



Global Compact Communication on Progress 2008



Bülent Eczacıbaşı
Chairman

“In tandem with our growing focus on sustainable development, we are continuing to look at how we can better incorporate the 10 principles of the United Nations Global Compact, which we signed in May 2006, into our Group’s modus operandi. Last year, in our first Communication on Progress, we provided a general overview of the Group’s policies with regard to each of these principles. This year, we will publish our second report detailing the measures we have taken thus far and what we plan to do in 2009.

We take this evaluation process very seriously. As I said last year, the Global Compact offers the Eczacıbaşı Group an excellent framework for communicating the universal values underpinning its corporate culture to all of its operations, including those abroad, and for setting clear guidelines that ensure our business decisions are socially responsible as well as effective. As the events of last year have shown all too well, when social responsibility is ignored, the business environment not only becomes unethical, it becomes unsustainable as well.”*

The Eczacıbaşı Group and Global Citizenship

The Eczacıbaşı Group has a vigorous corporate culture and strong business ethic that are grounded on the principles of respecting people and the environment; striving for improvement and progress; and contributing to the well-being of society. These principles reflect the values of the Group's founder, Dr. Nejat F. Eczacıbaşı, and the tradition of community service that shaped his life and businesses. Every member of the Eczacıbaşı Group is expected to understand and internalize these values.



Eczacıbaşı is a pioneer of modern, high quality and healthy lifestyles.

Eczacıbaşı Group Mission and Values

Eczacıbaşı is a pioneer of modern, high quality and healthy lifestyles.

The Eczacıbaşı Group is committed to advancing the well-being of society by improving the lives of its customers, managing its businesses in ways that contribute to the community and protect the environment, and sponsoring projects and activities that enrich the lives of current and future generations.

As members of the Eczacıbaşı Group:

We hold our dignity and self-respect above all else. Ethical business principles underpin our business activities.

Eczacıbaşı Group employees avoid all activities and behavior that demean themselves and others – including the Group, its companies and stakeholders – and that run counter to the Group's mission of pioneering modern, high quality and healthy lifestyles. Two of the first considerations in the formulation of every business strategy and decision are the legitimacy and fundamental decency of the proposed actions.

Our management style respects the individual. We believe that each of us has the right to learn about issues that affect us and to voice our opinions on these. We regard it our duty, as well as our right, to challenge our personal limits and develop our abilities.

The Eczacıbaşı Group believes that participative management is the most effective and humane management approach because it encourages employees to develop themselves and their jobs while working with others towards the achievement of shared goals. The success of this system depends on accurate and open communication at all levels of the organization and well-planned opportunities for self-development, so that each employee can realize his or her full potential.

We believe that quality is a way of life. In all that we do, in every product and service we provide, we aim for the highest

level of quality. Our customer is the focal point of this pursuit of quality.

As a pioneer, the Eczacıbaşı Group has a duty to surpass established standards and raise consumer benchmarks of product and service quality. The focus of the Group's quality improvement efforts is its customers, without whom it has no purpose.

We are open to the world and to change; by nature we are pioneering and entrepreneurial. The search to innovate in every area of activity is a fundamental aspect of our corporate tradition.

Openness to change is essential for innovation, which is pivotal for long-term business success and continual improvement. For this reason, innovation is a strategic element of the Eczacıbaşı Group's management approach in every business process and corporate activity.

We uphold the tradition of serving our community because we esteem our society and respect our environment. We are proud of the contributions that we have made to culture and the arts, education, science and sport.

In line with its mission of improving the well-being of society, the Eczacıbaşı Group is committed to promoting social and economic development, encouraging cultural and scientific activity, and preserving scarce natural resources through responsible business practices and sponsorship. Sponsorship of institutions and activities that enrich and strengthen society is a fundamental component of the Group's corporate culture.

We recognize that participatory management gives each of us the responsibility of working forcefully towards the objectives and goals of our institution. We are careful to observe the rules of our work environment as we understand that this reflects our respect for our colleagues.

Empowerment, which is essential for participative management, also requires that every employee embrace and advocate the Eczacıbaşı Group's targets, rules and corporate culture.

Corporate Social Responsibility

Family Tradition of Community Service

Dr. Nejat F. Eczacıbaşı, the founder of the Eczacıbaşı Group, was born in 1913 during the turbulent final years of the Ottoman Empire. The period was marked by armed conflict, scarcity, and a massive influx of refugees to the cities, which struggled to provide them essential services. Dr. Eczacıbaşı's father, who was the first university-educated pharmacist of Turkish origin in İzmir, was at the forefront of efforts to accommodate the city's rapidly expanding population, co-founding an association to help immigrants and implementing programs to combat cholera and typhus. In 1934, in honor of his many years of public service, Dr. Eczacıbaşı's father was invited to adopt the title of "Head Pharmacist" (Eczacıbaşı) as his surname.

Dr. Nejat F. Eczacıbaşı was profoundly influenced by his father's dedication to improving the conditions of his community. In 1939, on his return to Turkey from graduate studies abroad, he focused his training and resources on producing vital goods that were largely unavailable in Turkey. In 1942, he began manufacturing a vitamin A and D substitute for cod liver oil, which had become scarce during WWII, and a decade later he opened Turkey's first modern pharmaceutical plant. Over the following years, he expanded the Group's activities from pharmaceuticals to building products, consumer products, finance, information technology, and welding technology, in many cases establishing the first manufacturing plants in Turkey for some of the essential products of modern life. This entrepreneurial history is embodied in the Group's mission statement of being "a pioneer of modern, high quality and healthy lifestyles".

Apart from supplying much-needed products and services using the most advanced technologies available, Dr. Eczacıbaşı strived to contribute to the development of Turkish industry and civil society through the establishment of professional



business organizations, research institutes, educational institutions, cultural foundations and scholarship funds. For Dr. Eczacıbaşı, contributing to the development of Turkey's economy and social institutions was as important as developing a successful business. One of his most oft-expressed ideas in this regard was: "The real measure of private entrepreneurship is its success in increasing the wealth of the whole community". Today, every Eczacıbaşı Group company regularly contributes to one or more non-profit institutions and one of the primary corporate values that all Eczacıbaşı employees are expected to share is the "tradition of serving our community".

The Hygiene Project for Primary Boarding Schools aims to provide primary school children attending state-run boarding schools in eastern Turkey a modern, high quality and healthy environment.

Education, Health and Hygiene

Hygiene Project for Primary Boarding Schools

Two Eczacıbaşı Group brands, Vitra and Artema, initiated this hygiene project in 2007 in coordination with the Association in Support of Contemporary Living (ÇYDD), one of Turkey's leading educational NGOs. The aim of the project is to provide primary school children attending state-run boarding schools in eastern Turkey a modern, high quality and healthy environment by designing new bathrooms and washing areas for the schools and equipping them with Vitra and Artema products. Another Eczacıbaşı Group brand, Solo, is cooperating with the project by providing basic personal hygiene classes to students. Thirty schools are involved in the first phase of the project, which is scheduled for completion in 2010.

Solo Primary School Personal Hygiene Education Program

In 2002, İpek Kağıt, the Group's tissue paper manufacturer and a joint venture with Georgia Pacific, initiated a long-term program with the national educational system to provide primary school students basic information on personal hygiene. The ongoing program, which in 2006 brought İpek Kağıt a World Business Award in recognition of its contribution to the United Nations Millennium Goals, has been cited by the UN and the European Commission as a "best practice" case study. As of end-2008, the Solo Primary School Personal Hygiene Education Program had organized personal hygiene classes for 5.5 million students at 7,000 schools in 42 cities around Turkey.

Reproductive Health Hotline

In 2000, Eczacıbaşı Pharmaceuticals Marketing established a free, 24-hour reproductive health hotline (ALO-OKEY) with the Family Planning Association of Turkey. The aim of the hotline is to enhance public access to professional and accurate information about reproductive health.

