



SUSTAINABILITY REPORT 2013

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CREATING THE FUTURE



ABOUT THE REPORT

This is our fourth Communication of Progress (CoP) since we became a signatory to the United Nations Global Compact (UNGC) on December 13th, 2007 and it covers the Company's approach to the Global Compact as well as our targets related to the principles. As in the previous year, this year's Report is based upon the Sustainability Reporting Principles G3.1 version of the Global Reporting Initiative (GRI), at the A-level application.

This report covers the period between January 1st, 2013 and December 31st, 2013 and the reporting period is set as "annual" for all of our Reports. The previous Report covered the period between January 1st, 2012 and December 31st, 2012 and received C level approval from the GRI in November 2013. The Report was simultaneously disclosed through the UNGC's website as well as our corporate website for accessibility to all stakeholders. The Report has been e-mailed to all Ak-Kim Kimya Sanayi ve Ticaret A.Ş. (Ak-Kim) customers, business partners and employees. In addition, we have communicated the report to all our employees with the aim of increasing awareness in stakeholders.



Contents of the Report

This Report is developed mainly in the light of the expectations of Ak-Kim employees, customers and business partners. Sustainability surveys taken by stakeholders have also been influential in designing the contents of the Report.

The Report covers material issues such as environmental management, labor practices, occupational health and safety (OHS) and community investments. These material issues are selected in accordance with the sustainability strategy workshop and surveys held by Ak-Kim. This workshop has been the first of its kind in the chemicals industry in Turkey. Held with the participation of Ak-Kim employees, the workshop aimed to identify the good sustainability practices and reveal areas to be improved.

Boundary and Limitations of the Report

Unless mentioned otherwise, this report covers, without any limitations, all services and operations of Ak-Kim performed between January 1st, 2013 and December 31st, 2013, at the production facilities and headquarters based in three different locations.

These locations include:



This year's Report includes all production facilities and headquarters but excludes logistics sub-contractors and sub-employers for support services in production zones.

During the reporting period, Ak-Kim established Akferal in equal partnership with Feralco, the second largest water treatment chemicals and coagulant producer in Europe.

The Message to Stakeholders section of the Report includes the message from Mr. Onur Kipri, who was assigned as Ak-Kim General Manager in the first half of 2014.



MESSAGES TO OUR STAKEHOLDERS

Message from the Chairman



Dear Stakeholders,

Looking back at 2013, although the global economy began its recovery cycle and unemployment trends eased slightly, there were significant setbacks including instability worldwide and a call for greater transparency. Once more, we were reminded that we live in a more than ever interconnected world with finite resources that require we business leaders, to adopt an inter-disciplinary approach to the way we do business and good business for that matter. This report includes our Company's approach to integrating environmental, social and governance (ESG) issues in our five year strategic goals, our approach to voluntary corporate citizenship initiatives such as the UNGC and how we engage in dialogue with you, our stakeholders to solve the most pressing and material issues in our industry.

This year, we established Akferal, in equal partnership with Feralco, the second largest water treatment chemicals and coagulant producer in Europe. Akferal products, which are expected to contribute greatly to the development of the industry, are now also being produced at Ak-Kim facilities in Yalova.

Doing more with less has become an overarching goal for all sectors and our industry in particular. As Ak-Kim we continued to emphasize the importance we attach to nature and sustainable resources through our related practices and activities.

Aiming to centrally manage the treatment operations held separately in Yalova by Ak-Kim, Aksa Akrilik and DowAksa of the Akkök Group of Companies (Akkök Group), we have recently lauched a Joint Treatment Facility built on an area of 17,000 m², with a wastewater treatment capacity of 15,000 m³/day. Here, at the Ak-Kim and broader Akkök family, we are all very excited about this development and look forward to making continued investments in innovative ideas that seek to increase the competitiveness of the Turkish economy.

We continued to maintain high standards of OHS, a pre-requisite for our license to operate in the industry. All Ak-Kim employees are trained in and competent on performing environmental as well as OHS activities and they assume responsibility and participate actively in improvement efforts.

With regards to governance, our parent Company, the Akkök Group has begun efforts to establish a policy framework on Business Ethics principles. These principles will guide us in communicating with our associates, customers, suppliers, competitors, public and other stakeholders – in short, in every occasion that we represent our Company. In the coming years, we will continue to uphold our commitment to these Business Ethics principles and ensure that they are adopted and expanded.

In full awareness of our responsibility as a pioneering institution in the Turkish chemicals industry, we continue intense efforts to expand environmental, social, ethical operations and to encourage all stakeholders -from customers to business partners- to adopt this approach. We seek to maintain our commitment to achieving sustainable development in the coming years and playing a voluntary and leading advocacy role in our industry.

On behalf of the Board of Directors of the Ak-Kim, a privately owned business celebrating over 36 years that I cherish and take great pride in, I would like to express my sincere gratitude to all Ak-Kim employees, customers and strategic partners whose views are the cornerstone of this report.

Yours sincerely,
ALİ RAİF DİNÇKÖK



Message from the General Manager

Dear Stakeholders,

It is a great pleasure to share this sustainability report with you. We are very proud of this A Level Sustainability report, prepared according to the GRI methodology and within the annual disclosure guidelines of the UNGC. We have been a business participant to the UNGC since 2007 and this report is our fourth CoP.

In addition to covering all GRI paramaters in a transparent manner, this report also is the first A level report in Chemical sector in Turkey and provides policies, principles and applications of three pillars of sustainable development (social development, economical development and environmental protection - including examples of parameters about employment, loyalty, equality, human rights, investment, social responsibility, energy efficiency, health and safety and economical parameters of Ak-Kim).

We believe that our processes from product design to after sale services should provide such results and conditions under which social, economical, environmental issues are in harmony to protect human health, our environment and our planet and should meet the requirements of present and future generations.

In order to be dedicated to sustainability, we held a workshop with the participation of all senior executives and related departments. We identified Ak-Kim's sustainability strategy, road map of business plan, goals in terms of social, economical and environmental issues and good company practices, as well as areas for improvement. Resulting analyses, goals and projects were then reviewed with our employee and strategic map was finalized.

Ak-Kim's 2015-2019 strategic map has "sustainability" as one of the corporate values and have strategic targets relevant to employee engagement, environmental, health and safety topics to achieve further improvements in employee loyalty, energy and water efficiency having a set of KPI's and projects.

We aimed to create a climate in the company that supports sustainable development for employees, so we educate and encourage them to develop a sustainable lifecycle culture, processes, products and services in Ak-Kim and also have some policies and applications improving employee loyalty to get sustainable human value.

Occupational health and safety has been another focus of our sustainability efforts. For the next years, our target is to develop our systems, programs and plans to eliminate the risks in our workplaces causing accidents, incidents and also to avoid injuries during transportation of our products and customer 's incidents / accidents.

Ak-Kim is an important driver of the robust Turkish economy. Chemical exports rank third after the automotive and textiles sectors. We do our business in a resource-scarce world and the sustainable competitiveness of our industry shall continue to rely not only on key players in the Turkish market but also to the suppliers. We are a science, innovation and technology driven industry. Emerging markets like Turkey are in dire need of capacity development in these areas not only as an important driver in Turkish economy but the global economy. The global chemicals industry is one of the largest and most diversified industries in the world and R&D is needed to supply new sustainable products and processes. On October 25, 2013 we were granted authorization by the Turkish Ministry of Science, Industry and Technology to launch our R&D Center. Currently we employ 52 scientists striving to develop innovative products and solutions for the industries.

Through improved performance, expanded economic opportunities, development of innovative technologies and other solutions to societal problems the industry will continue taking practical steps to implement initiatives in support of sustainable development. The industry will expand its dialogue with stakeholders to identify additional opportunities to contribute to sustainable development through voluntary initiative such as Responsible Care.

The chemical industry is one of the world's most international, competitive and succesfull industries, embracing a wide field of processing and manufacturing activities. As one of the oldest chemicals company in Turkey that continues to expand globally and create products that bring major societal benefits, we are committed to sharing our understanding, standards and policies to advance sustainable development with all of you and welcome your input and feedback.

Yours sincerely,
ONUR KİPRI



VISION AND CORPORATE PRINCIPLES

Vision

Being a chemicals and engineering Company that provides integrated chemicals solutions to its customers and develops know-how together with its contended partners and employees.

Corporate Principles

We prioritize ethical values.

We respect human health and the environment.

We are sensitive to social values.

We encourage change.

We generate added value for our customers.

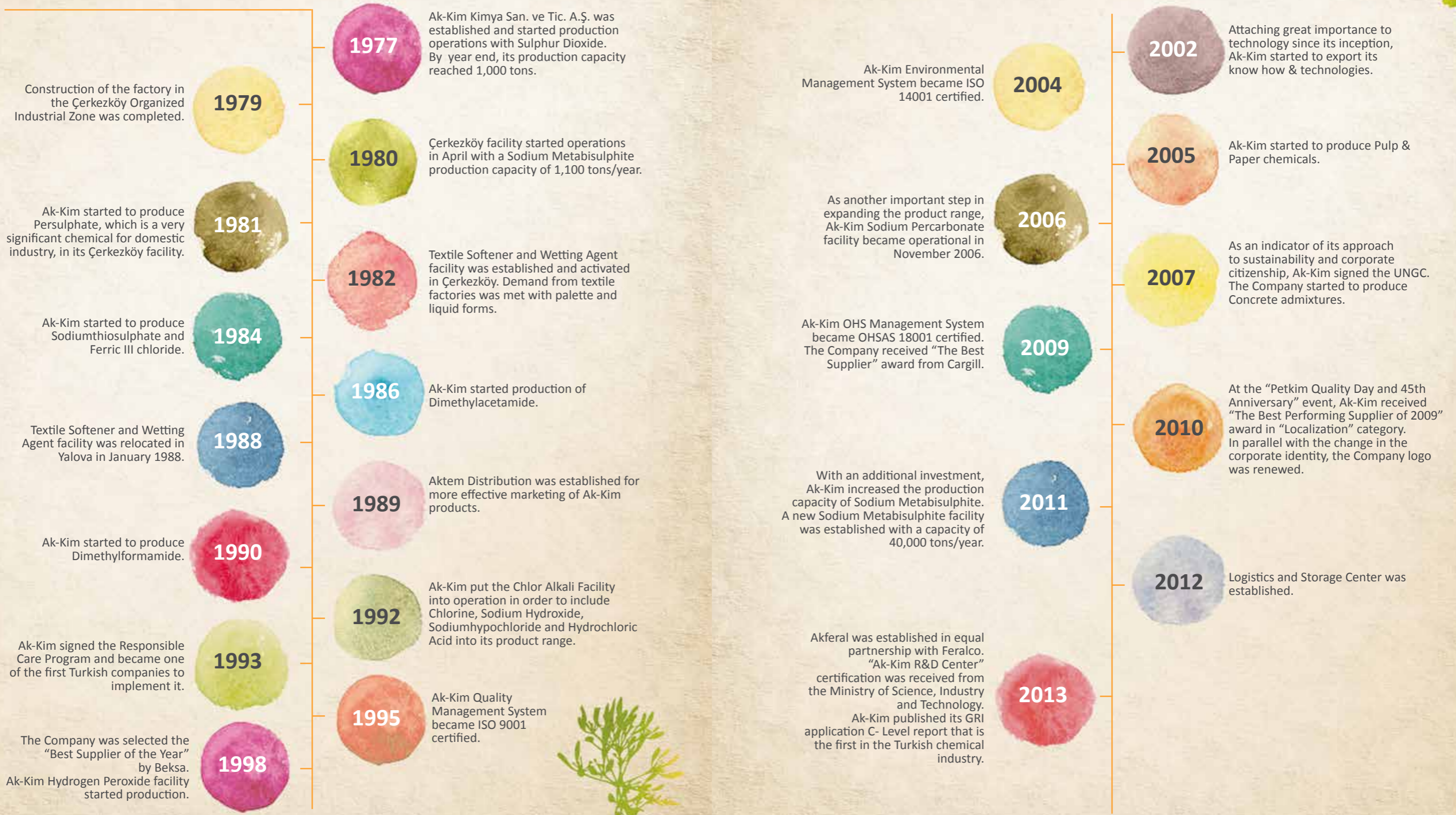
We are transparent in our communication activities.

We are conscious of the fact that our Company is a member of the Akkök Group, we protect and uphold our group's reputation.

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

COMPANY PROFILE

Milestones



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, Monochloro 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

Hydrogen Peroxide
Sodium Percarbonate

Chlor Alkali Facility

Hydrochloric Acid
Chlorine
Sodium Hydroxide (Caustic Soda)
Sodium Hypochloride

Organic Facilities

Acetic Acid
Dimethylacetamide
Dimethylformamide
Mono-Di-Tri Methylamine

Persulphates Facility

Ammonium Persulphate
Potassium Persulphate
Sodium Persulphate

Salt Facilities

Monochloro Acetic Acid
Sodium Metabisulphite
Sodium Thiosulphate
Trimethylamine Hydrochloride

Performance Chemicals

Textile Chemicals

Finishing Agents
Dye and Printing Auxiliaries
Blending and Coning Lubricants
Pretreatment Agents
Washing Agents
Softeners

Cement Grinding Chemicals & Concrete Admixtures

Concrete Admixtures
Concrete Auxiliaries
Cement Grinding Chemicals
Sprayed Concrete Admixtures

Pulp & Paper and Water Treatment Chemicals

Water Treatment Chemicals
Ferric III Chloride
Pool Chemicals
Potable Water Treatment Chemicals
Geothermal Chemicals
Paper Chemicals
Boiler and Cooling Tower Chemicals
Polyaluminium Chloride
Cleaning Chemicals
Reverse Osmosis Chemicals

Solutions

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

Materials

Ak-Kim uses more than 400 different types of materials and auxiliary raw materials in production processes. The total amount of such materials is given in the performance indicator tables of this Report.

Operational Structures and Markets Served

Exporting products to 55 countries across 5 continents, Ak-Kim makes both direct sales and dealer/agency based sales. REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) registration of all products sold in Europe has been achieved. Ak-Kim offers uninterrupted service to its customers abroad thanks to its comprehensive delivery channel.

Having always adopted the principle of protecting the interests 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 the 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 the needs of industries, but also produces tailor made chemicals, in full compliance with quality standards.

International Turn-Key Projects:

- Engineering and procurement services for a Chlor Alkali facility (Adwan) in Algeria
- Engineering services and equipment procurement for a Hydrochloric Acid facility (Kapachim) in Greece
- Basic Engineering services for a Chlor Alkali facility (JBC) in Jordan
- Delivery of a Chlor Alkali facility (NCI) in Jordan
- Turnkey installation of a Chlor Alkali facility (JBC) in Jordan
- Engineering services for a Hydrogen Peroxide facility (Sitara) in Pakistan
- Turnkey installation of two Chlor Alkali facilities (Cristal and Jana) in Saudi Arabia

MEMBERSHIPS

Executives at various levels of Ak-Kim actively participate in sectoral associations and assemblies. The list of such associations and assemblies are as follows:

Associations on Economy

- Board Member, Sectoral Assembly of the Union of Chambers and Commodity Exchanges of Turkey
- Board Member, Sectoral Assembly of the Istanbul Chamber of Industry
- Board Member, Turkish Chemical Manufacturers Association
- President, Yalova Association of Industrialists
- Member, Istanbul Chamber of Commerce
- Member, Istanbul Commodity Exchange
- Member, Istanbul Union of Mine and Metal Exporters
- Member, Central Anatolian Exporters Union
- Member, Federation of Industrial Associations'

Associations on Environment

- Member, Environmental Working Group of the Istanbul Chamber of Industry
- Member, Environmental Working Group of the Turkish Industry and Business Association
- Member, Environmental Working Group of the Turkish Chemical Manufacturers Association
- Member, Turkish Association of Chemical Tanker Cleaning
- Member, Quality Association of Turkey
- Member, Turkish Marine Environment Protection Association (Deniztemiz Turmepa)

Associations on Social Responsibility

- Executive Board Member, Global Compact Local Network Turkey (2013 - 2016)
- Member, Corporate Social Responsibility Association of Turkey
- Member, Community Volunteers Foundation
- Member, Educational Volunteers Foundation of Turkey
- Member, Turkish Association for People Management
- Member, Women Entrepreneurs Council of the Yalova Chamber of Industry and Commerce

OUR APPROACH TO SUSTAINABILITY



CORPORATE GOVERNANCE

EMPLOYEE OPINION

According to our sustainability survey, 63% of our employees say: “Ak-Kim manages all business processes in accordance with the corporate governance principles (transparency, equality, accountability and responsibility)”.

