



SUSTAINABILITY

Report 2015





ABOUT THE REPORT

As the **Polisan Holding** company, we see our long term development and stability in all the sectors we have operated in for half a century as a direct result of our informed approach to sustainability issues. An integral part of our corporate strategy is to share transparently and objectively information that in all our operations, we not only have an economical profitability approach but we have established a management strategy combatting the environmental and social issues which threaten our world. Consequently, we kindly present, in this first issue of the **Polisan Holding Sustainability Report 2015**, our environmental, social and economic performance since the commencement of our commercial activities, for our stakeholders to view.

This report, prepared by us, is in compliance with the requirements of the 'core' option of the G4 version of the Global Reporting Initiative (GRI). It represents primarily our 2015 activities, but also includes the projects and activities on the environmental and social issues conducted by Polisan Holding and its subsidiaries in the past. While our environmental and social performances are presented on our leading companies like Polisan Boya, Polisan Kimya and Poliport Kimya, the economic development of all our companies in relevant sections can also be followed through the links provided.

Polisan Holding, a publicly quoted company, has been trading within the principles of being transparent, fair, responsible and accountable since 2012. It publishes an annual activity report and shares the company's economic performance and market presence with its stakeholders. The economic performance of the company is available in The Polisan Holding 2015 Activity Report, which is publicly available below through the document icon link. This report focuses on the environmental and social performance of the company in detail.



Polisan Holding
2015 Activity Report

Our relationship with the stakeholders which constitutes an integral part of the sustainability is of paramount importance for us. We are aware that we cannot be successful without the views, suggestions and positive comments of our stakeholders. Therefore, please let us know your views and suggestions about this first sustainability report by sending an email to info@polisan.com.tr



Polisan Holding e-mail:
info@polisan.com.tr



Polisan Holding website:
www.polisanholding.com.tr

CONTENTS

3	ABOUT THE REPORT
4	CONTENTS
5	MESSAGES FROM TOP MANAGEMENT
9	ABOUT POLISAN HOLDING
19	STEP BY STEP SUSTAINABILITY
21	RESPONSIBLE MANAGEMENT APPROACH
25	OPERATIONAL EXCELLENCE
52	STAKEHOLDER RELATIONS AND MATERIALITY ASPECTS
57	FOR A LIVEABLE ENVIRONMENT
81	OUR STRENGHT: OUR EMPLOYEES
87	SOCIAL BENEFIT
91	OUR SUSTAINABILITY PERFORMANCE
97	METHODOLOGY
99	GRI G4 CONTENT INDEX

MESSAGES FROM TOP MANAGEMENT



THE CHAIRMAN OF THE EXECUTIVE BOARD

Dear Valuable Partners, Customers, Business Partners and Employees of Polisan Holding,

This year, we are proud to have crowned the half a century experience of our company operating in various sectors with the first Sustainability Report, prepared with a transparent approach and with which we share our economic and social performance with our stakeholders.

In today's world, environmental and social issues are increasingly becoming more popular with the effect of social media, and companies are invited to be more sensitive about these issues. Particularly global issues such as climate change, water scarcity and over-consumption of resources are globally posing a serious threat for future generations. As Polisan Holding companies, we are aware that we are responsible both as an individual and as an industrialist to conform to these new developments and present the future generations with the quality of living standards they deserve. Our energy saving investments are a direct result of this awareness, and we are also focussed on issues such as stopping the violence against women.

MESSAGES FROM TOP MANAGEMENT

As Polisan Holding companies, we continued to sustain our pioneering and innovative position in the sectors we operate in in 2015, which was a difficult period for the Turkish economy and the construction sector. We give great importance to pioneering and make continuous improvements in the environmental and social issues as well as increasing our income and profits, and we conduct our works in this respect.

While our focusing on profitability enabled us to reach the same level of operational profitability as the top paint manufacturers in the world, Polisan Boya has become the first in Turkey and third in Europe to obtain the Environmental Product Declaration Certificate with our 4 products developed by our R&D Centre at the end of 2015, by focussing on human health and environmental sensitivity. Sustaining our leadership in Turkey, we are proud to represent Turkey among world leaders with our pioneering applications.

Developing environmentally friendly manufacturing processes and products is within the prioritised targets of our holding company. We evaluate our processes and plants within this scope and make the necessary investments accordingly. Thanks to our New Formaldehyde Production Plant with a Silver Catalyst and the New Molybdenum Catalyst System which were commissioned by Polisan Kimya in 2015, we targeted reduction in our energy consumption and hence reduced our costs and contributed to the Turkish economy which imports approximately 70% of its energy requirement. Our investment commenced in order to move the Polisan Boya factory to the Gebze Chemical Special Industrial Site (Gebze Kimya İhtisas Organize Sanayi Bölgesi'ndeki (GEBKİM)), which is equipped with the latest technologies. The new plant will manufacture to world standards and due to the scale economy, will be able to increase the capacity to 540,000 tonnes per annum by working 3 shifts without requiring any extra investment cost.

We understand that we can only manage our environmental performance by measurable parameters. Therefore, we have been managing our carbon footprint with the approach of 'Measure, Reduce and Offset' within the framework of the ISO 14064-1 Standard since 2012. In order to reduce the

increasing greenhouse gases and spread this struggle widely all over the world, we contribute to and support activities in this respect.

We value the continuity of our social responsibility and support projects as well as our work focussed on the environment. Our project called "Every Voice is a Breath," which raises awareness against violence towards women, one of the most important issues in our country, has been highly recognised and rewarded both in the country and abroad. With our projects in education, culture and art, we carry on contributing to increasing the quality of life of people and in improving their environment.

On behalf of the Polisan Holding Executive Board, I thank our employees, faithful customers, shareholders, agents and suppliers for their support, and hereby confirm that we will keep our pioneering and innovative approach in our sustainability journey.

NECMETTİN BİTLİS

Chairman of the Executive Board, Polisan Holding

MESSAGES FROM TOP MANAGEMENT



THE CEO

Dear Stakeholders,

By focussing on our business targets, we are proud to have successfully completed the 2015 business year which was intensely full of fluctuations in global markets and the Turkish economy. As Polisan Holding, one of factors that lie beneath our success is no doubt the fact that we aimed a sustainable development by supporting our profit oriented business strategy with business ideas based on environmental and social performance.

We are aware that Turkey's effect on climate change is increasing every day from a growing economy that is based on fossil fuels. Especially environmental problems such as intense air pollution stemming from energy consumption are seriously affecting the living conditions of human beings. This indicates that current environmental and social issues are related to economic development, and great responsibility lies with the state and the industry.

We are thriving to increasingly invest more in environmental and social projects with our pioneering and innovative vision in all the sectors we operate in.

We are putting great effort into minimising our waste from our operations and also our fossil fuel consumption by our proactive approach in eliminating the economic and social costs created by environmental pollution in the long period. We strongly believe that environmental sustainability starts with the products that we produce intensely consuming raw materials and energy, and we work with great enthusiasm in our Polisan Boya R&D Centre, which deserves to be so-titled, in order to manufacture environmentally friendly products taking human health into account.

MESSAGES FROM TOP MANAGEMENT

We are aware that a significant portion of global issues are due to social problems created by geographical and cultural reasons. For this reason, in addition to our production activities, our social responsibility projects that attract attention to social issues with the aim of creating awareness continue to increase. One of these projects, 'Every Voice is a Breath,' which attracts attention to the tragedies of women who have been subjected to violence and to the problems of women in society, has been running for five years with the aim of increasing social awareness of women's issues. By means of our photography exhibitions held within the scope of the project, we provide a contribution for increasing the capacities of, and to strengthen, the Purple Roof Women's shelter Foundation Solidarity Centre Office, Women's Shelters, the Young Girl's Refuge Association Information Centre and Young Girl's Shelters.

In addition to this, we founded 2 Polisan schools in Malatya province and the Kocaeli Dilovası District. The Mehmet Emin Bitlis Secondary School and the Polisan Secondary School were built in 1988 and 1991, respectively, for approximately 4.7 million TL in total in today's figures, and we also provide their paint needs on a regular basis every year. In Dilovası Town, the Polisan Education Culture and Indoor Gym, which is being built for about 7.5 million TL, will contribute to the upbringing of the new generation in a fit and healthy way as it is the biggest indoor gym in the Kocaeli Province.

Thanks to the joint painting projects being carried out together with the Municipalities for 10 years, we make contribution to changing the faces of the living areas in many provinces and towns including Mardin, Malatya, Erzurum, Isparta, Bitlis, Burhaniye, Kütahya, Kadıkoy, Pendik, Beyoğlu and Fatih. The Safranbolu Kalealtı Primary School students painted their school with Polisan paint products with the contribution of the Safranbolu Municipality, the Directorate of Education and with Polisan Boya within the activities of April 23rd, the National Sovereignty and Children's Day in 2015. Reacting to the cutting down of the trees around our 5 hectare land in the Dilovası district in early 1990's, Mr Necmettin Bitlis, the Chairman of our Holding, contacted the Ministry of Forestry and spent 20 million TL in order to put wire and a

protection wall around this and another forestry area of the size of 200 hectare, preventing the trees from being cut down, and planted 100 000 more trees within the "Forestation Law."

As Polisan Holding Companies, we continue to support our economic success in the market by the measures we have taken and we will take in solving environmental and social problems, and we are proud to present our valuable stakeholders with our first sustainability report outlining our environmental and social performance within the principals of transparency and honesty.

EROL MİZRAHİ
CEO, Polisan Holding

ABOUT POLISAN HOLDING

POLISAN AT FIRST GLANCE

OUR STORY

POLISAN BOYA

POLIPORT KIMYA

POLISAN KIMYA

OUR AWARDS

POLISAN AT FIRST GLANCE

OUR VISION

- Being the most respected group of companies in Turkey,
- Being the group of companies which people prefer to work with,
- Being the leader and be recognised as such in the sectors we compete in
- As a result of this, it is to ensure sustainable growth and high returns for our customers, employees and shareholders.

OUR MISSION

Our Mission is to make contribution to the development of the Turkish society and the economy with quality products and superior service concept, and to provide high added value to the environment and to the sectors we operate in.

STRATEGIC PRIORITIES

To create maximum value for our shareholders;

- Growing the ongoing businesses in a profitable way,
- Providing the highest synergy among group companies,
- Establishing strategical partnerships to grow in the high-margin new business sectors,
- Making use of other assets in the Holding portfolio,
- Continuing with the corporate governance standards in view of professional management approach.
- Making contribution to the development of the Turkish society and the economy with quality products and superior service concept, and providing high added value to the environment and to the sectors we operate in.

OUR VALUES



Honesty
Innovation
Reliability
Modesty Transparency Loyalty
Environmental Sensitivity
Commitment
Human Health

"Over a half-century of experience"

2 ports

6 sectors

9 companies

906.4 million TL net income in 2015

24% increase in R&D expenses

Total of **1266** employees

5% increase in the number of employees in a year

Total training hours provided for the employees: **550**

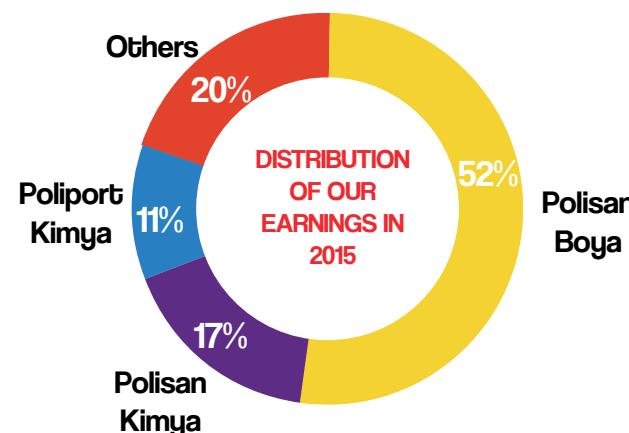
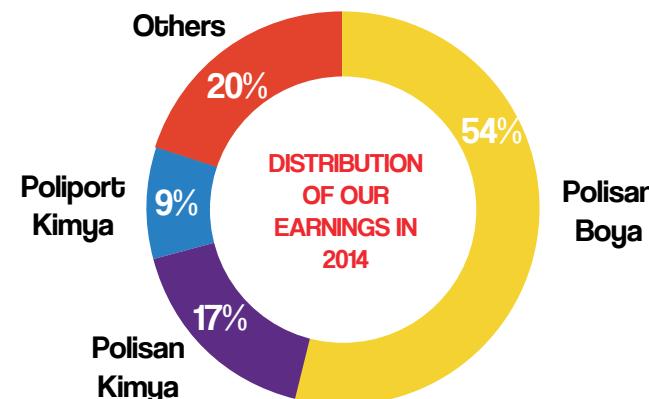
Total number of suggestions received from employees: **314**

3 awards in 1 year to our project "Every Voice is a Breath"

OUR STORY

The Bitlis Family story which started with the textile sector in 1956 lead to the establishment of Polisan Holding which has been operating in six different sectors, namely, paint, chemistry, agriculture, textile, construction and logistics (port management) in the last 50 years.

Polisan Holding, which was established with the aim of providing the coordination between the companies which it participated in their capital and management, and of ensuring their management properly by operating with advanced techniques in planning, marketing, finance and fund management in their legal affairs, human resources and information technologies, has been operating progressively both abroad and at home with the philosophy of 'Right Strategies, pioneering organisations and powerful future.' Polisan Holding has been following a sustainable strategy in becoming one of the leading organisations in Turkey.



AREAS OF ACTIVITY



Holding: Services such as accounting, finance, budgeting, health, maintenance-repair, investment, human resources and services provided for the Holding



Paint: Manufacturing and sales of paints, insulation systems, and sales of commercial products



Chemistry: Production and sales of chemicals



Port: Bulk liquid storage, dry bulk cargo and warehouse services



Agriculture: All kinds of plant growing and animal breeding and sales of these



Real Estate: Building construction, purchase, sales



Textile: Manufacturing and sales of textile products



MILESTONES

1956 •

Şark Mensucat, an integrated plant for material dyeing and weaving, which was founded by the Bitlis Family, commenced its operations in Zeytinburnu.

1961 •

Kağıthane Textile Factory was acquired and our activities continued here.

1964 •

The first step into the 50 years...
Poly Vinyl Acetate Chemical Materials Inc. (Poli Vinil Asetat Kimyevi Maddeler Sanayi A.Ş.) was founded and paper glue, textile finishing material, resin emulsion paints which are used as paint raw materials started to be manufactured for the first time in Turkey in the Kağıthane facility. The title of the Polyvinyl Acetate Chemical Materials Inc. was amended to be Polisan Kimya Sanayii A.Ş. (Polisan Kimya) in 1967.

1968 •

The formaldehyde resins used in plywood and formica plate, again for the first time in Turkey, began to be produced in the Kağıthane facility.

1971 •

Poliport Kimya was founded in order to provide bulk liquid storage services in Dilovası where Polisan Holding facilities were located.

1977 •

Equipped with the latest technology, the urea formaldehyde manufacturing plant with the capacity of 100,000 tonnes was built in Gebze-Dilovası and the manufacturing unit in Kağıthane was also moved to Dilovası.

1985 •

Polisan Boya Sanayi ve ticaret A.Ş. (Polisan Paint Industry and Trade Inc., Shortly Polisan Boya) was established and started paint production.

2000 •

In the industry, the first water-based paint mixing machine was developed which provides the same quality as the factory produced paint, and the production centre was determined to be the sales channel. Polisan Holding A. Ş. was established.

2004 •

Polisan Kimya A.Ş. (Polisan Chemical Inc.) established as a JV together with Rohm and Haas, known as the largest emulsion resin manufacturer in the world.

2006 •

Polisan Yapı İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş. (Polisan Construction Undertaking Tourism Industry and Trading Inc.) was established.

2008 •

Polisan Boya, changed 'its brand name as "Polisan," and introduced and registered, for the first time in Turkey and in the world, the concept of "we do not sell paint but home cosmetics," and hence the "HOME COSMETICS" products met with the consumer.

2009 •

Polisan Yapı Kimyasalları A.Ş. (Polisan Construction Chemicals Inc.) was established and started to sell concrete chemicals. Polisan Kimya (Polisan Chemicals) obtained a VDA License and began AUS 32 production under the AdBlue brand.

2011 •

The title of Polikem Kimya San. ve Tic. A.Ş. was changed to Polisan Tarımsal Üretim San. ve Tic. (Polisan Agricultural Production Ind. and Trd. Co.) and began the activity of growing saplings. The "first" single POS loyalty program and collection practices in the sector were initiated.

MILESTONES

2012 •

Polisan Yapı kimyasalları A.Ş. (Polisan Construction Chemicals Inc.) started to sell concrete chemicals. Polisan Holding A.Ş. shares began to be traded on Istanbul Stock Exchange Market.

2013 •

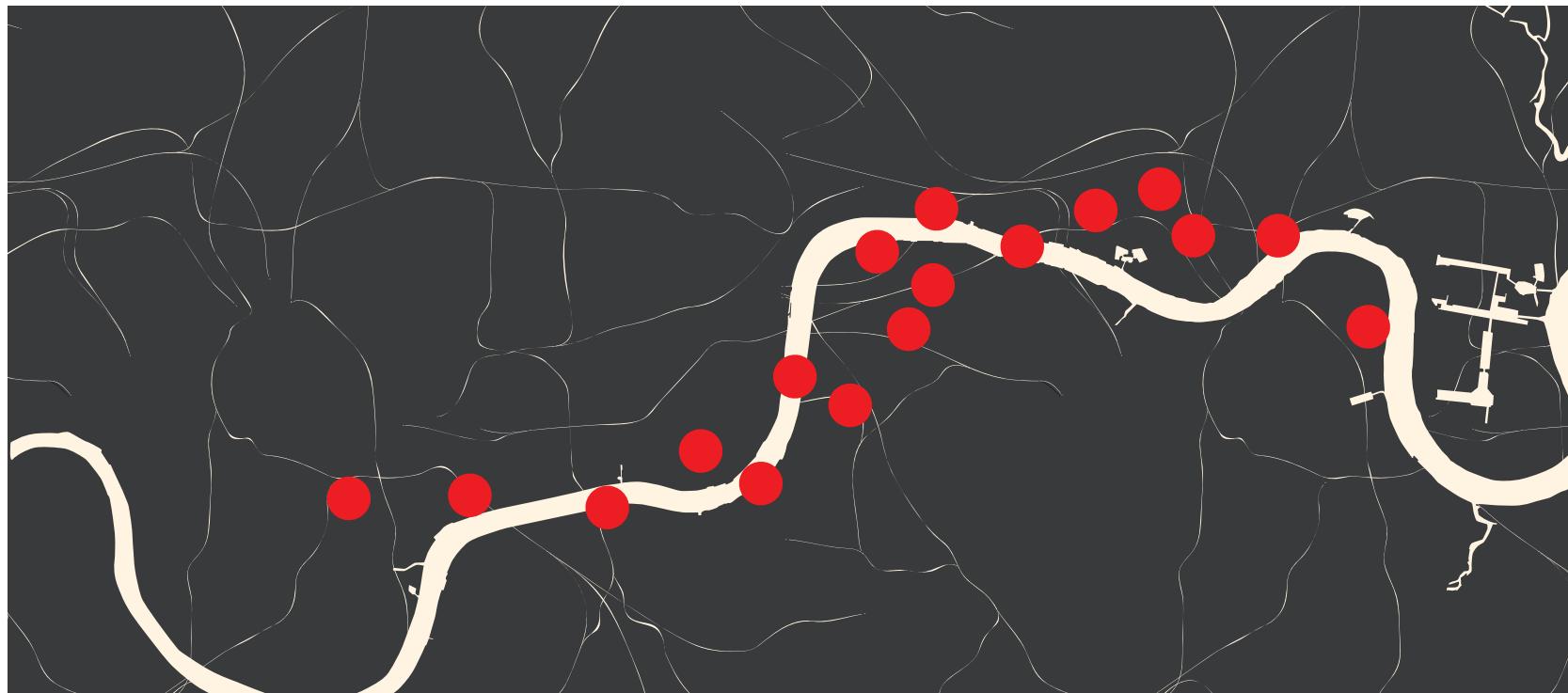
A fully automated Polyethylene Terephthalate (PET) Granules and Preforms Plant, the only continuous plant in Greece and Balkans, was acquired with 75 000 square meters of land and 15 000 square meters covered area in Greece, and began operating under the Polisan Hellas title.