Primary School Sponsorship

The Eczacıbaşı Group has built four primary schools for the Turkish public school system to which it provides annual funding. Around 4200 students attend these schools.

Dr. Nejat F. Eczacıbaşı Foundation Music Scholarships

These scholarships enable outstanding young Turkish musicians to pursue graduate musical studies abroad. To date, the Foundation has provided financial support to 91 musicians studying a wide range of instruments as well as orchestration, direction and composition.





Arts and Culture

İstanbul Modern

As part of its commitment to sharing Turkey's artistic creativity with wide audiences and promoting its cultural identity on the international art scene, the İstanbul Museum of Modern Art hosts a number of interdisciplinary activities. The Eczacıbaşı Group, founder of the museum, provided the initial investment and project management finance as well as the core collection of paintings.

The first private museum to organize modern and contemporary art exhibitions in Turkey, İstanbul Modern was founded in 2004 and occupies an 8,000 square meter site on the shores of the Bosphorus.

İstanbul Modern embraces a global vision to collect, preserve, exhibit and document works of modern and contemporary art and make them accessible to art lovers.

With its permanent and temporary exhibition galleries, photography gallery, library, cinema, cafe, design shop, educational and social programs, the museum offers a wide array of services in a multifaceted venue.

The museum's collections, exhibitions and educational programs aim to foster appreciation for and stimulate active engagement in the arts among visitors of all ages and from every segment of society.

İstanbul International Music, Film, Jazz, Theatre and Visual Art Festivals

The Eczacıbaşı Group is a staunch supporter of the İstanbul International Festivals, both through its sponsorship of the İstanbul Foundation for Culture and the Arts, founded in 1973 on the initiative of Dr. Nejat F. Eczacıbaşı, and its direct patronage of selected festivals. In particular, the Eczacıbaşı Group's unwavering support of the İstanbul International Music Festival has contributed greatly to its growing international prestige. Starting in 2006, Eczacıbaşı has become the Leading Sponsor of the İstanbul Foundation for Culture and Arts. In its new role, Eczacıbaşı Holding contributes to the International İstanbul Film, Theatre and Jazz Festivals as well as the Music Festival, enhancing its involvement in the Foundation and broadening its communication with art lovers.

VitrA Ceramic Arts Studio

Dr. Nejat F. Eczacıbaşı established the VitrA Ceramic Arts Studio in 1957, with the goal of encouraging ceramic artists and public appreciation of this medium. Over the years, the VitrA Ceramic Arts Studio has opened its doors to a large number of young and talented ceramic artists, organized public exhibitions of their work and hosted master classes, conferences, slide shows and workshops on ceramic art. The VitrA Ceramic Arts Studio is a member of the Geneva-based International Academy of Ceramics (IAC).



Sports

Eczacıbaşı Sports Club

Established in 1966, the Eczacıbaşı Sports Club single-handedly trained many of Turkey's best sportsmen and women in the fields of basketball, volleyball, gymnastics and table tennis before focusing its resources exclusively on women's volleyball in the early 1990s. During this period, the Club won 13 National Championships in table tennis, eight National Championships in men's basketball, 12 National Championships in men's volleyball, and three National Championships in chess.

Since 1968, the women's volleyball team has won 27 National Championships, six National Cups and played in eight European Cup Finals, winning the "European Cup Winners' Cup" in 1999. In addition to its A-team, the Club has three junior teams that have contributed players over the years to the A team, other first division teams and the Turkish National Volleyball Team.

Eczacıbaşı Sports School

The Eczacıbaşı Sports School teaches volleyball to young girls in the 6-14 age group who often have less access to organized sports. It also assists young girls develop their motor and coordination skills.

Public Policy and Scientific Research

Eczacıbaşı Scientific Research and Medical Award Fund

The Eczacıbaşı Group established this fund in 1959 to promote high caliber medical research. Celebrating its 50th anniversary in 2009, the fund has supported 172 medical research projects to date and presented 67 awards to Turkish scientists for valuable research in health and medicine. Since 2002, the Scientific Research and Medical Award Fund is also supporting promising research carried out by medical students.

Turkish Economic and Social Studies Foundation (TESEV)

Eczacıbaşı is an active supporter of the Turkish Economic and Social Studies Foundation, an independent, non-profit think-tank dedicated to conducting and supporting research on public policy issues. TESEV is the successor of the Economic and Social Studies Conference Board, which Dr. Eczacıbaşı founded in 1961. Every year, the Eczacıbaşı Group sponsors a competition organized by TESEV to promote public policy-oriented research and encourage young researchers in this field.

Turkish Informatics Foundation (TBV)

The Eczacıbaşı Group is a corporate sponsor of the Turkish Informatics Foundation, established in 1995 through the efforts of the Group's vice-chairman, Faruk Eczacıbaşı, also the foundation's current chairman. The foundation's main goal is to contribute to the development of the legal, technical and physical infrastructure required for Turkey's full transition to an information-based society.

Eczacıbaşı Volunteers

Established in 2007 by Eczacıbaşı Group employees, Eczacıbaşı Volunteers' mission is to contribute to society through volunteer projects in the area of health, education and the environment. In principle, Eczacıbaşı Volunteers focuses its efforts on small-scale projects that complement the social responsibility projects of Group companies.

Unconditional Respect for Human Rights

The Eczacıbaşı Group's mission statement and values provide clear guidelines on human rights issues: no Group company or employee should undertake an activity that demeans themselves or others; that reduces, rather than improves, the well-being of society; and that does not contribute to modern, high-quality and healthy lifestyles. These guidelines are built into the decision-making process through the Eczacıbaşı Group Human Resources Handbook and the Total Quality Management and Business Excellence systems in place in most Group companies. Every new Eczacıbaşı Group employee is familiarized with the Group values through a variety of internal communication tools – starting with a lengthy Orientation Program – and expected to embrace them. Group subcontractors, many of whom also receive a lengthy orientation about the Group, its values and mission, are also expected to appreciate and respect these principles.

Apart from ensuring that the operations of its companies, business partners, and suppliers conform with its commitment to respecting human rights, the Eczacıbaşı Group encourages its companies and employees to undertake projects that strengthen human rights by empowering people and facilitating greater access to health and education.

Hygiene Project for Primary Boarding Schools

The Eczacıbaşı Group and the Association in Support of Contemporary Living (ÇYDD), one of Turkey's leading educational NGOs, are cooperating on a major initiative to provide primary school children at state-run boarding schools a modern, high quality and healthy environment. As a partner in the project, the Eczacıbaşı Group is designing new bathrooms and washing areas for primary boarding schools in eastern Turkey and equipping them with Vitra and Artema products. Thirty schools are involved in the first phase of the project, which is scheduled for completion in 2010. In addition to designing new bathrooms, Eczacıbaşı Building Products' architects are redesigning the plumbing infrastructure of these schools with the support of the governors, educational directorates and district officials of the provinces in question.

Askaynak: A partner in vocational training

Eczacıbaşı-Lincoln Electric Askaynak is contributing to the welding technology industry and the professional development of young welders through training seminars and the provision of consultancy, equipment, textbooks, and supplies to state-run vocational schools, universities, public education centers, and prisons.

In 2005, Askaynak signed a protocol with the Ministry of Education's Vocational Education Directorate to provide one-week refresher courses at its plant to 40 technical teachers at state-run vocational schools every year, print and distribute a welding technology textbook prepared by Askaynak to technical teachers and senior students at vocational schools, provide equipment to vocational schools at cost, and act as a sponsor/partner/shareholder for EU-funded vocational training projects in the welding sector.

Over the next three years, Askaynak provided refresher courses to 120 teachers at state-run vocational schools; distributed over 44 thousand copies of its textbook, donated electrodes for practice labs, and provided state-of-the-art welding equipment for free or at very economical prices. It also acted as a partner/sponsor in two EU-funded projects to train welding technicians for natural gas piping.

