



SUSTAINABILITY REPORT

2012



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Introduction

With the aim of achieving the Millennium Development Goals undersigned by the presidents and prime ministers of 189 countries and publicly announced in the year 2000, the United Nations invited private and public institutions all over the world to join the Global Compact. Designed to enable public and private institutions to implement “sustainability” and “corporate responsibility” operations in universally common standards and to achieve global improvements in the issues of human rights, labor, environment and anti-corruption, the Compact has been signed by more than 10,000 corporate participants and stakeholders in over 145 countries. The signatories publicly declare that they will voluntarily regard 10 principles of the Compact while establishing their operations and strategies and will share such initiatives with the public in a transparent way. In full awareness of the fact that in a world where globalization unite the fates of all human beings in all areas only transparent companies can succeed, Ak-Kim Kimya San. ve Tic. A.Ş. became a stakeholder of the Global Compact on December 13th, 2007. The Company proudly fulfills its responsibility of corporate citizenship and hereby presents its 3rd Communication of Progress to its stakeholders. This report contains information on the operations and performance of Ak-Kim Kimya San. ve Tic. A.Ş. in terms of the Global Compact.

Message from the Chairman

Dear Stakeholders,

We, as Ak-Kim, proudly present our 3rd Communication of Progress covering our operations performed in accordance with the Global Compact. Our report includes our Company's approach to the Global Compact, our related operations, as well as our strategic goals for 2012-2017.

Following our main sponsorship for the Marmara Environmental Monitoring (MAREM) project as a part of our activities for the "International Year of Chemistry" in 2011, we continued our support to the project in 2012 as well. We, as Ak-Kim, also maintained our support for the nature and sustainable resources with a variety of activities. In addition to these, our contributions to universities included sponsorships in the 10th Chemical Physics Congress of TOBB University of Economics and Technology, 26th National Chemistry Congress of Muğla University, and Business Trip event of Koç University.

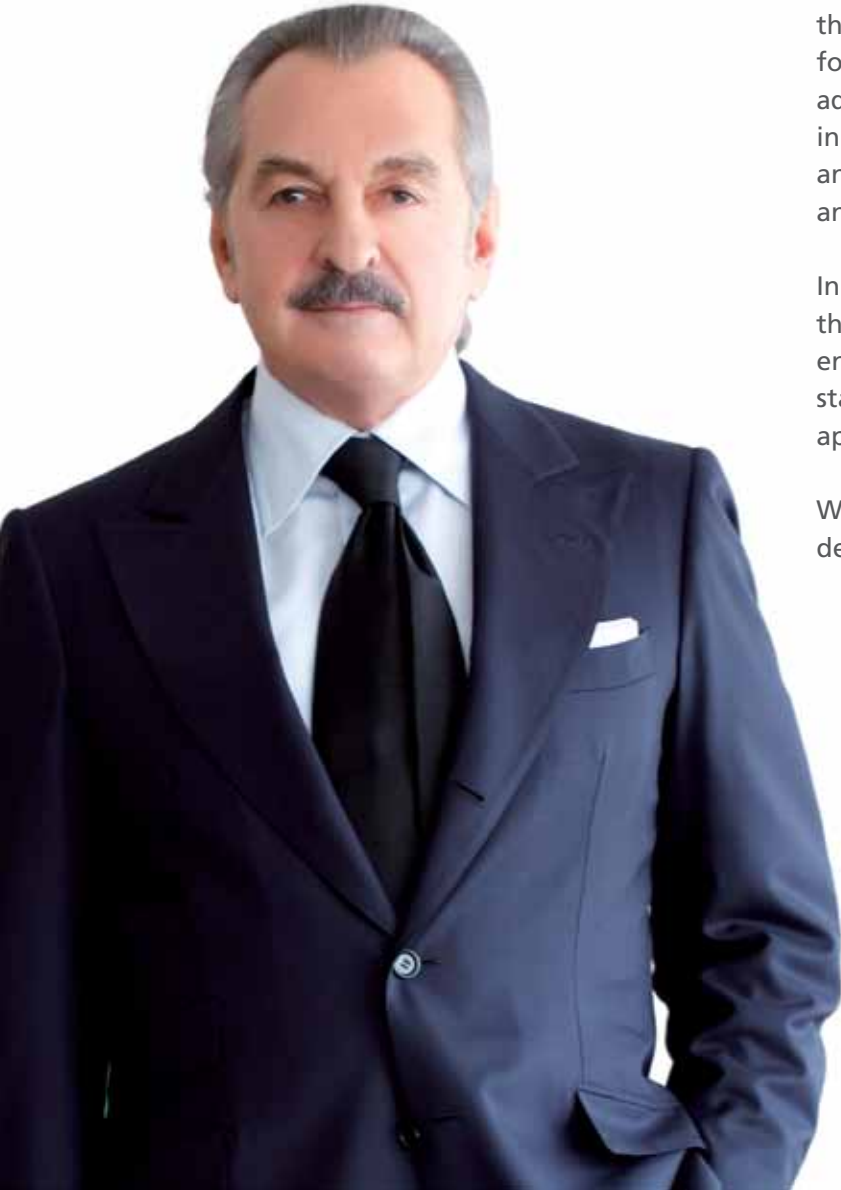
In full awareness of our responsibility as a pioneering institution in the Turkish chemicals industry, we continue intense efforts to expand environmental, social, and ethical operations and to encourage all stakeholders - from customers to business partners - to adopt this approach.

We aim to maintain our commitment to achieving globally sustainable development in the coming years.

Yours sincerely,

ALİ R. DİNÇKÖK

Chairman of the Board of Directors



Managing Director's Message

Valued Stakeholders,

As Ak-Kim, we are proud to present the "Third Progress Report" as part of our work within the United Nations Global Compact. We improved and updated our report during 2013, and expanded its scope in accordance with stakeholder expectations and international standards pursuant to the globally-accepted GRI Sustainability Reporting Guidelines. The report presents a transparent depiction of the environmental, social and economic initiatives and performance of Ak-Kim. We will continue to pursue the "Triple Responsibility" we committed to in 1993, and make the protection of human life, the environment, and natural resources a priority into all the stages of everything that we do.

Ak-Kim's periodical five-year Strategic Plan was revised for the 2012 - 2017 term by senior management with input from our employees, and we have agreed that the most outstanding issue among all was "sustainability." We acted on this, and throughout 2012 we contributed to the implementation of efforts that will enhance the awareness and practice of sustainability in the chemical industry. Our support will continue to grow. The implementation involved projects within the company, and awareness campaigns and sponsorships outside the company.

Ak-Kim's commitment to sustainability meant that we would provide support to a variety of projects in this field. For example, during 2012 and 2013, we provided support to the Marmara Environmental Monitoring Project (MAREM), which is not only one of the longest marine monitoring projects in the world, but also aims to provide comprehensive insight into the level of pollution in the Marmara Sea. We were also a diamond sponsor of the IUPAC 44th World Chemistry Congress held in Istanbul in 2013.

Sustainability has been a part of our everyday work at the company as well. The former Akal-4 factory site of 10,800 square meters was transformed into a storage facility at an investment cost of 3 million US dollars to ensure that storage and shipment activities at each and every Ak-Kim production facility is compliant, safe and effective, while reducing costs and mitigating logistics risks within the plant. Now, packaged chemical products manufactured and used at Ak-Kim are stored at our new facility and shipped from here when required. Furthermore, we established a continuous communication network with our dealers and started to organize events that will enhance communication and maximize Ak-Kim's reputation. In celebration of our 35th year, we held a dealers summit in Cyprus in 2012, where dealers found the opportunity to spend time with sales teams, voicing their expectations. Based on the positive feedback we received after the event, we decided to hold regular summits to maintain strong working relationships, and to achieve efficiency and sustainability.

The "R&D Restructuring" effort initiated in 2012 culminated in the revision of the existing R&D policy and the establishment of R&D Vision, Mission and Strategies.

Adopting the vision to "Become a leading R&D center that produces knowhow," we took a number of important steps. Our cutting-edge new R&D facility was commissioned in June 2013. The new facility was officially recognized as an R&D Center by the Ministry of Science, Industry and Technology on October 25, 2013. Our R&D efforts led to the development of 30 new products in the performance chemicals category as of September 2013. We will continue to develop new products in accordance with our targets for this year until the end of 2013.

We remain committed to the support of the chemical industry of Turkey. Being well aware that we are among the pioneers of the chemical industry in Turkey, we will continue to lead the industry by example.

Best regards,

M. FATİH TANVERDİ
Managing Director & Board Member





COMPANY PROFILE: OVERVIEW / AK-KİM IN BRIEF

As a subsidiary of Akkök Group - one of the most deep-rooted private sector institutions in Turkey - Ak-Kim Kimya San. ve Tic. A.Ş. produces inorganic and organic chemical agents, textile auxiliaries, pulp and paper chemicals, concrete agents, and construction chemicals in its two high-tech facilities established in Yalova and Çerkezköy on a total area of 295,776 square meters.

As a result of its long-lasting and mutually respectful relationship with its suppliers and customers alike, Ak-Kim continuously improves its strong competitive capacity in the market. Thanks to its wide product range, the company provides raw materials for many vital sectors such as textiles, metals, food, cleaning, water treatment, paper, and pharmaceuticals. Ak-Kim operates in both domestic and international markets, providing a wide range of products. Domestic market shares of Ak-Kim products range from 30 to 100%. Amounting to 20% of the company's total sales, export operations are performed in more than 55 countries in different regions.

BRIEF HISTORY OF AK-KİM

1977

Ak-Kim Kimya San. ve Tic. A.Ş. was established and started production operations with sulphur dioxide. By the end of the year, its production capacity reached 1,000 tons.

1979

Çerkezköy Factory, in the Organized Industrial Zone was established.

1980

Çerkezköy facility that has a sodium metabisulphite production capacity of 1,100 tons / year started its operations in April.

1981

Ak-Kim started to produce persulphate, which is a very significant chemical for domestic industry, in its Çerkezköy facility.

1982

Textile Softener and Wetting Agent facility was established and started its productions in Çerkezköy. Demand from textile factories was met with palette and liquid forms.

1984

Ak-Kim started to produce sodiumthiosulphate and Ferric III chloride.

1986

Ak-Kim started production of dimethylacetamide (DMAC).

1988

After operating in Çerkezköy for 5 years, due to changing and developing conditions, the Textile Softener and Wetting Agent facility was moved to the Textile Auxiliaries (Teksyar) facility built in Yalova in January 1988.

1989

Aktem Distribution Company was established for more effective marketing of Ak-Kim products.

1990

Ak-Kim started to produce dimethylformamide (DMF).

1992

Ak-Kim put the Chlorine-Alkaline Facility into operation in order to include chlorine, sodium hydroxide, sodium hypochloride, and hydrochloric acid into its product range.

1993

Ak-Kim undersigned the Responsible Care Program and became one of the first Turkish companies to implement it.

1995

Ak-Kim was certified with ISO 9001:1994 Quality Management System.



1998

The Company was selected the “Best Supplier of the Year” by Beksa. Ak-Kim Hydrogen Peroxide facility started production.

2002

Attaching great importance to technology since its inception, Ak-Kim started to export its know-how and technology.

2004

Ak-Kim was certified with ISO 14001:1996 Environmental Management System.

2005

Ak-Kim started to produce pulp & paper chemicals.

2006

As another important step in expanding the product range, Ak-Kim Sodium Percarbonate (SPC) facility became operational in November 2006.

2007

As an indicator of its approach to sustainability and corporate citizenship, Ak-Kim signed the United Nations Global Compact. The Company started to produce concrete admixtures.

2009

Ak-Kim was certified with OHSAS 18001:2007 Occupational Health and Safety Management System. The Company received “The Best Supplier” award from Cargill.

2010

At the “Petkim Quality Day and 45th Anniversary” event, Ak-Kim received “The Best Performing Supplier of 2009” award in “Localization” category. In parallel with the change in the corporate identity, the Company logo was renewed. The new logo as a whole demonstrated the change as well as the dynamic and energetic structure of Ak-Kim whereas its multicolor design symbolized the diverse product range and creativity.

2011

With an additional investment, Ak-Kim increased the production capacity of sodium metabisulphite from 80 tons / day to 200 tons / day. A new sodium metabisulphite facility was established with the capacity of 40,000 tons / year. Production capacity of sodium hypochloride and hydrochloric acid facilities was increased. As a result of R&D operations, more than 80 new products were launched. Ak-Kim attended the ITMA Fair as the first of its international experiences. Material Safety Data Sheets of 160 products were updated. Kapachim / Greece hydrochloric acid production facility was completed and delivered. Quality, Environment, and Occupational Health and Safety (ISO 9001-14001 and OHSAS 18001) Management System Certificates were updated. Ak-Kim Çerkezköy persulphate facility obtained “Environmental License”. Ak-Kim R&D Vision, Mission, and Strategies were set.

2012

Adwan-Algeria chlorine alkaline facility was put into operation and a new Engineering and Procurement Service Contract was signed with the same company for building a Ferric 3 chloride facility with a production capacity of 90 tons / day. “MCAA facility modernization” was completed and put into operation. Logistics and Storage Center was established. Quality Control Lab was modernized.