Board of Directors

Ak-Kim is a member of the Akkök Group. Ak-Kim Board of Directors comprises seven members with a gender distribution of five male and two female members.

Within the social scope of the responsible care, the Board gives the final approval for corporate social responsibility projects. Approval and authorization of all projects and budgets related to environmental practices is also within the responsibility of the Board of Directors.

In terms of economic scope, the Board’s responsibility includes approving the budgets of sustainability practices and encouraging such practices in other companies of the Akkök Group. All strategic issues within the framework of sustainability are equally adopted by the Board.

Mr. Ahmet Cemal Dördüncü, Ak-Kim Board Member and Akkök Group CEO, is currently the Head of the Environmental Working Group of the Turkish Industry and Business Association (TÜSİAD) and is also a member of the National Innovation Initiative.

Akkök Group is aware of the importance of joint and participatory approaches in shaping the future of societies. Therefore, the Group signed the UNGC in late 2007 and thus assured that it will protect rights of its employees, contribute to society and act in an environmental friendly manner in all of its operations. Having reinforced its reliable and strong image with this initiative, Akkök Group continues its commitment to fulfill voluntary responsibilities in global and sustainable development. Ak-Kim represents the Akkök Group in the Global Compact Local Network Turkey.

Akkök Group sets an example to the industry with its energy efficiency, energy saving and recycling practices aimed to combat global climate change and environmental pollution.

Committees

Akkök Group has a special committee focused solely on sustainability. Ak-Kim also has plans to establish related committees. However, there have not been any relevant procedures or audits within the reporting period.

In addition, an ethics board is planned to be established in 2014. The board will be comprised of Directors of the Audit, Human Resources and Legal Affairs Departments of Akkök Group. Human Resources Directors of each Company within the Group will also be represented on the board.

The ethics board will guide the Group through the adoption and implementation of the Akkök Business Ethics Principles as fundamental and indispensable corporate values.

The Chairman of the Board is not a member of the Executive Board. The CEO represents the Board of Directors and has executive responsibility. Employees have the opportunity to make suggestions to the senior executives through regular meetings.





Members of the Board

ALİ RAİF DİNÇKÖK CHAIRMAN

Born in 1944, Ali Raif Dinçkök attended Austrian High School in Istanbul and graduated from Aachen University, Department of Textile Engineering in 1969. Mr. Dinçkök started his professional career at Akkök Group. He is currently the Chairman of Akkök Sanayi Yatırım ve Geliştirme A.Ş., Mr. Dinçkök also serves on Boards of other Group Companies.



İZER LODRİK DEPUTY CHAIRMAN

Born in 1971 in Istanbul, İzer Lodrik graduated from Northeastern University (USA), Department of Economics. Subsequently, he started working at Emboy Yüntaş Tekstil Sanayi ve Ticaret A.Ş. Mr. Lodrik currently serves as the Chairman of the Board of Directors of Emniyet Ticaret ve Sanayi A.Ş., Emboy Yüntaş Tekstil Sanayi ve Ticaret A.Ş., Eryapı Gayrimenkul A.Ş. and Embul Investment A.D. He is also a Board Member at Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş., Aktops Tekstil Sanayi A.Ş., Aksa Akrilik Kimya Sanayi A.Ş.



NİLÜFER DİNÇKÖK ÇİFTÇİ BOARD MEMBER

Nilüfer Dinçkök Çiftçi was born in 1956 in Istanbul. She graduated from Sainte Pulchérie French High School in 1970 and St. Georges School in Switzerland in 1976. She currently serves on the Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group Companies.



RAİF ALİ DİNÇKÖK BOARD MEMBER

Born in 1971 in Istanbul, Raif Ali Dinçkök graduated from Boston University, Department of Business Administration in 1993 and started his career at Akkök Group. Mr. Dinçkök worked at the Purchasing Department of Ak-Al Tekstil San. A.Ş. from 1994 to 2000 and worked as the Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. He currently serves as member on both the Board of Directors and the Executive Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and on the Boards of other Group Companies.



MEHMET ALİ BERKMAN BOARD MEMBER

Mehmet Ali Berkman was born in 1943 in Malatya. Graduating from Middle East Technical University (METU), Faculty of Administrative Sciences, Department of Industrial Management, Mr. Berkman continued his education in the USA and got his MBA at Syracuse University on Operations Research. He started to work at Koç Group in 1972 where he served as the General Manager of Mako, Döktaş, Uniroyal, Arçelik and also served as the President of Strategic Planning. He retired from the same Group in 2004 and joined Akkök Group of Companies as the Board Member and the Chairman of the Executive Board in 2005. He also took responsibilities as the Member and Chairman on the Boards of Akkök Group Companies. Mr. Berkman handed over his CEO position in 2013 and he has been working as a Consultant to the Executive Board since. Mr. Berkman continues to serve as the Chairman and Member at various Boards of Akkök Group Companies.



AHMET CEMAL DÖRDÜNCÜ BOARD MEMBER

Born in 1953 in Istanbul, Ahmet C. Dördüncü graduated from Business Administration Department and furthered his post graduate studies at the universities of Mannheim and Hannover. Having started his professional career at Class OHG Company in Germany, he worked at Mercedes Benz A.Ş. in Turkey between 1984 and 1987. He joined the Sabancı Group in 1987 and assumed various responsibilities at Kordsa A.Ş. till 1998. In 1998 he started working at DUSA -another Group Company- as the CEO/President of DUSA South America first and then of DUSA North America. Following his role as the Strategic Planning and Business Development Group President at Hacı Ömer Sabancı Holding A.Ş. in 2004, he served as the Executive Chairman of the same Holding in 2005-2010. Mr. Dördüncü has been serving as the Executive Chairman of Akkök Group since January 2013, he also serves on the Boards of other Group Companies.



ÖZLEM ATAÜNAL BOARD MEMBER

Born in 1967 in Düzce, Özlem Ataunal graduated from Uludağ University, Business Administration Department in 1989 and started her professional career in 1989 at İktisat Bank. She served as Branch Manager and Customer Relations Department Head at Körfezbank between 1993 and 2000. She joined Akkök Group in 2000 as the Budget and Finance Manager of Akenerji Elektrik Üretim A.Ş. and was assigned as the Finance Director of Akkök Sanayi Yatırım ve Geliştirme A.Ş. in 2005. Mrs. Ataunal also serves as the Executive Board Member at Akkök Sanayi Yatırım ve Geliştirme A.Ş., Akenerji and Board Member at other Group Companies.



Shareholders

Ak-Kim is a non-public joint stock company. Partner structure of Ak-Kim Kimya Sanayi ve Ticaret A.Ş. is given in the chart below and it does not include any minority shareholders:

Name/Title of the Shareholder	Number of Shares	Capital Stock (USD)	Share of Capital (%)
Akkök Holding A.Ş.	3,360,000	1,574,286.65	42,000%
Ali Raif Dinçkök	2,130,000	997,985.29	26,625%
İzer Lodrik	427,500	200,299.86	5,344%
Vedat Lodrik	427,500	200,299.86	5,344%
Sima Lodrik	285,000	133,533.24	3,563%
Ömer Dinçkök	570,000	267,066.49	7,125%
Nilüfer Dinçkök Çiftçi	560,000	262,381.11	7,000%
NDC Holding A.Ş.	240,000	112,449.05	3,000%
TOTAL	8,000,000	3,748,301.55	100%

Ethical Principles

Ak-Kim has adopted a business culture that was created in light of the long-term experience of the Akkök Group, 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 increasing trends in today's business world.

In order to achieve this goal, in 2013, efforts to structure the existing ethical principles of Akkök Group in writing and to establish an Ethics Board were initiated. Best practices in the industry were identified through benchmarking. Director of Human Resources and Management Systems at Ak-Kim actively participated and contributed to the process. In 2014, ethical principles will be printed as a guide, awareness-raising meetings will be held to extend the reach of the principles and an ethics line will be launched to encourage employees.



Major subjects of anti-corruption have been identified as conformity with the codes of fair competition, avoiding conflict of interests, gifts-recreation, activities-entertainment and confidentiality. The following principles have been put down in writing:

- We avoid any practices that might damage free and fair competition and we abide by the legal and ethical codes of competition. We support and encourage initiatives that serve the fair and competitive structure of the business world.
- We avoid conflict of interests. We perform our duties in line with the principles of accountability and transparency. We pay attention to prevent any circumstances that might cause a conflict between individual interests and those of our Group.
- We do not offer any recreational activities that might go beyond reasonable limits nor do we offer/accept gifts or similar favors. We never offer or accept any cash or equivalent gifts such as gift certificates.
- Confidentiality of all commercial and personal information of Akkök Group, its employees, customers and suppliers is a fundamental principle.

In addition, operations and services of all Akkök Group should be managed in an efficient, reliable and uninterrupted manner. To ensure this, Akkök Group intends to conduct an annual audit with the aim of improving risk management, control systems and corporate governance practices of companies; contributing to achieving related corporate goals; achieving integrity, consistency and reliability of all data provided by the accounting and financial reporting systems. Risks that are material in terms of corporate risk management will be prioritized as a result of such audits.

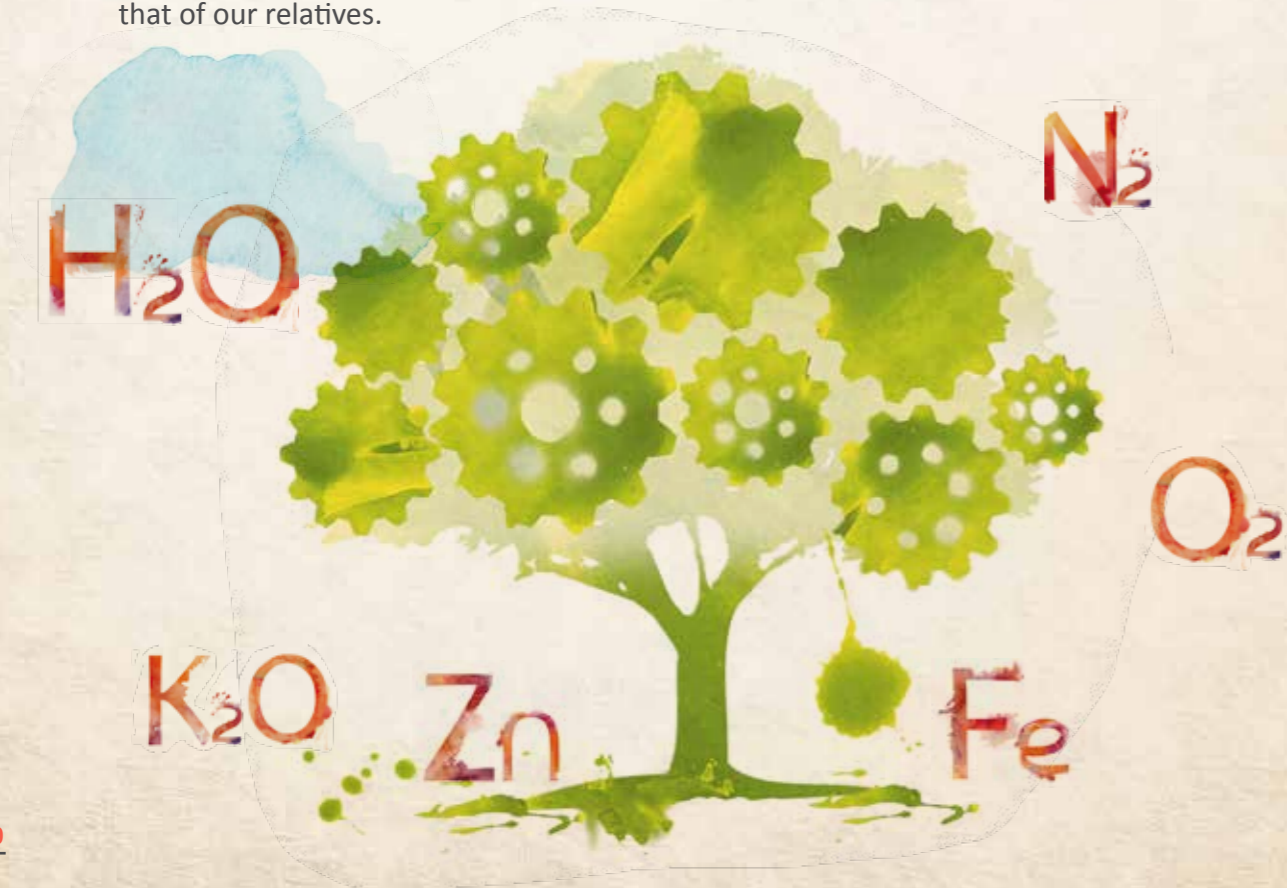
While performing the audit, the team will aim to prevent conflict of interests, misuses and corruption and identifies points to be improved in the system or process. Thus, it will support Akkök Group in taking action and monitoring the process improvements.

Ak-Kim's accounting system and policies, registry system, data and documentation and financial statements are also audited in terms of conformity with the valid Turkish Code of Commerce, Turkish Accountings Standards, Tax Codes and other related laws and regulations.

Such audits are performed by independent auditors and certified public accountants and the results are declared via independent auditor and full certification reports.

In addition, there are plans to include the following points in the Business Ethics Principles of the Company:

- Working with relatives, duties and operations outside the Company, personal investments and private relations with suppliers might cause conflict of interest in all areas, including recruitment.
- As a general rule, we avoid conflict of interests. If unavoidable, such cases should be managed with utmost care. In this process, the fundamental issue is "full disclosure". Full disclosure allows for a healthy investigation. A process that seems suspicious may turn out to be harmless to the Company.
- We do not engage in any personal relations based on debts with people who are directly or indirectly related to our duty. We do not seek personal interest in such people and institutions, nor do we accept any interests offered. We avoid any actions to achieve interests for ourselves or our relatives by using the name, resources, reputation of the Company and our position. We do not abuse the professional information we have for our own benefit or that of our relatives.



SUSTAINABILITY MANAGEMENT

DEALER OPINION

79% of dealers who took the sustainability survey say:
 “Ak-Kim has a selection criteria and regular audits for raw material suppliers in order to avoid any potential health and environmental issues of products. Related rules are clearly defined in the contracts signed with Ak-Kim”.

Sustainability initiatives that Ak-Kim has voluntary commitment to and approval for are stated below.

- Ak-Kim is one of the first Turkish companies to commit to and implement the Responsible Care Program (February 11th, 1993).
- Ak-Kim is one of the pioneering Turkish companies to sign the UNGC (December 13th, 2007).
- Ak-Kim is a member of the Executive Board of the Global Compact Local Network Turkey, on behalf of Akkök Group (2013-2016).