Askaynak has also supported training programs initiated by public training centers and municipalities. In 2006, it helped to establish a Welding Training Center that has facilitated the training and certification of more than 770 welders as of end-2008, and provided equipment and consultancy to two municipal training centers.

Overall, Askaynak's training seminars benefited more than 1000 people from 69 institutions in 2008.

Askaynak has also worked with a juvenile detention center in Istanbul, where it provided training to 14 teenagers, and has donated equipment and supplies to welding labs at two prisons.

Askaynak has a long history of supporting welding technology and research at universities, having established the welding laboratories at Istanbul Technical University, Sakarya University and Yıldız Technical University. In 2008, Askaynak also donated equipment and supplies to the welding laboratory at Istanbul Kültür University.

Cooperating in the project is the Group's flagship tissue paper brand, Solo, which is providing personal hygiene education to students at these schools through its "Primary School Personal Hygiene Education Program". Additionally, Eczacıbaşı Volunteers, the Group's volunteer program, is collecting school materials for students and organizing supplementary activities, including educational trips to Istanbul for high achievers.

Solo Primary School Personal Hygiene Education Program

İpek Kağıt, the Group's tissue paper manufacturer, has long been at the forefront of public awareness campaigns on healthy personal hygiene practices. In 2002, it began cooperating with the national educational system to provide primary school students basic information on personal hygiene in a project called the "Solo Primary School Personal Hygiene Education Program". To date, the program has organized personal hygiene classes for 5.5 million students at 7,000 schools in 42 cities around Turkey.

In 2009, İpek Kağıt extended its program to include a special joint project with Milliyet Newspaper, a leading Turkish daily. The joint project will provide specially designed personal hygiene classes to 3,000 adolescent girls studying at primary boarding schools with the support of Milliyet Newspaper's scholarship campaign, which aims to encourage education for young girls.

Social Responsibility Awards

The Eczacıbaşı Group presented its first Social Responsibility Awards at 2008 Meetinnovation, the Group's annual innovation event. The award winners were Eczacıbaşı Volunteers, who assisted 122 children through educational projects and 70 children through health-related projects, and İpek Kağıt Volunteers, who are assisting 110 children at the Gazi Vakfı & Gazanfer Bilge Orphanage prepare for a fulfilling life in society.

Eczacıbaşı Volunteers

Eczacıbaşı Volunteers, the volunteer association established by Group employees, is coordinating with the Hygiene Project for Primary Boarding Schools, to support needy schoolchildren in Turkey's eastern provinces. In 2008, Eczacıbaşı Volunteers completed three projects at primary boarding schools: a Children's Day Painting Contest, a special trip to Istanbul for the top 22 students in the sixth and seventh grades, and a schoolbag project with stationery, personal care items and clothing for 70 students preparing to enter school.

Eczacıbaşı Volunteers continues to move forward on its fourth project, "Smiling Eyes", which aims to improve the environment and the experience of children with chronic kidney disease receiving regular dialysis treatment. In 2008, Eczacıbaşı Volunteers redecorated the Pediatric Nephrology Unit at Istanbul's Çapa Medical Faculty, adding a library and providing laptops and DVDs for the children to use during treatment. Efforts to replicate the project in the Pediatric Nephrology Unit of Cerrahpaşa Medical Center began in early 2009.

Other projects for 2009 include a computer room, recreational room and rhythm workshop for the primary boarding schools in the hygiene program, a pilot tutoring project for primary school children, and an optical health awareness and support campaign.

Ipek Kağıt, the Group's tissue paper manufacturer, has long been at the forefront of public awareness campaigns on healthy personal hygiene practices.

Focusing on children's perspective of beauty

Eczacıbaşı-Beiersdorf, the marketing and distribution company of the Nivea brand in Turkey, brought a new perspective to Nivea's global "Beauty is..." brand campaign in 2008, with a photography workshop for children based on this theme. Organized in collaboration with the Turkish Educational Volunteers Foundation and the Photography Foundation of Turkey, the six-week workshop gave 28 primary and middle school children the opportunity to learn about composition, darkroom skills, photographic techniques, and critical thinking in a supportive and creative environment.

During the 16 workshop sessions, which included several field trips, children were asked to think about their understanding of "beauty" and record their perspectives in their photographs and journals. The results of these efforts, which were documented on film by a well-known Turkish television presenter, were published in a book entitled "What is beauty?" and on the nivea.com.tr website with information about each of the participating children. Aside from encouraging children to explore the meaning of "beauty", the workshop aimed to empower the children with a new communication skill and the confidence to use it.

Implemented in 64 countries between mid-2007 and mid-2008, Nivea's campaign sought to communicate the idea that beauty was a "holistic interaction of looks, well-being, personality and interpersonal experience", a view corresponding with Nivea's philosophy and shared by most women around the world, according to Nivea's consumer research.

Ipek Kağıt Volunteers

Established by İpek Kağıt employees in 2007, the "Let's Hold a Hand" program aims to lend a helping hand to the children of the Gazanfer Vakfı and Gazanfer Bilge Children's Orphanage located near İpek Kağıt's plant in Yalova. The project differentiates itself from others of its kind by:

- Preparing children for life after the orphanage rather than just providing things they need during their time there,
- Providing skills, rather than money or materials,
- Supporting children as long as required, not on an on-and-off basis.

"Let's Hold a Hand" operates in five general areas: education, career choice, social activities, sports and health.

Skill transfer

Initially, volunteers have focused on activities that enable them to transfer individual skills, such as teamwork and discipline, without the need for additional funding. Two projects of this kind have been folk-dancing classes and chess classes, both taught by employees at İpek Kağıt with expertise in these areas. In 2008, folkdance students completed their first full year of training and participated in four folkdance events, including an international folkdance festival. Chess classes for beginners, which started in October 2008, have generated interest among a small group of children, several of whom volunteers hope will soon be able to participate in tournaments.

Preparing for a career

One of the most important activities of the project is helping children overcome their fear of what they will do after they leave the orphanage by familiarizing them with different professions and assisting them in the process of choosing one. Other activities include cultural/educational trips, sports, basic computer skills, and hygiene classes.

High Labor Standards

The Eczacıbaşı Group's shared values form the basis for its general management principles and define its approach to human resources, through such concepts as innovation, respect, quality, participative management, flexibility, adding value, empowerment and being fully informed in one's area of responsibility.

Freedom of association

In accordance with national labor regulations in Turkey and all other countries where the Eczacıbaşı Group is present, Eczacıbaşı Group employees have the right to freely associate themselves with a union and to undertake collective bargaining. In line with the Group value of participatory management, the Group encourages the development of close-working and transparent relations with the unions representing its employees to find mutually beneficial and long-term solutions to new challenges and opportunities.

In Turkey, employees at five of the Group's largest companies (Eczacıbaşı Building Products, VitrA Bathtub, VitrA Tiles, Eczacıbaşı-Zentiva Health Products, and İpek Kağıt) are represented by unions.

Protecting employee rights

The Eczacıbaşı Group's human resources systems and practices are designed to protect the rights of Group employees as well as the interests of Group businesses, in line with the Eczacıbaşı Group's mission statement and values. To this end, the Group has developed a comprehensive human resources management system which ensures that every human resource process is legally correct, documented, and retrievable for review by management and external auditors.

Every new Eczacıbaşı employee is explained their rights during the orientation stage and directed to the Human Resources Handbook in the corporate portal. They are also informed immediately of changes to this handbook and to their rights

and obligations through internal communication tools – most notably the corporate portal and internal e-mail messages – and encouraged to review these changes.

Apart from ensuring that all of its businesses strictly adhere to labor regulations in Turkey and other countries where the Group is present, Group companies continually monitor the performance of their subcontractors to ensure that they, too, adhere to these regulations. The Eczacıbaşı Group does not tolerate any infringement of these regulations or other employee rights at its own companies or at its subcontractors; the Group

Union Relations at İpek Kağıt Tissue Paper

At İpek Kağıt, the Group's tissue paper manufacturer and a joint venture with Georgia Pacific, union representatives not only sit on the Discipline Committee, they also have management responsibilities related to the recruitment and selection process of plant staff, promotions, compensation, occupational safety, and social benefits.