BRANDS AND PRODUCTS

Ak-Kim performs its production processes in factories that run in full compliance with international quality standards and achieve an annual capacity of 600,000 tons. The Company is the first in Turkey to produce more than 500 different chemicals (including but not limited to sodium metabisulphate, ammonium persulphate, potassium persulphate, monochloric acetic acid, dimethylacetamide, hydrogen peroxide, and sodium percarbonate) that require advanced technology and have importance in domestic industry solely based upon the expertise of its own engineering team.

Products

Basic Chemicals

Hydrogen Peroxide Facility	Chlorine-Alkaline Facility	Organic Facilities	Persulphate Facilities	Salt Facilities
Hydrogen Peroxide Sodium Percarbonate	Hydrochloric Acid Chlorine Sodium Hydroxide (Caustic Soda) Sodium Hypochloride	Acetic Acid Dimethylacetamide Dimethylformamide Mono-Di-Tri Methylamine	Ammonium Persulphate Potassium Persulphate Sodium Persulphate	Monochloro Acetic Acid Sodium Metabisulphite Sodium Thiosulphate Trimethylaminehydrochloride

Performance Chemicals

Textile Chemicals Finishing Agents Dye and Printing Auxiliaries Spinning and Conning Oils Pretreatment Auxiliaries Washing Agents Softeners	Cement Grinding, Concrete Admixtures and Construction Chemicals Concrete Admixtures Concrete Auxiliaries Cement Grinding Chemicals Carbon Fiber Reinforcing Systems Shotcrete Admixtures	Pulp & Paper and Water Treatment Waste Water Treatment Chemicals Ferric-3 Chloride Pool Chemicals Drinking Water Treatment Chemicals Geothermal Chemicals Paper Chemicals Boiler and Cooling Tower Treatment Chemicals Polyaluminium Chloride Chemical Cleaners Reverse Osmosis Chemicals
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Solutions

Ak-Kim has been exporting its know-how and technologies to foreign companies since 2002 and rendering all services, from engineering to turnkey contracting.

Foreign Projects:

List of services exported to foreign countries by Ak-Kim:

- Delivery of a chlorine alkaline factory (NCI), turnkey installation of a chlorine alkaline facility (JBC) in Jordan
- Engineering works of a hydrogen peroxide facility in Pakistan (Sitara)
- Turnkey installation of two chlorine alkaline facilities in Saudi Arabia (Cristal and Jana)
- Installation of a hydrochloric acid facility in Greece (Kapachim)
- Engineering and procurement works of a chlorine alkaline facility in Algeria (Adwan)

ABOUT AK-KIM

Operational Structure

Ak-Kim sells its products throughout Turkey via 24 dealers. Thanks to this comprehensive delivery channel, customers are served seamlessly. Exporting products to 55 countries in 5 continents, Ak-Kim makes both direct sales and dealer / agency based sales. The Company sells its products in Europe via DINOX GmbH and has been pre-registered to the REACH system with 8 products in 2010.



Markets Served

Having always adopted the principle of protecting the rights of suppliers and customers, Ak-Kim continuously reinforces its presence in the market by achieving constant cooperation and mutual development. The Company serves all industrial groups thanks to its wide product range. Among its customers are companies operating in textile, metal, food, cleaning, water treatment, pulp&paper, pharmaceuticals and other industries as well as end producers in these industries.

In line with the importance attached to R&D, Ak-Kim continuously works on new products and during this process the Company not only considers needs of industries, but also produces special chemicals tailored to customers, in full compliance with quality standards. Ak-Kim serves newly-formulated products with its accumulated know-how that is filtered through out variety of experiences.



Operational and Financial Indicators

Number of Employees

451

Installed Capacity

600.000 tons

Total area of production

295.776 m²

Number of main product groups

28

Total number of products

500

Number of exporting countries

(Exports mainly go to the EU countries, India, South Korea, and North American countries)

55

Share of exports in total sales volume

%20

Financial Performance of Ak-Kim in 2012:

Total Sales:

357.170 tons

Revenues from the Total Sales:

144.303.000 USD

Net Sales (excl. foreign projects):

139.923.000 USD

Export Sales of Chemicals:

28.116.727 USD

Foreign Projects:

4.175.154 USD

Net Profit:

8.255.000 USD

Total Working Capital in

Terms of Debt and Equity

35.328.006 USD

CONTRIBUTION TO THE ECONOMY

We, as Ak-Kim, not only contribute to local economies by creating employment in the regions we operate, but also generate economic value for our national stakeholders.

Economic Value Generated and Distributed (TL million)	2012
<i>Direct Economic Value Generated</i>	<i>277,1</i>
a) Revenues	277,1
<i>Economic Value Distributed</i>	<i>300,5</i>
b) Operating costs	220,5
c) Employee wages and other benefits	36,8
d) Payments to providers of capital	27,6
e) Payments to the government (country-based)	15,3
f) Community investment	0,3
<i>Economic Value Retained</i>	<i>23,4</i>

Note: The figures are as of the end of the financial year, i.e. December 31st, 2012.

RECENT DEVELOPMENTS

2012

Restructuring of R&D

With the aim of achieving the targets that are set based upon the output of the "Stakeholder Conference" in 2011, the R&D unit was restructured and reinforced.

1.8% of the 2012 turnover was set aside for R&D.

The goal is to increase this figure to around 3% in the coming years.

Energy Saving / Efficiency Investments

Investment to improve productivity of Ak-Kim Hydrogen Peroxide Pumps in order to achieve energy saving was completed in 2012 and generated an annual saving of 1,000,000 kWh.

South Ak-Kim facility compresses air system was centralized and a new compressor was purchased, which, in turn, achieved an annual saving of 320,000 kWh.

As a result of efforts to improve energy efficiency in the Organic Facilities, consumption of steam, electricity and cooling water was reduced. (EBIDTA -Earnings before Interest, Taxes, Depreciation, and Amortization- contribution: 265,000 USD / year)

As a result of process improvements in the Persulphates Facility, Ammonium Sulphate was produced and raw material costs were reduced. (EBIDTA contribution: 200,000 USD / year)

An external reactor was designed for catalyst activation and regeneration in the Hydrogen Peroxide Facility and thus 1-week reduction in annual downtime was achieved (EBIDTA contribution: 150,000 USD / year)

R&D Investments

R&D process development / R&D Product Development investments that have a total budget of TL 1,600,000 were completed in 2012.

Quality Control Lab Modernization investment that has a total budget of TL 1,400,000 was completed in July 2012.

R&D Building investment that has a total budget of TL 3,780,000 was initiated in 2012 and will be completed in 2013. Rough construction works have been finished and the building is planned to be delivered in May 2013.

Other Investments

Storage and Logistics Center investment was completed in 2012. Following the activation of the Center, products and raw materials that were stocked in a dispersed way in various locations within Ak-Kim started to be controlled and distributed centrally. As a part of this investment, storage capacity of the Chlorine Alkaline Facility was increased and Filling / Bagging machines were purchased. The next step of this investment will be centralizing tanker filling operations and performing filling and delivery works at a single point. This step will be completed in 2013.

Equipment manufactured for the expansion of Chlorine Alkaline and Salts Facilities were delivered to Ak-Kim in 2013 and assembly operations were initiated. Once the assembly is completed, all equipment that reached the end of their economic lifecycle will be renewed and equipment size will suit the capacity of the facility.

2011

Sodium Metabisulphite (SMBS):

In addition to the existing SMBS facility with a capacity of 26,000 ton / year, another facility with 40,000 ton / year capacity was established. The new SMBS, which was put into operation in December 2011 with an investment of USD 6.3 million, was designed to consume less energy per ton and generate larger-crystal products.

Hydrochloric Acid (HCl):

In parallel with the market demand, two additional reactors were assembled and thus current capacity was increased by 25%. The assembly was completed in November 2011.

Renewal of R&D Strategy:

The mission, vision and strategies were reviewed in a "Stakeholder Conference".

R&D strategies for 2011–2015 were set, approved by the Board and started to be applied in line with the related roadmap.

Sodium Hypochloride:

To meet the market demand, production capacity was increased from 320 ton / day to 480 ton / day. The project that achieved 50% increase in production capacity was completed in May 2011.

Increase in the Capacity of Chlorine Alkaline Storage:

In addition to the existing capacity, storage tanks of 300 m³ sodium hypochloride, 300 m³ hydrochloric acid, and 500 m³ sodium hydroxide were mounted. Sodium hypochloride and HCl tanks were put into operation in 2011. Sodium hydroxide tank was completed in April 2012 and as a result, storage capacity for chlorine alkaline was increased by 50%.

AWARDS AND CERTIFICATES

Awards

2011

"Exemplary Supplier Award", Aksa

2010

"Best-Performing Supplier Award, 2009", Petkim Quality Day

2009

"Best Supplier Award", Best Suppliers of the Year Awards, Cargill

1998

"Best Supplier of the Year Award", Beksa

Certificates

2009

OHSAS 18001 Occupational Health and Safety Management System Certificate, Bureau Veritas

2007

Global Compact, United Nations

2004

TS EN 901 Sodium Hypochloride Standard
ISO 14001 Environmental Management System Certificate, Bureau Veritas

2001

TS 937 / April, Chloride Standard

2000

TS EN 888 / April 2000, Ferric III Chloride Standard

1999

TS EN 883 / February, Polyaluminium Chloride Standard

1995

ISO 9001 Quality System Certificate, Bureau Veritas

1993

Responsible Care Commitment

ABOUT THE REPORT

This is the Third Communication of Progress by Ak-Kim since the Company became a party to the Global Compact (UNGC) on December 13th, 2007 and it covers the Company's approach to the Global Compact as well as its related targets. As a distinguishing factor from the previous years, this year's report is based upon the Sustainability Reporting Principles G3 version of the Global Reporting Initiative (GRI), at the C-application level.

The reporting period is set as "annual" for both this report and the future ones and this report covers the period between January 1st, 2012 and December 31st, 2012. The previous Report covered the period between January 1st, 2011 and December 31st, 2011 and was publicly issued at the Global Compact website as well as Ak-Kim's corporate website in May 2012.

Scope of the Report

This report is developed mainly in the light of the expectations of Ak-Kim employees, customers and business partners. The content of this year's report is based upon the GRI G3 reporting format. The report covers such material issues as environmental management, labor practices, occupational health and safety, and community investments. These material issues are selected in accordance with Ak-Kim's 5-year Strategic Plan, Vision, Values, and Targets as well as its voluntary commitments and stakeholder's feedbacks received through surveys, visits, meetings, and audits. Among these issues, the Global Compact reporting team selects the appropriate ones and submits them to the approval of the senior management, and then the approved content is delivered to all stakeholders within the scope of the report.

ABOUT THE REPORT

Boundary of the Report

This report covers all production facilities and headquarters of Ak-Kim Kimya Sanayi ve Ticaret A.Ş., which are based in three different locations.

- Production facilities in Yalova: Inorganic facilities, organic facilities, production facility for performance chemicals
- Production facilities in Çerkezköy: Production facilities for persulphates
- Headquarters in İstanbul: Sales and Marketing, Purchasing, Finance and Accounting Departments

This year's report includes all production facilities and headquarters but excludes sub-contractors for logistics and sub-employers for support services in production zones. In the coming years, there are plans to integrate such companies into the boundary of the report. There is no joint venture agreement / contract signed within the reporting period.

Method of measurement is the turnover given in Ak-Kim's Operational and Financial Indicators section of this Report and the monetary unit is "TL" for 2011 and "USD" for 2012.