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 in 1984 by the Canadian Chemical Producers' Association (CCPA); then it spread all over the world and today it is implemented in more than 50 countries. The Responsible Care Program is a voluntary initiative for the chemical industry and is coordinated by the It is coordinated by the Turkish Chemical Manufacturers Association.



Management Systems



Economic

ISO 9001 Quality Management System (1995)
 Quality Policy

Environmental

ISO 14001 Environmental Management System (2004)
 Environmental Policy

Social

OHSAS 18001 Occupational Health and Safety Management System (2009)
 OHS Policy

EMPLOYEE OPINION

According to our sustainability survey, 63% of our employees say: “Ak-Kim meets a considerable amount of expectations stated by major stakeholders.”

Dialogue with Stakeholders

We, as Ak-Kim, define our stakeholders as “all people and institutions that are affected by our products, services and operations and that might affect our Company in reaching its strategic targets”.

We held a sustainability workshop in the reporting period, with the participation of our senior executives, in which we reviewed, categorized and prioritized our stakeholders within the framework of Stakeholder Engagement Standard Principles (AA1000 Accountability). During prioritization, we attached special importance to those that have high influence on managing our impact on sustainability and those that might be most affected by our operations.

After categorization, we identified the most effective methods and frequency for communication. Key stakeholders and current communication platforms are given in the table below.

STAKEHOLDER	MEANS OF COMMUNICATION	FREQUENCY
Employees	Employee Satisfaction Survey (ESS), Chat with the General Manager (GM) meetings, Ak-Kim Social Activities Club (ASEK), Internal meetings of departments	ESS: Biennial, Chat with GM meetings: once in every 6 months
Customers (including dealers)	Customer Satisfaction Survey (CSS), Dealer meetings, Fairs, Product launches, Customer visits	CSS: Once in a year - domestic and international, alternately; Dealer meetings: once a year
Shareholders	Board meetings	Once a month
Local Authorities	Visits	Periodically
Local Communities	Open Door, Akkök Children’s Festival, Social responsibility projects	Open Door: upon demand; Children’s Festival: every year
Public institutions	Visits	Periodically
Suppliers	Supplier visits and audits	Periodically



In addition to these platforms, during the reporting period, we held a **sustainability awareness survey** with the participation of all white-collar employees. With such practices we ensured engagement of our employees in the reporting process. The survey included questions on all sustainability issues related to the chemicals industry. The two main purposes of the survey were to improve sustainability awareness in our employees and to receive their opinions. Some of the opinions revealed by this survey are given in the **Employee Opinion** sections of the Report.

During the reporting period, we held another awareness survey to learn about the opinions of our dealers on our strategic issues. Results of this survey are also shared in this Report, under the title of **Dealer Opinion**.

Feedback from dealers through the survey revealed that Ak-Kim’s sustainability strategy has a positive influence on OHS (92%), improving quality and durability of products (75%) and preventing water pollution (75%). As such, these issue areas completely coincide with the material sustainability issues we identified in the strategy workshop.



Ak-Kim 2013 Sustainability Workshop

STRATEGIC SUSTAINABILITY ISSUES

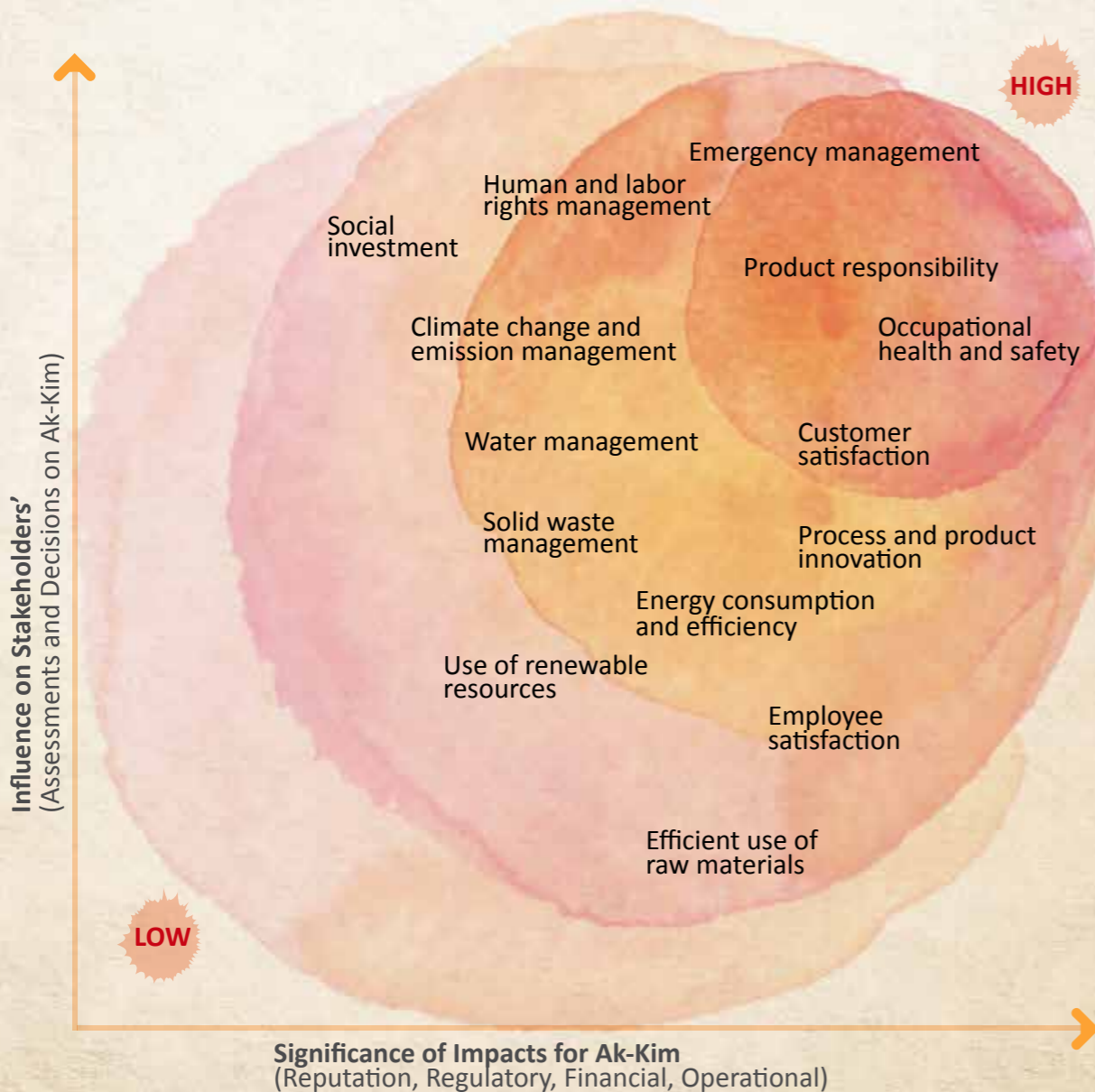


As the leading chemicals producer of Turkey, Ak-Kim makes 5-year strategic plans in line with the mission and vision to ensure continuity of growth. Accordingly, we identified our sustainability strategies in the reporting period and held a workshop to draw our roadmap.

Led by our General Manager, all directors of related departments participated in the sustainability workshop. Thus, appropriate sustainability practices and areas to be improved were identified.

In addition to identifying our key stakeholders, we also evaluated an extensive list of issues influencing our Company and stakeholders by using internationally recognized guidelines. Strategically material issues for our Company were examined and prioritized in three groups: economic, environmental and social. As a result, we created the **Ak-Kim Materiality Matrix**.

Ak-Kim Materiality Matrix



We, as Ak-Kim, attach great importance to improve economic growth and societal welfare without compromising the environment and the life quality of every individual on earth. We aim to offer innovative products that provide useful solutions to people and the environment.

In accordance with this approach, we adopt environmental, economic and social sustainability goals that are continuously monitored.

Our environmental sustainability goals can be summarized as the production of sustainable and environment-friendly products; ensuring that product responsibility processes are monitorable and sustainable; continuous reduction of water consumption per product unit and reducing the amount of wastewater. We take the following actions to achieve these goals:

- Reducing material use at the facilities by applying solutions such as purchasing soda in bulk instead of packaged soda
- Minimizing all wastes at source
- Adopting practices to reduce noise pollution
- Improving existing systems and investments
- Giving priority to technologies that are in conformity with quality, environment, OHS and making the necessary revisions to reach this goal

Our economic sustainability goals include efficient use of raw materials; reduction of energy costs per unit; improving innovation index (the share of the turnover of products included in the portfolio in the last 5 years in the total turnover) every year; improving energy efficiency and investing in related areas; and increasing market share and customer satisfaction.

The following savings are expected to occur as a result of efficiency investments planned for 2014:

- 1,500,000 kWh energy saving by activating the Sodium Percarbonate facility
- 900,000 kWh energy saving per year with Persulphates electrolyzer investment

Our social sustainability goals are improving employee satisfaction; improving processes for human and labor rights management and developing corporate social responsibility projects for local communities.

Strategic Sustainability Goals


Strategic Issues	Targets	Deadline
Employee Satisfaction	Drawing career maps to meet well-trained human resource and career planning needs	2014
	Improving employee satisfaction	Continuous
Human and Labor Rights Management	Improving processes for management of human and labor rights	Continuous
Emergency Management	Increasing number of emergency drills from 2 to 3 times per year	2015
	Receiving fire trainings from the Fleet Command of the Turkish Naval Forces	2014-2015
Community Investment	Planning annual corporate social responsibility projects for local communities in cooperation with the Akkök Group	2014-2015
Product Responsibility	Producing sustainable and environment-friendly products; ensuring traceable and sustainable product responsibility processes	Continuous
Occupational Health and Safety	Completing the safety report in accordance with Seveso III (Directive on the Prevention of Major Industrial Accidents) and submitting the report to the Ministry of Labor and Social Security	2015
Climate Change and Emission Management	Restructuring the persulphate facility to reduce emission sources by 50%	2016
	Replacing steam with boiler system at the Textile Auxilliaries Facility	2015
Water Management	Joint Wastewater Treatment project	2015
	Using alternative water resources instead of limited surface waters	2014
Customer Satisfaction	Improving customer satisfaction	Continuous
Solid Waste Management	Minimizing all sorts of wastes at source	Continuous
	Launching processes and technologies that generate less waste	Continuous
Efficiency in Energy Consumption	900,000 kWh/year energy saving with the electrolyzer investment in persulphates facility	2014
	1,500,000 kWh energy saving with the activation of Sodium Percarbonate facility	2014
Process and Innovation	Increasing the innovation index every year	Continuous
Efficient Use of Raw Materials	Reducing consumption values on the basis of major raw materials	Continuous



Occupational Health and Safety
Improving workplace accident frequency and severity rates every year



Human Resources
Developing special projects to create employee loyalty for sustainable human resource management



Environment

- Establishing TS ISO 50001 Energy Management System
- Establishing a greenhouse gas calculation system and obtaining ISO 14064 certification for sustainable emission management
- Establishing the Ak-Kim Water Management project for sustainable natural resource management



OUR ECONOMIC PERFORMANCE

Our Economic Indicators

Number of Employees: **495**

Share of exports in total sale volume: **20%**

Number of main product groups: **28**

Performance of Ak-Kim in 2013: **354,473 tons (Total Sales)**

Total Net Sales: **155,738,000 USD**

Net Sales of Chemicals: **141,053,489 USD**

Exports (Chemicals): **28,695,257 USD**

Foreign Project Revenues: **14,217,868 USD**

Net Profit: **16,396,000 USD**

Aggregate Working Capital in Terms of Debts and Equity: **41,097,684 USD**

Economic Value Distributed to Stakeholders (USD)

Direct Economic Value Generated	169,488,224.91
Revenues	169,488,224.91

Economic Value Distributed	175,776,461.90
Operating costs	128,060,852.82
Employee wages & other benefits	20,320,466.34
Payments to providers of the capital	17,075,246.67
Payments to the capital (country based)	9,906,973.01
Community investment	412,923.07

Economic Value Retained	6,288,236.99
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Note: The figures are as of the end of fiscal year (ending on December 31st, 2013).

Local Employment and Supply Practices

The word "local" has two meanings for Ak-Kim: the cities that our Company operates in, in terms of employment and the within borders of Turkey in terms of where we supply our raw materials from.

Even though Ak-Kim does not have a specially designed local employment procedure, we prefer to contribute to local economies by employing people directly from the regions we operate in.

Ak-Kim purchases 50% of its raw and other materials from local suppliers and continues to seek alternative local suppliers to increase the ratio. In terms of contribution to the Turkish economy, we find that this ratio is significant in our industry.

PROCESS AND PRODUCT INNOVATION

DEALER OPINION

71% of dealers who took the sustainability survey say: "Ak-Kim's investments on competitive and innovative solutions for process and product innovation (R&D, biotechnology, etc.) are satisfactory".

The Ak-Kim Process Management System includes identifying and documenting processes, determining process evaluation criteria, defining process relations and extending them throughout the Company.

Efficient implementation of the Ak-Kim Process Management System reveals improvement opportunities and also ensures realization of such improvements.

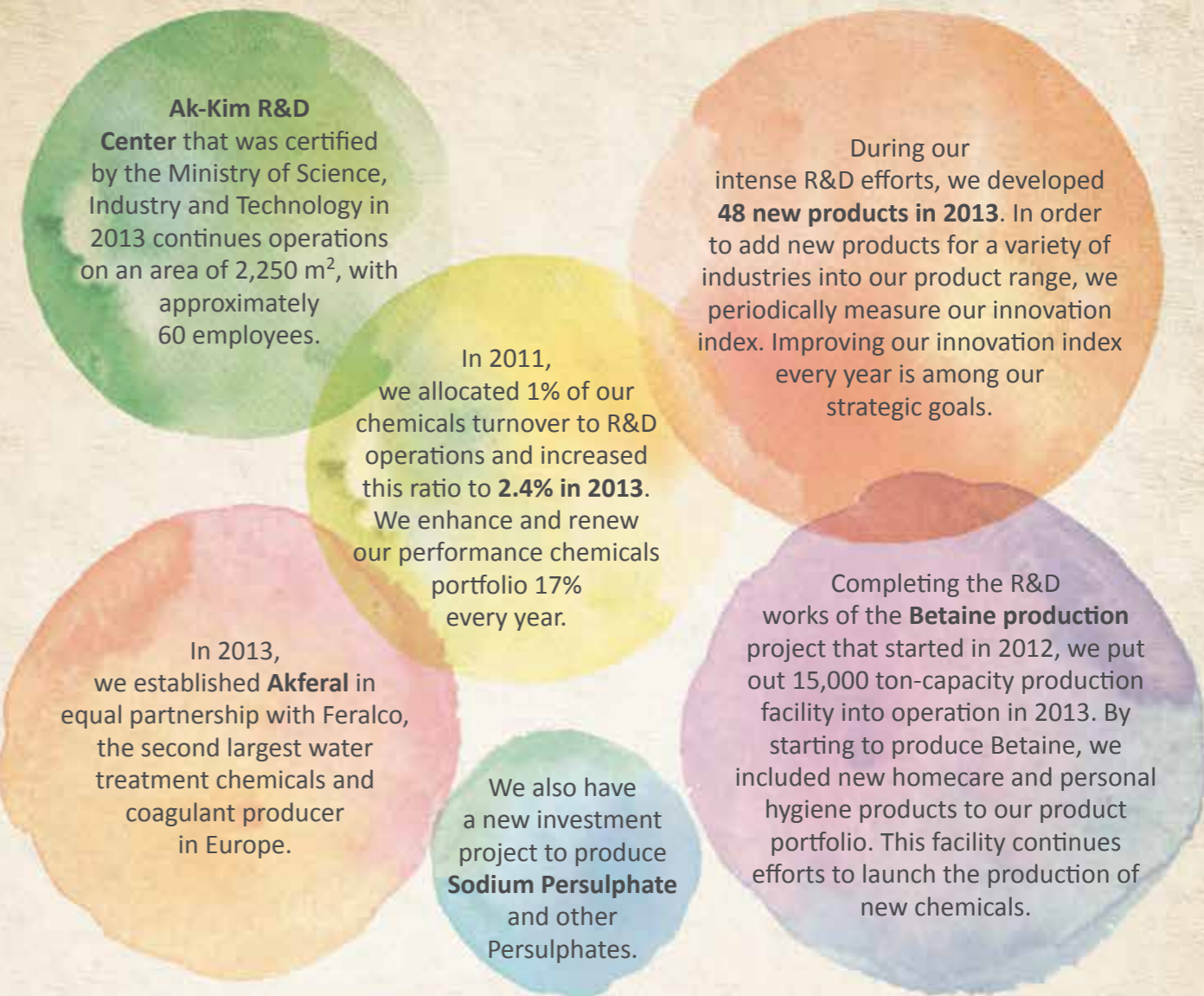
Ak-Kim senior management closely monitors the active management of business processes. The senior management team takes an active role in establishing the management system of the Company, putting this system into effect and continuously improving the system.