İpek Kağıt holds meetings with union representatives and provides them the time and space to hold meetings and organize training and development seminars with union members in the plants.

İpek Kağıt shares all of its end-year financial results and strategic targets for the next year at goal-sharing meetings with all of its employees. These meetings are attended by the general manager and all other managerial staff.

İpek Kağıt has provided Total Quality Management training to all of its employees as well as to union officials at the union headquarters.

The main principle of the Group's recruitment and placement process is providing equal opportunity for employment and promotion – without discrimination or favoritism – to people who have the right competencies for the job and who demonstrate an appreciation of our corporate culture.

will terminate its relationship with subcontractors who fail to fulfill their legal obligations after a single warning.

Creating the future together

The primary objectives of the Eczacıbaşı Group's human resource management policies are to attract, develop and retain outstanding human resources and to ensure that Group companies have dynamic organizational structures that are aligned with their strategic plans and objectives. To achieve this, the Eczacıbaşı Group strives to ensure that it has in place the best human resource management applications and educational programs, provides a professional and appealing working environment with continual opportunities for professional and personal development, and develops a long-term relationship with its employees that begins in their university years and continues into and through their retirement.

For the Eczacıbaşı Group, outstanding human resources means well-educated and well-prepared individuals who are open to innovation and change, entrepreneurial and energetic; who actively seek personal and professional development, who train other personnel and who share the Eczacıbaşı Group's understanding of respect, participation, initiative, quality, innovation, and sense of responsibility towards their jobs, community and environment.

Right to equal treatment in recruitment, selection and promotion

The Eczacıbaşı Group selects the most suitable applicant for every job based on a clear set of criteria and a transparent recruitment and selection process that is described in detail in the Recruitment and Selection Handbook. This process includes well-defined tests for each position, workplace simulations, and face-to-face interviews with a number of people from different levels of the organization. Empirical methods are used throughout to rank candidates, and every time someone is refused, the reasons for the refusal are

Women at Eczacıbaşı

Excluding the Group's manufacturing plants, women represented 32 percent of all Eczacıbaşı Group employees in 2008, significantly higher than the average of 25 percent for Turkey as a whole. Women have also accounted for 32 percent of all promotions to mid-level managerial positions since 2002, when the Group established its new recruitment and selection system. Both ratios will increase steadily in the coming years, in line with the rising percentage of women applying for positions in Group companies. In 2008, women accounted for 35 percent of the Eczacıbaşı Group's new recruits and 40 percent of all employees in career development programs aimed at preparing them for greater management responsibility. These figures, while still requiring improvement, are comparable with the European average: according to the latest European Commission Report on Equality between Women and Men, published on 7 February 2007, the share of women in management and administrative positions in the private sector in European Union countries was 32 percent on average in 2005.

recorded, monitored and evaluated. This system aims to prevent applicants from being denied employment for discriminatory reasons, such as gender, religion, or race.

The following excerpts from the Eczacıbaşı Group Human Resources Handbook are illustrative of the Group's policies towards discrimination in respect of employment and occupation:

The main principle of the Group's recruitment and placement process is providing equal opportunity for employment and promotion – without discrimination or favoritism – to people who have the right competencies for the job (knowledge, skill, and attitude) and who demonstrate an appreciation of our corporate culture.

The selection and placement process for a position should take into consideration, first and foremost, the qualities required by that particular position.

Discrimination and favoritism are forbidden in the selection of new employees and the planning of career development paths.

Right to information and voicing an opinion

The Eczacıbaşı Group views the criticisms and suggestions of all of its stakeholders, not just its employees, as opportunities to improve the Group and its performance. For employees, it has created numerous tools and established a number of platforms both at the Group level and within companies for the verbal and written communication of ideas. These include the Group corporate portal – which enables employees to submit their ideas to specific business departments and on specific topics (Innovation, Sustainable Development) – as well as management meetings and an “open-door” management approach for face-to-face communication. Stakeholders are also encouraged to express their ideas through the public websites of the Eczacıbaşı Group and its companies. Through the human resources portlet of the Eczacıbaşı Group corporate portal, employees are also able to access all information related to their professional development, performance, and rights, including their development plan, performance evaluation, compensation rights and holiday time. Personalized HR pages also enable employees to monitor the targets of their departments and companies.

Right to personal and professional development

The Eczacıbaşı Group is committed to creating an environment that enables every one of its employees to learn continually, experiment and develop personally and professionally. In return, the Group asks that its employees strive to develop themselves and their jobs and create added value. With this aim, the Group provides development opportunities and guidance to employees to develop their full potential in their areas of specialization.

Employee-led innovation: I've got a project!

Started in 2008, “I've got a project” aims to encourage employees to contribute individually or as a team to the Eczacıbaşı Group's Innovation Initiative. By providing a mechanism for employees to develop and implement innovative projects, “I've got a project” enables employees and companies to benefit from the commercial value of their innovative ideas, promotes an environment of partnership with employees, and enhances the innovative competency of the Group.

“I've got a project” supports all kinds of value added projects that result in new goods or services, new techniques that raise the quality or standard of an existing good or service, or reduce costs; R&D projects that aim to develop new production technologies; new partnerships that increase value added; business development; and sustainable development projects.

In 2009, “I've got a project!” will be integrated into a new Group-wide suggestion and project evaluation system called “İnocino”, a comprehensive system for encouraging, selecting and then funneling innovative ideas into value-adding projects. Every Eczacıbaşı Group employee or group of employees can suggest an idea or project for any department, company or division in the Group through this system. After a preliminary evaluation, proposals are sent to the Group's Innovation Board for evaluation based on three criteria: the creativity/innovative strength of the idea, its potential contribution to company results, and its applicability on a wide scale. All idea/project applications are submitted electronically through the corporate portal, making it possible to file away ideas that may not be feasible at that moment but which have future potential, this way creating an extensive, yet highly accessible database of innovative ideas.

The Eczacıbaşı Group aims to achieve the best environment, health and safety record in Turkey and one of the best internationally.

Employee Health Monitoring at Eczacıbaşı-Baxter

Eczacıbaşı-Baxter has created health dossiers for all of its employees to enable it to monitor and contribute to the improvement of their health. These files are treated very confidentially and are not shared with anyone but health workers and the concerned employees.

All Eczacıbaşı-Baxter employees have check-ups when they begin at the company and regularly thereafter. Those employees exposed to on-the-job health risks are additionally screened regularly for associated health problems.

510 Eczacıbaşı-Baxter employees had a check-up in 2008. Additionally, 380 employees received flu shots, 29 received tetanus shots and 43 were vaccinated against Hepatitis B.

Occupational safety training is a central element of Eczacıbaşı-Baxter's health program. In 2008, Eczacıbaşı-Baxter organized 1,035 hours of occupational safety training and attained one million work-hours without a day lost from a work-related accident, winning it the 2008 "Baxter Excellence in Safety Award" for one million hours without a days-lost incident.

Using performance management applications and career maps, the Eczacıbaşı Group assists employees determine their goals in parallel with management and professional development needs and supports them with individual development and action plans to close competency gaps.

The Group's development programs fall under three main categories: on-the-job training, personal development and management, and career development. On-the-job training generally involves "guidance", "rotation" and "assignment". Another form of professional development is "job enrichment". Management and career development are aimed at developing particular skills needed for the job or career development.

All Eczacıbaşı Group employees are given equal opportunities for personal and career development. In 2008, Eczacıbaşı Group employees received 13 hours of professional and personal training on average.