For Detailed Information on the Report:



Sibel KEÇECİ:

Ak-Kim Director of Human Resources and Management Systems
Member of the Executive Board,
Global Compact Local Network
e-mail: sibel.bekler@akkim.com.tr



İpek BADIRGALI:

Ak-Kim Marketing and PR
Division Manager
e-mail: ibadirgali@akkim.com.tr



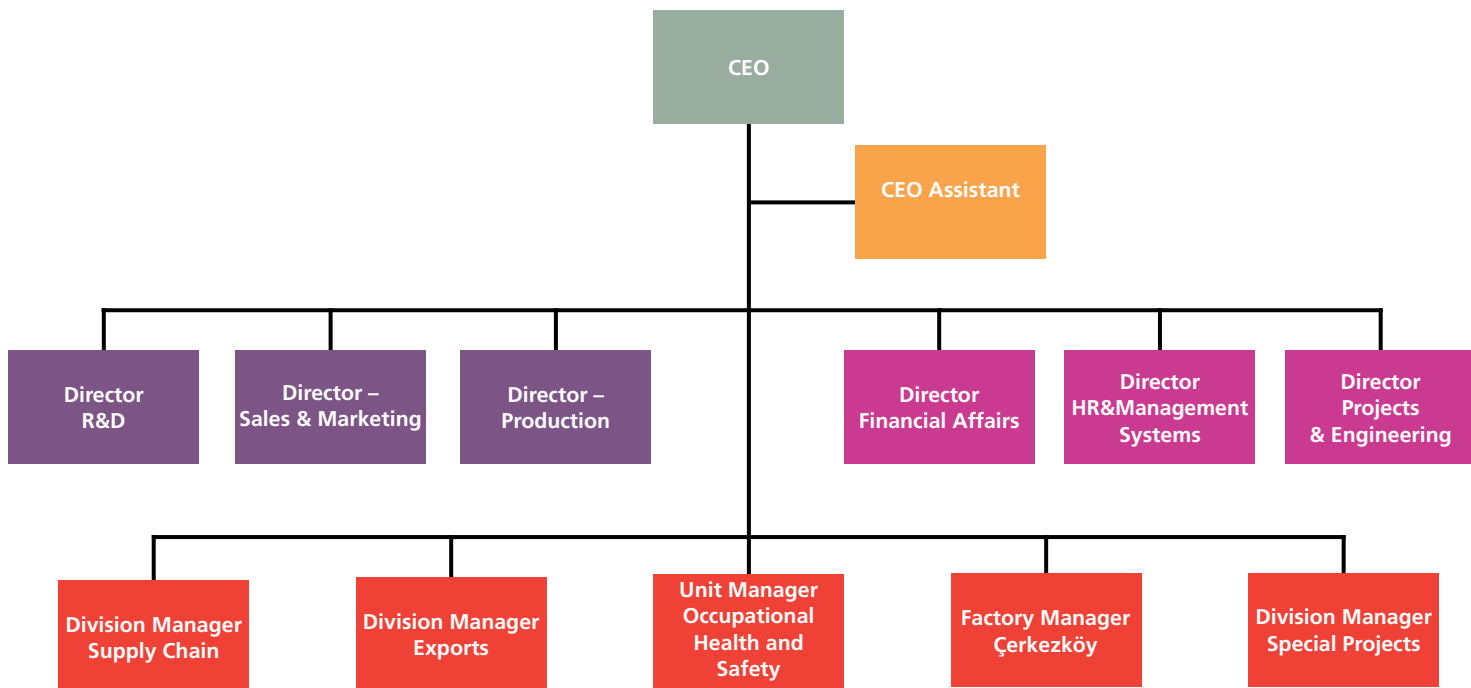
Birgül ARAS:

Ak-Kim Continuous Improvement /
Sustainable Development Unit Manager

CORPORATE GOVERNANCE

Organization Chart

GENERAL DIRECTORATE



Mechanism for advice and directives of shareholders to the Board

Shareholders may give advice and directives to the Board at the General Assembly. The Articles of Association of Ak-Kim includes the following provision in Article 12 "Duties of the Board of Directors": "The Board of Directors performs duties assigned by the Turkish Commercial Code, related regulations, and the General Assembly." Shareholders attend the General Assembly and after the annual report of the Board is submitted, these shareholders may give advice and directives to the Board of Directors.

CORPORATE GOVERNANCE

Partners

Ak-Kim is a joint stock company. Partner structure of Ak-Kim Kimya Sanayi ve Ticaret A.Ş. is given in the chart below:

Akkök Sanayi Yatırım ve Geliştirme A.Ş.	%42,00	840.000
Ali Raif Dinçkök	%26,625	532.500
Erol Lodrik	%14,250	285.000
Ömer Dinçkök	%7,125	142.500
Nilüfer Dinçkök Çiftçi	%7,00	140.000
NDÇ Holding A.Ş.	%3,00	60.000
TOTAL	%100	2.000.000

Board of Directors

Board Members

1. Ali Raif Dinçkök (Chairman)
2. Erol Lodrik (Deputy Chairman)
3. Nilüfer Dinçkök Çiftçi
4. Raif Ali Dinçkök
5. Mehmet Ali Berkman
6. Mehmet Fatih Tanverdi
7. Özlem Ataünal

Committees of the Board

As the Company is not a public one, there are no committees operating under the Board.

VISION AND CORPORATE PRINCIPLES



VISION

Being a regional chemicals and engineering company that provides integrated chemicals solutions to its customers, develops know-how, and retains contented partners and employees.

CORPORATE PRINCIPLES

We prioritize ethical values.

We encourage change.

We respect human health and the environment.

We are sensitive to social values.

We are transparent in our communication activities.

We act in full awareness of the fact that our company is a member of Akkök Group of Companies; we protect and uphold our Group's reputation.

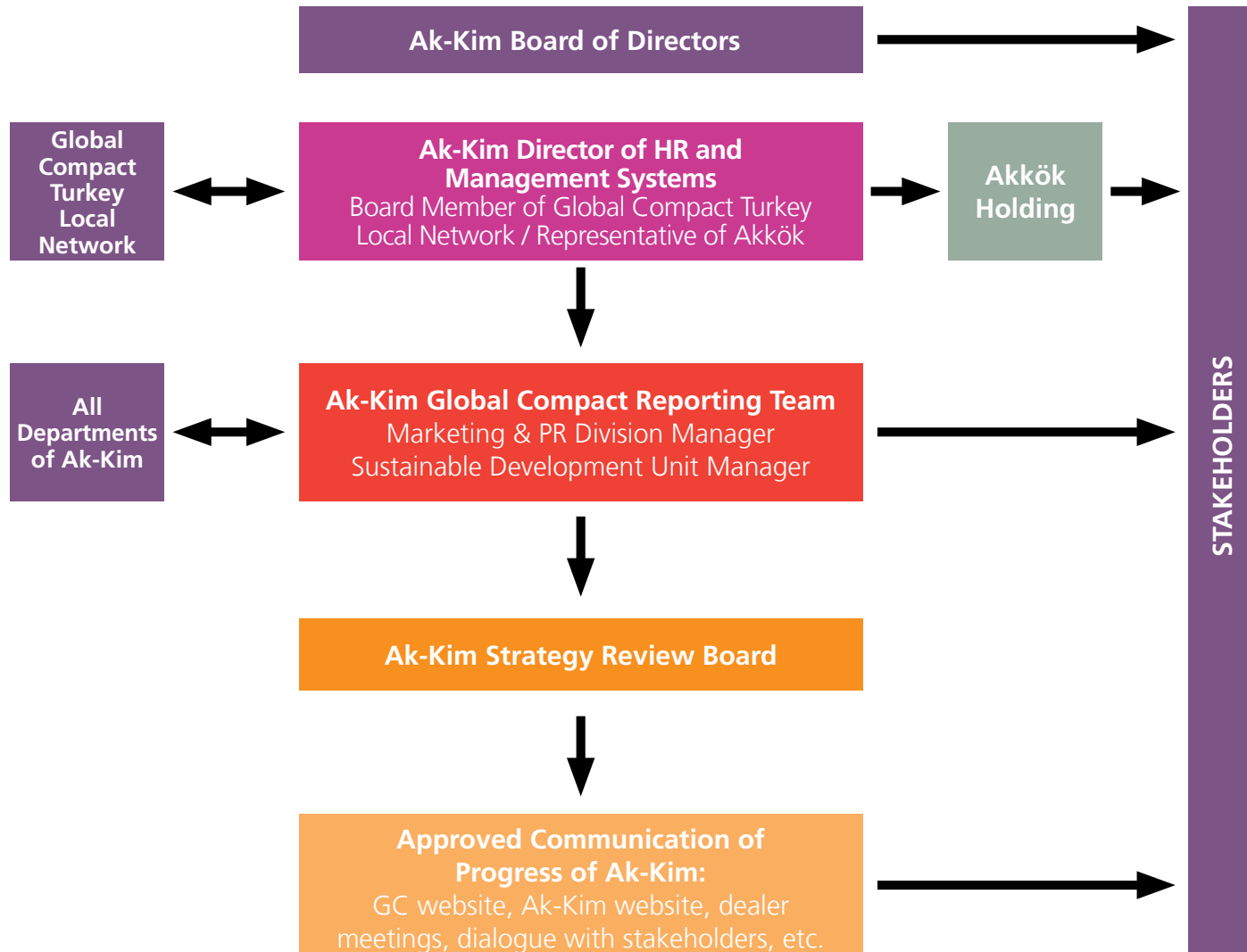
We generate added value for our customers.

We work to increase our company's value and add value to our employees.

APPROACH TO SUSTAINABILITY

Sustainability forms the basis of Ak-Kim's strategic targets for 2012-2017. Attaching special importance to environmental sustainability, Ak-Kim aims to manufacture new products that are environment-friendly and that reduce the consumption of chemicals.

Always maintaining close relationship with stakeholders, Ak-Kim adopts the mission to become a company that continuously satisfies them by acting upon the feedback received through customer and employee satisfaction surveys. Supporting the growth of not only itself, but also of the sector it operates in, the Company holds senior level positions in sectoral associations and councils and steers the sector.



Approved sustainability initiatives that Ak-Kim committed to

- Ak-Kim is one of the first Turkish companies to commit to Responsible Care and implement the program. (February 11th, 1993)
- Ak-Kim is one of the pioneering Turkish companies to sign the UN Global Compact. (December 13th, 2007)
- Ak-Kim is a member of the Executive Board of the Global Compact Local Network. (2012)

Responsible Care, by definition, is a program that primarily considers the protection of human life, environment and natural resources in all stages of activities and that gives particular importance to this consistently. The idea was initially suggested by the Canadian Chemical Producers' Association in 1984; then it spread all over the world and today it is implemented in more than 50 countries. Responsible Care Program is a voluntary initiative for the chemical industry. It is coordinated by the Turkish Chemical Manufacturers Association (TCMA) in our country.

Executives at various levels of Ak-Kim actively participate in sectoral associations and assemblies.

The list of such associations and assemblies are as follows:

- Board Member, Sectoral Assembly of the Union of Chambers and Commodity Exchanges of Turkey
- President, Yalova Association of Industrialists
- Board Member, Turkish Chemical Manufacturers Association
- Member, Environmental Working Group of the Turkish Chemical Manufacturers Association
- Board Member, Sectoral Assembly of İstanbul Chamber of Industry
- Member, Environmental Working Group of İstanbul Chamber of Industry
- İstanbul Chamber of Industry
- Member, Women Entrepreneurs Council of Yalova Chamber of Industry and Commerce
- Member, Environmental Working Group of the Turkish Industry and Business Association
- Executive Board Member, Global Compact Local Network
- Member, Turkish Marine Environment Protection Association (Deniztemiz Turmepa)
- Turkey Corporate Social Responsibility Association
- Turkey Chemical Tank Cleaning Association
- Member, Federation of Industrial Associations
- Central Anatolian Exporters Union
- Human Management Association of Turkey
- Member, Educational Volunteers Foundation of Turkey
- Member, Community Volunteers Foundation
- Member, Quality Association of Turkey

SUSTAINABILITY APPROACH

Ak-Kim Management Systems

Commitments

Global Compact (2007)
Executive Board Member to GC-Turkey
Board Member to Turkish Chemical Manufacturers Association

Voluntary Standards

ISO 9001: 2008 Quality Management System Standard (1995)
ISO 14001: 2004 Environmental Management System Standard (2004)
OHSAS 18001: 2007 Occupational Health and Safety Management System Standard (2009)

Legal Regulations and Other Provisions

Regulations on Environment, Occupational Health and Safety, Food Safety, Health, Energy, etc.
Product Standards
REACH, CLP, EU Regulations

Approach to Management

Planning

- Strategic Planning
- Annual Management Program
- Annual Investment Plan (Environmental Impact Assessment)
- Legal and Other Compliance

Prevention

- Suggestion System
- Corrective and Preventive Actions (CPA)
- Trainings
- Assessment of Compliance

Implementation

- Management with Processes
- Securing Documentation Provisions
- Follow-up for the Realization of Action Plans

Control-Review and Improvement

- Executive Review (ER)
- Internal / External Audits
- Public Audits
- Customer / Supplier Audits
- Follow-up of Customer Demands / Feedback

SUSTAINABILITY APPROACH

Human Rights

Since its establishment, Ak-Kim has always acted upon the Universal Declaration of Human Rights in its relationship with all stakeholders. At every stage of business processes, the Company takes respect for these rights into consideration.

Anti-Corruption

Ak-Kim has adopted a business culture that was created in the light of the long-term experience of the Akkök Group of Companies, of which Ak-Kim is a subsidiary. As a part of this deep-rooted corporate culture, the Company stays within the limits drawn by national and international laws during its decision-making processes and operations. In addition to such legal liabilities, while dealing with corruption cases that may arise in business processes either within or outside the Company, Ak-Kim's actions are based upon accountability, transparency criteria, and ethical values which are the rising trends in today's business world.

In order to achieve this goal, in 2013 the Company started to work on structuring the existing ethical principles in addition to its corporate principles. Procedures are also updated in line with these principles. Processes / actions to be performed and operation principles of boards to be applied in case of actions against procedures are also being set and documented.

Examples of written methods (procedures) to be used for human rights and anti-corruption are stated below.