Process management contributed to Ak-Kim in terms of solving the issues faced in internal processes as well as the external ones with business partners; putting the policy and strategy into effect; identifying and prioritizing improvement opportunities and other potential changes. Since the vision of Ak-Kim is focused on a policy that attaches importance and value to all stakeholders, process management ensured that creative and innovative talents of employees, customers and business partners are revealed and benefited.

With investments in improving supply chain processes in recent years, Ak-Kim opened its Storage and Logistics Center in 2012. This project aims to reduce costs and reduce the number of potential workplace accidents due to internal logistics traffic by implementing storage and delivery operations in a proper, safe and efficient way in all production facilities.

The storage center has a capacity of 8,400 palettes and consists of 5 departments, namely normal (1), flammable (1), flammable (2), cooler and non-conforming product/raw material storages (1). With the Logistics and Storage Center, Ak-Kim not only ensures that the storage and delivery operations are performed in accordance with OHS and environmental procedures, but also ensures operational excellence by achieving systemic traceability through the storage software used.

In order to ensure continuity of its growth, Ak-Kim continues its investments in line with its 2013-2018 strategic plan.



Sustainable Solutions from Ak-Kim

Another product and process innovation project that Ak-Kim launched in 2013 is No Fear.

Using its know-how in engineering, chemistry and textile processes, after a development phase of 2 years, Ak-Kim created the No Fear system that prevents the formation of holes in fabric during the bleaching process. This system is the first integrated solution in Turkey as it is developed by using three different disciplines. Thanks to No Fear, holes in fabrics will be avoided during bleaching.

Major advantages of the No Fear System include improvement in fabric quality thanks to developments in formulae and processes, production of fabrics with high added value, increase in capacity and savings in fabrics and deadlines thanks to the prevention of holes.


By developing similar customer-oriented innovative systems, Ak-Kim continues to contribute to solving current problems of a variety of industries as well as to offer integrated solutions based upon its know-how in engineering, chemistry and industry.



EFFICIENT USE OF RAW MATERIALS

EMPLOYEE OPINION

According to our sustainability survey, 62% of our employees say: “Measures and practices of Ak-Kim for efficient use of raw materials in production processes are satisfactory”.



Ak-Kim performs all production operations in its integrated production facilities. In other words, outputs of a facility are used as raw material in another facility. This brings us a considerable advantage in costs and competition. For instance, we not only produce and sell Hydrogen Peroxide, but also use it as a raw material in another facility (Sodium Percarbonate). Similarly, we produce and sell Methylamines but we also produce Dimethylformamide by using these Methylamines.

There are more than 20 facilities within Ak-Kim and all of these facilities have become operational under the leadership of Ak-Kim’s engineering team. Ak-Kim has been exporting its know-how and technologies to foreign companies since 2002. We also have a Process Development Unit that benefits from the robust engineering infrastructure and team of Ak-Kim. Thanks to this unit, we monitor efficiency of facilities, make improvements where required and increase efficiency of raw materials. With the changes made in processes, the amount of scrap used in Ferric III Chloride production increased. This sets a good example for both the efficient use of raw materials and the reuse of waste materials.

Ak-Kim facilities also monitor raw material consumption with process control devices and improve processes when necessary.

Raw materials and products are properly stored and checked regularly for shelf life thanks to the computer-based storage management system. Based upon the “First In First Out” principle, these storage center practices reduce the loss of raw materials.

Among practices to involve employees in the resource use processes are including raw material efficiency into individual production goals, training staff on raw material efficiency and giving instructions to improve raw material efficiency.



OUR ENVIRONMENTAL PERFORMANCE



AK-KİM AND ENVIRONMENT

As Akkök Group, we show maximum efforts to minimize our environmental impact and aim to continuously improve our environmental performance. As companies operating in a variety of industries, our material environmental issues may vary, however energy and water consumption, wastewater and solid wastes are among the issues that all Akkök Group companies monitor closely and try to improve.

In today's world, the natural environment is getting rapidly polluted and resources are diminishing; therefore, sustainable growth has become a fundamental issue. As a part of the Akkök Group, Ak-Kim attached great importance especially to environmental sustainability and aims to create environment-friendly products that reduce the consumption of chemicals. In order to bequeath a more habitable environment to future generations, Ak-Kim creates and implements projects to increase awareness of not only its employees, but also society as a whole, on protecting our natural resources and achieving sustainable growth. Ak-Kim allocated **1,049,180 USD** for environmental and waste treatment practices in 2013.

Ak-Kim takes necessary measures to prevent environmental pollution in all processes and gives priority to environment-friendly technologies to achieve continuous development. During process design and production phases, the use of energy and natural resources is taken into consideration. Ak-Kim aims to contribute to improving environmental sensitivity by cooperating with its suppliers and customers. The Company works to reduce its environmental impact not only in production phases, but also during the use of its products.

Ak-Kim performs its environmental activities through the environmental engineers and Continuous Development Unit that operate under the Management Systems Department. All Ak-Kim employees are trained in and competent on performing environmental as well as OHS activities and they assume responsibility and participate actively in improvement efforts. Improvement of Environmental and OHS processes are material issues for which root cause analyses are performed and concluded. There are a number of committees to improve these processes, including the Suggestion, Emission, Seveso II, Energy Management, Odor Group, OHS committees as well as the Ak-çevre (Ak-environment). Board coordinated by Akkök Group facilities in Yalova.



Implementation of the Seveso II Directive began in 2005 with risk evaluation processes and continued with the document prepared for explosion protection. With the issuing of the directive in 2011, Hazard and Operability Analysis (HAZOP) - Explosive Atmospheres (ATEX), Safety Integrity Level (SIL) Exposure to Chemicals, Classification of Dangerous Equipment, Bow-Tie Disaster Scenario, Safety-Centered Maintenance, Process-Procedure Alignment and Safety Reporting teams were formed.

Within the framework of the Seveso II Directive and in accordance with the directive issued by the Ministry of Environment and Urbanization, Ak-Kim declared the amount of chemicals stored in 2011 and our Company was identified as a "high-level corporation". The relevant safety report was delivered to the Business Inspection Board of the Ministry of Labor and Social Security in December 2013.

Established in 1993 with the synergy of Akkök Group Yalova companies, Akçevre is an actively operating board that comprises environmental managers of the Akkök Group operating in Yalova (Aksa Akrilik, Ak-Kim and DowAksa). The Board's objectives can be summarized as increasing environmental awareness and sensitivity of residents in Yalova and it's environs, minimizing the environmental impact of production and post-production and implementing joint projects with other Akkök Group Yalova companies, related institutions and corporations.

With awareness on its responsibility towards nature and society, Ak-Kim gives priority to legal compliance and environmental sensitivity. Our Company considers the protection of the environment as an integral part of social and corporate responsibility activities and carries such activities beyond the limits of the legal requirements. Within the framework of this approach, on February 11th, 1993, Ak-Kim 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 that has committed to the Responsible Care Program.

In accordance with the Responsible Care Program, Ak-Kim attaches importance to the environment, human health and technical safety at every stage of feasibility, planning, project designing, assembly, production activities, transportation, maintenance and other services.

ENERGY EFFICIENCY



EMPLOYEE OPINION

According to our sustainability survey, 60% of our employees say: **“Within the scope of its objective to produce in full awareness and sensitivity towards the environment, Ak-Kim’s investments/projects and protective measures for efficient use of energy and reduction of emissions are satisfactory”.**

Energy management practices include preventing the loss of energy in the form of gas, steam, heat, air and electricity; reducing energy demand without loss of high-tech production and taking measures to improve efficiency, such as advances industrial processes and energy recovery. These 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 Unit” at Ak-Kim; this unit is comprised of department representatives and is directed by an “Energy Manager”. The Manager is selected among Ak-Kim executives. This executive is required to have 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 Unit 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 within the energy management program and providing information and preparing training programs.

In 2013, Ak-Kim continued to actively implement and follow developments in its energy saving projects that was initiated in January 2011. By replacing Bitac Electrolyzers used in Chlor Alkali facilities with more efficient n-Bitac Electrolyzers, Ak-Kim saved 2,700,000 kWh/year electricity.

Ak-Kim purchases a portion of the energy and steam it uses from its sister Company, Aksa Akrilik and thus achieves cost advantage. Energy consumption of the facilities is monitored through process control devices and improvements are made by the Process Development Unit when necessary.

In addition, electricity and steam are directly purchased from auto producer and thus no additional emission is caused. 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 ICI-licensed Chlor Alkali facility in 1992, Ak-Kim selected the membrane process which is a more environment-friendly compared to other processes.

Ak-Kim has been the first Company to implement the high-investment membrane technology which does not generate hazardous waste as it does not use mercury in the process (changes made in regulations in recent years ban the use of mercury based systems and therefore other Chlor Alkali facilities in the world have recently started to replace mercury and asbestos-based processes with membrane systems).

Employees are given individual targets not only for raw material efficiency, but also for that of energy. In addition, there are company instructions to improve the efficiency of raw materials.

As Ak-Kim, we provide energy efficiency trainings to all employees. In 2013 we gave waste and energy training to 294 employees.

Secondary energy purchased and consumed from non-renewable energy sources

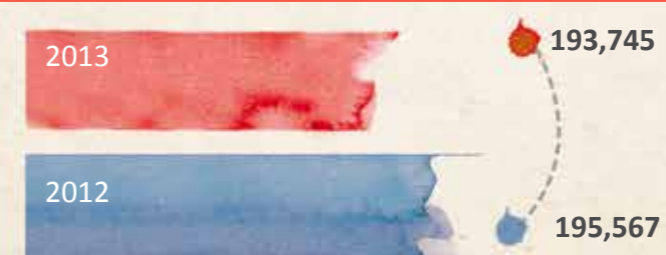
Electricity (Unit: GJ)



* Energy saving is achieved by replacing Bitac Electrolyzers used in chlorine alkali facilities with more efficient n-Bitac Electrolyzers.

Secondary energy purchased and consumed from non-renewable energy sources

Steam (Unit: Ton)



Direct energy purchased from non-renewable sources

Natural Gas (Unit: GJ)



SOLID WASTE MANAGEMENT

DEALER OPINION

67% of dealers who took the sustainability survey say:

“Within the scope of its objective to make production in full awareness and sensitivity towards the environment, Ak-Kim’s investments/projects for solid waste management (reducing wastes, proper disposal to protect human and environmental health) are satisfactory”.

Ak-Kim separately collects and stores wastes in waste stations built within the field and ensures proper recycling or disposal of wastes according to their qualities. Hazardous wastes are stored in standard temporary waste storage tanks built in accordance with related laws and regulations. These wastes are delivered to licensed recycling or disposal institutions by vehicles licensed by the Ministry of Environment and Urbanization.

Ak-Kim has a variety of projects to reduce wastes. For instance, R&D activities seek to ensure that activated Alumina wastes used in Hydrogen Peroxide production are used in the ceramic industry as a raw material or as a concrete admixture. When this project succeeds, activated Alumina wastes amounting to approximately 200 tons/year will be recovered.

In addition, personal scorecards of employees include targets for reducing wastes.

As a result of all these efforts, approximately 265 tons of hazardous wastes and 550 tons of non-hazardous wastes were discharged at Ak-Kim facilities in 2013. Furthermore, 115 tons of packaging wastes (nylon and paper) and 310 tons of contaminated packaging wastes (galvanize and plastic barrels, IBC tanks) were recovered.

Waste Weight by Type and Discharge Method	Examples	Discharge method	2013 Total (tons/year)
Hazardous wastes (information on type, amount and discharge are in line with the official information given in the hazardous waste statement)	Contaminated wastes	Incineration	69
	Process-generated wastes that are incinerated	Incineration	196
	Waste oils	Recovery	4
	Waste batteries	Burial	0,057
	Contaminated galvanize barrels, plastic drums	Recovery	255
	Contaminated IBC Tanks	Recovery	55
	Inert Wastes	Burial	550
TOTAL (hazardous wastes)			1,184
Non-hazardous wastes	Domestic wastes	Burial	130
	Packaging wastes (paper, cardboard, plastic, wood, glass etc.)	Recovery	115
	Scrap, metal wastes	Recovery	60
TOTAL (non-hazardous wastes)			305

In addition to performing waste management practices, Ak-Kim also contributes to such processes of its customers. In 2013, Ak-Kim recollected 42% of paper packaging and 40% of plastic packaging of products sold to its customers. Another example is Hydrochloric Acid, one of the chemicals produced by Ak-Kim and used in many areas, including metal cleaning. The Hydrochloric Acid that we supply to the metal cleaning (galvanize) industry that then becomes waste is called “rotten acid” or “Ferric II Chloride solution”. The waste is transported 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 we process the waste, it becomes Ferric III Chloride that is used in wastewater treatment. With this system, environmental damage to be caused by rotten acid is prevented and the waste is recovered. The average amount of rotten acid recovered per year is approximately 6,000 tons.



USE OF RENEWABLE RESOURCES

The concept of energy and sustainability of energy resources have always been one of the most material issues worldwide. Closely following developments in renewable energy in order to meet its ever-increasing energy demand, Ak-Kim intends to initiate more renewable energy related projects in the future.

The use of renewable resources has scored high within our sustainability materiality assessment. This indicates that Ak-Kim managers attach importance to the use of renewable resources in terms of sustainability and plan to include this issue in the list of strategic areas. Although the use of renewable resources is also important in terms of product responsibility, currently there are no practices that yielded results. In the future, Ak-Kim plans to initiate renewable material and energy supply in its purchases (within the framework of costs and budgets) and take concrete steps in this area.

As a member of the Akkök Group, Ak-Kim purchases a major portion of its energy from Aksa Akriklik, Akenerji and SEDAŞ, two Akkök Group companies that operate in the energy industry, make significant investments in renewable energy. These include wind and hydroelectric power plants. Among short-term targets of Ak-Kim is a project to use solar energy in environmental lighting.