2014 •

When the Holding was 50 years old, Polisan Hellas, the first overseas subsidiary of Polisan Holding in Greece, began to create income. The Z Office Project of Polisan Yapı in Kağıthane was completed. Polisan Holding companies were included in the TURQUALITY® Support Program under the brand name of 'POLİSAN.'

2015 •

Polisan Boya has become the first in Turkey and the third in Europe to obtain the Environmental Product Declaration Certificate. Polisan Kimya has renewed the Formaldehyde Facilities and developed the Smart Solution product range. Polisan Yapı has come to an agreement with the DAP-DOP Building Partnership for the project to be constructed on 180,000 square meters of land in Pendik.



POLISAN BOYA

Polisan Boya Sanayi ve Ticaret A.Ş. (Polisan Boya) operates with a manufacturing capacity of 180 thousand tonnes in Dilovası integrated plant, which is established on 300 thousand meter square area. Our company, which has over 250 Polisan branded product varieties and more than 7000 sales points, is in a leader position to have the widest product range in the decorative paint sector.



“ The Polisan Elegans interior paint is a market leader in its own segment ”

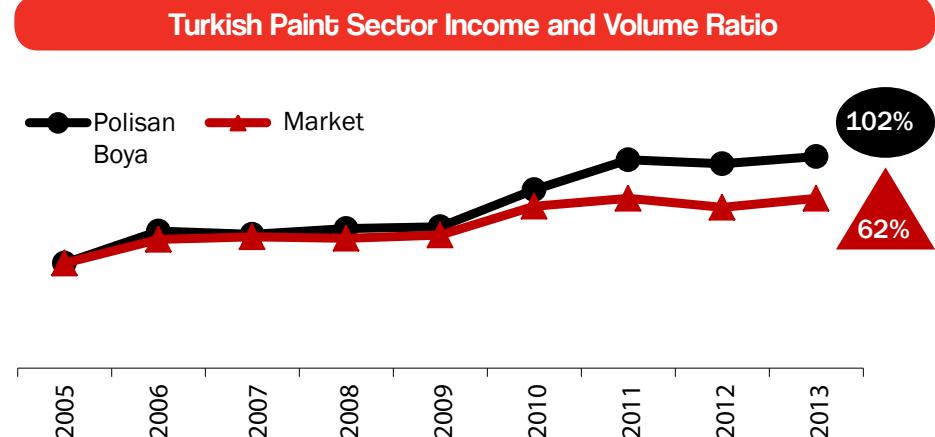
The Elegans branded top class interior paint is the market leader in its segment. Polisan Boya, which demonstrated its innovative, environmentally friendly and caring for human health identity, obtained ISO 9001, ISO 14001, ISO 18001 and ISO 10002 certificates. Polisan Boya developed the first water-based mixing machine in the sector which provides the same quality as factory produced paint. Today, by means of Mix Centre colouring machines located in 2500 sales points, it offers the consumers the colour they request with no extra cost and without sacrificing from quality. It also offers the agents the maximum benefit by allowing low stocking opportunity, in other words, less stocking area. Polisan Boya positions its products under the title of “Home Cosmetics,” which was registered in the world since 2008, and spreads the news under an umbrella communication

“ The **first** water-based paint mixing machine which provides the same quality as that of factory produced paint ”

“ We have developed the **FIRST** paint perfume of Turkey with the philosophy that we are producing ‘Home Cosmetics’. ”

“ **18** times increase in built capacity ”

“ More than **250** Polisan branded products ”



MEMBERSHIPS



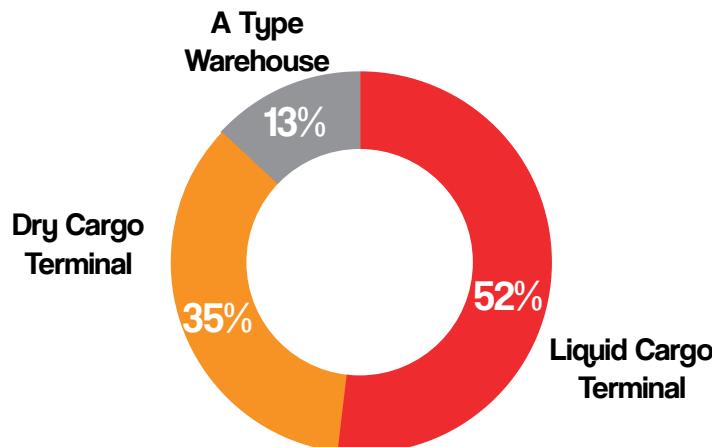
POLIPORT KIMYA

Poliport began to provide bulk liquid storage services after building one of the largest port complexes with a dock, a pier, a filling and storage facility on the land rented from the Directorate of Provincial Financial Office, National Estate Office in 1971.

Poliport Kimya, currently one of Turkey's largest private ports in Turkey, provides Bulk Liquid Cargo Storage, Type A General Warehouse and Dry Cargo / General Cargo Ship Loading and Unloading services for its customers.

More than 110 million US Dollars has been invested for Poliport Kimya so far to realise our long term goal of making the company one of the leaders in the growing sea trading sector. We are targeting to increase our current 200,000 cubic metres capacity to around 237,000 in 2016 and to 270,000 cubic meters until 2018.

Poliport Kimya has the ISO 9001 Quality Management System, ISO 14001, BS OHSAS 18001, ISO 10002 and ISO 50001 certification.



"As Poliport Kimya, the 10th largest port in Turkey, we take all the necessary measures by using a systematic approach in Health, Security, Environmental and Safety issues we come across in our business processes, and hence provide a healthy work environment for our employees, customers, business partners and neighbours. We identify all security threats within the scope of International Ship and Port Facility Security Code (ISPS), take preventive actions, co-operate with local authorities and maritime and the port industries and fulfil all our duties and responsibilities in order to ensure maritime security at the national level."

Aiming to spread the philosophy of environmental and social awareness among all the employees, Poliport Kimya achieves successful projects by ensuring this philosophy always guides us in all our business processes."

FIRAT YEMENİCİLER
General Manager, Poliport Kimya

MEMBERSHIPS



POLISAN KIMYA

Polisan Kimya Sanayi A.Ş. is the first formaldehyde and resin factory established in Turkey. Polisan Kimya has an annual production capacity of 80,000 tonnes with 50 years of experience and is deservedly proud to be the first name that comes to mind when the resin and formaldehyde words are mentioned.

Selling also semi concentrated UFC 80 solution as well as the formaldehyde produced in the plant, Polisan Kimya is growing faster every day and embracing new sectors outside the resin industry by expanding its product range.

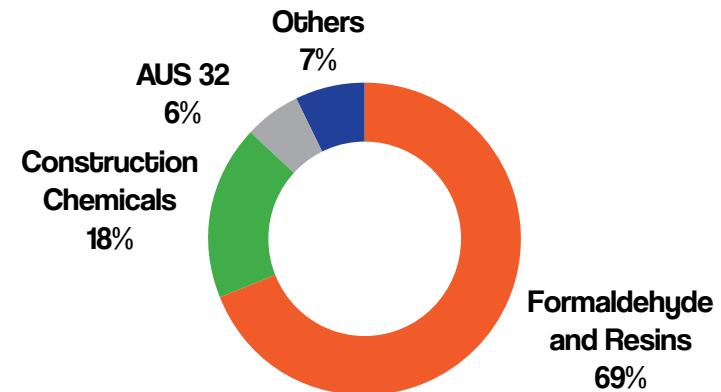
By the support and investment in the R&D activities and by improving its products following the latest technology, Polisan Kimya offers high quality products meeting the customer expectations.

Polisan Kimya, which adapts the environmental health and protection criteria that is regarded as highly important in the European Union, which Turkey is on her way to be a member of, manufactures the environmentally friendly product called AUS 32 under the German Automotive Manufacturers Association (VDA) license obtained in the brand of AdBlue at the AUS 32 (AdBlue) manufacturing facility which began operating in 2010.

It began to provide services as Polisan Yapı Kimyasalları Satış ve Pazarlama Şirketi by commissioning the 3rd manufacturing facility, Construction Chemicals, in 2011. Polisan Yapı Kimyasalları company which began operating with the production of Concrete Additives group increased its product range by the addition of concrete additive chemicals and demonstrated the quality of its products by obtaining a CE Certificate.

Polisan Kimya targets in all its activities to be a leading organisation in effective and efficient consumption of natural resources and energy and in environmentally friendly manufacturing principles. In this context, the production processes are conducted in compliance with the ISO 9001, ISO 14001, BS OHSAS 18001 and ISO 50001 certificates.

MEMBERSHIPS



"As Polisan Kimya, we strive to be a pioneer and leader in the sector by using creative and innovative ways in all our projects while providing the top quality products and services. In order to leave a healthy environment for the future generations, businesses should follow a growth strategy in compliance with sustainability principles. Accordingly, while we offer our employees a quality and healthy work environment, we offer high quality alternative products and services to our customers, to meet their needs and expectations. Our technology and facility investments enable us to gain a synergy, which is reflected as better quality products, decreased costs, and reduced demand for natural resources.

We are thriving to improve our sustainability performance even further by increasing the awareness of our employees in these issues by providing trainings. The sustainability which has become a part of our corporate culture is also transferred from one generation to the other within the company."

NECATİ BÜLENT HAKOĞLU
General Manager, Polisan Kimya

OUR AWARDS

2015

WE HAD 3 REWARDS WITH THE “EVERY VOICE IS A BREATH” SOCIAL RESPONSIBILITY PROJECT AT THE KRISTAL ELMA (CRYSTAL APPLE) AWARD.

Our social responsibility project, “Every Voice is a Breath,” had 3 awards (“1 Crystal Apple in the Media/Other Products and Services” category, 1 Silver Apple in the “Digital Advertisement/ digital Breaking Patterns Advertisement” category and 1 Bronze Apple in the “Most Creative Social Responsibility Campaign” category) in the digital category at the Kristal Elma, which is the most prestigious awards in the viral film and advertisement sector that was prepared to be introduced through Facebook and Twitter in 2015.

OUR “EVERY VOICE IS A BREATH” PROJECT WAS AWARDED GOLD IN THE INTERNATIONAL MIXX AWARDS.

“Every Voice is a Breath Project” was given the Golden Mixx Award at the “Awards for Excellence in Marketing and Interaction,” shortly known as MIXX Awards, which rewards the finest digital and mobile campaigns in entire Europe.

2014

WE TOOK THE SUPPLY CHAIN MODIFICATION (SAP SCM) OF THE YEAR AWARD AS POLISAN BOYA.

Polisan Boya was rewarded the SCM (Supply Chain Modification) award, which was held for the first time in 2014 by SAP, world leader in corporate software and application

2013

WE RECEIVED 2 AWARDS in the PACKAGING MOON AND STARS COMPETITION.

Our Polisan Boya Wood & Wood packaging was rewarded a “Golden Plaque,” and our Elegans packaging was rewarded a “Bronze Plaque” at the “Packaging Moon and Stars Contest” held by Turkish Standards Institute (TSE) and the Packaging Manufacturers Association.

STEP BY STEP SUSTAINABILITY

RESPONSIBLE MANAGEMENT APPROACH

OPERATIONAL EXCELLENCE

STAKEHOLDER RELATIONS AND MATERIALITY ASPECTS

FOR A LIVEABLE ENVIRONMENT

OUR STRENGTH: OUR EMPLOYEES

SOCIAL BENEFIT

STEP BY STEP SUSTAINABILITY

As the Polisan Holding family, we strongly believe that our long-term development and stability in the industries in which we operate, is a direct result of our awareness in sustainability issues. Since we adapt a proactive approach in providing solutions to environmental problems such as climate change, depletion of natural resources, and to social issues such as human rights violations, we minimize the potential risks the companies likely to encounter in the coming years while we also achieve economic development. Thus, while we are taking firm steps forward, we are showing our stakeholders and our investors that we are a responsible and conscious organisation.

We, as the Polisan Holding family, understand that sustainability is not something that can be concluded as a result of something but a continuous voyage to go through, and we scrutinize all our processes from management approach to product delivery in view of economic, environmental and social issues, and take all the necessary actions without delay to improve ourselves.

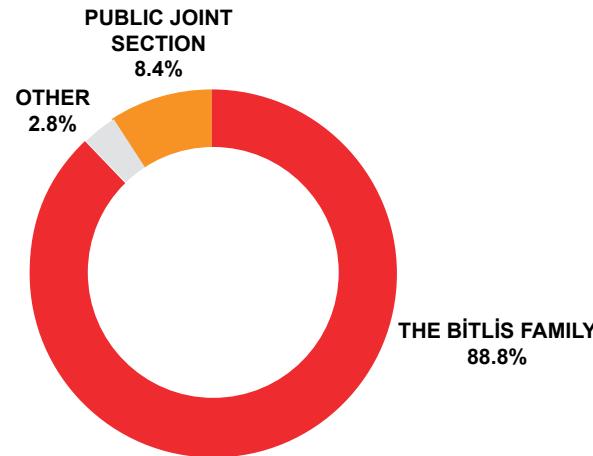
RESPONSIBLE MANAGEMENT APPROACH

POLISAN HOLDING COMPANY MANAGEMENT STRUCTURE

With the confidence brought upon us with our approach of 'The basis of sustainability relies on compliance with the principles of corporate citizenship,' we became a public holding company in May 2012. In this context, we began to manage all our activities from A to Z in the Holding in accordance with the principles of transparency, fairness, responsibility and accountability.

Holding affairs and administration is carried out by the Executive Board consisting of nine members elected by the General Assembly, and there are also two independent members on the Executive Board, who have been determined in accordance with the Capital Markets Board Corporate Governance Principles and the regulations. Although there are executive and non-executive members in our Holding Executive Board, the majority of the Executive Board is non-executive members. Among the non-executive members, there are those independent members who can execute their duties without staying under any type of influence.

POLISAN HOLDING SHAREHOLDING STRUCTURE



POLISAN HOLDING EXECUTIVE BOARD



Necmettin BİTLİS
Chairman of the
Executive Board



Mehmet Emin BİTLİS
Vice President of the
Executive Board



Ahmet Ertuğrul BİTLİS
Board Member



Ahmet Faik BİTLİS
Board Member



Fatma Nilgün KASRAT
Board Member



Erol MİZRAHİ
CEO



Fırat YEMENİCİLER
Board Member



İzzet ÖZBERKİ
Independent
Board Member



Ahmet TEMİZYÜREK
Independent Board
Member



Curricula Vitae of the Members of the Executive Board are presented in the relevant section of the activity report.

Committees Established Under Board Structure

“ An Audit Committee, Corporate Governance Committee, and an Early Risk Detection Committee have been established in order to increase the work efficiency of the Polisan Holding Executive Board. ”

The Audit Committee

The Audit Committee which is formed by a President and the members is responsible for taking all the measures for all types of internal and external audits being carried out adequately and in a transparent way. In this context;

1. Auditing and approval of the compliance of the to be publicised financial statements and footnotes to the legislation and international accountancy standards,
2. Inspection of the Holding accounting system, disclosure of financial information to public, independent auditing and the functioning and efficiency of the internal control system of the Holding,
3. Inspection and finalisation of the complaints in relation to Holding accounting, internal control system and independent auditing,
4. Selection of the independent auditing organisation; initiating the independent auditing process by preparing the auditing agreements, and overseeing the work of the independent auditors at every stage.
5. The committee is also responsible for taking the necessary measures for the prevention of possible conflict of interest between the members of the Executive Board, managers and other employees, and of misuse of the trade secrets of the Holding.

The Auditing Committee had 4 meetings in 2015.

The Corporate Governance Committee

The Corporate Governance Committee, which consists of a Chairman and two members, checks whether the corporate governance principles have been applied in the Holding or not, and identifies the conflicts of interest that may arise.

In the case of these principles not being fully complied with, it advises the Board to improve the corporate governance practices, and assists the Board in managing the relationship between the Holding and the shareholders of the Holding; and for this purpose, it is also responsible for overseeing the activities of the investor.

The Corporate Governance Committee had 2 meetings in 2015.

Early Risk Identification Committee

Polisan Holding Early Identification of Risk Committee consists of a committee chairman and a committee member. Having been responsible for early detection, assessment and calculation of strategical, financial, legal and all other kinds of risks which may pose a threat to the existence, development and sustainability of the Holding, the Committee gives support to the Board in managing these risks in compliance with the corporal risk taking profile of the Holding, establishing internal control systems in relation to the risks, implementation and reporting of the measures taken.

The Early Risk Identification Committee had 2 meetings in 2015.

ETHICS AND INTEGRITY

We are publishing the Polisan Holding Ethical Principles Booklet on our website so that corporate ethical principles, which can provide a dynamic, efficient, highly competitive, respectful for the nature and the cultural heritage, which provides sustainable development and which are accepted by everyone, can be identified; and our employees can establish mutually trustful relations based on ethical principles and mutual trust in their work and private lives; and any behaviour or attitude not complying with the ethical principles can be prevented, and also our ethical principles can be easily adopted by our suppliers, customers and other people outside the company.