Examples of procedures to guard human rights:

- Scholarship Code
- Benefits Code
- Advance Payment Code for the Personnel
- Personnel Directive
- Recruitment, Placement and Internship Procedure
- Performance Management System Procedure
- Suggestion System Procedure

Examples of anti-corruption procedures:

- Procedure for Hiring Subcontractors
- Intellectual Rights Procedure
- Purchasing Procedures (given in detail below)

Ak-Kim has Supply Chain Management and Purchasing procedures that regulate purchasing operations held under three main groups: raw materials, technical and general. Suppliers are selected according to the criteria stated in these procedures. This enables the Company to work only with suppliers that meet the requirements of the law and Company principles as well as to select new suppliers in a fair and transparent way. In the purchasing procedure, only approved suppliers that have passed the supplier assessment stage can place their bids. If a new supplier is to be employed, not only price advantage, but also conformity with Ak-Kim principles and reference lists are also considered. All purchasing operations are performed based upon online demands from departments, with the approval of directors and department heads. Bids received to meet purchasing demands are approved by the demanding department in accordance with its budget (if bids exceed the budget, they are submitted to the CEO for approval). Once the budget is approved, purchasing process is completed. Comparative budget and actual expense reports of departments are run monthly via related software and deviations and their reasons are discussed at monthly budget review meetings. Accounting and purchasing processes are audited by both Internal Audit Directorate of Akkök Holding and an independent company.

Confidentiality

Ak-Kim has not received any reports of contract violation in any of its transactions. The Company pays great attention to maintaining the confidentiality of its customers. If a customer demands, a non-disclosure agreement is signed. Prior to receiving consultancy services for any project of the Company, a non-disclosure agreement can be made to protect the intellectual capital of Ak-Kim.

2013 Goals

Ak-Kim is committed to continue acting in conformity with the norms of universal human rights in all business processes with all stakeholders, from employees to customers and suppliers. Initiatives to be taken in the light of UNGC will not be limited to the corporate structure of the Company but will become a part of sustainable development efforts for the whole society through a variety of social responsibility projects.

2011-2018 Strategic Plan of Ak-Kim aims to:

- Make recruitment and placement process more effective in order to ensure hiring qualified candidates who have the potential to take the Company one step further.
- Align employee competence with the Company's strategic goals via continuous training.
- Assess employee contribution in reaching corporate goals and support self-improvement.
- Train future leaders of Ak-Kim within the Company.
- Increase the ratio of female employees from 17% to 35% and the number of white-collar employees.

Ak-Kim will continue to raise public awareness about the fact that chemical facilities are environment-friendly and reliable and to perform environment-friendly production processes. Other environmental goals of the Company are as follows:

- Achieving energy efficiency per production in parallel with the increase in the capacity of facilities and modernization.
- Reducing material use at the facilities by applying solutions such as purchasing soda in bulk instead of packaged soda.
- Reducing and minimizing all wastes at source.
- Making efforts to reduce noise pollution.
- In existing systems and investments, giving priority to using technologies that are in conformity with quality, environment and occupational health and safety; making necessary revisions to reach this goal.

PRODUCT RESPONSIBILITY

Ak-Kim R&D Department that closely monitors the developments in the sector was established in 1996 with the aim of ensuring the production of goods with high added value, working on product and technology development in areas that are likely to gain importance in the future, and improving the quality and reducing costs in current technologies and processes.

As a result of the “Stakeholder Conference” in 2011 and the restructuring of R&D department throughout 2012, the foundations of a new R&D centre, to be complete by 2013, are being laid. Furthermore new vision, mission, and strategies were developed and the existing R&D policies were reviewed.

R&D Vision

To Become a Leading R&D Center That Generates Know-How

R&D Mission

To offer chemical and engineering solutions that enable products, processes and implementation areas with high added value by using advanced technologies in performance, basic chemicals and byproducts; developing futuristic, human and environment-friendly, energy-efficient, customer and market-oriented, high-tech products and processes that offer integrated solutions, consider stakeholders’ benefits, and use computer-aided molecule design, experimental design methods and advanced technologies such as nanotechnology.

R&D Policy

In Ak-Kim's Strategic Plan of 2011-2018;

- In research and development, we work on environment-friendly projects that offer high added value and accordance with occupational health and safety requirements.
- We make research and development to offer new products to the market by continuously keeping abreast of all the latest developments of the sector.
- We closely monitor technologic developments and improve our technical knowledge continuously to ensure efficient research and development activities.
- We try to improve our competitive structure by giving priority to research and development aimed to raise our quality of product, environment and occupational health and to reduce our production costs in our current technology and processes.
- We work on developing technologies and products in areas that possibly can gain importance in the future.
- We perform R&D activities that will meet undisclosed expectations of customers and that will generate added value for them.
- We perform technological efforts that may provide input for the goals and strategies of Ak-Kim.
- We operate in conformity with scientific rules and ethics, in a way that can be proved or disproved. We generate not only "Know-How", but also "Know-Why".
- We document our R&D experiences and know-how so that they are included in the intellectual capital of the Company. We do not refrain from reporting negative experiences.

PRODUCT RESPONSIBILITY

R&D Strategies:

- To increase the share of performance chemicals in our product portfolio (to raise the ratio of gross profit earned from performance chemicals to total profit from 20 to 50%).
- To build an efficient R&D Department that can fulfill its mission.
- To develop new organic chemicals.
- To add nano-technology products to the product portfolio.
- To develop Ak-Kim processes and to offer environment-friendly, cost-efficient, productivity-boosting solutions.
- To generate know-how and develop products for entering new sectors.
- To offer integrated solutions to customers by operating in a market-oriented way.
- To develop environment-friendly products and processes.
- To benefit from cooperation in product and technology development.

Achievements of 2012:

- 51 new products
- Expectation of about 9-fold increase in 2013 turnover figures of these products
- 1 patent application
- Creating and issuing the Intellectual Rights Procedure

Innovation index

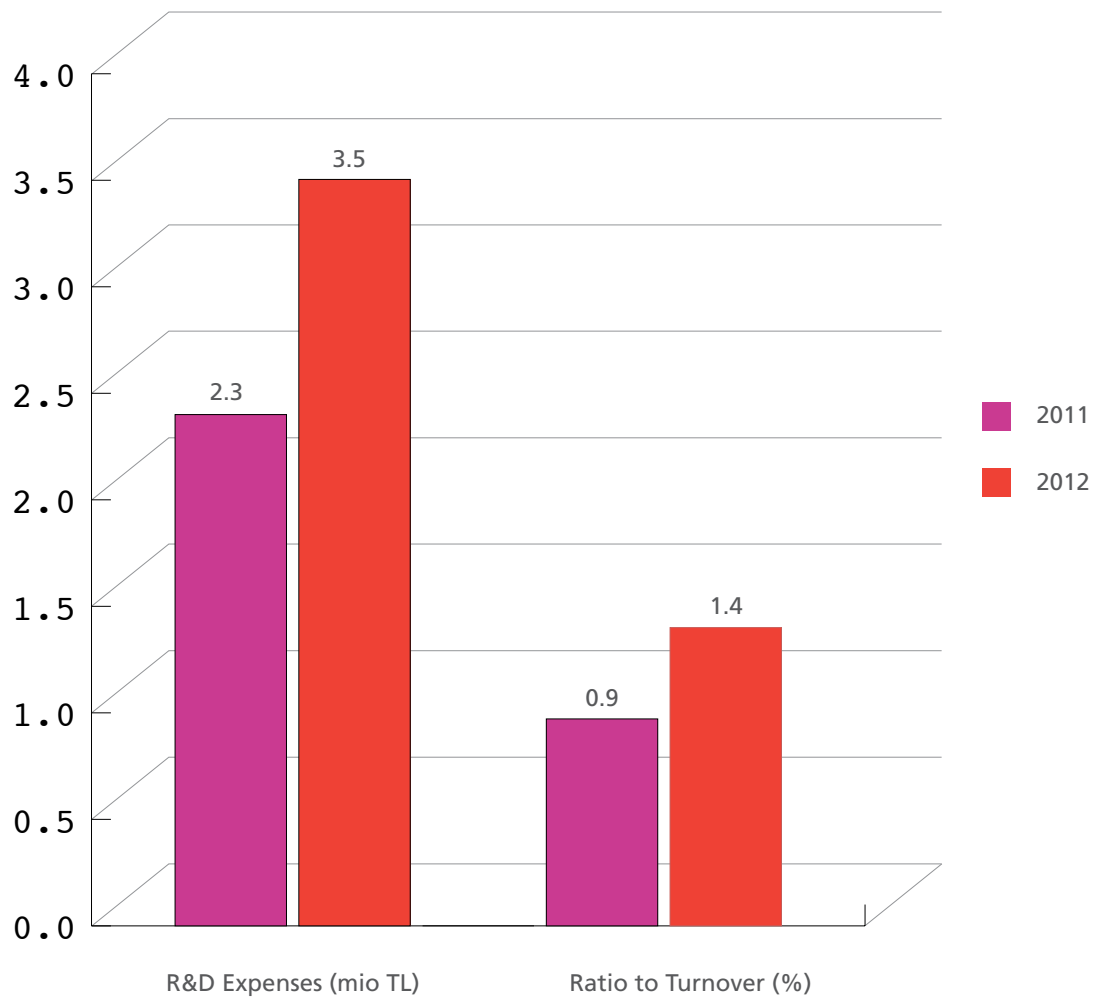
(ratio of turnover of the products developed in the last five years to total turnover)

2011	2012
4,3%	5,3%

In R&D operations, environmental effects of the product and the chemicals used for the product are investigated. Chemicals with significant environmental effect are not used.

R&D Goals for 2013

Ak-Kim aims to become a R&D center in 2013. With limited number of R&D centers in the chemicals industry, AK-Kim plans to launch a high-tech R&D center with high-quality human capital. The construction works for this center started in 2012. The planned budget for the R&D base that has a total area of 2,256 m² is TL 5 million. Number of R&D employees increased from 29 (in 2011) to 35 in 2012. The number is expected to be 60 in 2013. Attaching great importance to R&D, Ak-Kim increases its investments in the area every year.



PRODUCT RESPONSIBILITY

Compliance with National and International Regulations

Reach

Ak-Kim signed an import contract with DINOX Handels GmbH, its representative company in Europe, for pre-registration and license procedures of REACH (Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals). Pre-registration of Ak-Kim products that are exported to the European Union has been completed. For our products that had to be fully registered by December 1st, 2010, REACH registry has been finalized by DINOX Handels GmbH, as the "IMPORTER" of such products. Fully registered products are Persulphates, Sulphur Dioxide compounds and Methylamines with an annual tonnage range of over 1000 tons. Full registries scheduled for 2013 and 2018 for other Ak-Kim products will also be made by DINOX Handels GmbH and completed on due date. All information on the process can be obtained at Ak-Kim corporate website.

AEO CERTIFICATE

Our EU Distributor DINOX Handels GmbH has successfully obtained the AEO (Authorized Economic Operator) Certificate. The Certificate is of "F" status (Simplified Practices at Customs / Safety and Security). With this certificate and thanks to Ak-Kim, DINOX possesses the conditions required for safety of supply chain, starting from the loading at the factory (Ak-Kim Kimya San. ve Tic. A.Ş.) until delivery to the end-user, and the following rights:

- Reliability
- Accountability and Traceability of Commercial Records
- Financial Competence
- Security and Safety Standards

MSDS (Material Safety Data Sheet) / TDS (Technical Data Sheet)

Labels and Material Safety Data Sheets that are currently prepared in accordance with the Directive on Classifying, Packaging and Labeling of Hazardous Materials and Preparations and the Directive on Preparing and Delivering Material Safety Data Sheets of Hazardous Materials and Preparations will be rearranged and aligned according to the EU CLP Regulation No. 1272 / 2008. Alignment operations are currently in progress and will be completed in 2014.

ADR (The European Agreement concerning the International Carriage of Dangerous Goods by Road)

Material Safety Data Sheets and labels of chemicals produced by Ak-Kim are prepared by Ak-Kim personnel bearing the TSI (Turkish Standards Institution) certificate. Number of MSDS and labels exceed 300. Alignment of currently valid 91 / 155 / EEC and the "Directive on Preparing and Delivering Material Safety Data Sheets of Hazardous Materials and Preparations" with the new EU Regulation EC / 1272 / 2008 regarding Classifying, Labeling and Packaging of Substances and Mixtures (known as CLP) is continuing and expected to be completed by the end of 2014. In 1997, Ak-Kim has adopted and since then has been implementing the rules of the European Agreement concerning the International Carriage of Dangerous Goods by Road (known as ADR), many articles of which will start to be implemented in Turkey in 2014.