WATER MANAGEMENT

Efficient use and saving of water, which is one of the most vital resources for sustainable development, has an important role in Ak-Kim's environmental practices. Ak-Kim procures the water used in its two factories in Yalova from the Gökçe Dam and from Aksa Akriklik. Utility water is received directly from the Dam. The amount of utility water consumed may vary depending on the operational activities (increase or decrease in production capacity, etc.).

Process water 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 Akriklik. Approximately 60-65% of water used in processes becomes product component and the rest becomes wastewater.

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

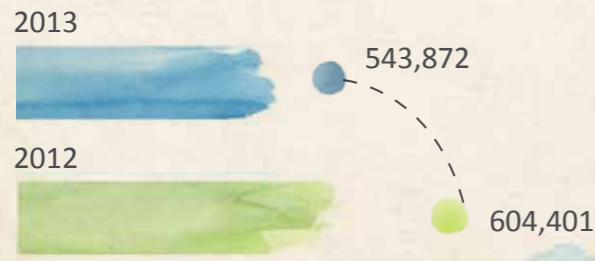
The water taken from the dam goes through a treatment system to be used as drinking water.

In the production facilities in Çerkezköy, untreated water is procured from the well within the borders of Ak-Kim. This untreated water is softened at the Ak-Kim facility and then used as process water and in steam generation. Drinking water is outsourced.

The employees are given periodical training on efficient use of water and water savings. Recent projects enabled significant savings in the amount of water consumed.

Water Consumption (Unit: m³ / year)

Source Dam Water



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

Northern Ak-Kim Wastewater Treatment facility is composed of physical treatment, chemical treatment, biological treatment (anaerobic- nitrification-aerobic denitrification) and sludge dewatering part. The water treated there is then discharged in accordance with the limits stated in Table 14.12 of the Water Pollution Control Regulations issued by the Ministry of Environment and Urbanization.

Southern Ak-Kim Wastewater Treatment facility uses physical and chemical treatment. The water treated there is then discharged in accordance with the limits of the Water Pollution Control Regulations issued by the Ministry of Environment and Urbanization (Table: 19).

In addition, 14,500 m³/year wastewater generated in the Sodium Percarbonate Facility is recovered for reuse in the production system.

Consequently, not only is water saving achieved, but also the loss of products within the wastewater 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. At Ak-Kim Yalova facilities a total of 248,000 m³/year wastewater was treated and disposed in 2013.



18,500 m³/year wastewater generated in Çerkezköy Production Facilities and recreational facilities was delivered to the treatment facility of the Organized Industry Zone.

Domestic wastewater generated at the production facilities in Çerkezköy is also delivered to the Organized Industrial Zone wastewater treatment facility.

Akkök Group factories in Yalova dispose wastewater separately at their exclusive plants. With a new project, Akkök Group Yalova factories will build a Joint Wastewater Treatment Facility. When the project is realized, Ak-Kim, Aksa Akrilik and DowAksa companies that operate in Yalova will start to manage their treatment processes centrally.

The joint treatment facility for all domestic and industrial wastewater of Ak-Kim, Aksa Akrilik and DowAksa of the Akkök Group will be built on an area of approximately 17,000 m². Requiring an initial investment of 17 million USD, the treatment facility will have the capacity to treat a wastewater at a flow rate of 15,000 m³/day. The facility will include physical treatment, chemical treatment, biological treatment and sludge dewatering units. Water treatment chemicals of the facility will be provided by Ak-Kim.

The aim of the project is to simplify treatment processes by using the synergy of wastewater with different characteristics, to allow the reuse of water by using advanced treatment (membrane) technologies, to ensure easy operation/maintenance, to optimize land and natural resource use in the facility and to sustainably meet future increase in capacity.



CLIMATE CHANGE AND EMISSION MANAGEMENT

Regarding climate change and emission management, Ak-Kim performs the following practices:

- Calculating greenhouse gas emissions (carbon footprint)
- Monitoring internal measurements
- Selection of suitable technological equipment and process improvement
- Forming an odor team and making odor measurements
- Conducting air modeling

Within the scope of these practices, Ak-Kim pays utmost attention to ensure that state-of-the-art equipment is purchased for existing or new production facilities and that the environmental impact of such equipment is minimal.

With an odor prevention team to be established with the participation of various departments of the Company, emission sources in the facility will be identified and such emissions will be prevented. In addition, in conformity with the directive on controlling odor-generating emissions, odor generated at emission funnels will be measured regularly.

Within the Kyoto Protocol, global warming and emission of gases have gained importance. Ak-Kim performs necessary practices to reduce and monitor greenhouse gas emissions for which Greenhouse gas monitoring reports are being drawn within the scope of such practices. In accordance with the communiqué on monitoring and reporting greenhouse gases, an internal greenhouse gas emission monitoring plan will be delivered to the Ministry of Environment and Urbanization in 2014.

Total Annual Emissions (Estimated)

Resulting from fuel burning: 2,345 tons of CO₂

H₂ and synthesis gas generation: 1,782 tons of CO₂

Estimated total emission: 4,127 tons of CO₂





Emissions of facilities are stored in absorbers of process funnels before going into the atmosphere and are re-fed into the system. This way, air quality is maintained, resource use is reduced and chemicals are reused. In addition, organic steams are burned in the incinerator system to avoid any environmental damage. 1,750 tons/year steam power is generated during the incineration and this energy is used for the heating of corporate facilities.

Air quality distribution modeling aims to identify how the polluters generated during our operations (dust, CO, NO_x, SO_x, VOC, etc.) may be dispersed in the working area under existing meteorological conditions and what may be the potential ground level precipitation of such pollutants.

During air pollution distribution modeling, the distribution of air pollutants in the atmosphere are mathematically simulated by using parameters such as source data, meteorological data, land forms, etc. Related computer programs analyze mathematical equalities and algorithms of pollutants. Ak-Kim performs these practices within the coordination of management systems.

With a variety of emission measurement devices, Ak-Kim makes internal measurements in emergencies or pre-defined periods and thus prevents environmental pollution by timely intervention in case of any problems.

In addition, Ak-Kim actively participates in and contributes to activities of related non-governmental platforms, public institutions and business.

ENVIRONMENTAL - FRIENDLY PRODUCTS

DEALER OPINION

71% of dealers who took the sustainability survey say: "Ak-Kim's practices and investments aimed at achieving customer satisfaction, including creating positive environmental and social influence on final products of customers, are satisfactory".

The R&D team conducts an environmental impact assessment on all new chemical projects. Today, resource saving, especially saving energy and water is a significant issue. In full awareness of our responsibility towards future generations, we, as Ak-Kim, do not develop any products that could be harmful for the environment. In addition, we give priority to the efficient use and saving of existing resources while developing R&D projects.

One of our most important environmentally-friendly products is Sodium Percarbonate. Used as a raw material in laundry detergents, this chemical allows energy saving by ensuring effective cleaning in low temperatures. Of the 14 million households in Turkey, it is estimated that 85% of them have home washing appliances that are used twice a week on average. Washing at a rate of 40 degrees (Celsius) instead of 60 would result in an estimated energy saving of 388 Gwh per year. In addition, another important product is Hydrogen Peroxide which decomposes into oxygen and water after discharge.



Ak-Kim R&D Center

Ak-Kim has adopted the vision of “offering tailor-made integrated solutions to its customers”. One of the important aspects in its R&D practices is enabling customers to save resources by improving processes through environment-friendly chemicals. Other environment-friendly chemicals developed at Ak-Kim R&D Center and offered to customers are listed below.

- **ADBLUE** - Turns nitrogen oxide gases within the exhaust into nitrogen and water vapor. Prevents emission of nitrogen oxides that harm the environment.
- **AKAR SPEED** – Created as an alternative to conventional methods, this product has a longer-lasting effect for defrosting of ice on roads and ensures minimum corrosion of the asphalt.
- **AKBLEACH SLD** – Bleaching processes in the textile industry requires high temperatures. This product performs bleaching in low temperatures and thus saves 25-35% energy.
- **AKEF ANT 550** – Silicon-based antimicrobial finishing; no effects on the nature during use and in time.
- **AKUA SAN 7391** – Used in the recovery of wastewater in advanced treatment systems thanks to its antiscalant features.
- **AKWASH SR** – Water is the most wasted resource in textile facilities. To remove extra dye, fabric is washed 6-8 times in the post-reactive dyeing process. Superior washing performance of this product reduces the number of washes and thus achieves water saving.
- **Ferric III Chloride** - Used for sedimentation in domestic and industrial wastewater treatment.
- **Polyaluminium Chloride** - Used for sedimentation in drinking water and wastewater treatment. Thus, it prevents hazardous wastes from polluting the environment.
- **Sodium Hypochloride** - Used as a disinfectant in water and wastewater treatment. This chemical plays an important role in resource use.

Another project that may be given as an example to our environment-friendly products is the capillary membrane system. Still in the development phase, this system aims to produce capillary synthetic membrane and membrane modules used in wastewater and fresh water treatment. Due to the increase in population, urbanization and rapid growth of industrial practices, access to water and recovery of wastewater is gaining importance. This project is expected to contribute positively to the national current deficit and serve environmental strategies in Turkey.

OUR SOCIAL PERFORMANCE



PRODUCT RESPONSIBILITY IN VALUE CHAIN

EMPLOYEE AND DEALER OPINION

70% of stakeholders who took the sustainability survey say: “Measures (quality control, audits, etc.) that Ak-Kim takes in production processes in order to eliminate potential negative health, safety and environmental impacts are satisfactory”.

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 chemicals with high added value, working on product and technology development in areas that are likely to gain importance in the future while improving the quality and cost efficiency in current technologies and processes.

In addition, Ak-Kim’s new high-tech R&D building that is located on a total area of 2,256 m², with 4 laboratories covering 727 m², offices and meeting rooms of various sizes, seminar rooms and lounges was opened in July 2013.

The R&D Center was certified by the Ministry of Science, Industry and Technology on October 25th, 2013. The Center continues operations with approximately 60 employees. With this development in 2013, Ak-Kim took a huge step in realizing its mission and vision.

Ak-Kim R&D Directorate performs with the mission of “offering chemical and engineering solutions that create value added products, processes and new implementation areas by using advanced technologies in performance, basic chemicals and byproducts” and vision of “becoming a leading R&D center that generates know-how”.



Ak-Kim Quality Control Laboratory



Compliance with International and Local Regulations

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)

Ak-Kim signed a contract with DINOX Handels GmbH, its representative Company in Europe, for pre-registration and license procedures of REACH. The registration of all Ak-Kim products exported to Europe have been completed.

Authorized Economic Operator (AEO) Certification

Ak-Kim’s EU Distributor DINOX Handels GmbH has successfully obtained the AEO certification. With this certification, DINOX possesses the conditions required for safety of supply chain, starting from the loading at the factory (Ak-Kim) until delivery to the end-user and the following rights:

- Reliability
- Accountability and Traceability of Commercial Records
- Financial Competence
- Security and Safety Standards
- Material Safety Data Sheet
- Technical Data Sheet



Material Safety Data Sheets and labels of chemicals produced by Ak-Kim are prepared by Ak-Kim personnel bearing the Turkish Standards Institution (TSI) 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” is continuing and will be completed. In addition, alignment with the new EU Regulation EC/1272/2008 regarding Classifying, Labeling and Packaging of Substances and Mixtures (CLP) is continuing and is expected to be completed by the end of 2014.

The Directive and Practices of the European Agreement Concerning the International Carriage of Dangerous Goods by Road

“The Directive on the Carriage of Dangerous Goods by Road”, which has been drawn in parallel with the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) and with the executive order numbered 655 was revised by the Ministry of Transportation, Maritime Affairs and Communications and put into effect after being published in the Official Gazette numbered 28801 and dated 24 October 2013. In accordance with this Directive, Ak-Kim

- Gives awareness trainings to employees on the Directive
- Organized trainings for two employees assigned as hazardous material consultant. These trainings will be performed within the organization
- Audits transporters to ensure that they fulfill the requirements of the Directive (SRC 5 inquiry, sign checks etc.)
- Continues efforts to systemize its existing practices for conformity with the Directive (integration software for alignment with the Directive, software for hazardous material transportation etc.)
- Intends to obtain Hazardous Material Operation Certification in 2014

Ak-Kim has adopted and since then has been implementing the rules of the European Agreement concerning the ADR as early as 1997, whereas many articles of the Directive will start to be implemented in Turkey in 2014.

Ak-Kim has long been monitoring national and international standards and obtains all certifications and documents required for its facilities and products. Within the scope of this principle, Ak-Kim holds Good Manufacturing Practice (GMP), product-based Halal and Kosher certifications as well as Biocidal product licenses.



CUSTOMER SATISFACTION

DEALER OPINION

91% of dealers who took the sustainability survey say:

“Packaging/labeling/informing practices that Ak-Kim implements in sale, transportation and post-sale processes in order to eliminate potential negative health, safety and environmental impacts are satisfactory”.

Always attaching great importance to customer satisfaction, Ak-Kim holds domestic and international customer satisfaction surveys every year, alternately. 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 local customer satisfaction survey on Ak-Kim’s website reached 90%. Ak-Kim made 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. In this survey, areas to be improved were defined as “frequency of visits, alternative products to meet special requests, quality of vehicles used in delivery, satisfactory documentation on products, response time in complaints and competency of production units in meeting demands”.

Based upon the results of the survey, related departments worked on actions to be taken. Improvements were made in 2013 in order to increase customer satisfaction in all processes from product development to delivery and other improvements to be made in processes are being sought.

Ak-Kim team continues to work on alternative products to meet special demands. The R&D Center operates with the aim of adding a range of new products for a variety of industries. Ak-Kim’s R&D units work on synthesizing chemicals that are not produced in Turkey, developing and adapting new production technologies, improving process efficiency and developing performance chemicals that improve efficiency. The innovation index is periodically measured.

The Product Development teams of Ak-Kim design new products and work on tailor-made solutions for customers in line with the direct demands from industries and the needs foreseen in research. Within the scope of these efforts, not only are new chemical solutions provided, but also customers are supported in challenges observed during processes.



Some of the products that Ak-Kim developed in 2013 to meet customer demands are as follows:

One of the problems in the textile industry is the Silicone stains. Stained fabric is labeled as “defective” and it is critical for companies to clean such stains both to avoid increase in costs and to achieve customer satisfaction. To solve this problem, Ak-Kim’s Textile Auxiliary Chemicals Product Development Unit developed AKWASH LA and thus solved Silicone stain problems.

Ak-Kim’s Polycarboxylate-based Akhidralin HP 800 series admixtures ensure perfect consistency in concrete. By preventing the rapid loss of consistency of concrete, pumping challenges were overcome and extra costs resulting from using redose admixtures were avoided.

Ak-Kim attaches importance to technological advancements and national researches to develop special products for varying customer needs. With our environment-friendly products we achieve efficient water use and industrial recycling of wastewater.

In addition to the developments in R&D, based upon the outputs of the customer satisfaction survey, we also improved the frequency of visits, quality of vehicles used in delivery and documentation of products. Frequency of visits has been included in the scorecards for sales directors and specialists.

In product delivery process, drivers are handed out analysis certificate and safety data sheet (SDS) to be delivered to each customer. Upon customer demand, material safety data sheets (MSDS) are also sent. Delivery vehicles are regularly checked and drivers are given OHS and on-the-job trainings every year by our OHS team. All drivers of the tankers carrying hazardous materials have SRC 5 certification. Trucks, tankers and drivers possess certification. During delivery, tanker control forms are filled in for tankers and trucks. The number of customer complaints fell thanks to the new logistics and storage center. In the warehousing system, each product is stocked on pre-defined shelves and then delivered in accordance with the batch control and FIFO (first in, first out) system.