Right to a safe and healthy workplace

The Eczacıbaşı Group aims to achieve the best environment, health and safety record in Turkey and one of the best internationally. The Group has established an Occupational Health and Safety (OHS) Unit to carry out joint projects with occupational health and safety experts throughout the Group, starting with a compilation of all Group statistics related to occupational health and safety to locate areas of best practice and others that need to be strengthened. The Unit has also developed an IT application to monitor health and safety data on a Group-wide basis. The application can find correlations between employee health and environmental indicators, thus generating critical information for locating OHS risks and preventing workplace-related illnesses. The application, which is the first of its kind in Turkey, can also be used to monitor health and safety performance indicators of subcontractors working for Eczacıbaşı Group companies.

The Eczacıbaşı Group's Occupational Health and Safety Unit is examining the OHS practices of Group companies and developing a "database" of best practices.

Eczacıbaşı Group companies with OHSAS 18001 Certification

Eczacıbaşı-Baxter Hospital Supply 2005

Eczacıbaşı-Zentiva Health Products 2007

Eczacıbaşı Building Products (VitrA) 2008

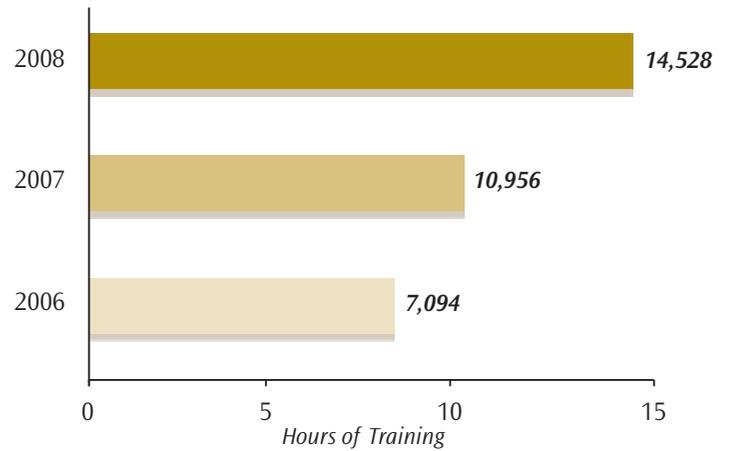
Eczacıbaşı Girişim Marketing 2008

Additionally, the OHS Unit provides training to employees on ergonomics, first aid, accidents at work and occupation-related illness and offers programs and counseling on nutrition, smoking cessation and other health-related issues. Many of these activities are also available to employees of subcontractors.

Also in 2008, the Occupational Health and Safety Unit established a field team with occupational doctors and safety experts from the Group trained specifically for OHS field visits by the Turkish Standards Institute. The purpose of this team is to examine the OHS practices of Group companies and develop a database of "best practices" to share with Group companies.

At the same time, the OHS Unit completed the preparation of a health portlet which employees will be able to access through the corporate portal to obtain information on general health and OHS issues and share best practices. This portlet is scheduled to come on stream in 2009.

Occupational Health and Safety training at Eczacıbaşı Building Products



İpek Kağıt Tissue Paper: One of the best safety records in Georgia-Pacific

Committed to eliminating all unsafe conditions and behavior that cause accidents at the workplace, İpek Kağıt achieved one of the best safety results among Georgia Pacific's international consumer products operations in 2008, with a low 0.5 incident rate at its production site in Yalova. İpek Kağıt has also received Georgia-Pacific Safety Awards for achieving 250,000, 350,000 and 500,000 accident-free work hours.

2004 Georgia-Pacific President's Award for Safety

2004 Georgia-Pacific Chairman's Award for Safety

2005 Georgia-Pacific President's Award for Safety (twice)

2005 Georgia-Pacific Chairman's Award for Safety

2008 Georgia-Pacific EMEA Safety Excellence Award

Committed to Improving its Environmental Footprint

The Eczacıbaşı Group's environmental policies are guided by the Group's mission of pioneering modern, high quality and healthy lifestyles and its respect for society and the environment. Every major Group company has elaborated its own environmental policy based on these principles and most of the Group's manufacturing operations have ISO 14001 certification or similar environmental management systems.

Joined leading sustainable development business associations

With the impact of human activity on the global climate now much clearer, the Eczacıbaşı Group has broadened the scope of its environmental approach to include concepts, policies, activities and policies that promote sustainable development. The Group's first formal step in this regard was its decision to accept the invitation of the World Business Council for Sustainable Development (WBCSD) – an association established by the world's leading companies to contribute to sustainable development and provide guidance on social policy – to become its first and only Turkish member in 2007. Led by the CEOs of its member companies, WBCSD is a platform for exploring solutions to world problems and sharing experiences and best practices in the areas of economic growth, social progress and ecological balance. Also in 2007, the Eczacıbaşı Group joined WBCSD's local chapter in Turkey (TBCSD).

Soon after beginning its new membership, the Eczacıbaşı Group established a Working Group on Sustainable Development to help develop the economic, environmental and social conditions required to increase the efficiency of resource use within the Group and contribute to the Group's sustainable success; enhance awareness and knowledgeability about sustainable development issues within the Group; and contribute to the development of company and sector-wide sustainable development initiatives.

Sustainable communication practices – using alternative media and recycling to sponsor change and reduce waste

Little changes can have a large impact, especially if your company is sending and receiving hundreds of thousands of e-mails, greeting cards, and cargo packages a year, and publishing hundreds of brochures and annual reports. That is why the Eczacıbaşı Group is implementing a number of measures to reduce the environmental impact of its internal and external communications and finding ways to create positive change with its message media.

Some of the changes the Eczacıbaşı Group has made in the past year include:

- *Adding a logo to all corporate e-mail communication encouraging the receiving party to avoid printing e-mail unless absolutely necessary.*
- *Publishing all corporate publications, including the corporate magazine, brochures and annual reports of Group companies, on the corporate portal and company websites to minimize print runs.*
- *Whenever possible, replacing the practice of sending printed greeting/holiday cards with e-cards.*
- *Encouraging Group companies to set up recycling boxes for paper and plastic cargo packaging, in partnership with the recycling programs of cargo companies and the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA).*
- *Ending the practice of sending flowers to funerals or celebrations and instead donating in the receiver's name to either the Turkish Education Foundation (TEV) or TEMA.*

The Eczacıbaşı Group's environmental policies are guided by the Group's mission of pioneering modern, high quality and healthy lifestyles and its respect for society and the environment.

The Working Group comprises 27 representatives from 16 Eczacıbaşı Group companies, including all of its major manufacturing operations in Turkey. Its goals during the first three years are to determine where companies stand in terms of sustainable business practices; encourage companies to measure and monitor their sustainable development performance using internationally recognized indicators and set targets for improvement; develop an inventory of "best practices" in the area of sustainable development and share them with Group companies and employees; and publish its first report of the Eczacıbaşı Group's sustainable development performance in 2010.

Established the framework and guidelines for monitoring and reporting on sustainability performance

In 2008, the Working Group on Sustainable Development achieved its objectives for the year, which included:

- Determining its mission, main goals and activity plan.
- Determining the composition of the Working Group and ensuring representation from related Group companies.
- Selecting the reporting system (Global Reporting Initiative-GRI) to measure, evaluate and report on the sustainability performance of the most important Group companies.
- Determining which environment and product responsibility variables to monitor and collect from Group companies.

Companies were asked to :

- Report annual data for standard variables, if available, for 2007 and 2008 and begin collecting data for standard variables on a monthly basis.
- Report monthly variables to the Working Group every three months.
- Set improvement targets each year.

- Monitor performance with respect to these targets.
- Develop a methodology for consolidating data from diverse companies and industries in a meaningful way and complete its first consolidation of 2007 and 2008 data.

In addition to establishing the framework for evaluating and reporting data, the Working Group:

- Planned the internal communication program to raise awareness of sustainable development issues.
- Prepared the Eczacıbaşı Group's first two Communications on Progress for the Global Compact.
- Secured the Eczacıbaşı Group's Platinum Sponsorship of the "Threats and Opportunities for the Business World" Congress organized by the Turkish Business Council for Sustainable Development in May 2008.
- Secured the sponsorship of Eczacıbaşı Construction for the "Green Buildings" seminar organized by the Turkish Green Buildings Association in January 2009.