List of product-system certificates that Ak-Kim has received upon national and international standards / commitments is given below:

- OHSAS 18001: 2007 Occupational Health and Safety Management System Certificate, Bureau Veritas
- ISO 14001: 2004 Environmental Management System Certificate, Bureau Veritas
- ISO 9001: 2008 Quality Management System Certificate, Bureau Veritas
- Responsible Care Commitment 1993
- Global Compact Commitment 2007
- TS EN 901 / December 2004, Sodium Hypochloride Certificate
- TS 937 / April 2001, Chloride Certificate
- TS EN 888 / April 2000, Ferric III Chloride Certificate
- TS EN 883 / February 1999, Polyaluminium Chloride Certificate
- TS EN 901 / December 2004, Sodium Hypochloride Certificate
- SMBS Halal Product Certificate
- SMBS Kosher Product Certificate
- Sodium Hypochloride Biocidal Product License, 2012
- Chlorine Biocidal Product License, 2012
- Hydrogen Peroxide Biocidal Product License, 2012
- Sodium Percarbonate Biocidal Product License, 2012
- AkuaPol 2100 Biocidal Product License, 2012
- AkuaPol 2120 Biocidal Product License, 2012
- AkuaPol 2130 Biocidal Product License, 2012
- AkuaPol 2140 Biocidal Product License, 2012
- AkuaPol 4510 Biocidal Product License, 2012
- AkuaPol 4520 Biocidal Product License, 2012
- Environmental License (Çerkezköy – Persulphates Facility)

Permissions / Licenses / Certificates planned for 2013:

- Good Manufacturing Practice Certificate
- Environmental License (Yalova Organic and Inorganic Facilities)
- Environmental License for Tanker Washing and Recovery of Stripping Acids
- Environmental Impact Assessment Report for Increase in the Capacity of Inorganic and Organic Facilities

PRODUCT RESPONSIBILITY

Complaint Management

We consider each and every complaint that we handle in the Customer Relations Management process as an opportunity for continuous development. We examine complaints in an objective, effective, fast and careful way and offer solutions. In parallel with this principle, we are always committed to improving our business processes in a way that meets customers' expectations to avoid recurring complaints and to developing services to meet these expectations.

In Ak-Kim, Directorate of Sales and Marketing is responsible for receiving oral and / or written complaints through related channels and informing the related parties that the complaint is being assessed by Ak-Kim. All complaints and other feedback are kept in records. Soon after the complaint is received, the customer is informed that it is in process. Complaints are handled within a priority list that is either categorically made or formed in accordance with the customer's demands. Immediately after the complaint is received, each action is recorded together with the names of users, dates, and details. The related report is run in a way that can be used anytime by all related managers, users, customers or stakeholders.

Customer Satisfaction

Always attaching great importance to customer satisfaction, Ak-Kim holds a customer satisfaction survey every 2 years. With this survey, customers' opinions on issues such as Corporate Image, Products and Production, Pricing and Payment Terms, Quality of Logistics, Quality and Competence of Technical Support and Quality of Sales and Marketing are obtained. In 2012, participation to the survey on Ak-Kim's website reached 90%. Ak-Kim makes donations to the TEMA Foundation (The Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats) for each survey, on behalf of the participant. Customer satisfaction performance was recorded as 87% in 2012.

EMPLOYEES



Human Resources Policy

We apply a management system where human is valued and participation and creativity is encouraged.

We specify the trainings that our employees need and implement them accordingly.

In line with Ak-Kim's strategic plans, we draw the roadmap for human resources by taking mid and long term targets into consideration.

We organize and support social activities that contribute to socializing our employees and their families.

Employee Profile

- As of the end of 2012, total number of Ak-Kim employees is 451, with 81% males and 19% females. There are plans to increase the female ratio to 35% by 2015.
- As of the end of 2012, average age of Ak-Kim employees is 36,4; average seniority which indicates employee loyalty is 8,6 years.
- The percentage of white-collar employees was 39% in 2012. The figure is expected to rise by 2015.
- Percentage of employees with university and post-graduate degrees is 27,7% as of the end of 2012.
- Ak-Kim provides employment to disabled people. As of the end of 2012, there are 11 disabled employees.
- Employee turnover rate in 2011 was 5,18% .
- 40% of employees hired in 2012 are Engineers / Specialists and Officers.

EMPLOYEES

Gender Distribution Based Upon Posts	2010				2011				2012			
	Male		Female		Male		Female		Male		Female	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Senior Management	1.53	6	0.26	1	1.40	6	0.23	1	1.11	5	0.44	2
Mid-level Management	9.46	37	2.81	11	8.62	37	2.56	11	8.20	37	2.88	13
Non-managing White-Collar Employees (Specialists, Engineers, Assistant Specialists)	4.35	17	3.07	12	6.99	30	5.13	22	7.32	33	6.87	31
Operational Level (Blue Collars, Operators, Clerks, Tem Member setc.)	69.57	272	8.95	35	66.20	284	8.86	38	64.30	290	8.87	40
Total	84.91	332	15.09	59	83.22	357	16.78	72	80.93	365	19.07	86

Age Distribution Based upon Posts	2010						2011						2012					
	Under 30		30-50		Over 50		Under 30		30-50		Over 50		Under 30		30-50		Over 50	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Senior Management	0.0%	0	0.3%	1	1.5%	6	0.0%	0	0.2%	1	1.4%	6	0.0%	0	0.2%	1	1.3%	6
Mid-level Management	0.0%	0	8.4%	33	3.8%	15	0.0%	0	7.7%	33	3.5%	15	0.4%	2	7.8%	35	2.9%	13
Non-managing White-Collar Employees	1.3%	5	5.4%	21	0.8%	3	3.7%	16	7.0%	30	1.4%	6	5.3%	24	8.0%	36	0.9%	4
Operational Level	12.3%	48	61.1%	239	5.1%	20	14.7%	63	56.4%	242	4.0%	17	16.6%	75	53.4%	241	3.1%	14
Total	13.6%	53	75.2%	294	11.3%	44	18.4%	79	71.3%	306	10.3%	44	22.4%	101	69.4%	313	8.2%	37

31.12.2010	Based Upon Employment Type	Based Upon Contract	
Locations	Full-time	Fixed-term	Indefinite Term
Yalova	329	4	325
İstanbul	43	1	42
Çerkezköy	19	0	19
TOTAL	391	5	386

31.12.2011	Based Upon Employment Type	Based Upon Contract	
Locations	Full-time	Fixed-term	Indefinite Term
Yalova	358	8	350
İstanbul	51	2	49
Çerkezköy	20	0	20
TOTAL	429	10	419

31.12.2012	Based Upon Employment Type	Based Upon Contract	
	Full-time	Fixed-term	Indefinite Term
Locations			
Yalova	386	7	379
İstanbul	44	0	44
Çerkezköy	21	0	21
TOTAL	451	7	444

CHANGES IN THE NUMBER OF EMPLOYEES	2010 - 2011			2011 - 2012			2012 - 2013		
	31.12.2010	31.12.2011	2010-2011 % of change	31.12.2011	31.12.2012	2011-2012 % of change	31.12.2012	24.04.2013	2012-2013 % of change
Number of Employees	391	429	9.7%	429	451	5.1%	451	463	2.7%
Number of Female Employees	59	72	22.0%	72	86	19.4%	86	91	5.8%
Number of White-Collar Employees	127	160	26.0%	160	177	10.6%	177	185	4.5%

Number of contract labor that is employed for catering, cleaning, service, construction, painting, etc. is 172 as of the end of 2012.

EMPLOYEES

Employee turnover rate

Employee turnover rate based upon age group, gender, and region and total number of resigned employees. While calculating the Employee Turnover Rate based upon locations, total number of employees in those locations is taken into consideration. For the calculation of total employee turnover rate, the ratio of resigned personnel to total number of employees is considered.

2010	Employee Turnover Rate	Age Group				Gender		Number of Resigned Employees	Total Number of Employees
		30 - 40	40 - 50	50 - 60	60 ve üzeri	Female	Male		
Yalova	%5.5	%0.9	%1.5	%2.4	%0.6	%0.3	%5.2	18	329
İstanbul	%4.7	%2.3	%0.0	%0.0	%2.3	%0.0	%4.7	2	43
Çerkezköy	%10.5	%10.5	%0.0	%0.0	%0.0	%0.0	%10.5	2	19
TOTAL	%5.6	%1.5	%1.3	%2.0	%0.8	%0.3	%5.4	22	391

Note: There are no employees in the 20-30 age group.

2011	Employee Turnover Rate	Age Group				Gender		Number of Resigned Employees	Total Number of Employees
		20 - 30	30 - 40	40 - 50	50 - 60	Female	Male		
Yalova	%2.0	%0.8	-	%0.6	%0.6	%0.6	%1.4	7	358
İstanbul	0	0	0	0	0	0	0	0	51
Çerkezköy	%5.0	0	0	0	%5.0	0	%5.0	1	20
TOTAL	%1.9	%0.7	-	%0.5	%0.7	%0.5	%1.4	8	429

2012	Employee Turnover Rate	Age Group				Gender		Number of Resigned Employees	Total Number of Employees
		20 - 30	30 - 40	40 - 50	50 - 60	Female	Male		
Yalova	%4.1	%0.5	%0.3	%1.8	%1.6	%0.8	%3.4	16	386
İstanbul	%11.4	%2.3	%2.3	%2.3	%4.5	%2.3	%9.1	5	44
Çerkezköy	0	0	0	0	0	0	0	0	21
TOTAL	%4.7	%0.7	%0.4	%1.8	%1.8	%0.9	%3.8	21	451

The chart on the left page includes only the employees of the mentioned age groups. As none of the employees under the age of 30 resigned in 2010, 20-30 age group is not included in the chart. Similarly, none of the employees over the age of 60 resigned in 2011 and 2012.

Labor Standards

Recruiting professionals based upon criteria such as knowledge, talents, competence and experience, Ak-Kim focuses on bringing the creativity of human resources to the forefront by using a human-centered management system. The Company offers employees a working environment that is in compliance with the international standards of occupational health and safety.

Always valuing its employees and respecting employee rights, Ak-Kim signs a contract with new employees, which is drawn in line with valid laws and which includes mutual responsibilities of parties, namely the Company and the employee. In addition, The Personnel Regulations Guide that is given to all new employees includes information on working conditions, benefits and rights of employees starting from the first day at work until resignation.

Equal Career Opportunities

Ak-Kim does not take racial, religious or gender differences into consideration while exercising the recruitment process. Candidates that are selected according to objective criteria such as education, knowledge, talents, competence, and experience are evaluated by tests and interviews based upon modern measuring and evaluation data and new members of the Ak-Kim family are hired as a result of these procedures.

With the aim of improving efficiency and achieving continuous development, Ak-Kim applies a Performance Management System that effectively and objectively evaluates individual and team targets in a way that is integrated with department, directorate and company goals. The System operates solely with a focus on business results. Results achieved through annual evaluation of individual targets and quarterly evaluation of sales and team targets with the Performance Management System form inputs for variable income system, bonus system, training and development and career management processes.

Recruitment Policy

Range of starting rate compared to local minimum wage in locations important for operation:

Minimum wage for 2012 was TL 886,50 (gross). The starting rate for new employees at Ak-Kim is approximately 7% higher than the minimum wage. Starting rates are planned to increase in 2013.

EMPLOYEES

Recruitment of Blue-Collar Employees

Candidates applying in person or through emails form a candidate pool in Ak-Kim. When there is a vacancy, candidates complying with the criteria required by related departments are selected from the candidate pool and invited for an interview. If deemed necessary, candidates are given some tests (General Ability Test, Personality Inventory, etc.). Candidates having scored the required points as a result of the exams have interviews with the Human Resources and the related departments. The candidate that both departments agree to be the most appropriate for the position is offered the job. Following the offer, the candidate is transferred to health examination and upon approval of the Workplace Doctor that he / she is eligible, recruitment procedure is completed.

Recruitment of White-Collar Employees

Vacancies are announced via Kariyer.net. Candidates applying to such announcements as well as those applying in person or through emails form a candidate pool in Ak-Kim. All candidates are evaluated in terms of the criteria sought and those found suitable are invited for an interview. If deemed necessary, candidates are given some tests (General Ability Test, Proficiency in English, Personality Inventory, Phobia Test, etc.). Candidates having scored the required points as a result of the exams have interviews with the Human Resources to see if they are eligible in terms of the corporate culture. Human Resources department transfers the candidates selected to related departments and department heads interview the candidates. Before offering the job to candidates that both HR and the related department agree to be the most appropriate for the position, references may be consulted if deemed necessary. Following the offer, the candidate is transferred to health examination and upon approval of the Workplace Doctor that he / she is eligible, recruitment procedure is completed.

All vacancies are announced within the Company and as a company policy, candidates recommended by employees are included in the recruitment process. Generally, candidates living in Yalova and environs are employed for vacancies.

All of our senior executives are employees promoted within the Company / Group.

Social Security

All Ak-Kim employees benefit from all rights granted by the Labor Code 4857 and are given annual leaves. In addition, employees have private health insurance. It is an indispensable ethical value for Ak-Kim to work with suppliers and subcontractors that refrain from violating human rights such as by illicit employment or child employment.

Social Benefits

Ak-Kim applies the Hay Group Wage Management System in order to maintain competitive wage levels of employees, to give the same wages for identical positions in the market and to be fair in wages. The Company pays attention to making payments on time and avoiding any unrecorded payments. None of the employees throughout the Company is paid below the minimum wage.

In addition to monthly wages, Ak-Kim offers benefits such as free transportation, lunch, four bonuses per year, private health insurance, advance payments for health and education and social aids (marriage, children, birth / death, fuel, food and clothing aids) as well as vehicles and mobile phones for senior executives in order to improve employee loyalty and productivity. Ak-Kim also provides free accommodation for 6 months at Akmotel facilities for new employees from other cities.