We, as Ak-Kim, continue to work on conformity with the ADR Directive for delivery of hazardous materials. A control form is filled out for each vehicle prior to the delivery and in case of any deficit, the vehicle is not allowed to leave the facility.

In addition, results of customer complaints regarding logistics are evaluated and recorded in the scorecards of department directors to be monitored later on.

We improved our results of the customer satisfaction survey indicate that another aspect to be improved is the response time for complaints. With related actions we improved our response time by 45%.

In 2013 Ak-Kim held a satisfaction survey among international customers, with a participation rate of 95%. The satisfaction rate has been measured as 90%.

Ak-Kim has not experienced any violation of customer confidentiality or loss of customer data, nor has it received any complaints regarding this issue.

DEALER OPINION

71% of dealers who took the sustainability survey say: “Communication channels for dealers to share their ideas and opinions with and to get information from Ak-Kim management are satisfactory”.

Feedback Management

Ak-Kim considers each and every complaint that it handles 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 develop services to meet these expectations.

The 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.

According to the customer complaint evaluation process, once the complaint is received, the customer should be informed within 24 hours that the complaint is in process. The complaint is recorded and an active solution team is formed. The Management Systems Department of the Company is responsible for inter-departmental communication and coordination to offer rapid solutions to the customer. In order to prevent any delays in developments or conclusion reports regarding the complaint, extra meetings are held with related departments and reminders are sent via email. Quarterly written customer complaint reports are shared with management and the related departments. Furthermore, complaints and response times are evaluated at monthly quality meetings and potential problems are identified to take actions.



EMPLOYEE SATISFACTION

EMPLOYEE OPINION

**67% of employees who took the sustainability survey say:
“Ak-Kim attaches sufficient importance to human and labor rights and perform satisfactory practices”.**

In order to identify employee satisfaction levels and, where necessary, to devise action plans to improve satisfaction, Ak-Kim holds “Employee Satisfaction Surveys”. Held by an independent consultancy firm, the survey covers employee satisfaction, loyalty and enthusiasm as well as the meaning of the work done, working conditions-environment-OHS, information flow, communication and cooperation, career development, performance management, employment conditions and job security, remuneration, recognition and appreciation, company management, company reputation and awareness. The results of the survey are delivered to Ak-Kim by the consultancy firm.

These results are announced to employees and feedback received as a result of meetings with employees is used to make an action plan. The results of the 2012 Employee Satisfaction Survey were shared with a total of 15 groups and 395 employees. The participation rate to the survey was 95% and company reputation and awareness, working conditions-environment-OHS and meaning of the work done were identified as the top three areas that Ak-Kim performed the best. The Employee Satisfaction Survey will be repeated in 2014.

Improvement in development areas of the action plan upon feedback from employees continued in 2013. Examples of these activities are the launching of career maps for employees and rotation practices upon demand.

In addition, a sustainability survey was held and employee evaluations on potential economic, social and environmental impact that are managed within the framework of the sustainability management process were received. While employee feedback was received, awareness in employees on material sustainability issues in the industry was also created.

Moreover, there are plans to update the Suggestion System which covers all creative opinions of employees on issues such as accelerating work performance, increasing capacity, improving efficiency (savings and cost reduction), reducing environmental impact, increasing customer satisfaction and contributing to the mission, vision and values of the Company.

Ak-Kim aims to establish a system that is more accessible and participatory.

Ak-Kim portal that contains information on employee birthdays, weddings, babies, new employees, resignees, announcements, useful links, etc. not only allows employees to have easy access to information, but also contributes to a higher level of internal communication within the Company. Ak-Kim plans to update the portal with new technologies in 2014.

Human Rights and Work Standards

By 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 international standards of OHS.

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 that 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. The Personnel Regulations Guide is updated in accordance with legal regulations and developing needs.

Ak-Kim bestows rights to its employees beyond the limits required by the laws and international standards. We closely monitor legal regulations and inform our employees on changes in laws-practices concerning them. Ak-Kim adopts the fundamental principle of creating a working environment that encourages cooperation, requires mutual respect, avoids harassment and non-professional behaviors and offers equal opportunities to employees. Each employee is responsible against associates and the Company to prevent such behaviors and incidents.

Ak-Kim is committed to offering employees a healthy and safe working environment as well as respecting the confidentiality of their personal information (personal records, photographs and home addresses, etc.).

Employees are notified on significant operational changes that might affect them by legal notification and by taking notice periods into consideration prior to their implementation. At the Akkök Group, operational decisions are implemented in accordance with the Personnel Directives prepared on the basis of the National Labor Code and related regulations. The reasonable notice stated by the laws is performed within the manner and time given in the Personnel Directives. Significant changes such as salary change, workplace change, secondment, substitution, additional duty, temporary business relationships are declared in writing by the Human Resources Department.

Responsibilities and job descriptions of new employees are clearly defined. In case of changes in duties and responsibilities, the employee is notified in writing and approval is obtained. All practices such as changing roles and rotations are implemented by the Directorate of Human Resources and Management Systems. There is no forced-labor practice at Ak-Kim and there are no related risks.

Article 51 (paragraph C) of the National Constitution provide all employees with the right to establish trade unions. At Ak-Kim, there is full compliance with related laws and regulations. Employees are fully involved in company practices and process; their opinions and suggestions are taken into consideration.



Employee Profile

- Total number of Ak-Kim employees is 495, with 79.3% males and 20.7% females. There are plans to increase the female ratio to 35% by 2015.
- Average age of Ak-Kim employees is 36.4; average seniority which indicates employee loyalty is 8.2 years.
- Percentage of white-collar employees was 39.4% . The figure is expected to rise by 2015.
- Percentage of employees with university and post-graduate degrees is 29%.

Age Distribution

Age Groups	Percentage
18-23	3.3%
24-32	38.6%
33-43	35.6%
44-54	18.6%
55 and over	3.9%
Total	100%

Gender Distribution

Groups	Percentage
Female	20.7%
Male	79.3%
Total	100%

White/Blue Collar Distribution

Groups	Percentage
White Collar	39.4%
Blue Collar	60.6%
Total	100%

Seniority Distribution

Groups	Percentage
0-5 years	52.8%
6-10 years	12.8%
11-15 years	12.4%
16-20 years	12.4%
21 and over	9.6%
Total	100%

Educational Background

Levels	Percentage
Elementary	3.3%
High School	13.2%
Vocational High School	40.7%
Associate Degree	13.8%
Bachelor's Degree	21.5%
Master's Degree	6.5%
PhD	1.0%
Total	100%

Equal Career Opportunities

Ak-Kim does not take language, race, gender, political view, belief, religion or sect differences into consideration during 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.

Effectively planning human resources in the light of data obtained during labor force planning meetings with the departments and employing people who are the most suitable for the corporate culture in the most appropriate positions are the fundamental principles of recruitment at Ak-Kim. Our human resource planning is based on our strategic plans and taking our medium and long-term targets into consideration.

Candidates filling in the application form or applying to job announcements create a candidate pool at Ak-Kim. When there is a vacancy, candidates complying with the criteria required by related departments are selected from the candidate pool 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, Evaluation Center Applications and Phobia Test, etc.). Candidates having scored the required points as a result of the exams are then interviewed by the Human Resources Department to see if they are eligible in terms of the corporate culture. The Human Resources Department conducts preliminary interviews with short listed candidates and then managers from relevant departments conduct the second round of interviews.

Before offering the job to candidates that both Human Resources 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 receives a health examination and upon confirmation of the workplace doctor that he/she is in good health, the 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 locations where Ak-Kim operates are employed for vacancies.

The corporate minimum wage was set at 978.60 TRY (gross in 2013). In accordance with Ak-Kim's remuneration policy, the starting rate for new employees at Ak-Kim is approximately 33% higher than the national minimum wage. Wages do not vary depending on the gender of the employee.



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 Performance Management System was disseminated throughout the Company in 2013 and employee performance is evaluated in terms of:

- Operational Level – Production Volume and Efficiency Target
- Sales Team – Sales Turnover and Profitability Target
- Other Positions – Company Targets or Individual Targets

There were 86 employees with individual score cards in 2013. This figure amounts to 17.5% of all employees. 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.

Ak-Kim attaches importance to the rotation and promotion/assignment to various functions and employees are given priority in new positions/vacancies. In 2013, a total of 28 Ak-Kim employees had job rotations to enrich the business. All of our senior executives are employees promoted within the Company/Akkök Group.



Social Security and Benefits

All Ak-Kim employees benefit from all rights granted by the Labor Code 4857 and are given annual leave. In addition, all employees have private health insurance. Recruitment and placement process is performed by the Directorate of Human Resources and Management Systems. Candidates below the age of 18 are not invited for interviews. Ak-Kim's contractors are prohibited from employing child labor as well. It is an indispensable ethical value for Ak-Kim to work with suppliers and subcontractors that refrain from violating human rights through illicit employment and/or child labor.

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 corporate 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, housing 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.

Cultural and social activities that seek to engage employees and their families are organized and supported by Ak-Kim Social Activities Club (ASEK), founded by the Directorate of Human Resources and Management Systems and our employees. Such activities include sightseeing tours, theater, movie, backgammon and table tennis tournaments, concerts, dinners, picnics, New Year's dinners and retirees' dinner held every year.

Within the spirit of leaving a better world to future generations, in celebrating employees' birthdays with meaningful gifts, Ak-Kim planted a sapling for each employee with the support of the Turkish Combatting Soil Erosion (TEMA) foundation in 2013.

By including a "Labor Force Criteria" in its routine supplier audits, Ak-Kim plans to improve such compliance mechanisms. Criteria such as insurance, health and safety procedures, working hours will be identified and a separate evaluation system will be formed. Then contracts of suppliers that have negative results in terms of this supplier labor force criteria will be re-evaluated.

Trainings

Ak-Kim aims to invest in people and encourage personal improvement by adopting practices based upon continuous development in line with corporate strategies and targets. While preparing the annual training plan, training needs of employees are identified and these trainings are given throughout the year in accordance with the plan.

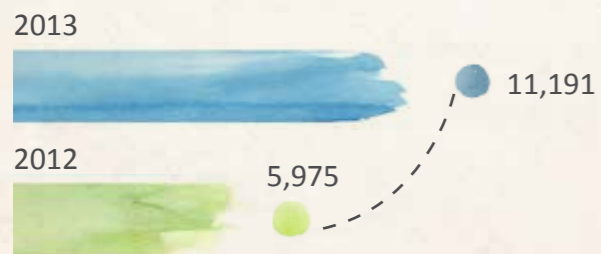
Ak-Kim offers constant training to employees in coordination with its OHS Unit. The Company provided 31.8 man/hour trainings in 2013. Ak-Kim sets an example for the industrial institutions in Yalova and it's environs with the importance it attaches to OHS. Cooperating with local institutions, Ak-Kim accepts requests for trainings and continues to share its know-how and experience. In the "Emergency Response Training for Chemicals Transportation" training given to the Provincial Disaster and Emergency Directorate, Traffic Directorate and local fire department in 2013. General features of hazardous chemicals were explained and drills were made under the supervision of experts.

Additionally, a variety of trainings are given within the Coaching, Leadership and Talent Management Programs in order to increase the added value of employees to the organization and to train new leaders and senior managers.

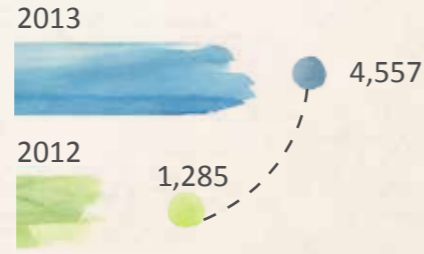
Training Investments

By Type of Training

Technical trainings (Unit: hour)



Personal development trainings (Unit: hour)



In 2013, teamwork and communication trainings were given to all employees.

In addition to technical and personal development trainings, we also hold trainings to create awareness on serious diseases. With the "Other Side of Cigarette" seminar given in 2013, employees were informed on the harmful effects of smoking. A nutritionist provided support on "healthy nutrition and a right diet" and awareness was created through one-to-one meetings.

Ak-Kim's Approach to Sustainable Communication Open Door Policy

Aiming to create open and transparent communication with all stakeholders, Ak-Kim launched the Open Door Policy in 1999 to ensure that employees can easily reach their managers about every issue. In addition, within the framework of this policy "Chat with the General Manager" 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 relevant institutions and organizations as well as students -from primary school to college- that would like to visit the Company and get information. In 2013, 445 people visited Ak-Kim facilities.

The 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 about "General OHS Rules". Necessary protective equipment is handed out for use during the visit. Then a presentation is made to introduce Ak-Kim, questions are replied and field trips are made according to the visitor group's area of interests. After the field trips, "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 2013 Survey", 24 questions on "Welcoming, Catering, Field Trip, Safety Precautions and Other" were asked with a rating scale of 0-5. There is also a "General opinions and messages" part in which visitors can personally write their feedback.

The Open Door Evaluation Surveys of 2013 showed a high satisfaction level of 4.6 out of 5 for which the number of visitors increases every year.



Ak-Kim Yalova Facility

OCCUPATIONAL HEALTH AND SAFETY



EMPLOYEE OPINION

78% of employees who took the sustainability survey say: "Ak-Kim attaches sufficient importance to occupational safety and employee health and takes satisfactory protective measures".

Possessing the OHSAS 18001 OHS Management System certificate since April 2009 and paying close attention to employee health, Ak-Kim identifies and evaluates risks and takes precautions to minimize their effects in order to prevent injuries and health problems during all kinds of operations in our workplaces. We continuously monitor and improve OHS management and performance.

Setting, implementing and checking targets to improve its OHS performance, Ak-Kim currently has 72 employees with first aid certificates. **The rate of employees with such certification increased 38% compared to the previous reporting period.** In addition, there are 3 OHS Experts (two full-time employees and one consultant) with A and C group certification as well as a part-time workplace doctor and a nurse.

Procedures related to OHS, projects to increase awareness of employees, trainings, drills, practices, controls, documentation of OHS Management System, achieving continuity and conformity with OHS legislation and institutions that we are a member of are being implemented in the Company for approximately 20 years. With the aim of improving employee interest in OHS, exemplary employees are rewarded monthly. Within the scope of this practice, 14 employees were rewarded with certificates of appreciation and gold coins as exemplary personnel in 2013.

A Workplace Health and Safety Unit was established in 2010 and this unit reports directly to the Directorate of Human Resources and Management Systems.

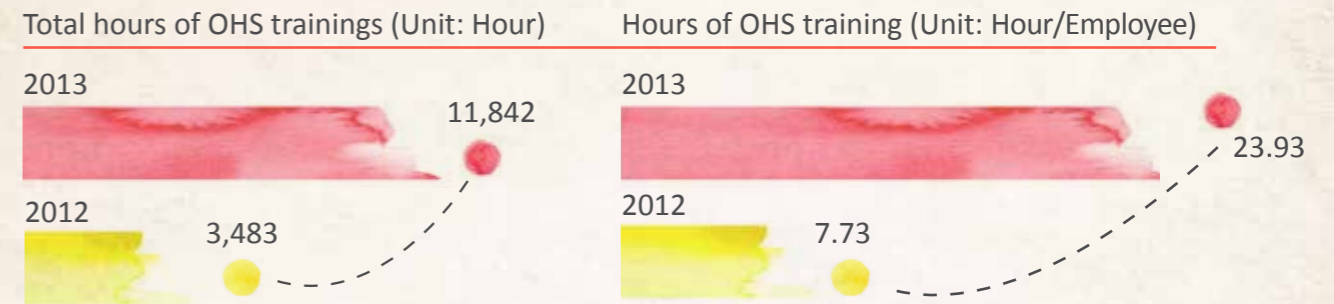
In 2013, Ak-Kim held 13 emergency drills, mainly on fire, gas leak and evacuation. In addition, "near-miss incidents" identified by employees are reported to the OHS Unit and corrective and preventive actions are taken periodically.