Eczacıbaşı Group companies with ISO 14001 certification

- *Eczacıbaşı Building Products was the first ceramic sanitary ware producer in Turkey and the second worldwide to obtain ISO 14001 certification.*
- *Eczacıbaşı-Zentiva Health Products*
- *Eczacıbaşı-Baxter Hospital Supply*
- *Eczacıbaşı-Monrol Nuclear Products*
- *Eczacıbaşı Girişim Marketing*

Eczacıbaşı Group companies are continually striving to find ways to minimize their use of non-renewable resources and maximize the efficiency of their operations.

2009 objectives

In 2009, the Sustainable Development Working Group will help companies set sustainable development targets and focus on the preparation of the Eczacıbaşı Group's first sustainable development report, which it will submit to the WBCSD in 2010. It will also expand its communication and training programs on sustainable development issues.

Investments in eco-efficiency

Eczacıbaşı Group companies are continually striving to find ways to minimize their use of non-renewable resources and maximize the efficiency of their operations, with the aim of improving their competitive advantage and minimizing the environmental impact of their activities.

Two of the Group's recently constructed plants have incorporated major water and energy-saving features as well as new processes aimed at optimizing input use and reducing waste emissions.

Many other Group companies are also making significant changes to their production, marketing and management processes.

Eczacıbaşı-Baxter Hospital Supply, the Eczacıbaşı Group's joint venture with Baxter International, has reduced the amount of fresh water needed to produce a liter equivalent of output by 88.6 percent, and the amount of electricity and natural gas by respectively 54.7 percent and 61.9 percent since the start of its eco-efficiency program in 1995. In 2008 alone, the company reduced water consumption per liter equivalent by 15.6 percent. Some of Eczacıbaşı-Baxter's solutions for reducing water consumption included the recycling of condensed water, treated waste water, and discharge water from reverse osmosis and distillation.

In 2008, İpek Kağıt Tissue Paper, the Eczacıbaşı Group's joint venture with Georgia Pacific, began the construction of a new wastewater treatment facility that will reduce its daily water consumption requirement by 30 percent and improve the quality of treated wastewater water by 50 percent, enabling it to meet the discharge limits of the Integrated Pollution Prevention and Control (IPPC) Directive's Reference Document on the Best Available Techniques for the Pulp and Paper Industry. As a result, İpek Kağıt will be complying with new discharge standards in Turkey and the European Union long before they come into effect. Currently, İpek Kağıt has a wastewater treatment facility for each of its three paper lines that comply with existing discharge limits.

Cutting costs with rainwater collectors and solar water heating

Eczacıbaşı Girişim Marketing's new industrial cleaning products and cosmetics plant in Gebze, Turkey, has a number of environment-friendly features that help to save water and energy. Built in 2008, the new plant follows the lead set by the Eczacıbaşı Group's latest welding electrode plant, which succeeded in reducing energy and water consumption by respectively 8.5 and 40 percent in its first year of operation.

Girişim Marketing's new plant has rainwater collectors to catch runoff from the roof, saving it an estimated 5,000 tons of water per year. Additionally, a solar hot water system on the roof of the plant heats water for the manufacturing process, saving an estimated 2 tons of diesel fuel per year.

Other environment-friendly features include "cleaning-in-place" systems for regular steam cleaning in its sanitation processes, enabling Girişim to use half as much water and generate half as much wastewater as similar plants of its size. Another innovation is a chiller system with a magnetic bed to cool processes and the building, which results in energy savings of about 30 percent.

Due to these systems, Girişim Marketing's new plant is estimated to use 25 percent less water and 32 percent less energy than it would have without these systems.

Since 2005, the Eczacıbaşı Group has recognized innovative company, division and Group-wide projects that increase output, reduce inputs or lower operating costs.

Reducing the impact of extraction activity on local environments and communities

Eczacıbaşı Esan, the Group's industrial raw material supplier, owns the largest reserves of clays and feldspars in Turkey for the sanitary ware and ceramic tile sectors and operates 18 mines and seven processing plants. Reducing the impact of these activities on the surrounding environment and communities has long been a priority for the company, which is why it is working hand-in-hand with local government, ministries, universities and NGOs to find solutions for such problems as dust formation and dispersal.

Dust is a particular concern in the Aegean district of Milas, where many of Esan's operations are located, because Milas is a historical site and tourism center, and olive groves and other agricultural activities are an important source of income for its rural population.

In response to these concerns, Esan has:

- *Installed spray systems (using waste water from its operations) over an area of 96,000 m²,*
- *Covered its entire 460 meter-long conveyor belt system in the crushing plants,*
- *Built an enclosed storage space of 4800 m for fine materials,*
- *Paved 4000 meters of access roads,*
- *Planted 900 cypresses around the perimeter of the crushing complex,*
- *Made it mandatory for trucks to use covers,*
- *Led a sector-wide initiative to construct a new port in Güllük, eliminating the need for trucks to enter the town.*

In 2007, Esan contracted a study via the Aegean Exporters' Union to evaluate the impact of mining activities on local agricultural fields and olive groves. This independent study, which was carried out by the Aegean and Dokuz Eylül universities, found that dust emanating from extraction activities did not cause phytotoxicity and that the precautions taken by Esan had prevented its processing plants from having any negative impact on the vegetative and generative growth of olive trees in the vicinity.

Land reclamation

Land reclamation is another important focus of Esan's environmental activities. Here, Esan is backfilling and contouring open areas from old mining activities, spreading topsoil to encourage vegetation growth, protecting newly rehabilitated areas from wildlife by installing fences around their perimeter, and planting trees – often in areas that were unforested before extraction activities began.

*Esan has planted some 2600 stone pine trees (*pinus pinea*) on the sites of five former mines in Milas and more than 3,700 deciduous and coniferous trees (*maple, ash, cedar, laurel, oleaster, cherry and acacia*) on the sites of three former mines in the western Black Sea region, reforesting this way a total area of 135 thousand square meters. During this process, Esan consulted the Forestry Ministry and local NGOs to find trees that reflected the biodiversity of surrounding areas, enriched it, or, as in the case of Milas, provided an additional source of income to local families.*

Promoting sustainable extraction practices

Eczacıbaşı Esan is chairing the LCA (Life Cycle Assessment) working group of the Industrial Minerals Association-Europe, which aims to promote sustainable natural resource use, reduce the environmental impact of extraction activities, and carry out studies related to material consumption and air, water, soil emissions. It is also participating in industry-wide initiatives to protect the environment as well as in activities to raise environmental awareness among smaller producers and the local population.

Eco-efficient plant becomes model for international partner

Lincoln Electric, the Eczacıbaşı Group's partner in Askaynak, has adopted the central bath and waste treatment system of the joint venture's new welding electrode plant as a model for future plant investments around the world. Askaynak's new plant, which began operating in 2007, has a number of environment-friendly features that enable it to achieve significant savings in the area of energy, water and material use. These include:

- *An architectural structure that maximizes daylight for interior lighting, solar energy for water-heating, and natural air circulation for ventilation.*
- *A central bath system that increases the productive life of plating and lubricant baths three-fold and reduces water usage and the consumption of acid by 50 percent, copper sulfate by 25 percent, and soap by 75 percent. The corresponding reduction in waste significantly increases the efficiency of the industrial wastewater treatment plant.*
- *Treatment and recycling systems for process and waste water.*
- *Recycling of waste dust.*

In 2009, Askaynak will complete a project to recycle waste heat from drying ovens to heat the plant and finish a feasibility study on installing a wind turbine at the plant.

Optimizing IT

The Eczacıbaşı Building Products Division completed a data center consolidation project in 2008 that has resulted in both significant energy savings and higher productivity.

Under the direction of Eczacıbaşı Information and Communication Technologies, the Division has reduced its server requirements from 70 to 15 in four locations. The energy saved by this operation and the parallel decline in cooling systems for data centers is expected to reach 330,000 kwh/year.