While we are focussing, together with our employees, on our strategical targets, which will strengthen us; we aim to improve the quality of life in Turkey by our applications to protect the environment and human health. In this context, we manage all our processes as part of our ethical principles and values, and we want all our employees to adopt and adhere to these values.

Our ethical principles represent an important place in terms of both the success of our organisation and personal success of our employees. Therefore, we expect all our employees to comply with the corporal ethical principles in the execution of their duties, and we emphasize that this is a personal responsibility.

Our managers also, in their work and private lives, thrive to set an example for our employees to raise awareness in complying with our ethical principles, and to take responsibility and to ensure these principles are complied with in the cases where they are not closely followed.

Our Ethical Values

Prudence
Liability
Integrity
Positive, Constructive and Moral Human Relations
Health, Safety and Protecting
the Environment
Equal Opportunity and Compliance



You can access the Polisan Holding ethical principles via our [website](#).

OPERATIONAL EXCELLENCE

PROCESS MANAGEMENT

We have implemented the Process Management which is the first step of corporate improvement since the beginning of 2000, and hence, ensured that our processes are continually and regularly monitored and developed. We continually evaluate, analyse and improve as necessary our processes at all stages from order receiving to delivery and post-delivery in order to meet the requirements of our clients.

As Polisan Holding, we manage our business processes by following the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, BS OHSAS 18001 Occupational Health and Safety Management System and the ISO 10002 Customer Management Systems. In our reporting period in 2015, we obtained the ISO 50001 Energy Management System Certificate and we still continue with our TS EN ISO/IEC 17025 Laboratory Accreditation and ISO 27001 Information Security work.

Depending on the sheer number and/or complexity of our activities, we divide the management of our processes into top process and sub-process in accordance with a process hierarchy to make it easier to manage. We have been following the performance of the processes, in other words, the results of 222 sub-processes related to 33 top processes, and we are in a continuous effort towards enhancing the performance of these processes.

Moving Business Processes into Electronic Media

In order to manage our business processes within our holding companies with maximum efficiency, in 2013 we have started the e-BA (electronic media) and e-Corporation, by which we not only transform all our business processes into electronic media but also minimize our paper consumption during the management of our business processes.

We have adopted a concept of carrying out process-oriented business with the help of e-BA and e-corporate. In this context, we have transferred 30 business processes to e-BA by the end of 2015, and by doing so, we have maintained standardization and traceability.



PROCESS MANAGEMENT

QDMS - INTEGRATED MANAGEMENT SYSTEM

We have been managing all the documentation, auditing activities, corrective and preventive activities and actions of 5 management systems that our companies have by QDMS Integrated Management System under one roof in a standard, efficient, controlled, current and systematic way.

We increased our business productivity by accelerating the document flow and transport, by resolving and recording non-compliance cases in our Corrective Preventive activities more rapidly, and by bringing greater conveniences in job assignment and chase up across the departments.

OUR PROCESS AUDITS

We have been periodically monitoring and examining the efficiency of our applications in order to improve our compliance with the conditions determined by international standards and requirements and management systems from an independent perspective.

“ We had transferred **30** business processes to e-BA system by the end of 2015, and by doing so, we maintained standardization and traceability in our business processes. ”



PROCESS MANAGEMENT

Our Management System Audits

We have been periodically monitoring and examining the efficiency of our applications in order to improve our compliance with the conditions determined by international standards and requirements and management systems from an independent perspective.

In this context, the audits of 29 out of 33 business processes were completed in 2015, which was 88% compliance with the audit plan. We plan to conduct 34 audits by revising our business processes in 2016.

**“ 95%
compliance
with the
Supplier Audit
Plan ”**

**“ 96%
compliance
with the
Process Audit
Plan ”**

5S Site Audit Plan ”

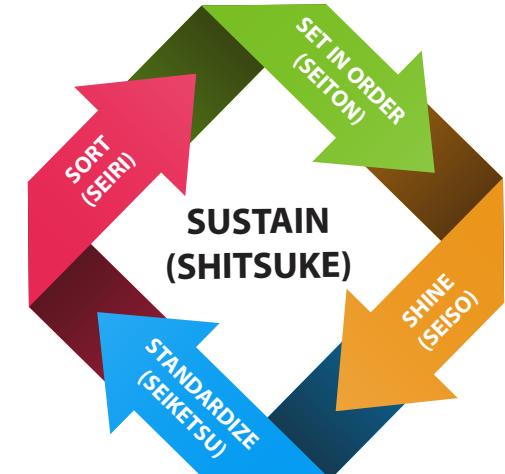
Our 5S Site Audits

In our reporting period, we began working for 5S, which is for maintaining the integrity of all applicable rules in order to maintain order and discipline in the Polisan Holding sites. We conducted 46 site audits in 2015 in order to create an ordered work environment, to ensure that this scheme is permanent and to prevent waste arising.

**“ We planned 48 site audits in 16 5S top regions
and 104 5S sub-regions together with 5S
coordination teams with 3 month intervals in 2015,
and we conducted 46 site audits. We planned 50
site inspections in 2016.”**

5S AT POLISAN HOLDING

**REMOVE IF NOT USED
SIMPLIFY IF COMPLEX
CLEAN IF DIRTY**



Our Supplier Audits

An important part of sustainability for us is the supply chain. We audit our suppliers with our audit team within the scope of our annual audit plans in order to improve our supply chain in the direction of our sustainability principles. We evaluate environmental and social performance of our suppliers as well as their business performance by our audit team which is formed by responsible people from relevant departments. We transmit via our QDMS Integrated Management System the results of our audit reports and any non-compliance we have identified during the audits. We believe that the supplier auditing is an appropriate communication channel. We share our vision of sensitivity with companies like Borusan Lojistik and Dinçer Lojistik.

Our Subcontractor Audits

We audit our subcontractors working at the factory site “Before Work”, “During Work,” and “After Work,” and measure their health, safety, environmental, energy and work implementation performances. We only work with those in our Approved Subcontractors List, and we share our audit and evaluation results with them on various platforms for their continuous improvement.

PROCESS MANAGEMENT

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
<p>Completion of all business process audits.</p>   	<p>The audits of 29 out of 33 business processes have been completed, which is 88% compliance with the audit plan.</p>	<p>To ensure 100% compliance with the audit plans in all business processes. To ensure at least 70% compliance with the completion time of the identified non-compliances.</p>
<p>To Identify the critical processes together with the business owners, and construct these processes with the relevant teams, and implement as soon as possible.</p>   	<p>9 new processes were designed and implemented in 2015. 4 processes were improved and revised</p>	<p>To develop at least 5 new processes and to improve at least 5, by supporting the relevant areas during process construction and improvement stages.</p>
<p>To complete the audits of all the business processes implemented within the context of 5S work.</p>   	<p>96% compliance was achieved with the audit plan by completing 46 site audits in 2015.</p>	<p>To ensure 100% compliance with the audit plan in all business processes within the scope of 5S. To ensure at least 70% compliance with the completion time of the identified non-compliances.</p>
<p>To complete the audit of all contractors.</p>   	<p>72% compliance was achieved with the audit plan by completing 8 subcontractor audits in 2015.</p>	<p>To ensure 80% compliance with the subcontractor audit plan. To ensure at least 70% compliance with the completion time of the identified non-compliances.</p>

SUPPLY CHAIN MANAGEMENT

In order to create sustainable values, we support our partners, suppliers, stakeholders, developing projects in cooperation with them; and we also encourage them in work ethics, occupational health and safety and in creating environmentally friendly production and products. We work with those stakeholders who comply with the legislation in force in their fields.

We are in contact with our suppliers through appropriate communication channels such as meetings, site visits and audits.

Supply Planning

We are improving our planning function, which is a part of our SCM, in order to offer our clients best quality products with the best price and performance guarantee, and to ensure continuity and accessibility in the competitive environment of the Paint and Chemical markets.

We try to adopt the most appropriate planning in terms of time, space and cost and we work with the optimum stock levels of raw materials, semi products and products in compliance with our production strategies in order to avoid any customer dissatisfaction in our plans.

Identifying stock management methods for both products and semi products and raw material/material inventory stocks, we decide which products will be produced to be stocked, which products will be produced for sale, and which semi products will be produced at what quantities and where they will be stocked. Here, we consider complying with the minimum and maximum stock levels in accordance with the dynamics of the business.

We use integrated planning with SAP modules. We began using SCM Module, which is an advanced level planning module in order to make this flow more systematic in 2015. Therefore, we are able to make our raw material and other materials planning effectively since we can see all the processes in a single frame. Since the customer demands coming through the sales network can be effectively collected on a regional basis through this module, this provides a healthy input in the planning process and increases the effectiveness of the planning. In this regard, the owners of the relevant processes meet each month, and make assessments and implement the necessary improvements in the Sales, Operations and Planning (SO&P) meetings.



"Sustainability" is a very important concept, which protects the environment and future generations while it allows new steps to be taken in economic and social development.

A huge responsibility for this role lies with companies which are the biggest entities in today's business world.

I would like to point out that we, as the solution partners of Polisan Boya and Polisan Kimya, are not only limited to both doing business and making profit, but we also take a more professional and global approach by adopting their sustainability approach, which a responsible commercial enterprise should adhere to. In this context, we have no doubt that we can take more confident and concrete steps into the future together with Polisan Boya and Polisan Kimya within the scope of sustainability.

We have been closely following and supporting the steps taken by Polisan Holding in economic, environmental and social issues. We thank Polisan Holding for all the hard work they have conducted and for the guidance that they have provided us with.

TUNCAY YILMAZ
Chemicals Department Manager, Helm Kimya LTD. STİ.

SUPPLY CHAIN MANAGEMENT

Purchasing Management

As Polisan Holding, we are aware that the environmental and social sensitivity would not be complete just with us. Therefore, we determine our suppliers, with who we will be dealing during our purchase management processes, not only just by evaluating their product performance and operation quality but their approach to the environmental and social issues as well.

“ We achieved a great success by reducing our monthly product stock levels down to 7 days in 2015. ”

We consider our purchasing activities we accept as the starting point in sustainability as a process and give importance to select local suppliers. We also increase their performance and standards towards sustainability by ensuring they work in compliance with the “Polisan General Purchasing Terms and Conditions”.

“ With our supply chain process management we manage to have the domestic supplier ratio of 87% and 69% for Polisan Boya and Polisan Kimya, respectively, which is another proof of our contribution to the country's economy ”

Local Product Certificates of Polisan Boya

“ Local Production, Local Products ”

With the aim of promoting domestic production, according to the conditions set by the Ministry of Science, Industry and Technology;

- the important stages of the production process and the products obtained or produced in Turkey, and the latest action deemed necessary based on labor and economic aspects must be made in Turkey, and
- the product's local contribution rate must be at least 51%.

By providing the conditions above, we obtained the certificate of domestic goods for construction paints on 02.10.2015 and for traffic road marking paint, water-based emulsion paint and primer product groups on 02.12.2015



87%
LOCAL SUPPLIER

13%
EXTERNAL SUPPLIER



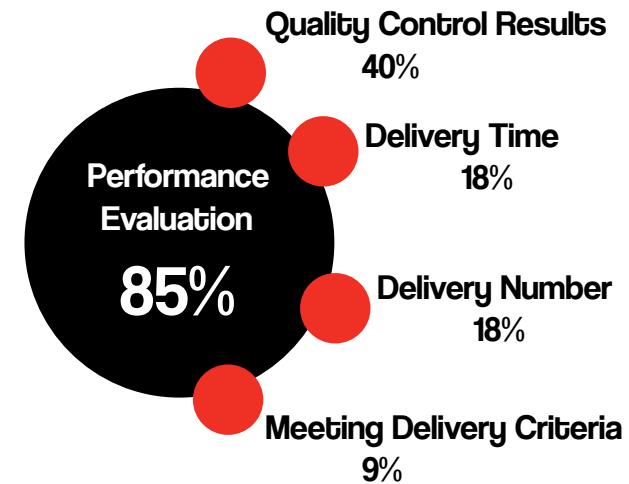
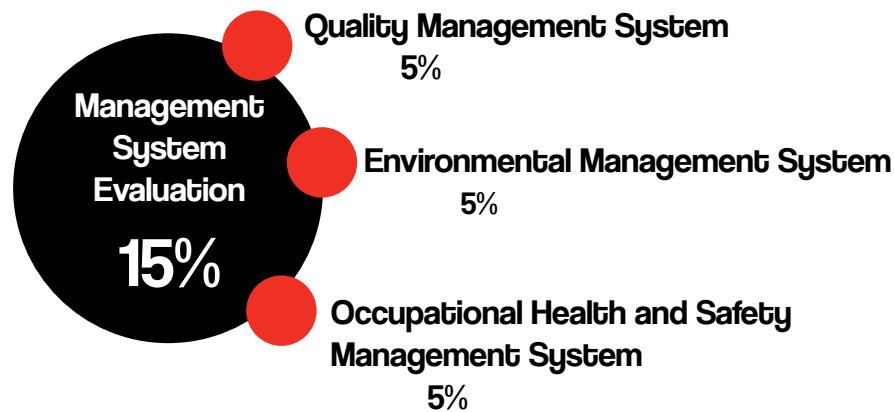
69%
LOCAL SUPPLIER

31%
EXTERNAL SUPPLIER

SUPPLY CHAIN MANAGEMENT

Evaluation of Our Suppliers

As Polisan Holding and its companies, we evaluate our suppliers that we receive goods/materials and services by two different methods.



We define our suppliers who score 91 or above as long term contract group. If they score 61-90, we continue our co-operation for their improvement. As a company always favouring long-term cooperation, we offer the opportunity to improve their processes to those suppliers which score 60 or below as a result in supplier evaluations.

“ We evaluate our suppliers not just for their products but for their environmental and social performances as well. ”

SUPPLY CHAIN MANAGEMENT

Logistic Management

We believe the Logistic Process is a very important factor among the competitiveness elements in today's world. In order to maintain the customer satisfaction at the highest level, as well as maintaining a high product quality, delivery time should be as early as possible and it should be carried out safely. In this respect, we are proud to have a fast delivery time in our sector.

Since 2014, we succeed to dispatch our products from the factory within 1 day. Delivery times to every province in Turkey time have been determined and we do not breach these delivery times unless there is a force majeure reason. Delivery time of our products to our customers is 3 days for the remotest region, and the same day for the region within a short distance.

We give importance to the fact that the companies we co-operate during the logistic process are those which always strengthen our position in the sector as Polisan Holding. We care about establishing strong and sustainable relations with the logistic companies since we are aware that sustainability can only be maintained not by spontaneous but long-term solutions. We expect the logistic companies, which we regard as our integral parts representing us against our customers, to work in line with professional business principles, to have an environmentally and socially sensitive point of view during managing their business processes, and to work in compliance with the Polisan Holding corporal auditing standards.

Logistic Company Evaluation

The logistic company is obliged to deliver the goods to the remotest customer within three days at the latest and for collecting the possible returned items from the customer and bringing it back to our factory as soon as possible. We evaluate the performance of our logistic companies on a monthly basis by checking them against the criteria such as delivery times they performed, their compliance with the site regulations and with the legal requirements.



NOT JUST COST BUT SUSTAINABILITY-ORIENTED SELECTION: BORUSAN LOJİSTİK

Since Polisan Holding is working with environmentally and socially responsible companies such as Borusan Logistics, we provide contribution to our supply chain and we also support their awareness in these issues.

"Borusan Logistics, which uses Euro Diesel Fuel in its work machinery at ports since 2009, cares about the compliance with the latest European

Emission standards for the vehicles in its fleet. Borusan Logistics prevented illegal and low quality fuel from being used not only in its own fleet and contracted vehicles but in the spot market vehicles as well. In this way, it annually hampered 33,294 tonnes of CO₂ emissions from being released into the atmosphere. The company plants trees within forestation projects on behalf of their customers for every 10 transports and 10 container handlings."

SERDAR ERÇAL
Turkey Deputy General Manager Logistics,
Borusan Logistics



BUTTERFLY EFFECT - DİNÇER LOJİSTİK A.Ş.

Dincer Logistic, which we receive services from since 2009, provides a positive contribution to the innovative and sensitive business model of Polisan Holding.

"Especially the TUBITAK audits, which were developed to provide operational, improvement and cost reduction, and "ADR Integration" held by two separate universities, and our projects such as "Data Transfer" and "Online Transaction," were not only all been supported but also implemented at a pilot scale by Polisan."

MUSTAFA DİNÇER
General Manager, Dincer Lojistik A.Ş

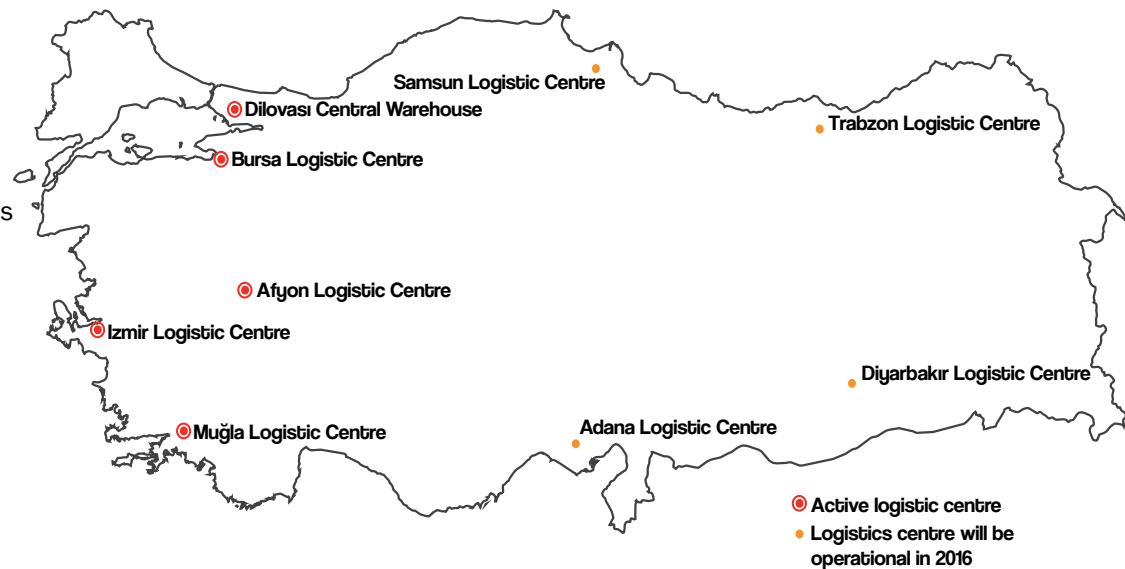
SUPPLY CHAIN MANAGEMENT

NEW WAREHOUSE OPENING

In Muğla in 2015

- with a stock capacity of 300 tons,
- which will provide distribution service in the Muğla, Denizli, Aydın provinces and districts,
- If necessary, will support paint shipment all over Turkey,
- will distribute 2000 tonnes of products annually,
- our warehouse was opened with 4 distribution vehicles and 6 staff.