Ak-Kim celebrates the OHS Week with a variety of events, including conferences, motto contests, current-status-workshops, etc. in order to increase awareness on employee responsibility.



The root cause of workplace accidents observed in Ak-Kim is mainly due to 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 muscle and bone mass problems, prepares and announces Material Safety Data Sheets (MSDS), performs flu and tetanus vaccination and periodically holds OHS trainings.

Occupational Health and Safety Trainings / All Employees



*In 2013, team members were trained within the framework of the Seveso II Directive.

Drivers of contractors delivering Ak-Kim products are given Environmental and OHS trainings every year. In 2013, 130 drivers received 3-hour trainings. Ak-Kim plans to provide Environmental and OHS trainings to suppliers in the future.



Emergency Management

Ak-Kim defines an “emergency” as follows:

“Emergency means collapse, breakdown, explosion, cleavage, split, fire and chemical leakage that may cause loss of life and property and that may result from natural disasters (earthquake, flood, storm, etc.), actions such as sabotage and attack, system and/or human errors, or any incident outside Ak-Kim”.

Emergency actions are taken to return to normal operations by troubleshooting in case of collapse, breakdown, cleavage, split, explosion, storm, abnormal climate change, fire and chemical leakage.

These actions may include emergency alarm-evacuation, firefighting, fighting dangerous gas leakages, combating flood, controlling chemical spills and leakages, measures taken before and after earthquakes, rescue and technical repair activities, first aid, social services, etc.

Emergencies such as failing to achieve wastewater treatment regulations, unexpected spills, unexpected burdens, etc. are stated in operation instructions for wastewater treatment facilities of Ak-Kim. “Instructions for Notification of Incidents at Ak-Kim Yalova Factories” is implemented in case of sabotage, bomb threats and social unrest, etc.

The General Manager is responsible for company oversight in case of an emergency situation. In case of absence, the Production Director is responsible followed alternatively by the Human Resources & Management Systems Director.

For the Ak-Kim Çerkezköy facilities, the Factory Manager is responsible and the Financial Administration Director is responsible for headquarters.



COMMUNITY INVESTMENTS



EMPLOYEE OPINION

63% of employees who took the sustainability survey say:

“Local communities in regions where Ak-Kim operates believe that Ak-Kim is a Company that respects the rights of residents and that it creates a positive effect by considering human health, safety and welfare while building facilities and performing its operations”.

Corporate Social Responsibility (CSR) Projects

In full awareness of the fact that the added value it creates for the national economy becomes much richer when combined with social contributions, Ak-Kim has always been a Company that seeks social benefits in its 36 years of history as a member of Akkök Group.

Akkök Group has been implementing CSR projects all across Turkey, predominantly in the regions where it operates. While implementing CSR projects, Akkök Group cooperates with non-governmental organizations that it is a member of, other institutions in the project area and scientists.

Within the scope of its corporate social responsibility strategy, Akkök Group aims to contribute to the economic, social and cultural development of the regions it operates in as well as to ensure that all investments and projects are sustainably planned and managed. Therefore, Akkök Group planned its 2013 CSR projects in a way that helps continuation of projects that it has been supporting for a long time. Akkök Group’s CSR activities in 2013 include Main Sponsorship of Yalova Orthopedics Sports Club that competes in the Wheelchair Basketball Super League, organizing Yalova Akkök Children’s Festival and supporting the Güzin Dinçök Elementary School in the city of Van.

Akkök Children’s Festival was held for the second time in 2013 and the children in Yalova spent great time with a variety of activities organized by Akkök Group. Ak-Kim’s children’s science workshop attracted considerable attention in the Festival. Ak-Kim’s event included fun stations and interesting workshops. Offering an extraordinary experience to children, this workshop aimed to help children realize simple scientific phenomena and to trigger their curiosity and will to learn. Children had the opportunity to experience how hot air rises, what the characteristics of chemicals are, how they react, etc.

Believing that well-educated and informed generations are key factors in the development of a country, Akkök Group reached more than 10 thousand students in 2009-2013 and contributed to their personal development and training. Ak-Kim supported all CSR activities of Akkök Group in 2013 and will continue this support with new CSR projects.



Sponsorships

Ak-Kim sponsored “Bukimya Symposium” held on 4-5 May 2013 at Boğaziçi University and supported expert scientists in transferring their know-how to young people. Professors from various universities and more than 400 graduate and post graduate students from many universities in Turkey attended the symposium.

Another example of Ak-Kim’s sponsorships in 2013 was the support given to the 22nd Istanbul High School Cultural Event Week held on 1-10 June. Concerts, panels, conferences, interviews, exhibitions, short film screenings, opening night, gala night and student nights were organized throughout the week at the Istanbul High School building.

The most important sponsorship of Ak-Kim in 2013 was the 44th World Chemistry Congress. As a Company that considers contribution to the improvement of the industry as a social responsibility, Ak-Kim supported the Congress as the diamond sponsor. As one of the most prestigious chemistry events in the world, the Congress is held biannually in a country member to IUPAC (International Union of Pure and Applied Chemistry). Not only Her Excellency Chulabhorn Walailak, Princess of Thailand, but also Nobel Chemistry Laureate Alan Heeger, Ryojini Noyori, Ada Yonath, Aaron Ciechanover and prominent scientists from all around the world attended the Congress. Held at the Istanbul Lütfi Kırdar Congress Center and Harbiye Military Museum with the main theme of “Clean Energy with Chemistry”, the Congress took place with parallel sessions on issues such as chemical analyses, chemical syntheses, physical chemistry, micro and nano-science/technology, green and sustainable chemistry, biochemistry and materials science. A total of 1,752 academics, teachers, students and industry executives from Turkey and abroad attended the Congress.

Ak-Kim also became the award sponsor of “XIth What to Produce?” events and project competition organized by the Chemical Engineering Department of the Izmir Institute of Technology. At the competition held on 25 October 2013, Mete Bütün from Firat University won the Ak-Kim Prize (third- tier) with its mini biomimetic operation robots.

PERFORMANCE INDICATORS

Economic Performance Indicators

Economic Value Generated and Distributed (2013)	USD	GRI
Direct Economic Value Generated	169,488,224.91	EC1
Revenues	169,488,224.91	EC1
Economic Value Distributed	175,776,461.90	EC1
Operating costs	128,060,852.82	EC1
Employee wages & other benefits	20,320,466.34	EC1
Payments to providers of capital	17,075,246.67	EC1
Payments to the capital (country based)	9,906,973.01	EC1
Community investment	412,923.07	EC1
Economic Value Retained	6,288,236.99	EC1

Note: The figures are as of the end of the fiscal year, i.e. December 31st, 2013.

Financial Support Received From Government (2013)	Total Amount / USD	GRI
Corporate tax discount within the scope of Law 5746 (Being an R&D Center)	1.158.391,13	EC4
Grant for TUBITAK (The Scientific and Technological Research Council of Turkey) Projects	101.543,36	EC4
Revenue Tax exception for TUBITAK projects	43.403,63	EC4
Exceptional R&D incentive by Social Security Institution (SGK)	10.401,31	EC4
Total	1.313.739,43	EC4

Social Performance Indicators

Training Investments in Employees				
Full-time Employees	Unit	2012	2013	GRI
Total training hours	Hours	7,260	15,748	LA10
Total number of trainees	People	451	495	LA10
Senior and Mid-Level Executive – Female	Average hours	26.8	33.9	LA10
Senior and Mid-Level Executive – Male	Average hours	41.8	50.2	LA10
Non-executive White Collar – Female	Average hours	35	46.9	LA10
Non-executive White Collar – Male	Average hours	44.6	60	LA10
Operational Level – Female	Average hours	5.5	20.4	LA10
Operational Level – Male	Average hours	7.7	25.06	LA10

Training Investments in Employees				
By type of Training	Unit	2012	2013	GRI
Technical trainings	Hour	5,975	11,191	LA10
Personal development trainings	Hour	1,285	4,557	LA10

Social Performance Indicators

Employees	Unit	2012	2013	GRI
Total	People	451	495	LA1
White Collar - Female	People	80	94	LA1
White Collar - Male	People	97	113	LA1
Blue Collar - Female	People	6	7	LA1
Blue Collar - Male	People	268	281	LA1
By Gender	Unit	2012	2013	LA1
Female	People	86	101	LA13
	Percentage	19%	20%	LA13
Male	People	365	394	LA13
	Percentage	81%	80%	LA13
By Age	Unit	2012	2013	GRI
30 and below	People	106	158	LA13
	Percentage	24%	32%	LA13
30 - 50	People	290	288	LA13
	Percentage	64%	58%	LA13
50 and over	People	55	49	LA13
	Percentage	12%	10%	LA13
By Location	Unit	2012	2013	GRI
Istanbul	People	44	47	LA13
	Percentage	10%	9%	LA13
Yalova	People	386	425	LA13
	Percentage	85%	86%	LA13
Çerkezköy	People	21	23	LA13
	Percentage	5%	5%	LA13
Other Groups	Unit	2012	2013	GRI
Expat	People	0	0	LA13
	Percentage	0%	0%	LA13
Disabled	People	11	11	LA13
	Percentage	2%	2%	LA13
By Management Category	Unit	2012	2013	GRI
Senior Management	People	7	7	LA13
	Percentage	2%	1%	LA13
Mid-level Management	People	50	51	LA13
	Percentage	11%	10%	LA13
Non-executive White Collar	People	64	83	LA13
	Percentage	14%	17%	LA13
Operational Level	People	330	354	LA13
	Percentage	73%	72%	LA13
Female Employees in Management	Unit	2012	2013	GRI
Senior Management	Percentage	2%	2%	LA13
Mid-level Management	Percentage	15%	15%	LA13
Non-executive White Collar	Percentage	36%	38%	LA13
Operational Level	Percentage	47%	45%	LA13

Social Performance Indicators

Employee Turnover Rate				
By Gender	Unit	2012	2013	GRI
Female	New Employee - Person	22	25	LA2
	Turnover - Percentage	0.9%	1.3%	LA2
Male	New Employee - Person	38	54	LA2
	Turnover - Percentage	4.3%	3.8%	LA2
By Age	Unit	2012	2013	GRI
30 and below	New Employee - Person	30	62	LA2
	Turnover - Percentage	0.9%	1.69%	LA2
30 - 50	New Employee - Person	23	13	LA2
	Turnover - Percentage	2.0%	3.8%	LA2
50 and over	New Employee - Person	7	4	LA2
	Turnover - Percentage	2.2%	1.7%	LA2
By Location	Unit	2012	2013	GRI
Istanbul	New Employee - Person	8	5	LA2
	Turnover - Percentage	1.1%	0.8%	LA2
Yalova	New Employee - Person	50	70	LA2
	Turnover - Percentage	3.6%	5.91%	LA2
Çerkezköy	New Employee - Person	2	4	LA2
	Turnover - Percentage	0.4%	0.4%	LA2

Social Performance Indicators

Occupational Health and Safety		All Employees		Female Employees	
Occupational Health and Safety Trainings	Unit	2012	2013	2012	2013
Total OHS trainings	Hour	3,483	11,842	474	1,645
People given OHS trainings	Person	451	495	86	101
Hours of OHS trainings	Hour/Person	7.73	23.93	5.51	16.29
Accidents	Unit	2012	2013	2012	2013
All injuries except first aid level	Per year	8	3	0	0
Accidents involving death	Per year	0	0	0	0
Accidents requiring medical report *	Per year	1	3	0	0
Accident frequency**	Rate	1.08	2.51	0.00	0.00
Accident severity	Rate	3.00	15.11	0.00	0.00
Lost days	Unit	2012	2013	2012	2013
Lost days due to workplace accidents	Day/Year	119	18	0	0
Frequency of occupational diseases	Per year	0	0	0	0
Absenteeism / due to health issues	Day/Year	1,829	1,696	580	779

Employees on Maternal Leave (2012-2013)	Total	Female	Male	GRI
Employees who earned the right for maternal leave	6	6	0	LA15
Employees who had maternal leave	6	6	0	LA15
Employees who returned after maternal leave	6	6	0	LA15
Employees who returned after maternal leave and worked for at least 12 months afterwards	6	6	0	LA15

Environmental Performance Indicators

Materials				
Raw Materials and Auxiliary Materials	Unit	2012	2013	GRI
Total of more than 400 materials	Ton	182,867	180,169	EN1
Direct Energy Consumption Based Upon Primary Energy Source				
Non-Renewable Direct Energy Sources – Purchased	Unit	2012	2013	GRI
Natural Gas	Sm3	10,098,765	9,518,280	EN3
	GJ	386,378	364,169	EN3
Diesel	Ton	119	145	EN3
	GJ	5,152	6,283	EN3
Gasoline	Ton	37	34	EN3
	GJ	1,656	1,545	EN3
Total Direct Energy Consumption	GJ	393,186	371,997	EN3
Indirect Energy Consumption Based Upon Primary Energy Source				
Energy Purchased from Non-Renewable Energy Sources and Consumed	Unit	2012	2013	GRI
Electricity	KWh	157,014,454	143,581,934	EN4
	GJ	565,252	516,895	EN4
Steam	Ton	195,567	193,745	EN4
Total Water Consumption				
Source: Dam Water	Unit	2012	2013	GRI
Water	1,000 m ³ /yr	604	543	EN8
Total Waste Water Discharge				
Where: Marmara Sea	Unit	2012	2013	GRI
Waste Water Discharge	1,000 m ³ /yr	203	224	EN21
Direct and Indirect Greenhouse Gas Emissions				
	Unit	2012	2013	GRI
CO ₂ Emissions	t CO ₂	In accordance with the Communiqué on Monitoring and Reporting Greenhouse Gas Emissions, greenhouse gas emission reports will be submitted to the Ministry of Environment and Urbanization in 2014		EN16 EN17
Major Air Emissions				
By Type	Unit	2012	2013	
Total (CO, SO ₂ , NO, NO ₂ , Chlorine, Powder, VOC, TVOC, etc.)	1,000 t	3,4017 kg/sa	12,8393 kg/sa	EN20