In addition to the reduction in energy consumption, the project has caused a 12-fold increase in server speed, facilitating the start of dynamic resource management and the development of common applications for all Division companies.

The Building Products Division's project is part of a comprehensive Data Center Consolidation project initiated by the Eczacıbaşı Group in 2006. As part of this project, the Group moved 200 servers from 20 different locations around Turkey to a central data center in Istanbul and transferred some of the servers' functions to virtual data centers. As with the Building Products Division's project, the consolidation has reduced energy consumption, investments in hardware and cooling systems, and operating costs. It has also increased the productivity of Group-wide data entry and backup processes.

Innovative productivity project awards

Since 2005, the Eczacıbaşı Group has recognized innovative company, division and Group-wide projects that increase output, reduce inputs or lower operating costs. Many of these projects can be considered investments in "eco-efficiency" because they result in the use of fewer resources and create less waste.

In 2008, the award-winning productivity project was the central bath and lubricant system at Eczacıbaşı-Lincoln Electric Askaynak's new plant. Other projects competing in this category included Kanyon's water consumption reduction initiative and a project to reduce pressure casting production costs at Eczacıbaşı Building Products that lowered plaster consumption by 25 percent while raising the potential number of casts per day from two to 36.

Green building initiatives

The Eczacıbaşı Group is not just focusing its eco-efficiency initiatives on manufacturing processes, but also on land development and real estate, a growing business for the Group. Kanyon, the Eczacıbaşı Group's unique mixed-use urban project with İş REIT, Turkey's leading real estate investment company, is undertaking a comprehensive resource use and waste management program in partnership with the Department of Architecture of Istanbul Technical University aimed at improving water conservation and energy efficiency, developing alternative energy sources and promoting waste management. Kanyon is also exploring the opportunities for green and efficient building certification once it completes its program at the end of 2009.

Worldwide, only 20 percent of the population has access to clean water and clean water resources everywhere, including Turkey, are on the wane. Water rich countries are those that can provide 8,000-10,000 cubic meters of water to their population per year, and Turkey is not one of them with enough resources for only 1.4 cubic meters per person per year.

Water efficiency program conserved 19 thousand tons in 2008

Kanyon's water conservation program, which responds to growing concerns in Turkey about water scarcity and water waste, encompasses water use in every area of the center, from garden sprinklers to faucet aerators. Without sacrificing service quality, this program has enabled Kanyon to achieve water savings as high as 64 percent in some cases and 30 percent overall. Through the implementation of a series of targeted measures, Kanyon achieved water savings of 19,000 cubic meters in 2008, the average yearly consumption of 13,500 people in Turkey.

Water conservation measures include:

- A highly efficient watering system for indoor and outdoor garden areas. The automatic system is programmed to function at night and to water garden areas according to need, to maximize watering efficiency. This system has helped Kanyon reduce water consumption in garden watering by more than 60 percent.
- Water-saving systems in public restrooms. Roughly 175,000 people visit Kanyon every week to shop, eat or enjoy its recreational facilities, making public restrooms a major source of water consumption. For this reason, Kanyon has reduced the flushing volume of 122 toilets, replaced normal urinals with waterless ones, installed photocell faucets with water-saving aerators in public restrooms and reduced water pressure. These measures have reduced water consumption in public restrooms by 20 percent.
- Improved the efficiency of cooling towers. Working with the manufacturer of the cooling system and a laboratory, Kanyon has increased the heat exchange capability of its cooling system and significantly reduced the amount of fresh water needed for this process. Water discharged from the process is treated, mixed with rainwater and used for watering, cleaning and restroom flushing systems. All of these efforts have reduced water usage in cooling towers by more than 25 percent.
- Awareness campaigns. Kanyon has carried out a number of high profile awareness campaigns for residents, staff and customers on the importance of conserving water and how to do it.

Additionally, Kanyon is carrying out feasibility projects for such alternative energy projects as:

- Solar panels for heating water,
- Solar panels and wind turbines for lighting.

Kanyon has also set in place a waste management system that is now being used by the Şişli Municipality of Istanbul as its model system for waste management. Kanyon separates

Through the implementation of a series of targeted measures, Kanyon achieved water savings of 19,000 cubic meters in 2008, the average yearly consumption of 13,500 people in Turkey.

all waste by main category – plastics, food oil, cans, bottles, paper, etc. – then reduces its volume by half using waste compactors.

Recycling heat from tile kilns to reduce energy costs

VitrA Tiles has initiated a major project to recycle exhaust heat from the kilns on its ceramic tile production lines.

Using gas-to-gas and gas-to-water heat exchangers fitted on the kiln stacks of four production lines, VitrA Tiles plans to capture as much as 85 percent of the kilns' exhaust heat and recycle it in its spray dryers, this way achieving natural gas savings of about 854,000 m³ and a reduction in firing-sourced CO₂ emissions of about 1.7 percent annually in the first stage of the project.

Product Responsibility

Product responsibility is another focus of Eczacıbaşı's Working Group on Sustainable Development. Led by representatives of the Eczacıbaşı Building Products Division and Eczacıbaşı Girişim Marketing, the Working Group's committee on product responsibility is documenting Group policies and practices in the areas of Customer Health and Safety, Product and Service Labeling, Marketing Communications, and Customer Privacy to determine weaknesses and expand best practices throughout the Group. This committee aims to complete the evaluation stage of this process in 2009.

Most Group companies already have total quality management systems in place that ensure high compliance in all of these areas and many companies even exceed the standards for their industries or markets. One example of this is İntema Marketing and Sales requiring that kitchen cabinets sold through its wholesaler and retailer network in Turkey comply with the European Union E1 formaldehyde emission standard even though this is not yet obligatory in Turkey. Another is

İpek Kağıt Tissue Paper's policy of purchasing pulp only from producers certified as using wood from "sustainably managed" forests.

Several Group companies are also researching and developing products that allow consumers to choose more sustainable lifestyles.

Eczacıbaşı Girişim Marketing, for example, has developed and launched the first non-toxic insect repellent spray and lotion in the Turkish market. Because it is made entirely of natural ingredients (water and plant extracts), it may be used safely on children and adults alike and has no toxicological impact on the environment.

Eczacıbaşı-Koramic Building Chemicals has developed an external insulation system for buildings in collaboration with the Jotun Group that can reduce energy use for heating and cooling by as much as 60 percent.

E-Kart Electronic Card Systems, the Eczacıbaşı Group's joint venture with Gieseke&Devrient and Turkey's first Visa / MasterCard certified manufacturer of smart credit cards, has developed and launched a credit card series using Lexan™ polycarbonate resin, a high-performance thermoplastic. While offering high durability and quality, Lexan™ contains less harmful chemical compounds and disintegrates faster than PVC – the most common material in credit cards.

Eczacıbaşı Building Products has set itself the goal of developing products that help users reduce their impact on the environment by incorporating environment-friendly technologies and designs that save water and energy, reduce the use of materials during production, and decrease the amount of detergents and water needed to keep products clean. Two innovations of this kind launched in 2008 include a waterless urinal that can be installed on the fittings of a normal urinal without having to re-tile around the installation and a European-style toilet that only consumes 4.0 liters in a standard flush.

VitrA bathroom and tile products and Artema faucets can help families conserve more than 300 tons of water per year and reduce their consumption of cleaning detergents.

Eczacıbaşı Building Products: Pioneering eco-efficiency

2000 Establishes a solvent-free washing system for sanitary fixtures, reducing annual solvent usage from roughly 15 tons to zero.

2002 Redesigns cardboard packaging for faucets and accessories, simplifying the packaging process and reducing packaging sizes and paper consumption by 50 percent.

2003 Begins using waste heat from sanitary ware tunnel kilns to heat water in the boilers, saving about 150,000 m³ of natural gas per month or 7,000,000 m³ between 2003 and 2007 and reducing NO and NO₂ emissions by respectively 99 percent and 96 percent.