Polisan will open four more Logistic Centres in 2016.



VEHICLE TRACKING SYSTEM

Although Polisan Boya receives the main logistics services from Borusan and Dinçer logistics companies, it also distributes products to its main distributors with its own fleet in 5 logistics centres, which were established all across Turkey.

By means of setting up a tracking system for our own fleet of vehicles in 2015;

- provided savings by monitoring the fuel consumption of our distribution vehicles in the warehouses,
- took control of delivery times,
- created synergy between distribution vehicles,
- provided product and delivery support between all the warehouses by creating commonalities between them.

APPOINTMENT SYSTEM

Shipping of Polisan chemical products is carried out by appointment with the vehicles supplied by the customer or by us. We use Polisan Vehicle Program (PSO) on site to manage vehicle entry and exit and loading operations, and control the duration of vehicles in our site by linking this software with our SAP system. While a vehicle took 7 hours in 2013 to load the products including the checks on entry and exit at Polisan Kimya, this duration was reduced to 3 hours in 2015, and we are planning to reduce it further down to 2 hours and 45 minutes in 2016.

Safe filling time for a tanker is approximately 30 minutes. Considering the times such as for witness sampling, repetition of last quality control analysis and for preparation of legal documents, it would be a serious improvement if we can manage all these procedures around one hour. Delivery of our products to the remotest area takes 3 days at Polisan Kimya, and we provide daily delivery to the Marmara region.

SUPPLY CHAIN MANAGEMENT

POLISAN BOYA WAS REWARDED THE SUPPLY CHAIN TRANSFORMATION OF THE YEAR AWARD.

Our Polisan Boya Company was awarded the Supply Chain Transformation of the Year award with the SCM Module which serves to demand, supply, production and shipment planning. Collecting by our SCM Module the demand forecasts in the light of the old data in accordance with the criteria such as the region, product groups, hierarchy, and the sales representatives; we began to carry out production planning on the basis of these data and with the optimization program that runs on the system. We realize our delivery planning in accordance with customer orders. This module enabled us to reduce the shipment times down to 1.5 days, thanks to the activities carried out by us from the source of supply to the furthest point. We are targeting to increase the demand meeting ratio and reducing the shipment times even further by managing our transport processes more effectively by means of this module.

POLIPORT FORCES THE SERVICE BOUNDARIES WITH ITS INVESTMENTS

Using the facilities introduced by information technologies, Poliport provides the opportunity for all the clients having the SAP system to have online access to the transport information by means of the Polismart software it developed, and therefore, offers all the customers to reach all types of stock and transport information instantly. Poliport, which continue with its investments to increase its capacity, is planning to increase the 2015 capacity of 200,000 m³ with the investment of the date over \$ 110 million to 237,000 m³ in 2016 with an investment of \$ 15 million, and further plans to increase the capacity to the level of 270,000 m³ with an additional investment of \$ 8 million until 2018. It is targeting to complete the Dry Cargo dock with a \$ 7.5 million investment, and to increase its capacity to 5.5 million tonnes in 2017 with an additional capacity of 500,000 tonnes. It is also within our 2016 plans to increase the warehouse capacity from 29,000 m² to 48,000 m².

SUPPLY CHAIN MANAGEMENT

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
To minimize the length of stay of materials in the warehouse by optimizing the turnover speed (< 18 days) 	The duration of stay of materials in the warehouse was 17 days on average.	To minimize the length of stay of materials in the warehouse by optimizing the turnover speed (< 18 days)
Reducing the labour by switching to automation in the warehouse areas, and to achieve energy savings by enabling efficiency in use of the devices. 	The water based binder tank capacities were increased to 450 tonnes from 225 tonnes, and hence, the labour necessary for 2500 tank discharges per annum was reduced.	The current target will be preserved.
To ensure an effective stock management in both factory and at the distributor, and to be able to give an immediate response to the colour demand of the customer by colourising the product at Polisan logistics centres and distributor 	The ratio of on-site colouring has increased 8.4% compared to the previous year.	To ensure that the ratio of colouring performed on-site is at least 15%.
- 	-	To reduce monthly forklift usage by 5% compared to the previous year, to provide 5% fuel and CO ₂ emission reduction.
To follow the performance improvement of the suppliers and ensure that this contributes to the improvement process. 	17 Supplier audits were carried out together with the Quality and R&D units in the year, and this means 100% compliance with the audit plan.	To meet 2015 targets.

SUPPLY CHAIN MANAGEMENT

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
To follow the performance improvement of the suppliers and ensure that this contributes to the improvement process. 	3 Supplier audits were carried out together with the Quality and R&D units in the year, and this means 75% compliance with the audit plan.	To meet 2015 targets.
To ship the products to in 1 day at the latest. 	Average shipment time was 0.91 days on average.	To meet 2015 targets.
To plan and ship % 15 of the orders within the same day order is given providing this does not increase the shipment cost. 	21% of incoming orders were shipped within the same day without increasing the shipment cost.	-
Integrating the legislation in relation to the ADR regulations into the process in packaging, transport and in commercial products. 	The legislation related to the ADR regulations was integrated.	-
Maintaining the time of a vehicle from entry to exit to the factory below the values of previous year on the basis of product breakdown. 	The time from entry to exit to the factory per vehicle was shortened by 15 to 33 minutes.	To meet 2015 targets.

R&D AND INNOVATION

In today's competitive business environment, R&D and innovation concepts are of great importance in both local and global level. As a public company, employment, export capacity and sustainability of revenues are important factors for us. Having been aware of our responsibilities as a result of being the leader company in the chemical sector, we orient our R&D work by employing qualified personnel to meet our advanced technology requirement. In light of this responsibility and awareness, we continually improve ourselves while we provide innovative, problem free and environmentally friendly products.

Keeping the quality, stability and the confidence at the highest level by providing customer focused services is our priority and also constitutes the basis of R&D. As Polisan Holding and its companies, by providing a healthy and safe environment while we are producing environmentally friendly products, we increase our R&D activities in order to meet the expectations of both our employees and the sector at a maximum level.

POLISAN BOYA, POLISAN KİMYA AND INNOVATION

Although Polisan Boya has come a long way in R&D and innovation so far, its targets grow every day and it works very hard to achieve these targets. Keeping our competitive power to compete with tough competitors brought upon us by ever growing targets and changing market dynamics, Polisan Boya began to produce high technology products, thanks to our R&D and innovation work.

Polisan Kimya was established upon the requirement of quality, stability and confidence by providing a customer oriented R&D and innovation work.

“ **POLISAN BOYA IS A QUALITY TRADEMARK. Polisan Boya, which continually invests in order to develop innovative products with its 59 R&D personnel, has become the 159th organisation to be granted the R&D Centre License by the Ministry of Industry and Technology.” ,”**

“ **As a R&D Centre and being entitled to benefits and exemptions, Polisan Boya spent approximately 4.2 MILLION TL in this context.” ,”**

We are targeting to receive an average of 2 million per year incentive and exemption supports within the scope of the law with clause no 5746 on supporting the R&D activities. This support includes income tax, incentives withholding, insurance premium employer's share support, stamp duty, R&D deduction, business material costs and project expenses, etc.

R&D AND INNOVATION

INNOVATION AT POLİSAN BOYA

“ As Polisan Boya, we launched into the market a total of 39 new products of which 8 new products in the water-based decorative group including Exelans Turbo, Natura Tavan Ultra, Natura MatPlast Extra and Exelans Granit; 10 in the Industrial and Marine Group; and 21 in the Furniture Group.”

In 2015, we added a total of 22 new products into our product range, including 4 products, primarily 2 products, namely, A-star Astar and Natura Ambians Estra, which have been designed in the decorative group and certified as a trademark; 11 products in the Industrial Group, primarily Epoxy Mioks Primer, Epoxy Zinc Loaded Primer, Epoxy Zinc-Rich Primer, 1K Acrylic Paint, Poliheat, Perla Metal Hammer, Industrial Anti-rust, Perle Industrial Primer and Industrial Thinner; 2 products in the Solvent based Wood Group, namely, Wood & Wood Spray Paint; and 5 products in the Furniture Group.



Technology and Innovation Support Programs (TEYDEP)

Polisan R&D Centre conducted 6 projects with a total budget of 4.7 million TL, supported by TUBITAK in 2015. New projects are added to these projects aimed at developing innovative products by using healthier and more environmentally friendly raw materials for new uses and applications.

Mix Center

We work intensely to determine the colour trends each year, establish timeless colour range and to reflect these trends to our products so that we can offer limitless colour choice by means of Mix Centre, which enables all colours in a consumer's dream to be accessed speedily at the factory quality with no extra cost.

In 2014, we worked with 36,900 colours, 300% increase compared to the previous year. The colour data has been reflected on to the Mix system network on site and presented for our customers' service. In 2015, we kept the existing number of colours and we produced new colour data and added to the Mixing system for each colour added to our portfolio. We still continue to increase the number of colours we work with as we have a new product. In addition to the colour work, we receive the colour demands coming from the site and from the market by a Special Colour Demand Process via the e-BA system, and then we work on the colour and offer it to our customers. For example, we conducted R&D research on 1739 and 2277 new colour requests in 2014 and 2015, respectively, and the requested colours were prepared. We also target to complete these requests as soon as possible. Our completion time for the water-based and solvent-based paint colour requests in 2014 and 2015 were maximum 1.5 days and 2 days, respectively. We will keep these targets in 2016, too.



R&D AND INNOVATION

Environmentally Friendly Product Designs



Water-based door/panel paint



World's first water-based metal paint Polimetal



Turkey's first water-based road marking paint to replace solvent-based counterparts



Turkey's first water-based glossy topcoat paint to replace solvent-based counterparts

“ Heat insulation products ”

“ The new generation antifouling marine paint ”

“ Water-based products ratio has increased to 89% ”

“ Removing from our portfolio of toxic and corrosive products has been completed 95% ”

R&D AND INNOVATION

PRODUCTS LOW VOLATILE ORGANIC COMPOUND (VOC) CONTENT

Polisan Boya, working always with the aim of “Developing a water-based low VOC product as the replacement of each solvent-based paint”, developed the “Polimetal water-based paint” in 2014, and by doing so, achieved something for the very first time in the world. “The Polimetal Water-based” paint, which does not contain any harmful chemicals for human health, is also an environmentally friendly paint since it has low VOC values. After the Turkey’s first water-based gloss finishing and water-based road marking paint, this first water-based metallic paint in the world has been presented to our consumers.

While old method solvent-based metallic paints require a primer application, “Polimetal water-based” metallic paint does not require any primer to be applied. Therefore, since there are no primer or intermediate layers, a huge saving is achieved in time and labour. Since the application of the paint is completed at once, it makes it more convenient for the user.

NEW GENERATION ANTIFOULING MARINE PAINTS PRESERVE BIOLOGICAL DIVERSITY

In 2014, we started the project titled “Development of Boron Acrylate Polymer Based New Generation Antifouling (AF) Marine Coatings and Determination of Antifouling Effects”, and we still continue to work towards developing an antifouling paint which would minimise the harmful effects of on the biological diversity in marine environment.

In these types of paints, which are used in order to protect the surfaces of sea transportation vehicles from sea organisms, people have been using chemicals with long lasting effect, in other words, chemicals with longer biological degradation. Polisan concentrated on developing polymers/co-polymers, which not only will replace these chemicals but also can be hydrolysed in sea water. Moreover, we are using environmentally friendly boron compounds for its biocidal effect. The project is planned to be completed in 2017.

Reducing the Hazards of the Products

We have worked towards reducing the use of environmentally harmful raw materials in solvent-based paints and thinners, and In 95% of our toxic and corrosive products the harm levels have been reduced.

Thermal Insulation

We are working to improve the heat reflecting and heat insulation capabilities of the raw materials used in our thermal insulation products launched in 2011. Taking into account the heat and humidity conditions in each region of Turkey, we have been conducting a lot of R&D to develop region specific insulation materials.



INNOVATION AT POLİSAN KİMYA

In 2014;

A total of 3 new products were launched with the commercial brands of Polifen 50Rwool, Polifen 50 PLM, Polyüre 5051.

In 2015;

In order to lower energy consumption, we conducted research on the production processes and the molar ratios of the products with the commercial brands Polifen 76-TD, Polifen 765- TD and Polyüre 1065, the vacuum times were either eliminated or reduced and an energy saving of 12.5% kWh per product was achieved.

A TEYDEP project for the use of environmentally friendly natural lignin instead of harmful "Phenols" in the synthetic phenol resin was conducted and completed. We are planning to launch our product with the brand name POLFEN BIO MP in 2016.

We are targeting to reduce the harmful gas emissions in 2016 and to produce two more products and to carry out 2 TEYDEP projects. While we are targeting to reduce the harmful emissions by using bio-based materials (natural products) in wood-based panels in one of the planned TEYDEP projects, we are aiming to reduce both the price and the petroleum-derived polymers by using of natural sugar and natural lignosulfonate in the polycarboxylate production in the other TEYDEP project.

“ In 2015 we carried out 1 TEYDEP project with a budget of 0.6 million TL in Polisan Kimya ,”

R&D AND INNOVATION

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
 -	-	To commission the solvent-based mixing system in 2016.
 -	-	The Eco-label - Developing products which have minimum adverse environmental effects and which comply with the ISO 14024 Standards and have Type I environmental labels, approved by independent verifiers.
Having at least 3 TEYDEP project approvals and to start these projects. 	6 TEYDEP projects were approved and started in 2015.	Having at least 4 TEYDEP project approvals and to start these projects.
To respond to the colour requests of the water-based paint in maximum 2 days and for the solvent-based paint in maximum 2 days in 2015. 	We responded to the colour request of the water-based paint in maximum 1.5 days and for the solvent-based paint in maximum 2 days in 2015.	To meet 2015 targets.
To design a minimum of 21 new products. 	A total of 22 new products were designed: 6 for the Construction Group, 11 for the Industrial Group and 5 for the Furniture Group.	To design a minimum of 14 new products.

R&D AND INNOVATION

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
To receive 'ZERO' formulation based customer complaint for the formulations developed by the R&D about the products developed/ designed in 2015. 	No customer complaints about the formulations developed by the R&D were received.	To meet 2015 targets.
To design at least two environmentally friendly products. 	The Phenolic Resins (Bio Resins) product studies were completed.	To design at least two environmentally friendly products.
To conduct work in order to increase the energy efficiency of the existing processes and to be newly designed products. 	In order to lower energy consumption, we conducted research on the production processes and the molar ratios of the products with the commercial brands Polifen 76-TD, Polifen 765-TD and Poliüre 1065, and the vacuum times were eliminated/reduced and an energy saving of 12.5% per product was achieved.	To evaluate at least 1 production process of a product in terms of energy consumption and to achieve an energy saving of %20 kWh per product.
- 	-	Having at least 2 TEYDEP project approvals and to start these projects.
- 		To increase the number of monitoring from 1 to at least 3 for the new product processes developed in 2016. To improve the product validation time by examining the product in use at the customer site.

CUSTOMER RELATIONS

Our most important target as Polisan Holding and its subsidiaries is to provide and maintain 100% customer satisfaction by treating each complaint as gratitude. Since our company was founded, we are acting in accordance with the principles of "We listen to you" and "Each complaint will turn into gratitude", and we adopt these principles with all our employees as a very valuable company asset. We promise to evaluate all claims and complaints from our customers objectively and to produce the most effective and fair solutions, to prevent recurrence of non-compliances and to comply with applicable legislation and standards. We accept all our customers as our business partners, and we use our resources primarily to improve our relationship with them for their satisfaction.

Channels of Receiving Customer Complaints, Demands and Expectations

- **Polisan Boya Call Centre (444 83 80)**
- **e-BA (Certificate, Document and Workflow Management System) entries**
- **Customer Visits**
- **Internet**
 - info@polisan.com.tr
 - info@polisankimya.com.tr
 - poliport@poliport.com.tr
- **Through sales**
- **Polisan Boya Basic Research Laboratory**
- **CRM (Customer Relationship Management)**

We keep all the information as confidential during the solution process of customer complaints and evaluate these within the shortest time possible. By responding to the complaints in 24 hours, we give information about the stages of the handling process.

Customer Management

We evaluate the customer complaints confidentially as soon as possible, and respond in 24 hours, and manage the solution process in line with our principles of being customer oriented, objective and letting everyone easily access the information. As a result of the feedback we receive from our customers, we continuously improve our services and take the necessary actions in order to avoid repetition of the same mistake by adopting a proactive approach.

We target a 100% customer satisfaction by carrying out the compensation of the damages process transparently and fairly, thanks to our customer-oriented approach.

We minimise the errors that may occur in practice by arranging information seminars for our internal and external customers.

We manage all these processes within the framework of ISO 10002 Customer Satisfaction Management System at the Polisan Boya and the Polisan Kimya companies.

**“ THE TARGET IS 100%
CUSTOMER SATISFACTION ”**

CUSTOMER RELATIONS

Informing Seminars for Painters

“ We arranged a total of 35 Informing Seminars for Painters in 5250 hours for 4140 practitioners and painters in 2015.” ,

Explaining the new products and providing information about their applications to the practitioners and painters referred by our sales points is one of the most important elements of our customer satisfaction process.

We extremely value these information seminars in order to improve how the practitioners and painters regard our company and business partners since they are mostly the decision makers in paint purchases. We measure the level of customer satisfaction by asking the participants to fill questionnaires following the seminars, and we take immediate action if and when we need to meet customer expectations.

We are aiming to give these seminars to the practitioners and painters at a different sales point each year, and in this way, we are supporting our already powerful distributor network and trying to strengthen our ties with the customers.



Customer Complaint System

Call Centre: We announce our call centre number (444 83 80) to our clients through product packaging, web pages and various media outlets.

We record all our customers' complaints/demands and expectations via a free phone



We categorize the complaints about the products as packaging, physical distortion (scaling, gelling, colour, particle, phase separation etc.), performance (brightness, hiding power, resistance, etc.) and we define the maximum resolution times depending on the type of complaint and we close the complaints within these times.

We are working very hard to keep the customer satisfaction at the utmost level by responding the customer in maximum 24 hours and informing him about the completion time of his complaint or letting him know when we can meet his request.

Surveys

In order to uncover the demands and expectations of our customers and for the purpose of measuring customer perception and satisfaction, we send a Customer Satisfaction Questionnaire by cargo/mail/phone/e-mail at least every 3 years, and we ensure the return of completed forms. We evaluate our survey results in the quarterly Management Review meetings and take the necessary actions for improvement.