Cultural activities at Ak-Kim are organized by Ak-Kim Social Activities Club (ASEK) founded by the Human Resources department and employees. Such activities include sightseeing tours, theater, movie, backgammon and table tennis tournaments, concerts, dinners, picnics and New Year's dinner attended by all employees with their spouses and children.

At the end of each month, birthdays of employees born in that month is celebrated all together and employees spend great time during such celebrations.

Trainings

Believing that the Company's corporate development can only become continuous by technical trainings for all employees, Ak-Kim provided 16,1 man / hour trainings in 2012. Setting an example for the industrial institutions in Yalova with the importance it attached to occupational health and safety, the Company offers constant training to employees in coordination with its Occupational Health and Safety Unit (OHS).

Hours of Training Based Upon Work Groups	Training per Employee (2010)	Training per Employee (2011)	Training per Employee (2012)
Blue-Collar	27.43	21.87	7.51
White-Collar	26.57	32.31	28.92

In 2011, an intensive training program was implemented for all employees within the scope of "Together in Carrying Ak-Kim into Future" project.

In addition to these, a variety of trainings are given within Coaching, Leadership and Talent Management Programs in order to train new leaders and senior managers. In 2012, 91 employees including specialists and higher positions (excluding senior managers) were included in the performance evaluation process. (This means 20% of all employees.)

EMPLOYEES

Open Door Policy

With the Open Door Policy it activated in 1999, Ak-Kim ensured that its employees can easily reach their managers about every issue. In addition, within the framework of this policy “Chat with the CEO” meetings where working conditions are discussed in a great transparency are organized twice a year, with the participation of employees. Ak-Kim transformed this policy into a corporate social responsibility project and opened its facilities to official institutions and organizations as well as students -from primary school to college- that would like to visit the Company and get information. In 2012, around 200 people visited Ak-Kim facilities.

The Open Door program is planned according to the number of demands for visits and the schedule is announced to all employees. Visitors are first welcomed by the factory security personnel and informed by using the visitor’s information guides. Then a presentation is made to introduce Ak-Kim, questions are replied, and site visits are made according to the visitor group’s area of interests. After the site visits, “satisfaction surveys” are given to measure the performance of the Open Door visit and areas to be improved are identified thanks to such feedback.

In the “Ak-Kim Open Door Evaluation Survey” created in 2012, 24 questions on “Welcoming, Catering, Site Visit, Safety Precautions and Other” are asked with a rating scale of 0-5. There is also a “General opinions and messages” part in which visitors can personally write their feedbacks.

Open Door Evaluation Surveys of 2012 showed a satisfaction level of 4.8 over 5. There is an increase in the number of visitors attending the Open Door event every year.

Just like all other Akkök Group Companies, Ak-Kim also pays attention to employee feedback, supports employee creativity, and encourages participation of employees in management through a Suggestion System applied since 2002. Revised in 2007, the Suggestion System supports employees in making suggestions for issues such as improving occupational health and safety, preventing occupational accidents, saving time, improving processes and quality, creating new products or developing existing products, saving energy and materials. The System rewards employees whose suggestions are implemented after reviews. Supporting participation and creativity, the Suggestion System aims to contribute to Ak-Kim’s corporate development.

Employee Satisfaction

In order to identify the employee satisfaction levels and, where necessary, to devise action plans to improve satisfaction, Ak-Kim holds an "Employee Satisfaction Survey" every year. Given by an independent consultancy firm, the survey covers employee satisfaction, loyalty and enthusiasm as well as meaning of the work done, working conditions / environment / occupational health and safety, information flow, communication and cooperation, personal / professional / career development, performance management, employment conditions and job security, remuneration, managers, recognition and appreciation, company management, company reputation and awareness. The results of the survey are delivered to Ak-Kim by the consultancy firm.

Then these results are announced to employees and feedback received as a result of these meetings is used to make an action plan. The results of the Employee Satisfaction Survey 2012 were shared with a total of 15 groups and 395 employees. Participation rate to the survey was 95% and company reputation and awareness, working conditions / environment / occupational health and safety and meaning of the work done were identified as the top three areas that Ak-Kim performed the best.



Occupational Health and Safety Policy

In order to prevent injuries and health problems during all kinds of operations in our workplaces, we identify and evaluate risks and take precautions to minimize their effects. We continuously monitor and improve occupational health and safety management and performance. We abide by regulations about occupational health and safety (OHS) and requirements of institutions that we are members to. We set, apply and check effectiveness of targets to improve our OHS performance. We document, implement and ensure continuity of the OHS management system we set in place. In order to increase awareness on OHS responsibility, we inform all employees about Ak-Kim OHS Policy and keep it open to the society and other relevant parties.

EMPLOYEES

Occupational Health and Safety Performance

Possessing the OHSAS 18001 OHS Management System Certificate since April 2009 and paying close attention to employee health, Ak-Kim has 52 employees with first aid certificates. In addition, there are two OHS specialists (one full-time employee and one consultant) and one full-time workplace doctor. Procedures related to occupational health and safety, projects to increase awareness of employees, trainings, drills, practices, and controls are being implemented in the Company for approximately 20 years. With the aim of improving employee interest in OHS, employees setting example in terms of OHS are rewarded monthly. Within the scope of this practice, 14 employees were rewarded as exemplary personnel in 2012.

Workplace Health and Safety Unit was established in 2010 and this unit reports directly to the CEO's office.

In 2012, Ak-Kim held 15 emergency drills, mainly on fire, gas leak and evacuation. These emergency drills are held every year. In addition, "near-miss incidents" identified by employees are reported to the OHS unit and corrective and preventive actions are taken.

Ak-Kim celebrates the OHS Week with a variety of events, including conferences, motto contests, current-status-workshops, etc.

The root cause of workplace accidents observed in Ak-Kim is mostly Unsafe Actions rather than Unsafe Conditions.

In order to prevent labor loss due to health conditions, Ak-Kim periodically makes health examinations, encourages use of automatic filling systems to avoid waist and spine problems, prepares and announces Material Safety Data Sheets (MSDS), performs flu and tetanus vaccination, and holds Health and Safety trainings.

Compliance with the Seveso Directives within the framework of the Directive for Preventing Large Scale Industrial Accidents and Directive for Protection of Employees from Dangers of Explosive Environments are material issues for Ak-Kim. Our key performance indicators are completing the process until the time mentioned in the Directives, frequency of accidents, and severity of accidents.

As can be seen in the formula "Workplace Accident = Unsafe Condition x Unsafe Action", if one of the factors is zero, workplace accidents can be prevented substantially (98%). We, as Ak-Kim, believe that workplace accidents can be provided by clearly identifying and correcting unsafe conditions as well as improving OHS culture through training and achieving an OHS discipline to avoid unsafe actions.

For unsafe conditions, unsafe actions and near-miss disorders identified in departments, we take necessary actions by running Corrective and Preventive Action Report (CAPA Report) on QDMS. In 2012, we ran 355 CAPA reports on OHS and made necessary improvements. Workplace accidents, CAPA reports and root causes are shared at the monthly-held OHS boards. There were no accidents involving death in 2012.

Lost days (absenteeism / sick leave) due to health issues

Area of Operation	2010	2011	2012
Factory (Factories)	1253 days	1513 days	2112 days
Total (only factories)	28 hours / year	32 hours / year	41 hours / year

Lost days = Number of days of absence due to health issues x 8 hours / Total number of employees

Accident information

	2010	2011	2012
Number of Accidents Involving Injury	0	4	1
Number of Accidents Involving Death	0	0	0
Total Number of Accidents	0	4	1

Frequency, pace and ratios of workplace accidents

	2010	2011	2012
Frequency of workplace accidents	0	4.72	1.08
Pace of workplace accidents	0	0.184	0.003
Accidents per production (accident / 1000 tons)	0	0.009	0.002

The following formulas were used to achieve the data above:

Frequency of workplace accidents = $NWA / (TNDAP \times 8) \times 1,000,000$
 NWA = Number of Workplace Accidents
 TNDAP = Total number of days of accrued premium, TNDASP is multiplied by 8 hours for a full day of work and total working hour of all insured employees are found.
 1,000,000 = This figure is used to find the number of accidents per 1 million work hours.

Pace of workplace accidents = $TLDWA / (PTEGS \times 8) \times 1,000,000$
 TLDWA = Total lost days due to workplace accidents (Temporary incapacity periods)+ (total of permanent incapacity degrees x 75) + (number of deaths x 7500)
 TNDAP = Total number of days of accrued premium, TNDASP is multiplied by 8 hours for a full day of work and total working hour of all insured employees are found.
 1,000,000 = This figure is used to find the total number of lost hours due to workplace accidents per 1 million work hours.

OHS trainings

Annual average of OHS training hours per employee	2010	2011	2012
Total hours of training	2.132	2.645	3.704
Training hours per employee	5 hours	6 hours	8 hours

OHS Trainings = Total OHS training hours / Total number of employees

ENVIRONMENT

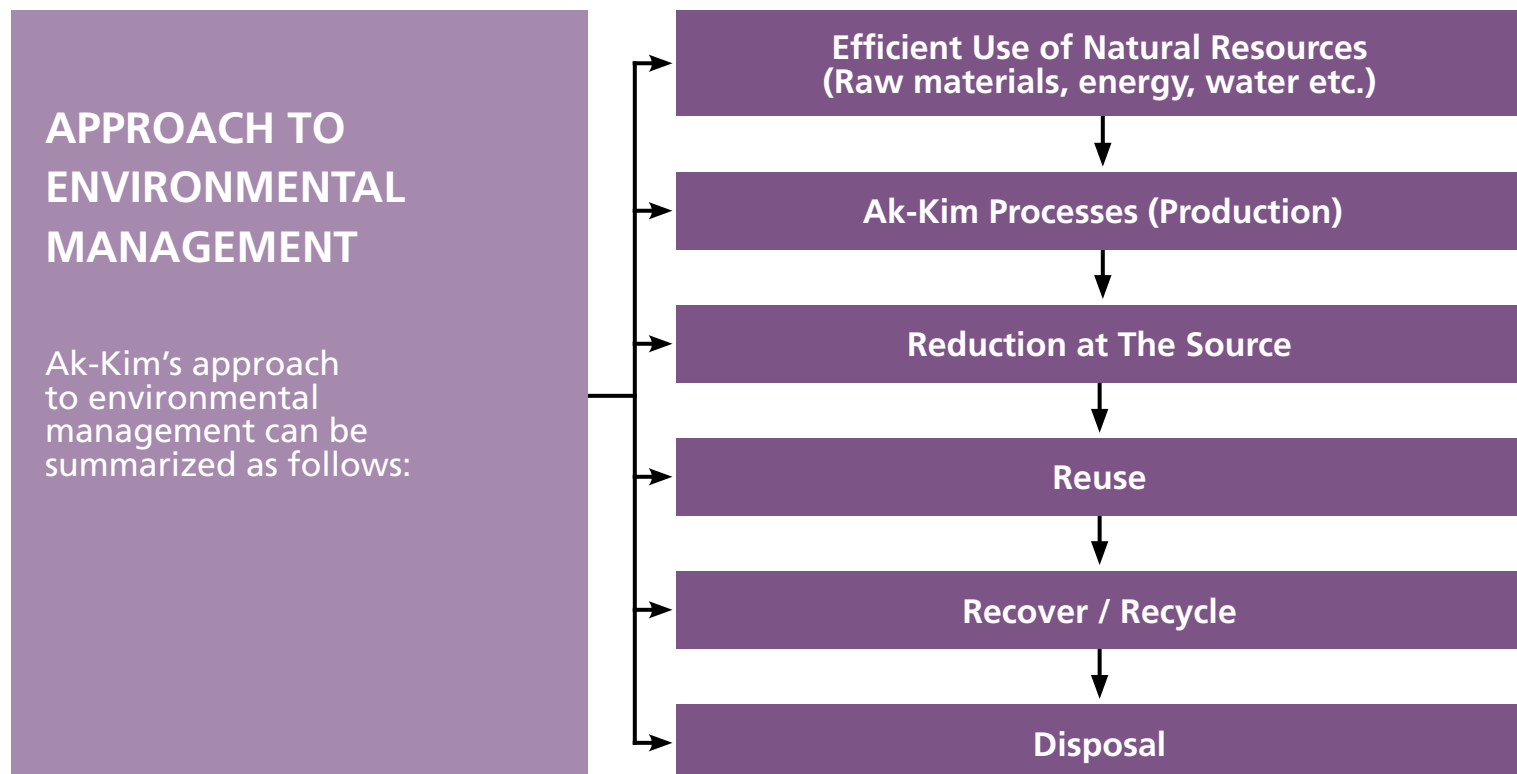


Environmental Policy

As a company that produces chemicals and that designs and installs chemical facilities, Ak-Kim Kimya Sanayi ve Tic. A.Ş. adopts environmental principles to make the world a better place to live in:

- We take all necessary precautions to prevent environmental pollution.
- In our operations, we give priority to and apply environment-friendly technologies that are continuously developing.
- We abide by legal and other requirements. We prioritize sensitivity towards the environment as a part of our awareness on our responsibilities for the nature and the society.
- We cooperate with our suppliers and customers and contribute to increasing their environmental sensitivities.
- We get engaged in works towards developing environmental awareness of the society.
- We share and keep our environmental works transparent for review by the society.

