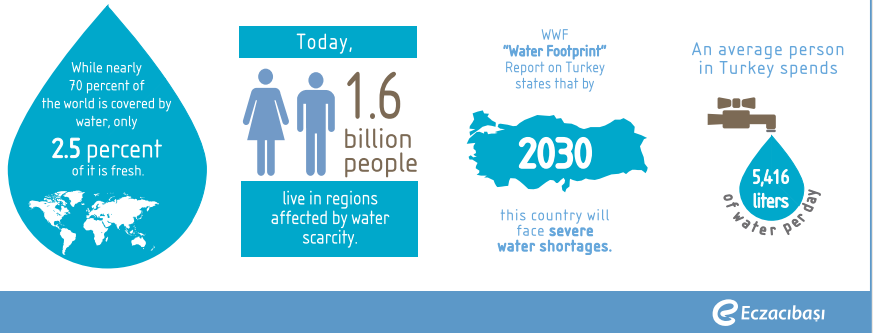
Additionally, Askaynak provides training to customers operating in the automotive, metal and machinery industries, as well as in construction, energy production and shipbuilding and repair. In 2013, it organized over 90 seminars of this kind at the sites of customers and its own plant.

In 2013, over 90 percent of the 868 people responding to Askaynak's survey of customer satisfaction with its training seminars said that the content, delivery and texts of Askaynak's classes were very good or good.



Our awareness-raising activities on World Water Day

For a sustainable future, save our planet's water



For a sustainable future, save our planet's water



Digital marketing and gamification

Askaynak has the most comprehensive digital platform for dealers and end-users in Turkey's welding sector. In addition to B2B sales and training portals for authorized repair shops, the company has a Facebook page alongside its loyalty program and customer club that has attracted more than 58 thousand "followers" since its launch in 2011.

Through lotteries and competitions like "The League of Aces", a fantasy football team management game launched in the 2013/2014 football season, Askaynak continually collects data and feedback from customers. It also uses Facebook to invite customers to free events, announce product campaigns, and market new products. In 2012, for example, Askaynak launched a micro website linked to its Facebook page dedicated to PFC inverters that has been a primary marketing tool for these products. The site features a virtual "welding machine" that vividly demonstrates the annual cost savings and reduction in carbon emissions PFC inverters are able to achieve.

Askaynak's football management game attracted close 650 players in its first season. In this innovative game, "managers" are given a "budget" to form a virtual "football team" comprising players from the Turkish national league. Points are won when footballers and their teams score goals in national league games. At the end of the season, the game's

top three managers win as much as \$700 dollars worth of Edenred coupons. All other players are automatically entered in a lottery offering Turkish league uniforms and footballs.

Sustainable choices throughout the value chain

Eczacıbaşı Profesyonel provides complete professional cleaning and hygiene solutions and an expanding selection of food products to more than 10,000 B2B customers in Turkey's fast-growing tourism, restaurant-catering, shopping mall, education and health industries. In addition to offering more than 600 products and 17 brands, the company provides customized training and consultancy services to help customers achieve high standards of cleanliness and hygiene, employee safety, and resource efficiency.

In 2012, recognizing the emergent opportunity for sustainable solutions in the away-from-home sector, Eczacıbaşı Profesyonel launched "Eco-Touch", a marketing platform for environment-friendly hygiene and cleaning products aimed at encouraging customers to adopt sustainability principles in their choice of products, operational processes and marketing campaigns. Working closely with both its suppliers and customers, Eczacıbaşı Profesyonel is developing hygiene and cleaning product portfolios that help professional customers reduce their water consumption, eliminate their use of harmful chemicals and encourage sustainable forest management.

The Eco-Touch product portfolio includes paper products made by İpek Kağıt, Green Care, a sub-brand of Tana Professional, one of several Werner&Mertz brands that the Group distributes in the Turkish market that is certified as meeting the rigorous environmental performance and reporting



Askaynak's football management game attracted close 650 players in its first season.



standards of the EU Ecolabel and Nordic Ecolabel. In March 2014, Eczacıbaşı Profesyonel launched a catalogue of all Eco-Touch products and the points they can contribute to customers wishing to obtain “green certification” of their businesses.