POLİSAN BOYA

TECHNICAL INFORMATION

The ratio of being satisfied with the explanation



The ratio of being satisfied with the response speed



PRODUCT COMPLAINTS

The ratio of being satisfied with the explanation



The ratio of being satisfied with the level of information of the caller and how well the caller knows the subject



The ratio of being satisfied with the response speed



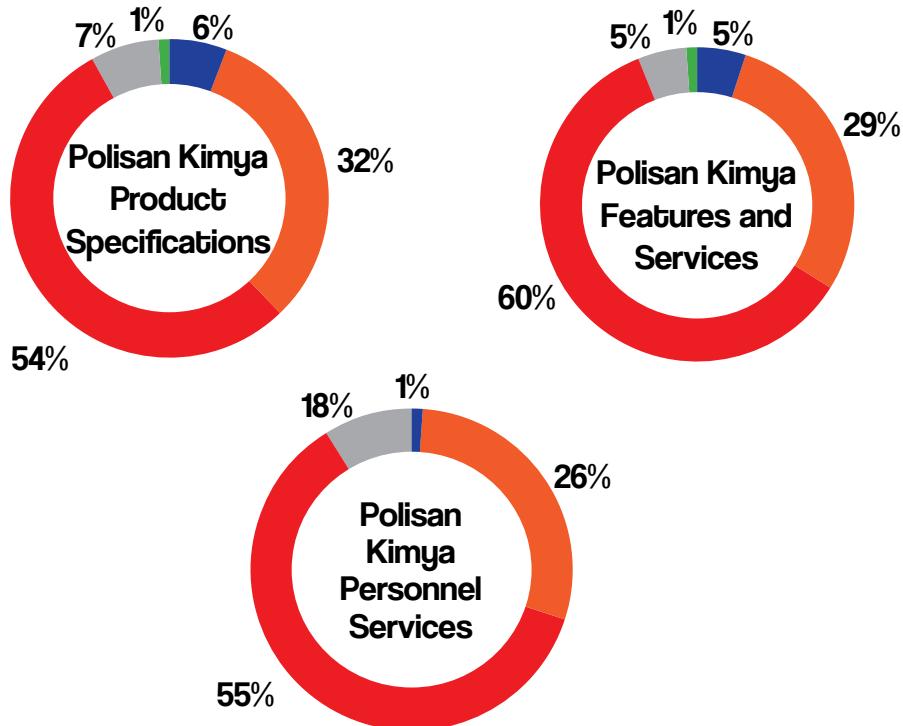
If required, the possibility of calling our customer line again



CUSTOMER RELATIONS

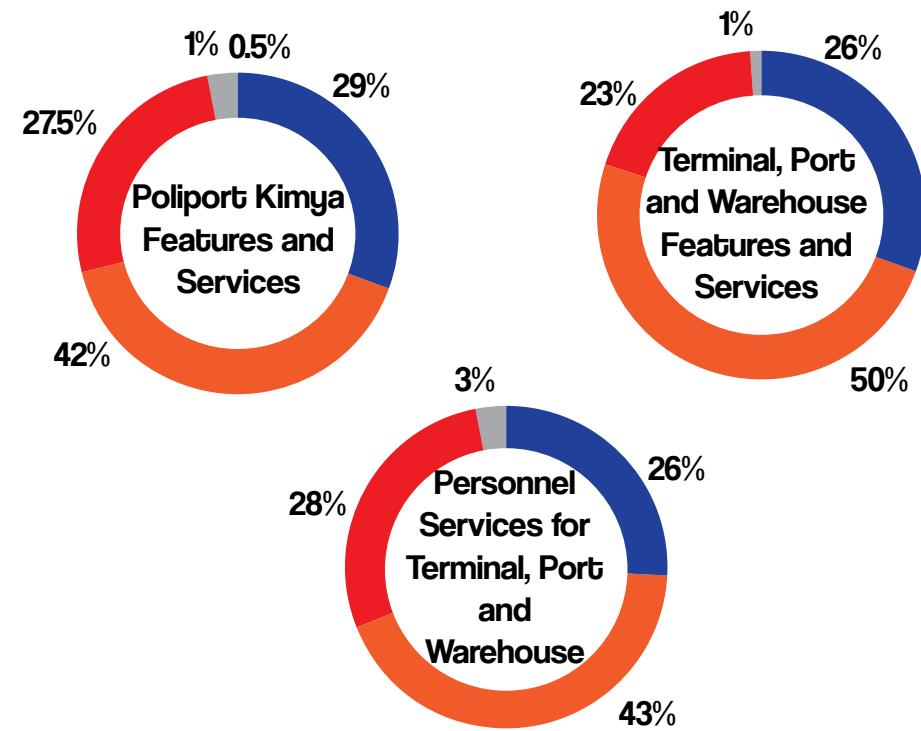
POLISAN KIMYA

Out of the customers who evaluate our products, 32% finds them 'Very Successful' and 54% 'Successful'.



POLIPORT KIMYA

Out of the customers who evaluate our services, 42% finds them 'Very Successful' and 27.5% 'Successful'.



█ Extremely Successful █ Very Successful █ Successful █ Not Successful █ Not Successful At All

CUSTOMER RELATIONS

POLISAN SHOP CONCEPT

We began our Polisan Shop Investments and developed the first “Shop Concept” with a standardized and widespread content in Turkey in 2008, after anticipating the increase in the number of women visiting our shopping points for paint and stemming from the concept that paint is a home cosmetics product.

Between 2008 and 2015, 1100 agents all over Turkey have met the general criteria to qualify as “Polisan Shop” and “Polisan Shop Improvement Point”, and made a positive contribution to turnover of our customers by the win-win principle, a creation of our expert “Channel Enterprise Application” teams from the beginning.



CUSTOMER RELATIONS

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
To ensure 100% customer satisfaction. 	Satisfied customer ratios were 92% and 97% in customers' complaints and technical information requests, respectively.	To ensure 100% customer satisfaction.
To provide expertise service from the centre to the construction sites. 	A total of 1574 Construction sites were monitored and their status were photographed and archived.	-
To arrange training sessions in order to improve our common points of view together with our painters and practitioners. 	Training was provided for 4140 painters and thermal insulation practitioners.	-
To renew the ISO 10002 Customer Satisfaction Management System Certificate with zero non-compliance. 	It was renewed with zero non-compliance.	To meet 2015 targets.
To realise the Polisan Shop Transformation by visiting 150 agents in 2015. 	Polisan Shop transformation was achieved at 228 points	To add 200 more agents to the Polisan Shop points

CUSTOMER RELATIONS

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
<p>To conduct surveys with at least 100 customers to measure their satisfaction with the Polisan Shop transformations.</p> 	<p>Surveys conducted with our 100 customers and the satisfaction ratio was 91%.</p>	<p>To achieve 80% customer satisfaction in the service of the Polisan Shop.</p>
<p>To conduct revision work with at least 100 agents in order to maintain the corporate continuity at the points where Polisan Shop Transformation took place.</p> 	<p>Revision work was carried out with 101 agents.</p>	<p>To conduct revision work with at least 100 agents in order to maintain the corporate continuity at the points where Polisan Shop Transformation took place.</p>
<p>To arrange periodical meetings and visits with the existing and potential customers at least once a month.</p> 	<p>Periodical meetings and visits were conducted with existing and potential customers once a month.</p>	<p>To meet 2015 targets.</p>
<p>To meet Customer Demands and Suggestions.</p> 	<p>SAP WMS system was revised in line with the Customer Demands. Barcode report commenced at the shipping stage. Continued with the batch tracking system which was established in 2014</p>	<p>To meet 2015 targets.</p>
-		Extending WEB / SAP applications to respond to our customers' operational requirements in a timely manner.

STAKEHOLDER RELATIONS AND MATERIALITY ASPECTS

OUR STAKEHOLDERS

As Polisan Holding, we strongly believe that the views of our internal and external stakeholders guide us in moving our sustainability performance forward. Therefore, during all our activities, we seek their views and share our economic, environmental and social performance with them transparently and in an honest way at various platforms.

As we always do, we included our stakeholders into our reporting process as well, by communicating with them through various channels in the determination of the priority issues in this respect. During this process, we prepared a Sustainability Report Stakeholder Dialogue Questionnaire for our internal and external stakeholders, who have priority for Polisan Boya, Polisan Kimya and Poliport Kimya, and have their feedbacks on economic, environmental and social issues.

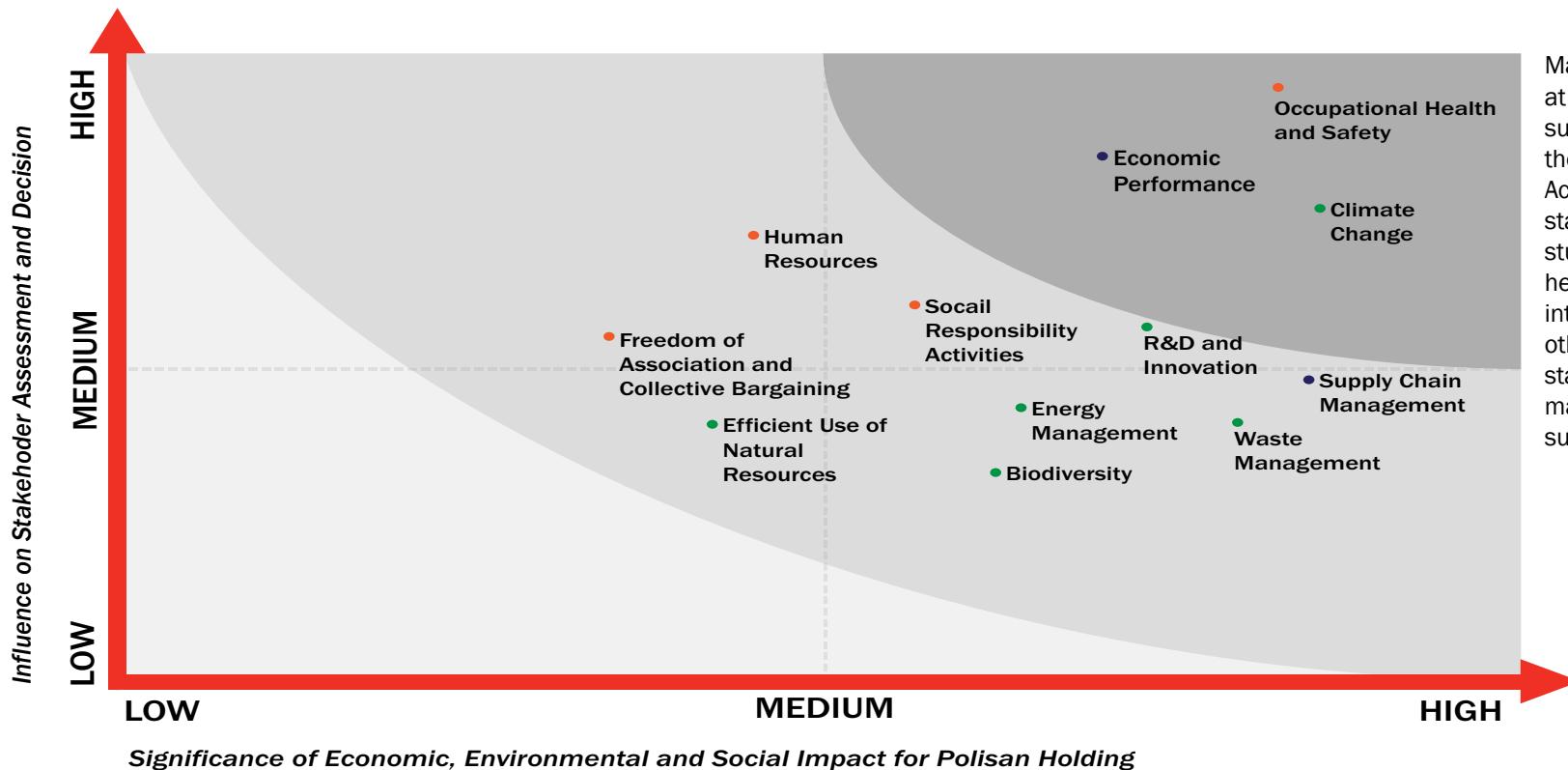
We asked our employees, our most important internal stakeholders, and our customers and suppliers, our external stakeholders, either contacting them face to face individually or by sending the questionnaire to them by email; and obtained their assessment of our company from their point of view. In these questionnaires, we kindly asked our stakeholders to let us know what issues were important for them and also to evaluate the performance of Polisan Boya, Polisan Kimya and Poliport Kimya in these issues.

“ We prepared a Polisan Holding Sustainability Report Stakeholder Dialogue Questionnaire for our internal and external stakeholders, who are important for Polisan Boya, Polisan Kimya and Poliport Kimya, and had their feedback on economic, environmental and social issues. ”

STAKEHOLDER GROUPS	METHOD OF COMMUNICATION
Polisan Employees	Corporate website, Social Media, Media, Corporate Social Responsibility (CSR) Activities, Corporate and Financial Communications, E-Newsletter,
Investors	Corporate website, Corporate and Financial Communications, Financial Reports, Investor Presentations, Financial Performance Reports
Media	Corporate Website, Corporate Social Responsibility (CSR) Activities, Advertising and Marketing Studies, Interviews and Talks
Local Society	Corporate Social Responsibility (CSR) Activities, Donations and Sponsorships, Activity Reports
Non-Governmental Organizations	Corporate Website, Membership At Various levels, Joint Projects
Universities	Corporate Website, Scholarship and Internship Opportunities, Sponsorship and Supports
Business Partners	Corporate Website, Social Media, Media, Agent Meetings
End Users	Corporate Website, Social Media, Media,
Distributors	Meetings and Interviews, Activity Reports, Questionnaires
Public Organizations	Public Scrutiny, Activity Reports, Meetings and Interviews
Suppliers	Face to Face Meetings, Activity Reports, Supplier Audits

MATERIALITY ASPECTS

Stakeholder Participation in Materiality Aspect Study



Materiality is the threshold at which Aspects become sufficiently important that they should be reported. According to results of our stakeholder engagement studies occupational health and safety come into prominence among all other aspects. All aspects stated in our materiality matrix is mentioned in our sustainability report.

MATERIALITY ASPECTS

We asked the opinions of our stakeholders.

		ECONOMICAL		ENVIRONMENTAL		SOCIAL	
		The Importance for Our Stakeholders	Our Performance in the Eyes of Our Stakeholders	The Importance for Our Stakeholders	Our Performance in the Eyes of Our Stakeholders	The Importance for Our Stakeholders	Our Performance in the Eyes of Our Stakeholders
	Importance We Give 	90%		91%		92%	
	Our Employees	90%	82%	94%	85%	93%	83%
	Our Suppliers	93%	92%	97%	96%	98%	97%
	Our Customers	96%	93%	95%	88%	94%	92%
	Our Employees	89%	86%	92%	88%	95%	88%
	Our Customers	96%	92%	99%	87%	98%	92%
	Our Employees	88%	81%	92%	84%	90%	83%
	Our Suppliers	93%	92%	91%	93%	89%	91%
	Our Customers	90%	87%	95%	88%	94%	92%

MATERIALITY ASPECTS

We asked the opinions of our stakeholders.



Digestion and implementation of "Sustainability" and the practices in this respect are extremely important nowadays. As one of the stakeholders of Polisan Boya, one of the leading companies in Turkey, I would like to

point out that our aim is not only to sell the high quality products produced by Polisan and make profit but also to move forward and increase our awareness on "sustainability," which is one of the important issues to be considered by a commercial enterprise.

In this context, Polisan Boya, of which we are the distributors, is increasing our awareness on what the "sustainability" concept is and how important it is. Polisan is teaching us that commerce is not only about selling products and earning money but we need to have a more professional and global perspective. Our company, hereby, as a stakeholder of Polisan, can take more confident and concrete steps for the future, and are able to follow closely the steps taken by Polisan in economic, environmental and social issues. We are extremely grateful to Polisan for all the work it carried out in this respect and for guiding us.

OĞUZHAN YAŞAR
Polisan Boya Distributor of Aegean Region,
Yaşar Yapı Malz.San.ve Tic.Ltd.Şti.



"As Shell, our main goal is always to work with suppliers who have economic, environmental and social responsibility. Having a strong business partnership with our suppliers is crucial for us to ensure that our operations are carried out correctly as well as

their commitment to health, safety, environmental and social impacts are as good. Shell Poliport, which has been awarded the Best Service Terminal in Europe in 2016, is now the biggest partner in terms of operations of Shell Kimya Turkey since it operates in line with our basic business principles. Poliport's main applications in Shell operations in terms of sustainability are as follows;

- the use of additional safety systems and processes such as level alarms, high safety margin to minimize risks to the environment in shell tanks,*

- Implementation of additional safety measures such as Shell Life Saving Rules in Shell operations,*

- Implementation of the Shell Health Safety and the Environment (HSSE) Frontline Leadership Program to all terminals,*

- The wastes that may be generated in Shell operations are stored according to Shell standards and disposed of properly.*

In order to ensure that this success is sustainable, the Shell Turkey Operations team will continue to produce joint projects with Poliport employees"

ORKAN AKBÖRÜ
Turkish Operations Manager,
Shell Kimya



Companies that are able to balance economic and profit focus with social and environmental issues, and specialize in sustainability and transform it into a competitive advantage will emerge as important companies of the future.

Companies that are able to overcome economic and profit orientation, social and environmental issues, and specialize in sustainability and transform it into a competitive advantage will emerge as important companies of the future.

İLHAN GÜNDÜZ
General Coordinator,
Göltaş Yatırım Holding

**FOR A LIVEABLE
ENVIRONMENT**

OUR TRIPLE RESPONSIBILITY COMMITMENT

In accordance with our company policy, we promise to offer quality, environmentally friendly and healthy products and services, and hence to improve the lives of our customers and the society as a whole. We also commit ourselves to use high quality, safe and environmentally-friendly technologies and raw materials. In this context, in 1997, we joined the Triple Responsibility Commitment program, applied by the Turkish Chemical Manufacturers Association (TKSD) in Occupational Health and Safety, Environmental Protection and Technical Safety issues.

We, as the players of the chemical industry, the leading industry where environmental and human health risks are the highest, demonstrate by our Triple Responsibility Commitment program that we do our job with utmost responsibility and awareness. Within this framework, we are aiming to improve the quality of life of our employees and the society, support the regional development, improve the social life; and by caring about the health and safety of the employee, to establish humane working conditions, and to inform the employees about the risks of their work and train them about the safety measures to be taken.

Polisan Holding Triple Responsibility Commitment

By signing the Triple Responsibility Commitment, which was started in Turkey by the TKSD, we are demonstrating to our stakeholders that we give priority to Employee Health, Technical Safety Issues and to the protection of the Environment during all our processes.



While the uttermost safety and environmental sensitivity is displayed by the Top Management, the three sustainability issues, namely, employee health, safety and environmental issues, are closely monitored in our company and all the necessary actions are taken without any delay.