2005 Reduces brass consumption in fixtures by 30 percent.

2006 Begins reusing scrap from the fixture casting process, leading to annual savings of 488 tons of metal and related transportation costs.

2006 Switches from a central dust collection system to localized collectors, resulting in annual electricity savings of 350,000 kWh in 2006 and 800,000 kWh in 2007.

2007 Installs filter system to reuse treated waste water in fixture plating processes, reducing operational water use by 64 percent for annual savings of 67,200 m³.

2007 First in Turkey to develop a recycling project for scrap ceramic products, waste water treatment sludge and plaster molds (alternative raw material) in the cement industry, for 100 percent recycling of solid waste.

2007 Begins grinding up scrap FFC (Fine Fire Clay) products and reusing them in the clay production process, recycling 735 tons per year.

2008 Achieves 26 percent reduction in water consumed per ton of production.

Low-water consuming flushing systems

Flushing systems for WC pans present some of the best opportunities for significant water savings. VitrA's standard systems offer a half flush of 3 liters (0.8 gallons) and a full flush of 6 liters (1.6 gallons). Thanks to its early introduction in the US market of the dual flush and other water-efficient flushing systems, VitrA USA became the first manufacturing partner of the Environmental Protection Agency in its nationwide water conservation efforts.

Currently, VitrA offers a:

- 3/6-liter dual flush system (including an automatically adjusting flushing system for public venues)
- 4.5 liter (1.2 gallon) full flush system
- Europe's first LGA-approved 4.0 liter (1 gallon) full flush system (launched in 2008)

In March 2009, VitrA obtained approval for a 3.0 liter full flush system that it plans to launch later in the year.

Waterless and non-splash urinals

Launched in March 2009, VitrA's waterless, no-splash urinal uses a cartouche containing a special liquid that slowly seeps into the drain to prevent bad odors and provide hygiene. Aside from reducing odors, the urinal saves vast amounts of water, considering that a standard urinal used 100 times daily requires 12 tons of water a month and 144 tons a year. The cartouche, on the other hand, only needs to be replaced after 7000 uses on average. Another attractive attribute of the new urinal is that it can be installed without any change to existing bathroom infrastructure, making it an economic, as well as an environment-friendly choice for public and commercial venues.

VitrA's non-splash urinals are designed with a surface technology that prevents splashing (and consequently the need for frequent cleaning) as well as a water-saving electronic flushing system, making them another excellent option for public venues.

Surface technologies

VitrAclean: VitrAclean technology was designed by VitrA to make it easier to maintain clean washbasins, WC pans, and other ceramic sanitary ware units for the bathroom. The technology can be used on every ceramic surface and involves the application of a second glaze that increases surface tension and makes water droplets roll off the surface without depositing sediment and dirt. As a result, cleaning is easier, more economical and requires less use of cleansers and other products that are hard on the environment.

VitrAhygiene: Silver ions added to the glaze before firing prevent bacterial growth on the surfaces of bathroom units and wall and floor tiles. VitrAhygiene is especially useful for public places and hospitals to minimize pathogen transfer between different users. VitrA's acrylic bath and shower units also offer VitrAhygiene properties through the use of Lucite Care® anti-bacterial acrylic panels.

Designs that reduce raw material use

VitrA has developed a number of material-saving designs for basins, bathtubs and shower trays. One of the most notable of these is the 30 cm deep bathtub (about one foot), which also functions as a shower tray and is suitable for hotels and other commercial establishments. MOD washbasins are only

5 cm deep (2 inches) and offer all of the comfort and function of the deeper basin models. Designed for VitrA by Ross Lovegrove, the MOD collection builds on the idea of reducing the resources that go into the making of the product as well as the resources they consume during use by "thinning down and lightening the ceramic in order to reduce material mass, firing time and ultimately cost".

"For many years our VitrA and Artema brands have built bridges between water and people. One of the most important responsibilities of this bridge, alongside economical, aesthetic and technological products, is to promote water conservation and environmental awareness. That is why we are investing steadily in the research and development of smart products that enable consumers to use water more efficiently."

Haluk Bayraktar

General Manager of Eczacıbaşı Building Products

Environmental/Energy Awards

Eczacıbaşı Building Products

- *Bozüyük Municipality Environmental Sensitivity Award, 1993*
- *Istanbul Chamber of Commerce Environmental Incentive Award, 1997*
- *Environmental Technology Association (ÇEVRETED) Friend of the Environment Award, 1998*
- *Turkish Chambers of Commerce Regional Industry Environmental Incentive Award, 2002*
- *Research Institute for Electricity Affairs Energy Efficiency Award, 2006*
- *Japan Institute of Plant Maintenance (JPM) TPM Excellence 1st Stage Award, 2007*

Eczacıbaşı-Baxter Hospital Supply

- *Şişli Municipality Environment Award, 1998*
- *Baxter Energy Award, 2000*
- *Baxter Eco-Efficiency Award, 2000*
- *Baxter Best Technology Award Cogeneration, 2001*
- *Baxter Best EHS Program Award, 2001*

Eczacıbaşı-Zentiva Chemical Products

- *European Union Environment Award – Turkey, 2006*

Esan Eczacıbaşı Raw Materials

- *Istanbul Chamber of Industry Environmental Award (Chemical Sector), 1994*

Zero Tolerance for Corruption

The Eczacıbaşı Group's mission statement and values provide clear guidelines on the Group's policy regarding corruption as does its Human Resources Handbook, which includes the following rules in its Code of Business Ethics:

- Eczacıbaşı Group employees must obey the law and avoid any activity that places the Group in a difficult legal position or hurts its reputation.
- Eczacıbaşı Group employees must not use their position to obtain an advantage from individuals or institutions and may never make or offer to make an illegal payment to an individual or institution.
- Eczacıbaşı Group employees will always maintain the Group's Code of Business Ethics in its relationships with government officials and customers and will not participate in activities aimed at influencing these stakeholders that might hurt the Group's reputation.

- It is the duty of every Eczacıbaşı employee to be honest, trustworthy and honorable in relationships with both customers and employers, to achieve customer satisfaction through quality, speed, convenience, courtesy and respect, and to treat every individual and institution equally.
- In the case that an employee is proven, through documentation or other objective evidence, to have broken these rules, they are to be reported to the highest level of authority in the Group for decision on the disciplinary measures to be taken.

The Eczacıbaşı Human Resources Handbook also has rules against commercial and financial transactions with relatives of employees, violation of which can lead to termination of employment. Every Eczacıbaşı Group company has an audit and control system that reports to the Head Comptroller and Legal Affairs Office at Eczacıbaşı Holding.

Rated among the top three in Turkey in management quality and transparency

In the 2008 Most Admired Companies Survey of Capital Magazine -Turkey, based on a survey of 1,350 middle and senior level managers, Eczacıbaşı Holding ranked among the top 10 companies in every category and its flagship companies among the top three.

It was also first or second in four categories, namely:

- Management quality,
- Transparency,
- Ethical competitive behavior,
- Creating value for investors.

Pioneer of Total Quality Management in Turkey

1997 İpek Kağıt Tissue Paper, National Quality Prize

1998 Eczacıbaşı Building Products-VitrA, National Quality Award

1999 Eczacıbaşı-Lincoln Electric Askaynak, National Quality Award

2000 Eczacıbaşı Building Products-Artema, National Quality Prize

2000 Eczacıbaşı Building Products-VitrA, European Foundation for Quality Management (EFQM) Quality Prize

2001 Eczacıbaşı Bathtubs, National Quality Award

2003 Eczacıbaşı-Baxter Hospital Supply, National Quality Award

Eczacıbaşı Holding Co.
Kanyon Office
Büyükdere Cad. No:185
Levent 34394 Istanbul - Turkey
Phone: +90 212 371 70 00
Fax: +90 212 371 71 10

www.eczacibasi.com.tr