A central component of the Eco-Touch marketing platform is communication of customers’ commitment

to sustainable hygiene and cleaning practices. Here, Eczacıbaşı Profesyonel offers customized labeling and signage for rooms, bathrooms, dining halls and other public spaces that express customers’ commitment and invite end-users to use resources more sustainably as well.

Tissue paper “Committed to the Future”

İpek Kağıt Tissue Paper procures 100 percent of its pulp from certified suppliers who can prove that their wood pulp derives from sustainably managed forests; uses elemental chlorine-free or total chlorine-free bleaching processes that pose no risk to human health or the environment; contributes to sustainable living by encouraging employees, suppliers and other stakeholders to take part in health, educational, work safety and social projects that improve people’s lives; and gives priority to R&D and innovation projects aimed at creating low cost, high value-add products that respond to consumers’ desires. İpek Kağıt communicates its sustainability pledge on its product packaging and related materials with the statement, “Committed to the Future”.



Eczacıbaşı Building Products Division: Blue Life

Blue Life is the name the Eczacıbaşı Building Products Division has given to its sustainability drive, which seeks to reduce the environmental impact of its products throughout their lifecycles using smart design, thoughtful procurement policies, efficient production techniques and eco-sensible packaging. Blue Life also means contributing to a better society through long-term social responsibility projects targeting children, hygiene and education.

In recent years, our Building Products Division has developed more than 240 water-saving products for homes and commercial spaces that meet the needs of customers in a wide range of segments. By choosing Blue Life products for their bathroom spaces, a family of four can conserve up to 190 tons of water per year. Many of these products are also designed to reduce material use during production, with consequent savings in energy use for production and transport.

In recent years, the Division has certified a large number of its products with European and international organizations measuring the environmental performance of products over their lifecycles. It has also prepared an easy-to-use catalogue of green bathroom solutions for architects and builders aiming for high sustainability ratings from international “green building” certification systems. The catalogue provides comprehensive information about all Vitra bathroom products that qualify for sustainability points from LEED, BREEAM and DGNB, the world’s leading assessment systems, including the points they receive in each assessment category and the variety of product options and specifications available.



Community

Inspired by our founding values, we continue to prioritize and strengthen our bonds with the communities we serve. We do this through employee volunteer efforts, company projects, and Group-level sponsorship of organizations and initiatives that enrich society.

Volunteerism

Since 2007, Eczacıbaşı Volunteers have carried out close to 100 projects that have directly benefited 20,000 children across Turkey. They have also organized eye exams for 1,500 children in a local neighborhood and collected school and student supplies for 600 primary schools around Turkey requiring assistance.

Eczacıbaşı Volunteers opened two state-of-the-art science and technology laboratories in two schools during the 2012-2013 academic year, one in Turkey's eastern province of Şanlıurfa, and the other in the western province of Yalova.

The purpose of the projects is to contribute to the learning and living environment of students, in line with Eczacıbaşı Volunteers' slogan "Reach out and bring color to their lives".

Another project of this kind renovated a homeroom at another school in Şanlıurfa and transformed this damp and old-looking space into a modern, healthy and bright-looking classroom.

In 2013, Eczacıbaşı Volunteers also continued to contribute to sports activities at regional boarding schools for children from rural areas by donating uniforms and sports equipment. Particularly exciting for students were the uniforms for the school's volleyball team, which featured the signatures of Eczacıbaşı Vitra Women's Volleyball Team players.

Eczacıbaşı Hygiene Project

Our award-winning corporate social responsibility project, the Eczacıbaşı Hygiene Project, reaches out to children and communities by improving the washing areas and living environments of boarding schools serving children from rural areas and promoting the importance of hygiene in ensuring the best educational outcomes.