"Sustainable development is about establishing a balance between the daily needs of people and the natural resources considering the economic, environmental and social issues. Minimising and control of the waste, emissions the discharges produced, and the consumption of natural resources during the stages of production and provision of services, and recycling the resources as much as possible is our priority. We voluntarily measure and manage at corporate level our effect on the climate change since 2012; and as an indication of our environmental sensitivity, we create awareness internationally with our work on Life Cycle Analysis, Environmental Product Declaration and product sustainability."

DILEK SARİASLAN
Quality and Control Manager, Polisan Holding

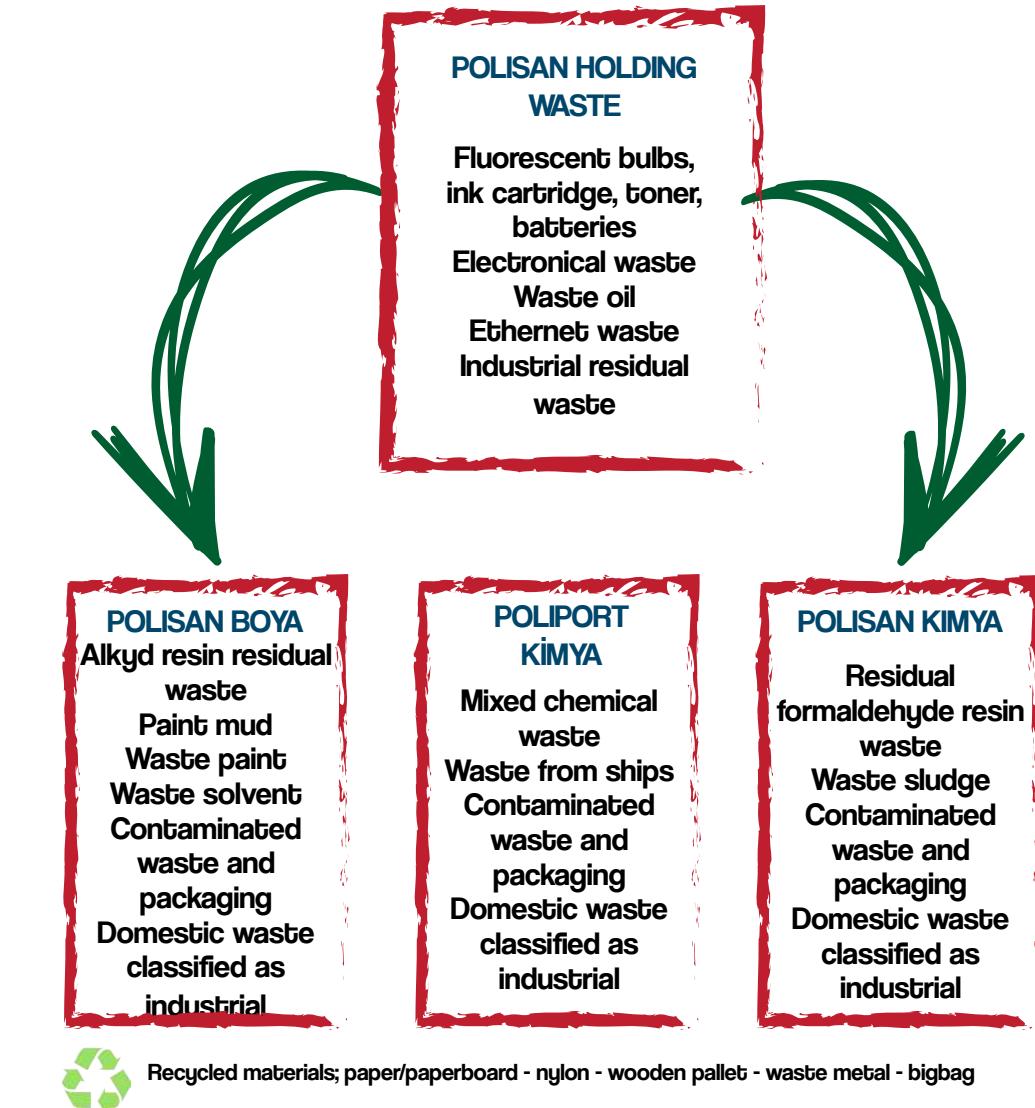
WASTE AND WASTEWATER

Rapid growth of population and industrialisation increasingly cause more and more domestic and industrial waste to be produced and this in return cause many environmental problems. Our approach to see the waste as a potential resource leads us to a more effective waste management policy and proves that it is one of our prioritised issues. Controlling and reducing our wastes, emissions and discharges and reusing these as much as possible is extremely important for us.

We manage all our waste at Polisan Holding and subsidiaries in accordance with the relevant legislation and regulations. We give priority to reduce and separate the waste at source, and recycle if possible. We also monitor our performance by measuring the amount of waste produced per product on a monthly basis.

We take necessary actions to minimise the waste with the philosophy of "reduce waste at source," which is also our goal within our ISO 14001 Environmental Management System.

“ We are trying to keep the environmental awareness of our employees at the highest level; and with this in mind, we provide 17 hours per man training for Environmental Awareness Raising. ”



WASTE AND WASTEWATER



“ It is essential to recycle our waste ,”

During the disposal of the waste coming from our production processes, first of all, we separate the waste at its source, and then label it in line with the type of the waste to store in our licensed Temporary Waste Storage Area. After all recordings and procedures are completed, we ship the waste by appropriate vehicles in accordance with our Waste Disposal Plan for the purpose of being disposed / recycled.

Hazardous Waste Treatment by Type (ton/ton product-handled product, %)						
Waste Plant Type	Polisan HOME COSMETICS		Poliport		Polisan KİMYA	
	2014	2015	2014	2015	2014	2015
R1: Energy Producer	0.1715	0.0827	0.0216	0.0160	0.0281	-
R2: Solvent Producer	0.1680	0.2239	0.0047	0.0424	-	-
R12*	0.3788	0.5130	0.0047	-	0.0878	0.1464
R13: Waste Storage	-	0.0033	-	-	-	0.0025
R4: Metal Recycling	0.1861	0.0987	-	-	-	-
R9: Oil Recycling	0.0031	0.0140	0.0006	0.0007	0.0019	-
TOTAL	0.9075	0.9357	0.0679	0.0591	0.1179	0.2608

*R12: Waste treatment according to processing classified between R1 to R11.

Waste Disposal by Type (ton/ton product-handled product, %)						
Disposal Type	Polisan HOME COSMETICS		Poliport		Polisan KİMYA	
	2014	2015	2014	2015	2014	2015
Incineration	0.002	0.010	0.048	0.059	0.033	0.020
Landfill	-	0.014	-	0.00030	-	0.003
Physical / Chemical Processes	-	0.00012	-	-	-	-

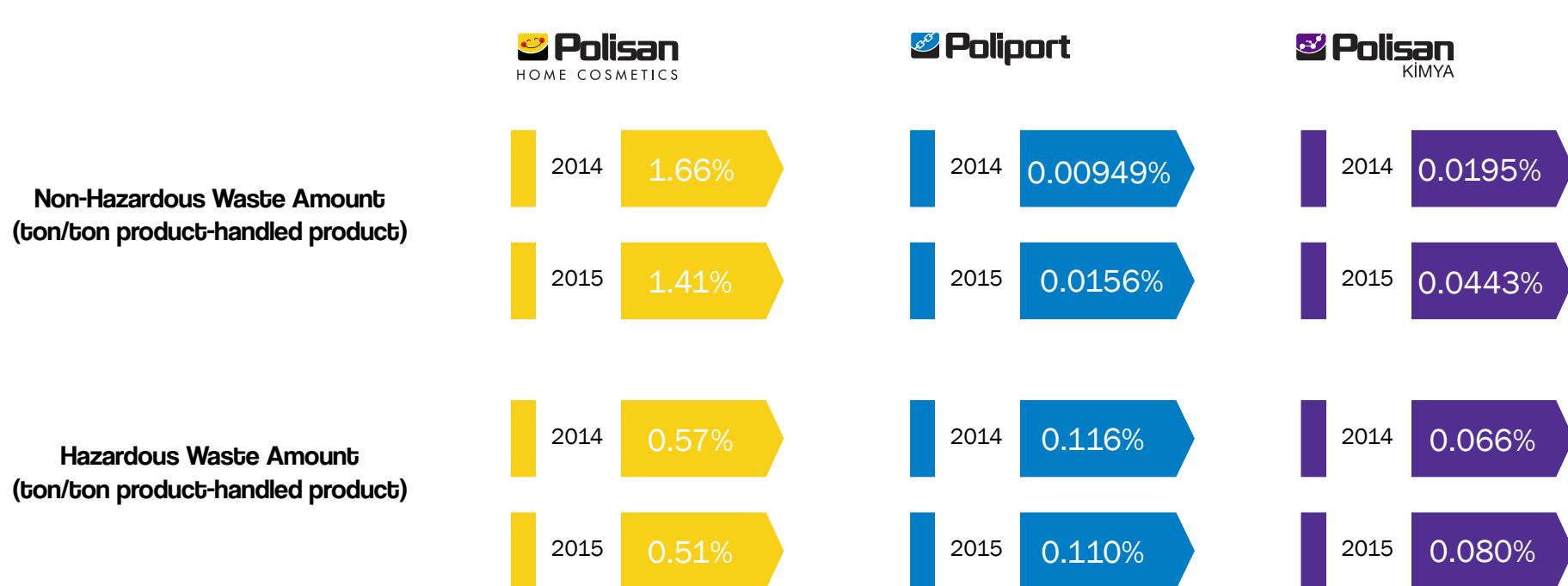
“ **9%** increase in the amount of waste going for recycling in a year ,”

WASTE AND WASTEWATER

Waste Category	Wastage Amount by Çevko (ton)			
	Polisan HOME COSMETICS		Polisan KIMYA	
	2014	2015	2014	2015
Plastic (PET)	49.8	52.8	4.08	0.29
Paperboard	77.1	47.9	3.89	0.49
Wood (Pallet)	6.78	60.7	-	-



“ Easy to recycle materials are selected in primary and secondary (shipping) packages, and secondary packages in the market are collected in co-operation with Çevko and brought into the economy for the last 10 years.”



WASTE AND WASTEWATER

Wastewater Management at Polisan Holding

We monitor our wastewater in the Polisan Holding Dilovası campus under three separate items: industrial wastewater, domestic wastewater and surface / rain water.

The industrial wastewater, which was discharged to the receiving environment with no treatment until 2010, began to be pre-treated since this date in our wastewater chemical pre-treatment plant and then sent to the Dilovası Organized Industrial Zone (DOSB) Wastewater Treatment Plant for a final treatment. Our compliance with the DOSB discharge standards is checked by composite samples taken with 2-hour intervals.

We send our domestic wastewater to the balancing pool and then we send it to the DOSB Treatment Plant for Final Treatment.

“ Polisan is the first company to build a wastewater treatment plant in Turkey in 1986. Our discharge parameters are 70% below the limits determined by the Dilovası Organized Industrial Zone. ”

Wastewater Treatment Plant Discharge Values by Year (DOSB)				
Year	Industrial Wastewater Treatment Plant Discharge Values to DOSB System		DOSB Limits	
	KOI(mg/l)	AKM(mg/l)	KOI(mg/l)	AKM(mg/l)
2011	1.816	327	<6.000	<2.000
2012	2.012	278	<6.000	<2.000
2013	2.010	190	<6.000	<2.000
2014	1.745	110	<6.000	<2.000
2015	1.600	300	<6.000	<2.000

“ We measure our water consumption per unit of product. ”



2014 0.203

2015 0.220

m³ water consumption per ton production



2014 0.006

2015 0.003

m³ water consumption per ton handled product



2014 0.63

2015 0.47

m³ water consumption per ton production

“ We measure our wastewater discharge per unit of product. ”



2014 0.258

2015 0.237

m³ wastewater is discharged per ton production*



2014 0.26

2015 0.27

m³ wastewater is discharged per ton handled product*



2014 0.35

2015 0.36

m³ wastewater is discharged per ton production*

*Represents the total of industrial and domestic wastewater discharge value.

WASTE AND WASTEWATER

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
To finalise all legal declarations in a timely and complete manner.    HOME COSMETICS	All legal declarations were completed in time.	To finalise all legal declarations in a timely and complete manner.
To produce projects which will encourage reduction of waste and wastewater    HOME COSMETICS	3 Projects were completed and these were the Product Filters Revision Project, the 5-Line Paint Wash Project, and the Colour Tanks Washing Project.	-
-    HOME COSMETICS	-	To commission the new 100% automated Package Wastewater Treatment Plant Project.
-    HOME COSMETICS	-	To perform at least 30 workshop discussions on the topics of Environmental Dimensions and Energy and Chemicals Management.

ENERGY MANAGEMENT

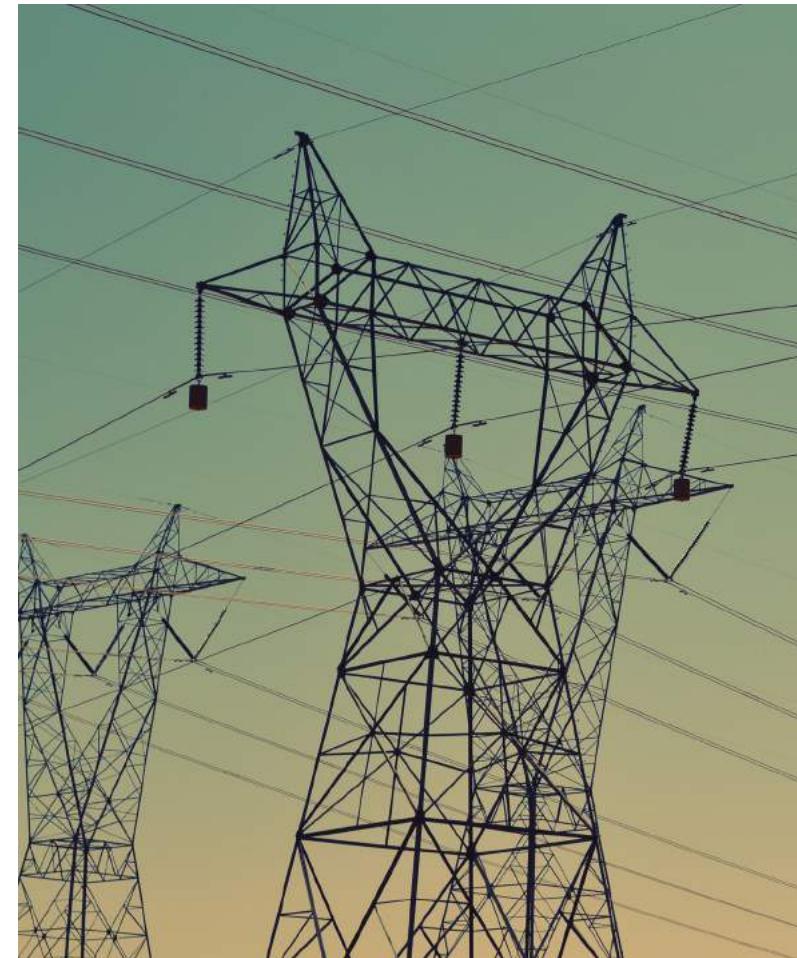
We have been proactively implementing and developing energy management systems in all the production and service activities in all our companies in line with the sustainability principles.

In order to achieve our energy efficiency targets, we try to determine new and better goals and objective on the basis of continuous improvement, to review these periodically and to provide sufficient information, expertise and financial resources to achieve them, and to make our preferences for energy efficient technologies and applications, and also to create projects to decrease energy consumption.

We conduct our energy efficiency work in line with all the legislation and regulations, and provide training for our employees, sub-contractors and stakeholders to reduce energy consumption, and minimise energy losses, and we also use other tools to increase awareness in this respect.

The most effective way of minimising energy losses and costs for organizations is through reducing the energy consumption. Reducing our energy consumption reduces not only our cost but greenhouse gas emissions as well (GGE). Therefore, as Polisan Holding and the group companies on the campus, we continue with our energy efficiency work systematically and proactively in line with our ISO 50001 energy management system certificate which was received in 2015; and we try to minimise our natural resources consumption

Polisan Holding Energy Consumption Values (MWh)						
Energy Type	Polisan HOME COSMETICS		Poliport		Polisan KIMYA	
	2014	2015	2014	2015	2014	2015
Direct Energy Consumption	4,646	53,276	987	1,002	16,463	14,517
Indirect Energy Consumption	6,838	6,807	12,382	12,769	10,418	12,210



ENERGY MANAGEMENT

“ When we were calculating the energy efficiency of **2** interior and **2** exterior construction paints, for which we have the biggest market share, we measure the energy consumed per unit weight of the paint (1 kg) not only during all our production activities but also total integrated (embodied*) energy of our product as well by using all the stages of life cycle analysis and by the Cumulative Energy Demand** evaluation method. ”

	Elegans Yarı Mat	Ekselans Macro	Natura Ambians	Natura A1 Silicone
Renewable energy consumption	0.038	0.045	0.019	0.037
Fossil fuel based energy consumption	59	39	31	26

Energy Criticality Classification

We conducted Energy Criticality Classification in 2014 in order to determine the dimensions of energy. We classified all our equipment as being E1-E2-E3-E4 type equipment on the basis of equipment power and working time.

In 2015, we started changing all the E1 class electric motors with more efficient ones. Furthermore, we installed separate counters and started real time monitoring of their energy consumption and working hours.

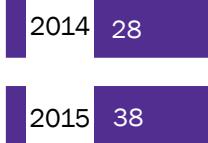
Energy Criticality Classification		
E1	● ● ● ●	(High-Energy Equipment)
E2	● ● ● ..	
E3	● ●	
E4	●	(Low-Energy Equipment)

*Embodied Energy: It is the energy consumed by all of the processes associated with the production of a material, from the mining and processing of natural resources to manufacturing, transport and product delivery.

**Cumulative Energy Demand: Renewable and fossil energy consumption calculation method used in LCA studies.

We determined that the most important energy source in Polisan Dilovasi campus was electrical energy, and we intensified our resources on the electrical energy to use it more efficiently. After analysing all the process stages such as loading, unloading, mixing, reaction, dosing and filling individually, we determined electrical consumption of each stage and by examining each stage in detail, we took measures to increase our energy efficiency.