Ak-Kim considers the protection of environment as an integral part of social and corporate responsibility activities and carries such activities beyond the limits of legal requirements. Within the framework of this approach, on February 11th, 1993, the Company signed the voluntary Responsible Care Program that emphasizes sensitivity of chemical companies towards the environment, human health and technical safety. Ak-Kim is one of the first Turkish companies committed to the Responsible Care Program.



ENVIRONMENT

Management of Environmental Aspects

Ak-Kim takes the energy and natural resource use into consideration both in process designs and production stages. Among the managed environmental aspects are energy and water consumption, waste water, wastes and emissions. Also by offering environmental products, we try to reduce our environmental impact not only during production stages, but also during the usage of products.

Ak-Kim performs its environmental activities through the Environmental Expertise and Continuous Development units that operate under the Management Systems Department. On the other hand, Occupational Health and Safety and Workplace Health units report directly to the CEO. All Ak-Kim employees are educated and competent in performing environmental as well as occupational health and safety activities; they assume responsibility and actively participate in improvement efforts. Improvement of Environmental and Occupational Health and Safety processes are material issues; root cause analyses are performed and concluded. There are a number of committees to improve Environmental and Occupational Health & Safety processes like Suggestion System, Emission prevention, Seveso, Energy Management & Efficiency, OHS committees.

ISO 14001 certification

Total number of facilities / power plants / factories	Number of certified facilities / power plants / factories
3 factories and Headquarters	3 factories and Headquarters

Environmental trainings

2012 day / year	2012 day / employee / year
35,1	0,09

Note: Employees of the Headquarters in İstanbul are excluded.

Energy Management

Energy management practices are based upon the “Directive on Precautions to Be Taken by Industrial Institutions to Improve Energy Efficiency” issued by the Ministry of Energy and Natural Resources. Within the scope of this Directive, there is an “Energy Management Team” at Ak-Kim; this team comprises department representatives and is directed by an “Energy Manager”. The energy manager is selected among Ak-Kim executives. This executive has to be someone who participated and received a certificate in the “Energy Manager” training given by the Directorate of Renewable Energy.

Duty, capacity and responsibility of the Energy Management Team can be summarized as developing projects for energy efficiency and savings, making required financial and technical analyses, initiating and implementing investments, communicating with all employee levels for the energy management program, giving information, and preparing training programs. At Ak-Kim, electricity and steam is purchased from Aksa, natural gas is supplied from Botaş.

Electricity and steam are directly purchased from auto producer and thus no additional emission. All forklifts are electrical vehicles, causing no fossil fuel consumption or emission.

In the facilities that Ak-Kim built with its own know-how and technology, energy efficiency and savings are given priority in the selection of processes and equipment. For instance, while establishing the Chlorine Alkaline Facility in 1992, Ak-Kim selected membrane process which is more environment-friendly compared to other processes. “Waste Management and Energy training” program performed to 294 employees in 2012.

Energy consumption data

Direct energy consumption based upon primary energy source (Gigajoule / year)	2010	2011	2012
Natural gas	114.426	181.194	176.436
Gasoline	708	1.160	1.656
Diesel	4.294	5.152	5.152
TOTAL	826.72	187.506	183.244

Indirect energy consumption based upon primary energy source (Gigajoule / year)	2010	2011	2012
Steam	633.446	575.901	547.389
Electricity	563.344	586.926	565.252
TOTAL	1.196.790	1.162.827	1.112.641

ENVIRONMENT

Energy Saving / Efficiency Investments

In 2011 and 2012, Ak-Kim started to reap the fruits of its energy saving projects that it initiated in January 2011 and still actively implements. Thanks to these projects, a total of 2.472.350 kWh electricity and 7.388 tons steam (as well as 578,000 tons / cooling water) was saved in 2011. With new practices, an extra of 1.120.000 kWh / year electricity was saved.

Sample Project	Details and savings achieved
Optimization of capacity usage of Chlorine-Alkaline Cell rooms	The project started in October 2010 and ended in June 2011. Energy saved amounts to 8.100 GJ / year.
Reducing steam consumption at methylamines facility by heating the methanol feed with condense	The project started in April 2011 and ended in November 2011. Steam energy saved amounts to 1.700 tons / year. (4.760 GJ / year)
Reducing steam consumption at methylamines facility by heating the C-201 column bottom flow with C-202 column bottom flow (hot flow)	The project started in April 2011 and ended in November 2011. Steam energy saved amounts to 2 125 tons / year. (5.950 GJ / year)
In the DMAC facility, saving steam consumption and cooling water usage by heating the C-006 column bottom flow and feeding it into the R-003 reactor	The project started in April 2011 and ended in November 2011. Energy saved amounts to 765 tons / year (steam) and 76.500 tons / year (cooling water). (2.117 GJ / year)
Saving steam consumption by optimizing the process conditions at the CO&H ₂ facility	The project started in April 2011 and ended in November 2011. Steam energy saved amounts to 2.800 tons / year. (7.840 GJ / year)
Preventing energy loss due to open impellers of the pumps in the facility and making the water tower pump more efficient	The project started in October 2010 and ended in May 2012. Energy saved amounts to 3.240 GJ / year.
Total Savings	32.007 GJ / year

Energy Goals 2013

- 2.000.000 kWh energy saving per year with chlorine-alkaline electrolyzer investment aimed at energy efficiency
- 1.500.000 kWh energy saving by activating the SPC facility
- 900.000 kWh energy saving per year with persulphates electrolyzer investment



Water Consumption

Ak-Kim procures the water used in its two factories in Yalova from the Gökçe Dam and from Aksa, which is a sister company. Utility water is received directly from the Dam. The amount of utility water consumed may vary depending on the increase in operational activities (increase or decrease in production etc.).

Water used in processes is procured from two sources. In the Southern Ak-Kim facilities, water from the dam is softened before usage, whereas in the Northern Ak-Kim facilities water is received from Aksa. Approximately 60-65% of water used in processes become product component (in other words, not turned into waste water).

Cooling water is taken from the dam and Aksa and used in a closed circuit system. Thus water is added only when there is loss due to evaporation / leakage.

The water taken from the dam goes through a treatment system to be used as drinking water.

In the production facilities in Çerkezköy, raw water is treated from Akenerji, which is another sister company. This raw water is softened and then used as process water. Drinking water purchased from other sources.

The personnel are periodically trained about efficient use of water and water savings. Recent projects enabled significant savings in the amount of water consumed.

Water Consumption (m ³ / year)	Source	2010	2011	2012
	Dam	561.200	596.150	686.150

Note: Water consumption rises year on year due to the increase in production.

ENVIRONMENT

Waste Water

Each of the two factories in Yalova has its own chemical waste water treatment plants. In the Southern Ak-Kim facilities, domestic waste water is delivered to the sewage system to be treated at the treatment facility of the municipality, whereas the Northern Ak-Kim uses the existing waste water treatment facility for domestic waste water.

Domestic and industrial waste water from the production facilities in Çerkezköy is treated at the waste water treatment facility of the Organized Industrial Zone.



Northern Ak-Kim Waste Water Treatment Facility

Northern Ak-Kim Waste Water Treatment Plant is composed of physical treatment, chemical treatment, biological treatment (anaerobic- nitrification-aerobic denitrification) and sludge dewatering part. After waste water treatment plant, water discharged in accordance with the limits stated at the below table of the Water Pollution Control Regulations.

Southern Ak-Kim Waste Water Treatment Facility

Southern Ak-Kim Waste Water Treatment Plant composed of physical and chemical treatment parts. The water treated there is then discharged in accordance with the limits stated in Table 19 of the Water Pollution Control Regulations.

In Yalova facilities a total of 200.000 m³ / year waste water is treated and discharged.

18.500 m³ / year waste water from Çerkezköy Production Facilities and recreational facilities is delivered to the treatment facility of the Organized Industry Zone.

14.500 m³ / year waste water from the Sodium Percarbonate Facility is recovered for reuse in the production system.

In this way, not only water saving is achieved, but also loss of products within the waste water is prevented. Similarly, the water regained from cooling water is used in watering green areas, thus enabling approximately 6.000 m³ / year water saving in the summer.

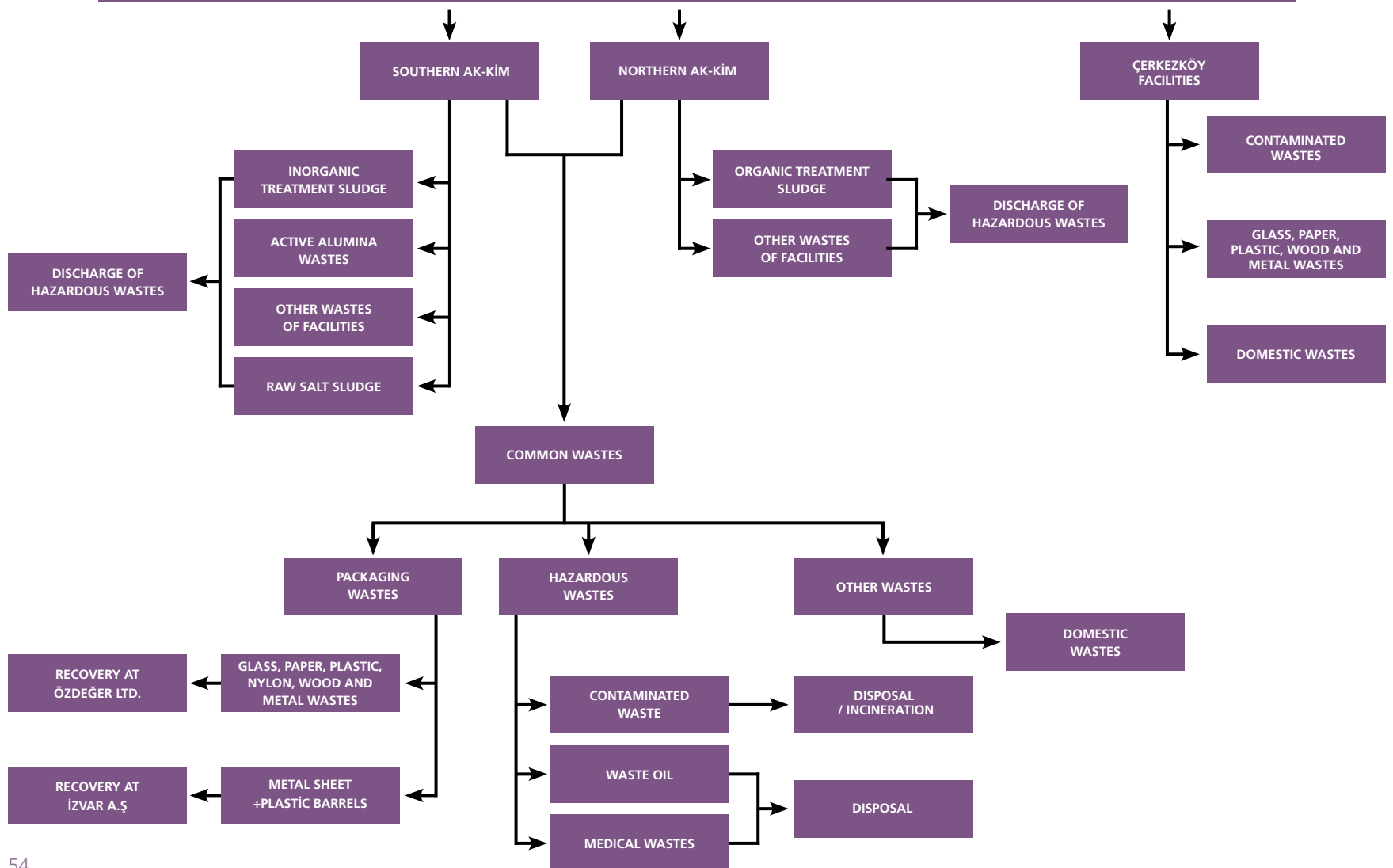
Water Discharge (m ³ / year) Ak-Kim	Location of discharge	2010	2011	2012
		Marmara Sea	213.470	201.750

ENVIRONMENT

Waste Management

We, as Ak-Kim, discharge our wastes in accordance with their characteristics. Methods of discharge include three main categories: recycle& recovery&reuse, landfill and incineration.

SOLID WASTE MANAGEMENT



Waste water sludge, contaminated wastes and packaging wastes are delivered to institutions licensed by the Ministry of Environment and Urban Planning for reuse / recovery.

In 2012, approximately;

- 1,000 tons of hazardous wastes sent to landfill / incineration,
- 200 tons of packaging wastes recovered (nylon and paper),
- 200 tons of packaging wastes were reused (barrels, drums).