Results of international learning proficiency tests, such as the OECD's PISA test and associated studies, demonstrate that healthy and child-friendly learning environments greatly enhance the academic success and well-being of children. The Eczacıbaşı Group, in designing and implementing the Eczacıbaşı Hygiene Project, aims to ensure that Turkey's public school children, educators and families have equal access to high-quality and hygienic learning environments. In 2002, the Eczacıbaşı Group laid the foundations of its Hygiene Project, which targets K12 students in public schools, with a special emphasis on Regional Secondary Boarding (RSB) schools.

This innovative initiative combines the resources of three Eczacıbaşı Group flagship brands – Vitra (ceramic sanitary ware and tiles), Artema (faucets and bathroom accessories) and Selpak (tissue paper) – and two of its fast moving consumer goods companies, Eczacıbaşı Girişim and Eczacıbaşı Profesyonel. They work in partnership with Turkey's Ministry of Education, which determines the neediest schools and provides the plumbing infrastructure required for renovating the bathrooms and showers in dormitories and school buildings with bathroom units and fixtures provided by the Vitra and Artema brands.

In addition to improving the comfort, care and academic success of students, hence the economic outlook of their families, the Eczacıbaşı Hygiene Project is helping to improve community awareness of good hygiene practices. Many of the students at RSB schools come from households with poor sanitary infrastructure and little understanding of hygiene



Eczacıbaşı Volunteers is a volunteer initiative established by Group employees in 2007 to carry out projects that benefit children. In principle, Eczacıbaşı Volunteers focus on projects that complement the social responsibility projects of Group companies and contribute to children's mental, physical and emotional wellbeing.

issues. By offering them the best possible hygiene experience at school, the project equips students with the experience and knowledge to trigger a change in their families' hygiene practices and lifestyles. Communities also benefit from the volunteer activities galvanized by the Eczacıbaşı Hygiene Project, which aim to enrich the educational and social lives of students and promote academic success by creating opportunities for art and theatre, music, and scientific exploration.

The Selpak brand sponsors Primary School Personal Hygiene Training classes at all the regional boarding schools that have been renovated. Eczacıbaşı Girişim prepares gift sets of personal hygiene products for students receiving personal hygiene training. Eczacıbaşı Profesyonel supplies the schools with all the general cleaning products they need for the three months following the renovation. Eczacıbaşı Volunteers organize entertaining social projects at all the renovated regional boarding schools.

By 2016, and in collaboration with Turkey's Ministry of Education, the Eczacıbaşı Group will have renovated the bathroom and washing areas of over 30 under-serviced Regional Secondary Boarding Schools, which together serve more than 15 thousand students.

To date, Eczacıbaşı Group companies have donated to the Eczacıbaşı Hygiene Project the amount of bathroom and showering units, faucets and fixtures needed to renovate the washing areas of 4000 homes.

Selpak Potty Training project continues to grow

In 2013, Selpak was the only brand in the cleaning products category to win an Effie Turkey Award for effective advertising: Potty Training, its winning project, reached more than 1000 parents in four provinces of Turkey.

Last year, Selpak continued to expand its potty training project for parents and children, the aim of which is to help families navigate successfully through this difficult transition. In the training sessions, experts explain to parents the proper approach to potty training and how important it is for their children's subsequent development.

Selpak launched its potty training project in 2011 on its www.facebook.com/Selpak page. Since then, tens of thousands of parents have benefitted from the online project and more than 2000 from face-to-face training sessions at shopping malls and other public venues in more than six provinces.

ALO OKEY Reproductive Hotline

Eczacıbaşı Girişim, one of our fast-moving consumer goods companies, actively supports family planning and reproductive health. In 2000, Eczacıbaşı Girişim teamed up with the Turkish Family Health and Planning Foundation (TAPV) to establish ALO OKEY, a free, 24-hour hotline providing professional and accurate information about reproductive health. In 2013, Eczacıbaşı Girişim's OKEY brand donated over 700 hundred thousand contraceptives to the United Nations Population Fund (UNFPA) for free distribution.



ALO OKEY is a free, 24-hour hotline providing professional and accurate information about reproductive health.