“ We measure our energy consumption per unit of product. ”



kWh
energy
consumption
per ton
production

kWh
energy
consumption
per ton
handled
product

kWh
energy
consumption
per ton
production

ENERGY MANAGEMENT

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
To evaluate the nominal value analysis with businesses every quarter, and to prepare at least one improvement project.   	Normalized Energy Values were shared with departments by being reported every quarter.	To evaluate the nominal value analysis with businesses every quarter, and to prepare at least one improvement project.
To detect the air leaks in compressed air system and to increase the energy efficiency.   	By detecting and eliminating the air leaks in the compressed air system, we achieved a 10% savings in energy efficiency.	To provide 1% saving by eliminating the air leaks in the compressed air system.
To build the new lighting systems by using LED bulbs and to replace the existing ones with LEDs over time as well.   	LED Lighting systems were used in new lighting systems. All 7 lighting systems in the Dilovası campus including those in the production, depot and shipping units were replaced with LED systems.	To ensure 10% savings per annum in the energy consumption by using appropriate fittings to LED technology in the lighting systems.
-   	-	To decrease the steam consumption by 5% compared to the previous year.

CLIMATE CHANGE

We have been measuring our greenhouse gas emissions, the culprit for the climate change, the biggest global threat to our world, for Polisan Boya, Polisan Kimya and Poliport Kimya since 2012.

We not only calculate our greenhouse gas emissions in line with ISO 14064-1 standard and Greenhouse Gas Protocol (GHG) Protocol "Calculation and Reporting Standards" but also manage our carbon footprint.

According to the GHG Protocol, reporting of the emissions within Scope 1 and Scope 2 is mandatory and reporting of those in Scope 3 is voluntary. While we were calculating our footprint, as well as Scope 1 and Scope 2 emissions, we also included the emissions of rentals, which are within Scope 3.

Apart from this, in the Life Cycle Assessment work for 4 products produced by Polisan Boya, we calculated our carbon footprint in more detail by including the pre-production stage considering the raw material production and supply stages. You can reach our Life Cycle Assessment work through the Product Sustainability section.

Our Carbon Footprint Reports, which we regularly prepare each year since 2012 has become a guiding manual for us to evaluate our effect on climate change.

“ Our efforts to combat climate change continues with the 'measure, reduce, offset' principle.” , ,



You can reach the summary of our calculation method on page 97.



CLIMATE CHANGE

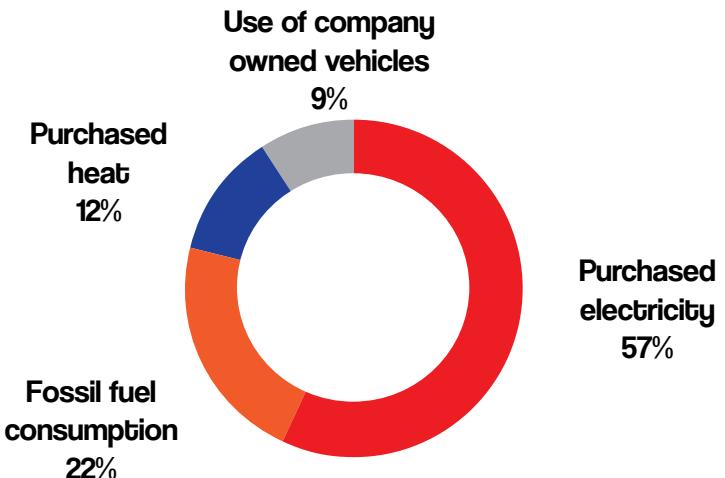
When we are calculating the Polisan Holding corporate carbon footprint values, we include the Polisan Boya, Polisan Kimya and the Poliport Kimya companies. Our carbon footprint values, which we started, measuring in 2012 in order to monitor our performance and assign new reduced targets, were 23,525 tCO₂ eq for 2014 and 23,246 t CO₂ eq for 2015.

The biggest factor in our greenhouse gas emissions within Polisan Holding is the electricity used in our production activities.

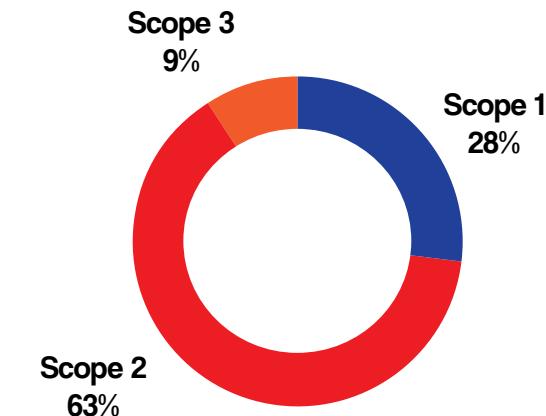
Polisan Holding Corporate Carbon Footprint, 2014				
	Scope 1	Scope 2	Scope 3	Total (t CO ₂ eq)
 Polisan HOME COSMETICS	20%	53%	27%	7,638
 Poliport	5%	93%	2%	5,554
 Polisan KIMYA	41%	58%	1%	10,333

Polisan Holding Corporate Carbon Footprint, 2015				
	Scope 1	Scope 2	Scope 3	Total (t CO ₂ eq)
 Polisan HOME COSMETICS	32%	45%	23%	7,801
 Poliport	6%	93%	1%	5,384
 Polisan KIMYA	36%	62%	2%	10,061

Distribution of Our Carbon Footprint in 2015 by Corporate Activities (%)



Distribution of Our Carbon Footprint in 2015 by Scopes (%)



CLIMATE CHANGE

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
<p>To continue with the preparation of Carbon Footprint Report, inserting the 2014 data in accordance with ISO 14064 standard.</p>   	We completed the preparation of the carbon footprint reports in the ISO 14064 format.	-
		Completion of Green Building Certification for our New Paint Factory.

MANAGEMENT OF CHEMICALS

Purchasing and Suppliers

Being aware of the first requirement in safe handling of chemicals is to purchase the right chemical in the right way, we expect our chemical suppliers to meet our criteria of the "Management of Chemicals." Within the scope of these requirements, we only work with approved suppliers and inspect them. We also expect them to possess the appropriate and current information on safe packaging, labelling and transport of raw materials.

**“ Appropriate transport vehicle,
appropriate packaging, appropriate labelling. . . ,”**

Safety of Raw Materials

We ensure that the first requirement for the safe consumption of raw materials, the information about them being correct, adequate and easily accessible is met.

We strive to be in line with our internal standards, legal and customer requirements in the usage of raw materials.

We evaluate all the raw materials we import, export and use in our production processes within the framework of national and international regulations.

We also prepare the Materials Safety Data Sheets (MSDS) of all the raw materials we use, which contains the information such as hazard classification, labelling and special storage and handling conditions. In light of this information, we assess the chemical and physical damage on the human health and environment, making risk assessments based on hazard, and provide necessary training for our employees to handle and store the chemicals properly.

“ All the vehicles are first cleared for compliance before they are admitted to our sites. In the activities with dangerous substances in our Shore Facility, we apply the criteria of IMDG* Code as well as our legal criteria called ADR. ,”**

* IMDG: International Maritime Dangerous Goods Code is accepted as an international guideline to the safe transportation or shipment of dangerous goods or hazardous materials by water on vessel.

**ADR: The European Agreement concerning the International Carriage of Dangerous Goods by Road

MANAGEMENT OF CHEMICALS

Product Safety

In all the products we deliver to the end consumer, we aim to provide the highest safety standards; and we design, develop and launch environmentally friendly products that consider consumer health. Our company strictly followed the principle of adding environmentally friendly and healthy products to its portfolio since our establishment, and we have produced many products as such.

As Polisan Boya, it is our main target to develop a water-based paint with low volatile organic compound (VOC) to replace each solvent-based paint, and we have some projects in this respect creating the firsts in Turkey.

Again Polisan Kimya has become one of the firsts among the producers with its environmentally product AUS 32, produced by the VDA licence under the brand name of AdBlue.

While we are managing our product safety process, we inform our customers about all aspects of our products. We also review the information we provide regularly and when we update any information, we communicate this with our customers.



Storage

We strive to expand our understanding of sustainability in all phases of our value chain, and we try to keep any possible negative effects of the chemicals on the environment and human health at a minimum level during storage processes. We carry out all our operations within the framework of necessary safety measures determined by us in line with the amounts and risk classifications of the raw materials, intermediate products and finished products we store.

Transport

It is our priority to maintain safety in all the stages of our supply chain. For this purpose, we define all the necessary information and procedures to transport products, raw materials and waste in a safe manner in line with the legal regulations and the other applicable standards, and ensure that all logistics companies we work with comply with these procedures.

“The work safety of the transporters we work together is also important for us as much as the safety of our own employees.”

MANAGEMENT OF CHEMICALS

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
<p>ADR - To make all the legal declarations in time and as required within the scope of Chemical Management.</p>   	All legal declarations were completed in time.	Follow up of the Legislation Tracking and Monitoring Measurement Table Update and keeping track of all legislation related to the Management of Chemicals, to ensure compliance with the requirements and implementation of Change Management procedures in case of need.
<p>To Perform at least 20 Management of Chemicals. To conduct secondary checks on at least 200 randomly selected vehicles which have been accepted into the factory.</p>   	Secondary checks on the planned number of vehicles were conducted.	To achieve 100% compliance with the plan on the Audit of Management of Chemicals.
-	-	Checking the suitability of the closure targets set by the Field Coordinator for managing non-compliances and management of this in line with the target.
-	-	To perform Workshop discussions on the topic of Management of Chemicals.

MANAGEMENT OF CHEMICALS

OUR TARGETS

2015 TARGETS	STATUS	2016 TARGETS
<p>Managing the documentation process required in the Management of Chemicals topic.</p>   	<p>New documents were created and the existing documents were revised as required.</p>	<p>To determine the need for revision in the Procedures and Instructions on the Management of Chemicals, and to support the execution of the revision of the document owners</p>
<p>To define in SAP the Classification and Packaging of all the Chemicals subjected to ADR.</p>   	<p>All classifications and packaging have been defined in SAP.</p>	<p>-</p>
<p>Completion of Polisan Vehicle Management System (PSO) improvement work.</p> 	<p>The PSO system was improved to cover the ADR requirements.</p>	<p>-</p>

PRODUCT SUSTAINABILITY

“ By means of the ‘Green Production Clean Future’ Project, we measured the environmental footprint resulting from the entire life cycle of our products. ”

We participated, on behalf of the paint industry, in the most comprehensive Green Production Clean Future project carried out in Turkey in 2013 with a Life Cycle Assessment (LCA) project for 4 of our interior and exterior paint products.

We assessed our environmental impact such as our Carbon Footprint in all the processes starting from the raw materials we use until the disposal of the product, our potential effects on the thinning of the ozone layer, acid effect caused by our emissions, consumption of fossil and non-fossil resources and water consumption; and determined the potential improvement points.



WHAT IS LCA?

A life cycle assessment (LCA) is a standardized, scientific method defined under ISO 14040/44, for systematic analysis of flows (e.g., mass and energy) associated with the life cycle of a specific product, technology, service or manufacturing process system.

With the LCA approach, businesses can easily identify where to focus in manufacturing or supply chain. In other words, they can identify hot spots with potential environmental improvements and control them.

**ENVIRONMENTAL IMPACTS OF POLİSAN BOYA PRODUCTS
(calculated for 1 kg of product)**

	[Unit]	Elegans Semi Matte	Ekselans Macro	Natura Ambians	Natura A1 Silicone
Carbon Footprint	kg CO₂ eq.	3.27	2.17	1.90	1.36
Ozone Layer Depletion	mg CFC11 eq.	0.169	0.196	0.164	0.103
Acidification	g SO₂ eq.	2.30	10.1	18.7	6.71
Eutrophication	g PO₄³⁻ eq.	3.35	3.61	2.94	1.87
Photochemical Oxidation	g C₂H₄ eq.	1.26	1.01	1.12	0.535
Abiotic Depletion (renewable sources)	mg Sb eq.	10.6	3.65	11.0	2.30
Abiotic Depletion (fossil sources)	MJ eq.	57.8	38.5	32.1	25.1

PRODUCT SUSTAINABILITY

In June 2015, we declared our environmental impact approved by Independent third parties in line with our internationally recognized EPD (Environmental Product Declaration) Certificates and with our policy of transparency. We proved by our ISO 14040/44 LCA work and ISO 14025 EPD certification that we are one of the leading companies in our sector. We carried out the former certification work and obtained the latter certification in the sustainability field in line with our mission to make the world a more enjoyable, colourful and peaceful place, to produce the most innovative, functional, practical and the most problem solving products, and to offer these products in the market with the best prices, in an easily accessible way and with easy to understand application instructions.

“We have obtained our EPD certificates for our 4 products independently approved by third party verifiers.”

“We have become the mostly sought after paint for green buildings, thanks to our EPD certificates we obtained in 2015.”

Polisan Boya has become the first Turkish paint manufacturer to register with the ECO Platform, which was established by the Construction Products Europe, and on which construction products with EPD certificates, complied with the EN 15804 Norms in Europe, are published. Polisan Boya is also among the top 3 companies in its sector in Europe. Our 4 paint products, Elegans Semi Matt and Natura Ambiance Interior paints and Exelans Macro and Natura A1 Silicone exterior paints, are in demand in many green building evaluation systems such as LEED, BREEAM and DGNB since they have EPD Certificates and we declare their environmental impact in these certificates.

WHAT IS EPD?

An Environmental Product Declaration (EPD) is an ISO 14025 standardized and LCA (ISO 14040/44) based tool to communicate the environmental performance of a product or system according to predetermined categories (raw material supply, energy use and efficiency, material and chemical content, air, water and soil emissions, waste generation).

The trade-oriented EPD's takes into account LCA studies in the scope of the various emissions that occur in the production process and ecological footprint of economic activities. The EPD is a document verified by third parties and composed of technical product information, information about the company and the results of LCA study performed with the data obtained from the manufacturer.

* www.epdturkey.org

First Time in the Turkish Paint Industry Polisan Boya Obtaines the EPD Certificate

We are the first in Turkey and One of Three in Europe to obtain the Environmental Product Declaration certificate for our interior and exterior painting products.



PRODUCT SUSTAINABILITY

ADBLUE

OUR ENVIRONMENTAL FRIENDLY PRODUCT: ADBLUE

“ AdBlue®, which reduces the NOx exhaust gas emissions by 80%, provides 4% savings in diesel consumption, and for this reason, it combats air pollution, and consequently climate change. ”

Polisan Kimya became one of the most important companies in its sector since it obtained the licence of the product called AdBlue ®/AUS 32, which is certified by VdA, in 2010.

In Europe, the SCR (Selective Catalytic Reduction) system of the vehicles which are mandatory to be manufactured in accordance with the European Norms, AdBlue is used to keep the nitrous oxide, carbon dioxide and particle emissions at the legal limits.

In the CR system, the exhaust fumes are separated by spraying AdBlue prior to going through the SCR catalytic converter. In this way, the harmful nitrous oxides are converted into nitrogen and water vapour, which naturally exist in the air.



 Polisan
KIMYA

SMART SOLUTIONS



AdBlue®
NOx Reduction Agent



AdBlue is a registered trademark of the Verband der Automobilindustrie e.V.

EFFICIENCY DRIVEN PROJECTS

ENERGY EFFICIENCY PROJECTS

1 million kWh Energy Efficiency

Polisan Kimya made a saving of approximately 1 million kWh energy at the New Catalyst Formaldehyde Plant built by the most updated technology and at the Molybdenum Catalyst Formaldehyde Plant where technology improvement was introduced at the production process.

“ These savings are equivalent to the annual electricity consumption of about 600 households per year. ”,

Energy Metering System Improvements

All main and sub energy meters moved to digital media and remote access has been provided. Thus, not only the electricity consumption of businesses per hour or per day will be monitored but also many issues such as system non-compliances and peak values will be traced.

Cooling Water System Improvements

Energy saving was achieved in the cooling water system. Initially 7 pumps were using 500 kWh of energy. This was reduced to 5 pumps and 110 kWh by modifying the system to pump water only when it is needed.

Lighting Improvements

Switching to LED system was initiated in 2014 for indoors lighting. This transition in all the companies is planned to be completed until 2017.

“ We achieved 53% energy saving with lighting improvements. ”,

An assessment has been carried out for perimeter lighting of the factory and a project has been carried out to reduce the energy consumption. Within the scope of the project, 17 elevator lighting poles were mounted, and the factory area was illuminated more homogeneously. Prior to taking any action, approximately 250 kWh of energy per day was consumed to illuminate the factory area. After taking the energy saving action, this figure was reduced to 170 kWh per day.

Air System Improvements

As a result of the renewal and automation work in the main compressor room, start and stop of the motors was automated in accordance with the air flow, and hence 10% energy saving has been achieved.

Any leaks detected in hoses, pipe attachments, quick couplings, filters and valves were fixed in 2015 and 3% energy saving was provided.

“ 80% reduction in pump power ”,

Inverter System Revision Project

The Belt/pulley systems in our high rev and tonnage mixers in the Paint Group Units were controlled by a new inverter system which consumes energy just as much as it is required. In this way, more energy was saved.

Factory Energy Transmission Lines Replacement Project

Energy stem cell building was demolished and 3 poles of the overhead lines power pole and their lines were dismantled. The output cells with cutters containing environmentally harmful gas were removed and replaced by 8 outputs with environmentally friendly cutters, 1 input with a cutter and 2 eye measurement cells.

EFFICIENCY DRIVEN PROJECTS

Energy Efficiency in Buildings / Reduction of Greenhouse Gas Emissions

In order to increase customer satisfaction and as a promotion, we provided "Energy Performance Certificate" for 17,500 houses. This certificate became a legal requirement in existing buildings since January 2011 and it classifies the energy consumption and greenhouse gas emissions of buildings per usage area per year. In the classification, (A) is the best and (G) is the worst. In this way, we ensured that our customers knew the efficiency of their insulation, their heating and cooling systems, minimum energy requirement and energy consumption of their building.

WHAT IS ENERGY PERFORMANCE CERTIFICATE?

It is the certificate which contains information on the efficiency of the insulation, the heating and/or cooling systems, minimum energy requirement and energy consumption of a building. In an Energy Performance Certificate, annual energy consumption and greenhouse gas emission per usage area of a building is classified as being between "A" and "G."

ENVIRONMENTAL PERFORMANCE IMPROVEMENT PROJECTS

Automation of Raw Material Feeding Systems

Programmable Logical Control (PLC) installation was completed in accordance with the Ex-Proof legislation in 2013 - 2014 by installing automatically controlled valves filling depending on the tank level, for the transfer of chemical substances which are likely to flash and explode from 14 different locations. Therefore, ensuring safer storage conditions, exposure and emissions were reduced and environmental accidents and the risk of fire were minimized.