Waste weight based upon type and discharge method	Examples	Discharge method	2012 Total Tons
Hazardous wastes (Information on type, amount and discharge in line with the official information given in hazardous waste statement)	Contaminated wastes	Incineration	60,3
	Process-generated wastes that are incinerated	Incineration	265,8
	Waste oils	Incineration	1,06
	Waste batteries	Recovery / landfill	0,2 / 0,08
	Electronic wastes	Recovery	0,68
	Contaminated packaging wastes	Incineration	3,7
	Contaminated metal sheet barrels, plastic drums	Recovery	245
	Treatment sludge (hazardous)	Incineration	101,8
TOTAL (hazardous wastes)			678.8
Non-hazardous (domestic) wastes	Domestic wastes	Landfill	120
	Packaging wastes (paper, cardboard, plastic, wood, glass etc.)	Recovery	219
	Scrap, metal wastes	Recovery	57,2
	Inert wastes	Landfill	373
TOTAL (non-hazardous wastes)			769.2

Total weight of solid wastes based upon discharge method (tons)	Recovery	Landfill	Incineration
Ak-Kim	521.58	493	432.66

ENVIRONMENT



Recycling / Recovery:

Hydrochloric acid, one of the chemicals produced by Ak-Kim, is used in many areas, including metal cleaning. After being supplied to the galvanize industry, hydrochloric acid is used in metal cleaning and then it becomes waste. This waste is called Ferric II chloride solution or "waste acid". The waste is transferred from customers' facilities with vehicles licensed by the Ministry of Environment and Urban Planning and is then recovered at Ak-Kim's Ferric III Chloride facility, which is also licensed by the Ministry. After being processed, this waste is turned into Ferric III Chloride. Ferric III Chloride is known for its usage in wastewater treatment. With this system, environmental damage to be caused by waste acid is prevented and the waste is recovered. Average amount of waste acid or Ferric II Chloride solution recovered per year is approximately 5,000 tons.

A new practice on utilizing activated alumina wastes used in HP production started in 2012. Activated alumina wastes were treated at the facility and delivered to the ceramic industry as a secondary raw material. Thus, activated alumina wastes amounting to approximately 200-250 ton / year were recovered as raw materials for other sectors, instead of being discharged.

	2010	2011	2012
Hazardous waste recovery facility (Ferric 3 Chloride production from HCl solution (ton)	5,217	5,106	4,580

Air Quality Management

Returning the emissions arising from production facility smokestacks back to the system:

Chemicals stored in absorbers of process stacks before reaching out to the atmosphere are re-fed into the system and this way, air quality is maintained, resource use is reduced, and chemicals are reused. Organic vapors are burned in the incinerator system to avoid any environmental damage. Vapor produced during the incineration is used for heating.

Environmental Products

Environmental impact assessment is an asset criteria of a new chemicals R&D process. Ak-Kim does not develop any products that could be harmful / hazardous for the environment.

The most important environment-friendly chemicals are Hydrogen Peroxide & Sodium Percarbonate.

- Hydrogen Peroxide & Sodium Percarbonate – Enables washing with low temperature, turns into oxygen and water when disintegrated.
- Given the fact that in 85% of 14 million households in Turkey and the washing machine is used twice a week in every home, washing clothes in 40 degrees Celsius water instead of 60 would allow for an energy saving of 388 Gwh per year.

Other environment-friendly chemicals are:

- AKBLUE- Turns nitrogen oxide gases within the exhaust into nitrogen and water vapor. Prevents emission of nitrogen oxides that harm the environment.
- AKBLEACH SLD- Bleached even in low temperature and thus allows for energy saving.
- AKEF 550 – Silicon-based antimicrobial finishing; no effects on the nature during use and in time.
- Sodiumhypochlorite: Used as a disinfectant in water and wastewater treatment.
- Polyaluminiumchloride: Used for sedimentation in drinking water and waste water treatment.
- Ferric III Chloride: Used for sedimentation in domestic and industrial waste water treatment.

COMMUNITY INVESTMENT

Corporate Social Responsibility Projects

Ak-Kim Scholarship Program

Within in the framework of its corporate citizenship principle, Ak-Kim established a program known as Ak-Kim Scholarship in 1996. With the contributions of volunteering Ak-Kim employees, the Program gives scholarships to successful university students with limited economic means. A total of 112 students benefited from this scholarship fund since its inception and in 2011-2012 academic year 16 students were granted the scholarship.

Blood Donation

Within the scope of its social responsibility projects, Ak-Kim organizes a “Blood Donation Campaign” in cooperation with the Red Crescent Yalova Branch twice a year. Every year approximately 80 employees participate in this campaign as blood donors.

Sponsorships in 2012

As a part of activities planned for the “International Year of Chemistry” in 2011, Ak-Kim was the main sponsor of the Marmara Environmental Monitoring (MAREM) project. Proving the importance it attaches to the environment and sustainable resources, the Company continued its support to the project in 2012 as well. The Project’s outcomes were shared with the press on July 24th, 2012 on board the Oktay 4, MAREM’s logging and research boat.

Another example of Ak-Kim’s sponsorships in 2012 was the support given to the 21st Istanbul High School Cultural Event Week held on 28 May-4 June. Concerts, panels, conferences, interviews, exhibitions, short film screenings, opening night, gala night and student nights were organized throughout the week at the İstanbul High School building.

Ak-Kim also supported the 10th Chemical Physics Congress organized by the Materials Science and Nanotechnology Engineering Department of TOBB University of Economics and Technology in 2012. Organized on 10-12 October 2012, the Congress welcomed a number of Turkish and foreign scientists delivering speeches on “Structure, Characteristics and Dynamics of Molecules; Spectroscopy; Kinetics; Statistical Mechanics; Molecular Quantum Theory; Relaxation Incidents; Basic Problems in Molecular Reactivity; Interacting Systems; Advanced Materials, Polymers, Biomolecular Systems; Surfaces / Interfaces; Nanobuildings, Nanomaterials; Information Theory; Condensed Phases”.

Ak-Kim also sponsored the 26th National Chemistry Congress organized by Muğla University on 1-6 October 2012. Sessions, poster presentations and workshops on Analytic Chemistry, Inorganic Chemistry, Biochemistry, Physico-chemistry and Organic Chemistry were held during the event.

Attaching great importance to sustainability and green energy, Ak-Kim sponsored the Wind Energy Technology Platform’s (RETEP) “Industrial Revolution – from Automotive to Wind Energy Conference”. RETEP aims to help development of wind energy technologies together with the industry, to make Turkey a regional power and supply center, and to increase the wind energy’s share within the energy sources used in Turkey.

Another initiative supported by Ak-Kim was the Chemical Industry Competitive Power Report which is very significant for the Turkish Chemical Industry. This Report, prepared by the Federation of Industrial Associations (SEDEFED), aims to create a sustainable model to reveal the competitive power of both Turkey and the chemical sector in Turkey, to measure this competitive power, and to guide decision makers. Revealing the competitive power of the chemical industry, the Report was shared with the sector and the public at the 8th Congress of Competition on November 15th, 2012.

Finally, Ak-Kim co-sponsored the Business Trip event of Koç University and initiated a Blood Donation campaign in cooperation with Red Crescent Marmara Region.

GRI SUSTAINABILITY REPORTING GUIDELINES INDEX

This report contains information on the actions that Ak-Kim took to improve its social, environmental and economic performance and the results achieved during the period between 1 January 2012 and 31 December 2012.

The contents of the report are developed in compliance with the G3 version of the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines, which is an internationally recognized reporting standard and the report contains data and information meeting the minimum C-application level indicators. The table below shows the information provided in the report and / or the related pages within the framework of GRI's C-level application.

STANDARD DISCLOSURES PART I: Profile Disclosures				
1. Strategy and Analysis				
Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages / Explanations
1.1	Statement from the most senior decision-maker of the organization, regarding the relevance of sustainability to the organization and the strategy of the organization	Message from the CEO	Full	3
2. Organizational Profile				
2.1	Name of the organization	Company Profile	Full	5-14
2.2	Primary brands, products, and / or services	Company Profile	Full	5-14
2.3	Operational structure of the organization	Company Profile	Full	5-14
2.4	Location of organization's headquarters	Company Profile	Full	5-14 / Istanbul, Turkey
2.5	Countries where the organization operates	Company Profile	Full	5-14
2.6	Nature of ownership and legal form	Company Profile	Full	5-14
2.7	Markets served	Company Profile	Full	5-14
2.8	Scale of the reporting organization	Company Profile	Full	5-14
2.9	Significant changes during the reporting period regarding size, structure or ownership	Company Profile	Full	5-14
2.10	Awards received in the reporting period	Company Profile	Full	5-14

3. Report Parameters				
Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages / Explanations
3.1	Reporting period	About the Report	Full	1 January 2012 - 31 December 2012
3.2	Date of most recent previous report (if any)	About the Report	Full	This is the first sustainability report published.
3.3	Reporting cycle	About the Report	Full	The Sustainability Report will be published annually.
3.4	Contact point for questions regarding the report or its contents	About the Report	Full	
3.5	The process of identifying contents of the report	About the Report Approach to Sustainability	Full	
3.6	Boundary of the report	About the Report	Full	Services of Ak-Kim in Turkey
3.7	Specific limitations on the scope or boundary of the report	About the Report	Full	
3.8	Basis for reporting on joint ventures and other related organizations	About the Report	Full	Joint ventures and other related organizations are not included in the report with the exception of some financial and operational data.
3.9	Data measurement techniques and the bases of calculations	About the Report	Full	Given under every section, in relevant charts.
3.10	Explanation of the effect and reasons of any re-statements of information provided in earlier reports	About the Report	Full	This is the first sustainability report published.
3.11	Significant changes in the scope, boundary, or measurement methods applied in the report	About the Report	Full	This is the first sustainability report published.
3.12	GRI Indicators table	GRI Index	Full	The mentioned table is this table given between pages xx and xx.
3.13	External assurance		Full	External assurance was not obtained.
4. Governance, Commitments, and Engagement				
Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages / Explanations
4.1	Governance structure of the organization	Corporate Governance	Full	19
4.2	Whether the Chair of the highest governance body is also an executive officer	Corporate Governance	Full	The Chairman is not an executive officer.
4.3	Number of independent members of the highest governance body	Corporate Governance	Full	There are no independent members.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate Governance	Full	Open Door
4.11	The precautionary approach or principle	Employees	Full	46 - 48
4.12	Externally developed sustainability initiatives to which the organization subscribes or endorses	Environment	Full	22
4.13	Memberships in associations	Approach to Sustainability	Full	22
4.14	List of stakeholder groups engaged by the organization	Approach to Sustainability	Full	17
4.15	Identification and selection of stakeholders with whom to engage	About the Report	Full	17

GRI SUSTAINABILITY REPORTING INDEX

STANDARD DISCLOSURES: PART III Performance Indicators

Performance Indicator	Description	Reported in	Scope of reporting	Reference pages / Explanations
Economic				
EC1	Direct economic value generated and distributed	Corporate Profile	Full	
EC8	Infrastructure investments and services provided for public benefit through commercial, in-kind, or pro bono engagement	Community Investment	Partial	58
Environmental				
Performance Indicator	Description	Reported in	Scope of reporting	Reference pages / Explanations
EN3	Direct energy consumption by primary energy source	Environment	Full	46 - 48
EN4	Indirect energy consumption by primary source	Environment	Full	46 - 48
EN5	Energy saved due to conservation and efficiency improvements	Environment	Partial	46 - 48
EN8	Total water withdrawal by source	Environment	Full	46 - 48
EN9	Water resources significantly affected by water withdrawal	Environment	Full	46 - 48
EN22	Total weight of waste by type and disposal method	Environment	Full	46 - 48
EN26	Initiatives to mitigate environmental impacts of products and services	Environment Product Responsibility	Full	46 - 48

Social: Labor Practices and Decent Work				
Performance Indicator	Description	Reported in	Scope of reporting	Reference pages / Explanations
LA1	Total workforce by employment type, employment contract, and region	Employees	Full	35
LA2	Rate of employee turnover by age group, gender, and region	Employees	Full	35
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	Full	43 - 44
LA8	Training, education, guidance, disease prevention and risk control programs for severe diseases	Occupational Health and Safety	Full	43 - 44
LA10	Average hours of training per year per employee by employee category	Employees	Full	35
LA12	Percentage of employees receiving regular performance and career development reviews	Employees	Full	All employees are subject to periodical performance reviews.
Social: Product Liability				
Performance Indicator	Description			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Product Responsibility	Full	28

GRI Sustainability Reporting Guidelines Application Level APPROVAL



Statement GRI Application Level Check

GRI hereby states that **Ak-Kim Kimya Sanayi ve Ticaret A.Ş.** has presented its report "2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 November 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 November 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

AK-KİM KİMYA SANAYİ VE TİCARET A.Ş
Vişnezade Mah. Süleyman Seba Cad. No: 82 Maçka-İstanbul / TÜRKİYE
T: +90(212) 381 71 00 - F: +90(212) 259 12 92
akkim@akkim.com.tr - www.akkim.com.tr