The Eczacıbaşı Hygiene Project is carried out in Regional Secondary Boarding (RSB) schools. RSB schools are public schools that admit and provide for some of Turkey's most disadvantaged children, born in rural areas to poorly educated parents and crowded families. Students spend every school day and most weekends on RSB school campuses, which have limited resources.

Contributing to the growth of civil society

We conserve, enrich, and promote Eczacıbaşı Group values not only through our business operations but also through our social initiatives in culture and the arts, science, education and sports. We found or support social initiatives that draw on the expertise of our businesses and create opportunities for our brands and employees to be part of long-term, sustainable solutions.

Since its foundation in 1942, the Eczacıbaşı Group and members of the Eczacıbaşı family have founded or co-founded numerous NGOs involved in education; health and hygiene; arts and culture; public policy and scientific research; and sports. Every year, all of our companies are expected to contribute to one or more of these activities.

Business associations and government

We encourage our top management to join regional and international industry and business associations that enable our managers to influence policies affecting the public and private sectors, employees and communities. We are active in over 40 organizations that are involved in issues material to our businesses, including healthcare, building products, paper production, retailing, mining and real estate. Through these organizations, we strive to improve the benchmarks that apply to our sectors.

One case in point is our leading role in the ceramics cluster in the Bozüyük-Bilecik-Eskişehir area in western Turkey. There, we collaborate with other medium to large scale ceramics companies to develop the region's production and logistics capacity and infrastructure and to improve the region's environmental and social conditions. The largest of the cluster's current projects is one that aims to transform the Bozüyük rail station into a major regional logistics hub in collaboration with the Turkish Ministry of Transport.



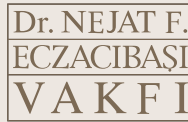
NGOs we have founded and support



We support the Istanbul festivals through our leading sponsorship of the Istanbul Foundation for Culture and Arts, İKSV, founded in 1972 on the initiative of Dr. Nejat F. Eczacıbaşı.



We are the founder and core collection donor of Turkey's first private museum of modern and contemporary art, the Istanbul Museum of Modern Art, which opened its doors in December 2004.



The Foundation provides music scholarships to young Turkish musicians pursuing graduate programs in music abroad. The Foundation also supports excellence in medical research through its prestigious Dr. Nejat F. Eczacıbaşı Medical Awards.



TÜRKİYE BİLİŞİM VAKFI

We are a corporate sponsor of TBV, established in 1995, through the efforts of our Group's Vice Chairman, Faruk Eczacıbaşı.



TESEV

We are an active supporter of TESEV, an independent and non-profit public policy think tank established in 1961 on the initiative of Dr. Nejat F. Eczacıbaşı.

For more information on our Group's support for civil society organizations, please visit the Social Responsibility section of our corporate website, www.eczacibasi.com.

The Eczacıbaşı Group and its companies have also established working relationships with ministries and public institutions to carry out corporate social responsibility projects.

Turkey's Ministry of National Education is our partner in the Eczacıbaşı Hygiene Project. We correspond and collaborate with the Department of Primary Education in Ankara, and our project coordination teams in Istanbul and Ankara meet with Ministry officials frequently to follow up on various phases of the project. Intermittent changes in administration or pertinent legislation present challenges to the timely implementation of the project. For this reason, we monitor these changes and communicate with principals in the project schools and district-level administrators as well. We also strive to remain flexible and versatile so as to accommodate last minute changes in the project calendar, which requires our logistics operations to halt and reschedule vast amounts of tile and ceramics sanitary ware shipments to project schools.

Advocating sustainability

One of the earliest proponents of business leadership in sustainability in Turkey, the Eczacıbaşı Group advocates for sustainability via established and widely-followed regional and international organizations.

In Turkey, we pioneered the establishment of the Turkey branch of the World Business Council for Sustainable Development (WBCSD) with the Turkish Industry and Business Association (TUSIAD), Turkey Business Council for Sustainable Development (Sürdürülebilir Kalkınma Derneği, SKD) and United Nations Global Compact (UNGC) Turkey – NGOs working towards business leadership in sustainability. SKD now has 45 members and is a major civil society actor, pushing the business case for sustainability. We also established a Sustainable Development Task Force, chaired by the Eczacıbaşı Group Vice President of Corporate Communications and Sustainability, in TUSIAD.