GRI CONTENT INDEX

Profile Disclosures

GRI	Strategy and Analysis	References & Comments	Reported
1.1.	Statement from the most senior decision-maker	4-5	Fully
1.2.	Key impacts, risks, and opportunities	26-29	Fully
GRI	Organizational Profile	References & Comments	Reported
2.1.	Name of the organization	8	Fully
2.2.	Primary brands, products, and/or services	10 - 11	Fully
2.3.	Operational structure	11	Fully
2.4.	Location of headquarters	3	Fully
2.5.	Countries of operation	11	Fully
2.6.	Ownership	18	Fully
2.7.	Markets served	11	Fully
2.8.	Scale and size	31	Fully
2.9.	Significant changes	A new Deputy General Manager was assigned in 2013.	Fully
2.10.	Awards	No awards were received in 2013.	Fully
GRI	Report Parameters	References & Comments	Reported
3.1.	Reporting period	2	Fully
3.2.	Date of previous report	2	Fully
3.3.	Reporting cycle	2	Fully
3.4.	Contact	81	Fully
3.5.	Defining content	3	Fully
3.6.	Boundary of the report	3	Fully
3.7.	Limitations	3	Fully
3.8.	Basis for reporting entities	3	Fully
3.9.	Data measurement techniques	23	Fully
3.10.	Re-statements	Corporate profile information includes the same content with the previous report. All performance indicators are updated.	Fully
3.11.	Changes	No changes.	Fully
3.12.	GRI content index	74-79	Fully
3.13.	Assurance	Not externally assured.	Fully
GRI	Governance & Commitments	References & Comments	Reported
4.1.	Governance structure	14	Fully
4.2.	Chairman	16	Fully
4.3.	Unitary board	As Ak-Kim is not a publicly listed company, there are no independent members.	Fully
4.4.	Mechanisms for recommendations	15,18	Fully
4.5.	Compensation and performance	Compensation practices are directly linked to reaching strategic goals that also cover our Company's sustainability goals.	Fully
4.6.	Conflicts of interest	18-19	Fully
4.7.	Qualifications	16-17	Fully
4.8.	Mission and values	7	Fully
4.9.	Overseeing sustainability	14-15,26-28	Fully
4.10.	Evaluating sustainability	18-23	Fully
4.11.	Precautionary approach	18-23,36-37	Fully
4.12.	External principles	22	Fully
4.13.	Memberships in associations	12	Fully
4.14.	Stakeholder groups	24	Fully
4.15.	Basis for selecting stakeholders	24	Fully
4.16.	Approaches to stakeholder engagement	24-25	Fully
4.17.	Key topics from stakeholders	pg 26. Stakeholder survey results given in the related sections of the report indicate key issues.	Fully

Disclosures on Management Approach

GRI G3.1	Economic Performance	References & Comments	Reported
DMA EC	Economic Performance	67-69	Fully
	Market Presence	11,31,59	Fully
	Indirect Economic Impacts	31,59	Fully
GRI G3.1	Environmental Performance	Referans & Açıklamalar	Reported
DMA EN	Materials	11,73	Fully
	Energy	38-39,42,73	Fully
	Water	42-44,73	Fully
	Biodiversity	Ak-Kim Kimya is located on an industrial land. It is not established on any conservation areas identified by the Ministry or on lands with high biodiversity.	Fully
	Emissions, Effluents and Waste	40-46,73 Greenhouse gas emissions are not available and to be calculated and reported in 2014.	Partially
	Products and Services	47-52	Fully
	Compliance	51-52	Fully
	Transport	Not available. To be reported along with greenhouse gas emissions in 2014.	Not
	Overall	36	Fully
	GRI G3.1	Social Performance (Human Rights)	References & Comments
DMA HR	Investment and Procurement Practices	57,61	Fully
	Non-discrimination	57-58	Fully
	Freedom of Association and Collective Bargaining	57	Fully
	Child Labor	61	Fully
	Forced and Compulsory Labor	57	Fully
	Security Practices	57,78	Fully
	Indigenous Rights	57,78	Fully
	Assessment	57	Fully
	Remediation	57,78	Fully
GRI G3.1	Social Performance (Employees)	References & Comments	Reported
DMA LA	Employment	61,69-72	Fully
	Labor/Management Relations	57,62	Fully
	Occupational Health and Safety	62,64-65,72	Fully
	Training and Education	59-60,62,69	Fully
	Diversity and Equal Opportunity	58,7	Fully
	Equal Remuneration for Women and Men	59	Fully
GRI G3.1	Social Performance (Society)	References & Comments	Reported
DMA SO	Community	37-38,66	Fully
	Corruption	18,19-78	Fully
	Public Policy	No involvement in public policy initiatives.	Fully
	Anti-competitive Behavior	18,79	Fully
	Compliance	18-19,51,57	Fully
GRI G3.1	Social Performance (Product Responsibility)	References & Comments	Reported
DMA PR	Customer Health and Safety	50-52	Fully
	Product and Service Labeling	50-54	Fully
	Marketing Communications	There is no special program. Our Company acts in conformity with laws and regulations.	Fully
	Customer Privacy	52-54	Fully
	Compliance	50-52	Fully

Performance Indicators

UNGC	GRI	Economic Performance	References & Comments	Reported
Economic Performance				
	EC1 (Core)	Direct economic value generated and distributed	69	Fully
	EC2 (Core)	Financial implications due to climate change	We plan to further analyze risks and opportunities due to climate change and report in detail by 2016.	Not
	EC3 (Core)	Organization's defined benefit plan obligations	There is no such practice.	Fully
	EC4 (Core)	Significant financial assistance received from government	69	Fully
Market Presence				
1	EC5 (Add)	Ratios of standard entry level compared to local minimum wage	Minimum wages are the same at all locations in Turkey. Standard entry-level wage is 33% more than the minimum wage.	Fully
	EC6 (Core)	Policy, practices and proportion of spending on local suppliers	31	Fully
	EC7 (Core)	Procedures for local hiring	31,59	Fully
Indirect Economic Impacts				
	EC8 (Core)	Impact of infrastructure investments and services for public benefit	31,68	Fully
	EC9 (Add)	Indirect economic impacts	31,68	Fully
Environmental Performance				
Materials				
8	EN1 (Core)	Materials used by weight or volume	PG73. Break-down of non-renewable materials, direct and recycled materials are not available. To be monitored and reported by 2016.	Partially
8-9	EN2 (Core)	Percentage of materials used that are recycled input materials	40-41	Fully
Energy				
8	EN3 (Core)	Direct energy consumption by primary energy source	73	Fully
8	EN4 (Core)	Indirect energy consumption by primary source	73	Fully
8-9	EN5 (Add)	Energy saved due to conservation and efficiency improvements	38	Fully
8-9	EN6 (Add)	Energy-efficient or renewable energy based products and services, and reductions in energy requirements	47	Fully
6, 8-9	EN7 (Add)	Initiatives to reduce indirect energy consumption and reductions achieved	39	Fully
Water				
8	EN8 (Core)	Total water withdrawal by source	42,73	Fully
8	EN9 (Add)	Water sources significantly affected by withdrawal of water	42-44	Fully
8-9	EN10 (Add)	Percentage and total volume of water recycled and reused	42-44	Fully
Biodiversity				
8	EN11 (Core)	Location and size of land owned, leased, managed in protected areas and areas of high biodiversity value	Ak-Kim Kimya is located on an industrial land. It is not established on any conservation areas identified by the Ministry or on lands with high biodiversity.	Fully
8	EN12 (Core)	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value	Ak-Kim Kimya is located on an industrial land. It is not established on any conservation areas identified by the Ministry or on lands with high biodiversity.	Fully
8	EN13 (Add)	Habitats protected or restored	Not applicable. Ak-Kim Kimya is located on an industrial land.	Not
8	EN14 (Add)	Strategies, current actions, and future plans for managing impacts on biodiversity	Not applicable. Ak-Kim Kimya is located on an industrial land.	Not
8	EN15 (Add)	Number of IUCN Red List and national conservation list species in areas affected by operations, by level of extinction risk	Not applicable. Ak-Kim Kimya is located on an industrial land.	Not

Performance Indicators

UNGC	GRI	Environmental Performance	References & Comments	Reported
Emissions, Effluents and Waste				
8	EN16 (Core)	Total direct and indirect greenhouse gas emissions by weight	Not available. Will be calculated and reported in 2014.	Not
8	EN17 (Core)	Other relevant indirect greenhouse gas emissions by weight	Not available. Will be calculated and reported in 2014.	Not
7-9	EN18 (Add)	Initiatives to reduce greenhouse gas emissions and reductions achieved	Not available. Will be calculated and reported in 2014.	Not
8	EN19 (Core)	Emissions of ozone-depleting substances by weight	We do not use ozone-depleting materials.	Fully
8	EN20 (Core)	NOx, SOx, and other significant air emissions by type and weight	Not measured in 2013 as it is found only in trace amount.	Not
8	EN21 (Core)	Total water discharge by quality and destination	73	Fully
8	EN22 (Core)	Total weight of waste by type and disposal method	40,73	Fully
8	EN23 (Core)	Total number and volume of significant spills	In 2013, there were no spills resulting from our facility or vehicles.	Fully
8	EN24 (Add)	Weight of transported waste deemed hazardous by the Basel Convention	Rate of transported wastes deemed hazardous by Basel Convention is 15%.	Fully
8	EN25 (Add)	Water bodies and related habitats significantly affected by organization's discharges of water and runoff	There is no water body or natural habitat that is significantly affected by water discharge.	Fully
Products and Services				
7-9	EN26 (Core)	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	47-48	Fully
8-9	EN27 (Core)	Percentage of products sold and their packaging materials that are reclaimed by category	41	Fully
Compliance				
8	EN28 (Core)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	pg.51-52 Environmental laws and regulations were not violated and no fines were received.	Fully
Transport				
8	EN29 (Add)	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Greenhouse gas emissions are to be reported in 2014.	Fully
Overall				
7-9	EN30 (Add)	Total environmental protection expenditures and investments by type	36	Fully
Social Performance (Employees)				
Employment				
	LA1 (Core)	Total workforce by employment type, employment contract, and region	pg.70 All our employees are full-time. Regional gender distribution is not available. To be reported by 2015.	Partially
6	LA2 (Core)	Total number and rate of employee turnover by age group, gender, and region	71	Fully
	LA3 (Add)	Benefits provided only to full-time employees	61	Fully
	LA15 (Core)	Return to work and retention rates after parental leave, by gender	72	Fully
Labor/Management Relations				
1-3	LA4 (Core)	Number and percentage of employees covered by collective bargaining agreements	0%. No collective bargaining agreements as there are no trade unions in our company.	Fully
	LA5 (Core)	Minimum notice period(s) regarding significant operational changes	57	Fully
Occupational Health and Safety				
1	LA6 (Add)	Percentage of total workforce represented in occupational health and safety committees	100%	Fully
1	LA7 (Core)	Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities	64-65,72	Fully
1	LA8 (Core)	Preventive healthcare counseling and training regarding serious diseases	62	Fully
1	LA9 (Add)	Health and safety topics covered in agreements with trade unions	No agreements as there are no trade unions in the company.	Fully

Performance Indicators

Training and Education				
	LA10 (Core)	Average hours of training per year per employee by employee category	69	Fully
	LA11 (Add)	Skills management and lifelong learning programs	62	Fully
	LA12 (Add)	Percentage of employees receiving regular performance and career development reviews	59-60	Fully
Diversity and Equal Opportunity				
1, 6	LA13 (Core)	Diversity in senior management and employee structure	70	Fully
Equal Remuneration for Women and Men				
1, 6	LA14 (Core)	Ratio of basic salary of male and female employees	59	Fully
UNGC	GRI	Social Performance (Human Rights)	References & Comments	Reported
Investment and Procurement Practices				
1-6	HR1 (Core)	Investment agreements that include human rights clauses	No investment agreement was signed in the reporting period.	Fully
1-6	HR2 (Core)	Suppliers that have undergone screening on human rights	0%. Page61	Fully
1-6	HR3 (Add)	Employee training on human rights	57	Fully
Non-discrimination				
1-2, 6	HR4 (Core)	Incidents of discrimination and actions taken	No incidents were reported.	Fully
Freedom of Association and Collective Bargaining				
1-3	HR5 (Core)	Operations with significant risk concerning the freedom of association and collective bargaining	57	Fully
Child Labor				
1-2, 5	HR6 (Core)	Operations with significant risk for incidents of child labor and measures taken	61	Fully
Forced and Compulsory Labor				
1-2,4	HR7 (Core)	Operations with significant risk for incidents of forced and compulsory labor	57	Fully
Security Practices				
1-2	HR8 (Add)	Percentage of security personnel trained on human rights	No human rights trainings given in the company.	Fully
Indigenous Rights				
1-2	HR9 (Add)	Incidents of violations involving rights of indigenous people	No incidents were reported.	Fully
Assessment				
	HR10 (Core)	Percentage and total number of operations that are subject to human rights reviews	No special reviews were made regarding conformity with human rights. However, child labor or uninsured employment is not allowed in any of our operations.	Fully
Remediation				
	HR11 (Core)	Number of grievances related to human rights filed and resolved by formal mechanisms	No grievances reported.	Fully
UNGC	GRI	Social Performance (Society)	References & Comments	Reported
Community				
	SO1 (Core)	Impacts of entering, operating, exiting on local communities and regions	36-37,66 None of our operations have negative impact on local communities.	Fully
	SO9 (Core)	Operations with significant potential or actual negative impacts on local communities	36-37,66 None of our operations have negative impact on local communities.	Fully
	SO10 (Core)	Prevention and mitigation measures with significant potential or actual negative impacts on local communities	36-37,66 None of our operations have negative impact on local communities.	Fully
Corruption				
10	SO2 (Core)	Business units analyzed for corruption risks	18-20. Although no special analysis on corruption was performed in the reporting period, all employees are responsible for complying with our ethical principles.	Fully
10	SO3 (Core)	Employee training regarding anti-corruption	18	Fully
10	SO4 (Core)	Actions taken in response to incidents of corruption	No incidents were reported.	Fully

Performance Indicators

Public Policy				
All	SO5 (Core)	Public policy participation and lobbying	Not available	Fully
10	SO6 (Add)	Financial and in-kind contributions to political parties and politicians	No contributions were made to political parties or politicians.	Fully
Anti-competitive Behavior				
	SO7 (Add)	Number of legal actions for anti-competitive behavior	There are no such actions.	Fully
Compliance				
	SO8 (Core)	Monetary value of fines for non-compliance with laws	There are no significant fines.	Fully
UNGC	GRI	Social Performance (Product Responsibility)	References & Comments	Reported
Customer Health and Safety				
1	PR1 (Core)	Life cycle stages in which health and safety impacts of products and services are assessed	SO-52	Fully
1	PR2 (Add)	Incidents of non-compliance with regulations concerning health and safety of products	There were no incidents of non-compliance with regulations concerning health and safety of products.	Fully
Product and Service Labeling				
	PR3 (Core)	Principles and measures related to product and service information and labeling	50	Fully
	PR4 (Add)	Incidents of non-compliance with regulations concerning product information and labeling	There are no incidents of or fines for non-compliance with regulations concerning product information and labeling.	Fully
	PR5 (Add)	Customer satisfaction practices	53-54	Fully
Marketing Communications				
	PR6 (Core)	Programs for compliance with laws, standards related to marketing communications	There are no special programs. Our company complies with laws and regulations.	Fully
	PR7 (Add)	Incidents of non-compliance with regulations related to marketing communications	No incidents reported.	Fully
Customer Privacy				
1	PR8 (Add)	Number of substantiated data protection complaints by customers	There were no incidents or complaints of violation of customer privacy and data loss.	Fully
Compliance				
	PR9 (Core)	Significant fines for non-compliance concerning the provision and use of products and services	There were no fines non-compliance concerning the provision and use of products and services.	Fully



Statement GRI Application Level Check

GRI hereby states that **Ak-Kim Kimya Sanayi ve Ticaret A.Ş.** has presented its report "Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 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 G3.1 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, 28 November 2014

Ásthildur Hjaltadóttir
Director Services
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 24 November 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



Sibel Keçeci
Human Resources &
Management Systems
Director
sibel.bekler@akkim.com.tr



İpek Badırgalı
Marketing & Public
Relations Division
Manager
ibadirdali@akkim.com.tr



Ece Eriş
Management Systems
Specialist
ece.eris@akkim.com.tr



Graphic Design by

FIKRİFERAH
www.fikriferah.com

Akkim



Ak-Kim Kimya Sanayi ve Ticaret A.Ş.

Vişnezade Mah. Süleyman Seba Cad. No: 82 Maçka - İstanbul / TÜRKİYE
T: +90(212) 381 71 00 - F: +90(212) 259 12 92

www.akkim.com.tr