Internationally, we have joined other business leaders to raise awareness of priority issues on the global sustainability agenda. Through our memberships in the UN Global Compact, the WBCSD, and the World Economic Forum, we engage in the global conversation on climate change, water and energy security and gender equality.

Eczacıbaşı takes part in the 2013 UN Global Compact Leaders Summit

The Eczacıbaşı Group Vice President of Corporate Communications and Sustainability presented some of the Group's best sustainability practices at the 2013 UN Global Compact Leaders Summit in New York City. "Architects of a Better World" was the theme of the 2013 Leaders Summit, the largest UN Global Compact event of the year. Chaired by UN General Secretary Ban Ki-moon, the Leaders Summit brings together internationally renowned thinkers and chief executives from the world's leading companies to discuss climate change, women's empowerment, access to food, water, education, fair employment conditions and other high priority global issues that must be improved in order to achieve the UN Millennium Development Goals.

Our Vice President of Corporate Communications and Sustainability participated in the panel discussion on empowering women to prevent climate change, where she spoke about the Eczacıbaşı Group's measures to promote gender equality – a central component of its sustainability strategy.

The UN Global Compact Leaders Summit featured the launch of a new initiative called "Business for Peace". The initiative was founded by 10 Local Networks, including Global Compact Turkey, widely considered to be one of the most active local networks. Already, 185 companies from around the world have joined the initiative and this number is expected to increase in the period ahead. The Eczacıbaşı Group is a member of Global Compact Turkey and is preparing to become a member of its Board.

Eczacıbaşı Group's Energy and Carbon Reporting Guidance

This Energy and Carbon Reporting Guidance ("ECRG") document supports the preparation and reporting of energy consumption and carbon emissions data by the Eczacıbaşı Group (hereafter "Group"). It is the responsibility of Group management to ensure that appropriate procedures are in place to prepare its energy consumption and carbon reporting in line with, in all material respects, the ECRG.

All data up to and including FY13 (financial year ending 31 December 2013) only comprises the relevant operations in Turkey (as detailed on page 37), excluding all international operations. The data for these years, therefore, do not represent the entire Group.

General reporting principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting - the primary principles are comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

Key definitions

For the purpose of this report, the Group defines:

- Energy' to mean electricity, natural gas, diesel / gasoline, fuel oil, LPG, steam, propane / butane and coal. For the purpose of this report, energy does not include alternative forms of fuel, such as bio-waste, bio-mass, bio-diesel, or renewable sources of energy (such as wind or solar energy), which collectively represent an insignificant share of total energy consumption and carbon emissions.
- Energy consumption' means the energy used during the reporting year (1 January to 31 December), being the energy purchased during the period. Energy consumption data includes energy used in the operation of on-site industrial facility and manufacturing processes, including electrical systems, heating, lighting, on-site transportation and air circulation.
- 'Carbon emissions' means the carbon emitted as a result of the energy consumption during the reporting year (1 January to 31 December).
- 'Industrial sites' include plant buildings, treatment works, warehouses, laboratories and industrial site administration buildings.

Where the Group has on-site generated energy, the related energy consumption is defined as the energy of the generation fuel (e.g. for on-site natural gas fired electricity generator, the energy consumption will be the natural gas used rather than the electricity output of the generator).

Scope of reporting

For FY13 and comparative periods presented, energy consumption and carbon emission data relate to the energy consumed in Turkey by the Group's:

- Industrial sites in Turkey, comprising production facilities and mining operations;
- Administrative buildings located at the industrial sites; and
- Own transportation of materials and products within the industrial plant sites.

Energy consumption and carbon emissions at industrial sites belonging to joint ventures have been allocated between joint-venture partners according to their shares, in line with the Group's financial accounting policies.

The following are omitted from the scope of reporting:

- Energy used outside of the factory gate. For example, transport from suppliers, to customers, in between Group locations, or business travel (even if they involve vehicles belonging to the site), and employee commuting;
- Energy consumed in non-industrial operations;
- Energy used by third parties in the manufacture / production of purchased raw materials, products and other supplies;
- Energy used in the use / consumption and disposal of manufactured products;
- Energy in respect of outsourced and contracted operations / manufacturing (i.e. activities contractually performed by third parties);
- Energy supplied to third parties; and
- Carbon equivalent emissions arising from other greenhouse gases on the basis that these are not material.

Energy consumption and carbon emissions from acquisitions and disposals are included and terminated respectively from the date of contractual completion of the transfer of asset ownership / leasehold. This is consistent with the Group's financial reporting.

Data preparation

Energy consumption

Energy consumption data are reported for electricity, steam, and primary fuel sources, which comprise natural gas, diesel, LPG, and fuel oil. Electricity, natural gas, and steam consumption data are obtained from supplier meters and reconciled with internal meters (when available) and/or service provider invoices. Diesel, LPG, and fuel oil consumption data are obtained from supplier invoices.

The Group has used the following published conversion factors:

- For electricity, no energy conversion is required as the unit of supply is invoiced in kWh;
- For steam, the conversion factor (from ton to kWh) is calculated by using thermodynamic tables for saturated steam (Ozturk, A. & Kilic, A. (1991). Thermodynamic Tables and Diagrams. Birsen Publications) based on the steam temperature, pressure and condensation factors (ratio of closed to open circuit condensation and the relating temperatures), which are generated internally;
- For natural gas, the energy conversion factor (from cubic meters to kWh) provided by the Turkish Energy Market Regulatory Authority is used; and
- For fuels other than natural gas (diesel, LPG and fuel oil), energy conversion factors (from litres or kilograms to kWh) are obtained using the related ratios of the carbon conversion factors provided by The Greenhouse Gas (GHG) Protocol (July 2009).

Carbon emissions

Carbon emissions are calculated by the Group using published conversion factors. Conversion factors enable the determination of the amount of carbon released into the atmosphere per unit of energy consumption. Different types of energy sources have different conversion factors reflecting their carbon intensity. In future periods, conversion factors may be updated to reflect changes/improvements in published data.

The following conversion factors are used:

- For fuels (such as natural gas, diesel, LPG, residual fuel oil), conversion factors are obtained from the calculation tool provided by the GHG Protocol (July 2009), which uses data provided by the IPCC (Intergovernmental Panel on Climate Change). Refer to IPCC 2006 Guidelines for National Greenhouse Gas Inventories (www.ipcc-nggip.iges.or.jp/public/2006gl/vol2/); and
- For electricity and steam, conversion factors are obtained from the "2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting" provided by the UK Government. Electricity conversion factors listed within "Annex 10 - International Electricity Emission Factors" for year 2009 and Turkey are used. These conversion factors for electricity and steam have been used instead of the factors detailed within the GHG Protocol calculation tool because they include transmission and distribution losses.

Restatements

The measuring and reporting of carbon emissions data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at a Group level.

Eczacıbaşı Group's industrial sites in Turkey

All of the Eczacıbaşı Group's 28 industrial sites in Turkey, listed below by company, are included in our 2013 Statement of Energy Consumption and Carbon Emissions. 2009 and 2010 data also includes the two sites of our former joint venture Eczacıbaşı-Koramic Building Chemicals.

Building Products Division

*Eczacıbaşı Building Products
(ceramic sanitary ware, faucets,
bathroom/kitchen furniture, acrylic
bathtubs and shower trays) 4 sites*

VitrA Tiles (ceramic tiles) 2 sites

Healthcare Division

*Eczacıbaşı-Baxter Hospital Supply
(parenteral solutions, peritoneal dialysis
products and other hospital supplies) 1 site*

*Eczacıbaşı-Monrol Nuclear Products
(radiopharmaceuticals for
nuclear medicine) 7 sites*

Consumer Products Division

*İpek Kağıt Tissue Paper
(bathroom and facial tissue, napkins,
kitchen towels) 2 sites*

*Eczacıbaşı Girişim
(away-from-home products and
selected cosmetics) 1 site*

*Eczacıbaşı Hygiene Products
(away-from-home products and
selected cosmetics) 1 site*

Other Products and Services

*Esan Eczacıbaşı Industrial Raw Materials
(industrial raw materials for
ceramic sanitary ware and tiles) 8 sites*

*Eczacıbaşı-Lincoln Electric Askaynak
(welding consumables and electrodes) 1 site*

*E-Kart Electronic Card Systems
(magnetic stripe and smart cards) 1 site*



Independent Assurance Report to the Directors of Eczacıbaşı Holding A.Ş.

We have been engaged by the Directors of Eczacıbaşı Holding A.Ş. (the “Company”) to perform an independent assurance engagement in respect of Selected Information contained in the Eczacıbaşı Group Sustainability Report for the year ended 31 December 2013.

The Selected Information subject to limited assurance consists of the Statement of Energy Consumption and Carbon Emissions for the year ended 31 December 2013 in page 4 of the Eczacıbaşı Group Sustainability Report.

Respective responsibilities

The Directors of the Company are responsible for the content of the Sustainability Report and the preparation of the Selected Information in accordance with the criteria set out in the Eczacıbaşı Group’s Energy and Carbon Reporting Guidance (hereafter “Reporting Guidance”, see pages 36-37 of the Eczacıbaşı Group Sustainability Report).

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with Eczacıbaşı Group’s Reporting Guidance.

We are in compliance with the applicable independence and competency requirements as articulated by the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared for the Directors of the Company as a body, to assist the Directors in reporting Eczacıbaşı Group’s energy and carbon performance and activities. We permit the disclosure of this report within the Group Sustainability Report for the year ended 31 December 2013, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

*For the purpose of reporting, “Eczacıbaşı Group” includes Eczacıbaşı Holding A.Ş. and its subsidiaries and joint ventures.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat 9 Akaretler Beşiktaş 34357 İstanbul-Turkey
www.pwc.com/tr Telephone +90 (212) 326 6060 Facsimile +90 (212) 326 6050



Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ (“ISAE 3000”) issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Our limited assurance procedures included:

- Making enquiries of relevant management of the Eczacıbaşı Group and reviewing a sample of relevant management information.
- Evaluating the design and implementation of the key processes and controls for managing and reporting the Selected Information.
- Limited testing, on a selective basis, of the preparation and collation of the Selected Information prepared by the Eczacıbaşı Group.
- Undertaking analytical procedures over the reported data.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

In particular, the conversion of different energy measures to megawatt-hour (mwh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third party information.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 December 2013, the Selected Information has not been properly prepared in all material respects in accordance with Eczacıbaşı Group Energy and Carbon Reporting Guidance.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Ediz Günsel
Partner

Istanbul, 16 June 2014

Reference Guide to the UN Global Compact Principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; (Pg. 2-3, 26-27) and

Principle 2: make sure that they are not complicit in human rights abuses. (Pg. 2-3, 26-27)

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; (Pg. 27)

Principle 4: the elimination of all forms of forced and compulsory labor; (Pg. 27)

Principle 5: the effective abolition of child labor; (Pg. 27) and

Principle 6: the elimination of discrimination in respect of employment and occupation. (Pg. 21-22, 26-27)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges. (Pg. 2-3, 12-18)

Principle 8: undertake initiatives to promote greater environmental responsibility. (Pg. 12-18)

Principle 9: encourage the development and diffusion of environmentally friendly technologies. (Pg. 12-18)

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. (Pg. 2-3, 27)



The Eczacıbaşı Group Sustainability Report 2013 is printed on paper manufactured by the Arjowiggins Group. The paper is made from 100% post-consumer fibres, FSC® Recycled certified and PCF (Process Chlorine Free). No substances classified as carcinogenic, mutagenic or reprotoxic (CMR) are used as raw materials in the production of the paper.