Natural Gas Boiler Project

The fuel-oil fired boiler was decommissioned to be used as a spare, and a new steam boiler powered by natural gas was installed instead. The new boiler, which is equipped with a data monitoring and diagnostic system, can measure the amount of oxygen in the flue and regulate the burning performance accordingly. In addition, steam is obtained from the heat of the combustion gases and this, in turn, reduces the temperature of the flue gases and energy is saved. The amount of total dissolved solids (TDS) in the water is continually measured and the boiler water is renewed at a certain point. In this way, a loss due to heat transfer inefficiency is minimised. Carbon emissions have been reduced by changing the fuel-oil fired boiler with a natural gas boiler. While fuel-oil fired boiler causes 0.087 kg CO₂ eq to be emitted for MJ of heat, natural gas type boiler emits 0.067 kg of CO₂ eq to produce the same amount of heat.

“ We re-use waste flue gas in our processes. ”

Emission Improvement in Production Area,

In order to minimise the risks and environmental hazards of 20 different types of liquid chemicals used in paint production, appropriate storage and operating conditions were provided, product wastes were minimised and emissions were extracted and treated properly.

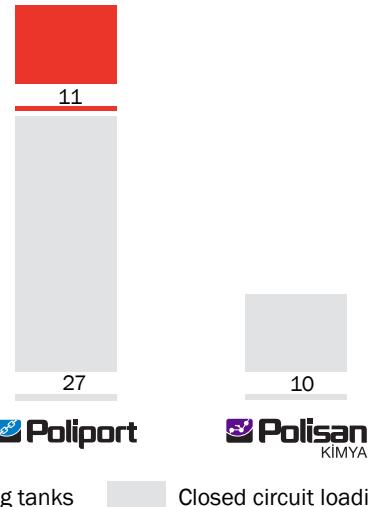
Nitrogen Blanketing Project in Chemical Storage Tanks

The air required for the loading and unloading of risky and high vapour pressure chemicals was provided as nitrogen gas. The emission of product vapour from storage tanks were prevented by using nitrogen blankets in storage tanks.

EFFICIENCY DRIVEN PROJECTS

Closed Circuit Filling Project in Chemical Storage Tanks

In our Polisan Boya, Polisan Kimya and Poliport Kimya companies, we have carried out projects to introduce closed circuit loading and unloading of trucks and we have increased the number of tanks this is implemented to 37. We will implement this in 16 more tanks in 2016.



Emissions Treatment Projects

We have renewed the ventilation and treatment system in the Polisan Boya Alkyd production area. By separating the organic vapour and dust in separate lines and treating these, we increased the treatment efficiency by 30%.

One scrubber column and a zeolite filter bed were added to the scrubber in the Poliport Kimya Acrylate tank area to increase the capacity by 40%.

By adding a new gas scrubber system in the Poliport Kimya Phenol Chemical tanks, we started working with 90% treatment performance.

In Polisan Kimya, a gas recycling project was started in order to direct the gases from the Urea Formaldehyde Concentrate UFC and the Formaldehyde gas tank return line to production. When this project is completed in 2016, tank emissions will be eliminated.

Security with Best Technology

In Poliport Kimya, the necessary improvement project was carried out in 2 renewed and 20 newly constructed tanks, which comply with API, NFPA, CD-T Audit and with the other international standards, and checked by international 3rd party audit firms. A total of 16 tanks have been planned to be improved and 33 tanks to be constructed in 2016.

In 2015 in Polisan Kimya, 1 tank is newly constructed and a total of 3 tanks have been planned to be renewed and constructed in 2016.

All the tank infrastructure work is designed and implemented in accordance with the Seveso Directive, and fully automated by a Closed Circuit Filling System.

Revision Project of Product Feeding Filters

“ 1000L water use for filter cleaning is reduced to 200 liter per filter. ,”

The filter and its bed which is used to pump paint from colouring tanks to filling machines were decreased in size. Therefore, the process was improved and also the amount of water used for cleaning per filter was reduced to on average 0.2 ton from 1 ton.

“ 70% reduction in water consumption ,”

Colour and Wash Tank System Improvements

Water consumption was reduced by 70% by the improvements provided as a result of increasing the number of water jets working with 100-200 bar pressure. By the introduction of a recycling system, used water is started to be re-used in the cleaning of smaller tanks.



**OUR STRENGTH:
OUR EMPLOYEES**

HUMAN RESOURCES POLICY

As Polisan Holding, we are aware that the power that lies beneath our success is our employees. In line with our Human Resources Policy, we aim to recruit in all our companies result-oriented qualified employees in accordance with the target and strategy of the Holding. We are aware that job motivation and satisfaction of our employees will enable us to be successful. We are supporting all our employees to develop themselves by personal and occupational training; we reward their high performance and strive to keep their motivation and business power always at the top.

In this context, our strategic Human Resources Management includes elements such as workforce planning, employee development, remuneration of employees, performance evaluation, keeping employees within the Holding by promotion. These elements will enable us to achieve the Holding targets.

As a Holding, in line with our recruitment policy, we prefer candidates who are reliable, sensitive to others, who adhere to ethical values, open to change, market-oriented, who are able to think long-term, innovative and open for collaboration.

Each year, our employees go through a performance evaluation, and the results are shared with employees. We take into account the performance of our employees in making decisions about their salaries and career planning.

“ We strongly believe that our employees are our highest valuable ‘assets’. We encourage them to develop themselves as potential leaders by adopting responsibility towards the society, sector and towards each other. ”

As a Holding, we treat all our employees equally with no discrimination with regards to ethnicity, language, religion, race, gender in the processes of Training and Development, Performance Management, Career Management, Remuneration and in other Human Resources processes.

We have to express by taking pride that there was no complaints about discrimination from the employees in 2015

Our Suggestion System

By means of our suggestion system, we support our employees continually to contribute to the management, business processes, productivity of the company and to customer benefit; and to offer creative suggestions in order to carry out safe, environmentally friendly production with high energy performance and to offer products and services as such and to improve the quality.

All the companies in Polisan Holding and each individual regardless of their status and duty, individually or as a department/group, can fill in the “I Have a Suggestion Form” and make a suggestion to the management. The suggestions cover the subjects of improving the quality and the processes, health, safety, environment-energy, customer satisfaction, the company productivity, brand awareness, employee satisfaction (service, cafeteria, etc.).

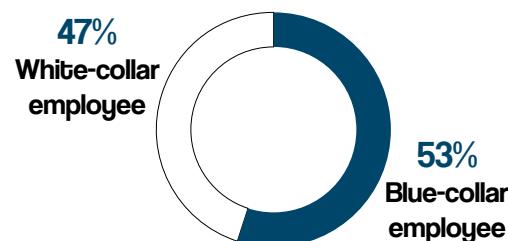
EMPLOYEE DEMOGRAPHY



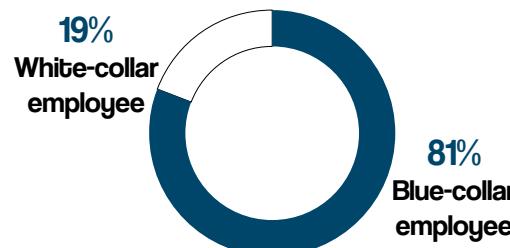
“ 1278 employees within the Holding ,”



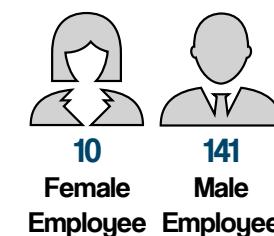
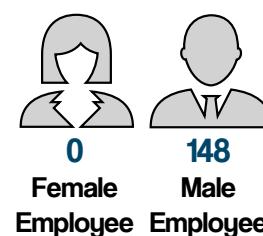
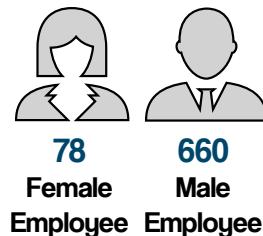
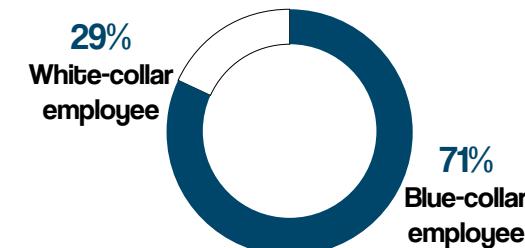
738 employees



148 employees



151 employees



TRAININGS

In line with the strategy, targets and the mission of the Holding, we provide training and development support for our employees and this in turn, contributes to the performance of our organisation and to them so as to reach a high level of awareness. We offer our employees continuous and systematic training within this context.

“ In 2015, we provided 25,542 hours of Occupational Health and Safety, Environmental Quality, Sales and Management training for a total of 1275 employees. ”

The Investments in Employee Training		
Total Money Invested	Number of Participants	Investment Amount per Person
200,372.72 TL	1275*	157.16 TL
200,372.72 TL	636**	315.05 TL

*Total number of employees.

**The investments made through the number of training participants.

The average Training Time per Employee by Status and Gender Type (hour/man)		
	2014	2015
Blue-collar	13.31	16.37
White-collar	7.07	16.65
Female	10.79	22.64
Male	10.96	15.88



OCCUPATIONAL HEALTH & SAFETY

Safety of all our employees and our stakeholders who provide services on site is provided by our organisation which adopted Zero Occupational Accidents as the foundation of our OHS Policy and which takes the OHSAS 18001 standard as a guide for human health. We adopted best practices into our system by including the contractors and suppliers who are on duty on our site into our health and safety issues, which is an integral part of our Environmental and Quality Management System.

For this purpose, risk assessment studies were carried out in;

- A total of 10 units, including 5 production facilities, shipping area, storage areas for raw materials and auxiliary facilities attached to Polisan Kimya;
- A total of 8 units, including 6 production facilities, shipment area, raw material storage areas attached to Polisan Boya; and
- A total of 5 units, including ports, chemical storage areas and warehouses attached to Polisan Kimya.

In these studies, corrective / preventive actions are identified and pursued in the context of continuous improvement.

In addition, an Hazard and Operability study (HAZOP) was carried out disclosing the dangers and risks involved in 3 production facilities of Polisan Kimya and in the dangerous chemical storage tanks of Poliport Kimya within the scope of SEVESO Project, which was started in 2015 in order to ensure the highest level of process safety in line with Regulation of Prevention of Major Industrial Accidents and Reducing the Impact of Accidents.

Investment projects commenced in relation to the safety measures taken as a result of these analysis and they are still in progress.

Within the scope of investment projects in 2015, Pre-Project Risk Assessment studies were conducted in which the risks of 74 projects in the field was evaluated and the safety measures were identified.

By being aware of the fact that prevention of accidents is cheaper than paying for the consequences, the employees' contribution to the reporting of near miss incidents still continue. In the year 2015, reporting was increased 50% compared to the previous year.

The risk of being exposed to chemicals is minimised by installing close circuit filling and automation systems which are built by following the international applications in the sector and by taking the benefit of the latest technology.

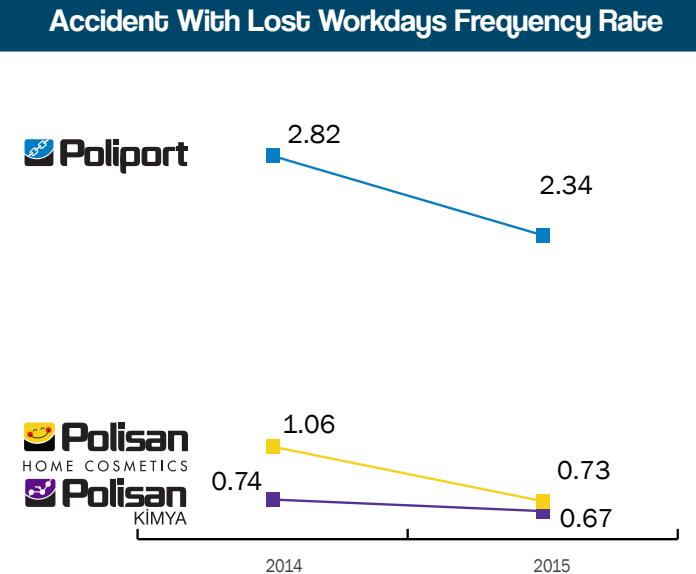
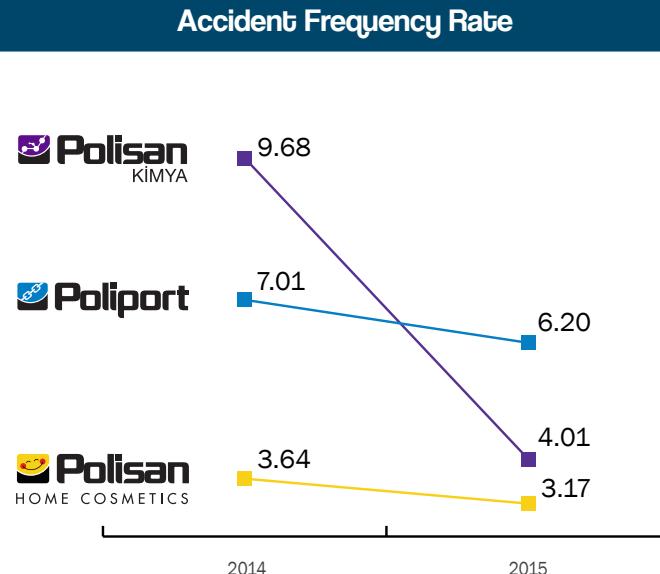
In order to increase employee awareness, training is provided for 5814 man-hours and by our own OHS department using our own resources in subjects including the occupational health and safety and fire safety.

“5814 man-hours of occupational health, safety and fire safety training ,”

OCCUPATIONAL HEALTH & SAFETY

In order to provide the highest level of personal protection in 2015, flameproof clothes were introduced at the sections where flammable chemicals were kept.

In order to protect the health of the employees, preventive and protective services are offered by the health department of the work place to examine and assess the chemical exposure of employees periodically.



More detail on accident frequency rate and accident with lost workdays frequency rate calculations can be reached from Methodology section on page 97.

SOCIAL BENEFIT

OUR SOCIAL RESPONSIBILITY PROJECTS

The concept of Corporate Social Responsibility is the execution and sharing the results of plans and applications which would reduce the adverse effects of products, services and applications on the environment, economy and the society in general, and would contribute to the development of both the organisation and the society. Polisan Holding Corporate Social Responsibility; we carry out this on a voluntary basis. We regard it as being a common concept which integrates social and environmental concerns in our activities and in our interactions with our stakeholders.

100,000 trees on the 200 hectare land in Dilovası

In reaction to the cutting down of the trees around our 5 hectare land in the Dilovası district in early 1990's, Mr Necmettin Bitlis, the Chairman of our Holding, contacted the Ministry of Forestry. The Ministry of Forestry suggested him that he should acquire the forest next to his land by a method of "protect-use."

Our Holding, volunteering to protect the 200 hectare forest, spent 20 million TL, since that date, to build wire and protection wall around this forestry area, prevented the trees from being cut down and planted 100,000 more trees within the "Forestation Law."

“**In order to protect the 200 hectare area in Dilovası region, we planted 100,000 trees by spending 20 million TL.**”



Polisan and Municipality Joint Projects

In this joint project, we carry out together with the Municipalities, which we have been conducting for about 10 years; we first choose an example street and provide the paint to paint the buildings on that street and made it look nice. Then, we give discount on the list prices for the residents of the City/Town and also offer ease of payment advantages by allowing credit card instalments.

Thanks to the joint painting projects being carried out together with the Municipalities, we contributed to change the faces of the living areas in many provinces and towns including Mardin, Malatya, Erzurum, Isparta, Bitlis, Burhaniye, Kütahya, Kadıköy, Pendik, Beyoğlu and Fatih. These projects created tremendous satisfaction among the residents of these cities and towns.

The Safranbolu Kalealtı Primary School students painted their own school with Polisan paint products with the contribution of the Safranbolu Municipality, the Directorate of Education and with Polisan Boya within the activities of April the 23rd National Sovereignty and Children's Day in 2015.



OUR SOCIAL RESPONSIBILITY PROJECTS

"Every Voice is a Breath" against the women problems...

As Polisan Boya, we continue with the "Every Voice is a Breath" project for five years. This project attracts attention to the tragedies of women who have been subjected to violence and to the problems of women in the society with the aim of increasing social awareness for women's issues.

Our project which aims to disseminate the idea that we can reach a solution by collective efforts rather than individual solutions within the society, come to life first in 2012 with the support of famous 58 female artists. Under the project, famous men and women who have gained gratitude with their strong stand and achievements in their professions, come together and have a group photo taken each year. The photography exhibition held within the scope of the project not only provided contribution to increase the capacities of and to strengthen the Purple Roof Women's Shelter Foundation Solidarity Centre Office, the Women's Shelters, the Young Girl's Refugee Association Information Centre and the Young Girl's Shelters but also attracted attention to the problems of all the women living in Turkey.



Polisan Schools

The holding established 2 Polisan schools in Malatya and Dilovasi. The Malatya Mehmet Emin Bitlis Secondary School has been providing education service since 1988, and it was built by an investment of 700,000 TL. We also provide the paint requirement of the school on a regular basis every year.

“ The Mehmet Emin Bitlis Secondary School, gives approximately 160 graduates each year. ”

Dilovasi Polisan Secondary School, which has been providing education since 1991, was built for approximately 4,000,000 TL in today's figures and gives 80 graduates per year. The expenses of paint, folklore dance group and the school janitor are met by the Holding regularly.

Polisan Education Culture and Indoor Sports Hall

The Holding is having the biggest sports hall built in Kocaeli in order to contribute to the new generation to grow up fit and healthy. The construction work of the complex is still in progress on a 1.6 hectare site. The complex, which is being equipped with the latest technology, has a capacity of 2500 people and will cost 7.5 million TL in total when it is completed.



At the end of the project, 1.6 hectare land will have a primary school, indoor sports hall and some accommodation buildings, and furthermore, landscaping work will be carried out for approximately 0.6 hectare land. Polisan Indoor Sports Hall will be built on 5130 square meters, of which 2500 sq m will be built as a covered area; and will have 3 storeys. There will be volleyball and basketball courts and 1300 people will be able to watch the games in tribunes on 3 sides of the courts.

OUR SPONSORSHIPS

International Istanbul Bienali Official Sponsorship

Polisan Boya became the Official Paint Sponsor to paint the historical sights of International Istanbul Bienali for 10 years between 2015 and 2024. In this context, the historical venues of Bienali, which was held for the 14th time with the theme of "Salty Water" in September 2015, were painted by the Elegans range interior paint of Polisan Boya.

Apart from that, in 2015; we painted to revive the Istanbul Modern, Greek School, Tobacco Store, Hrant Dink Foundation, Boğazkesen Garage, Italian High School, a 20 square-meter area in Rumeli Lighthouse and a boat.

Istanbul Carbon Summit

Our Holding, which strives against climate change, one of the biggest problems the Earth faces, contributed, by being a Golden Sponsor, to the Istanbul Carbon Summit, which was organised by the Association for Sustainable Production and Consumption (SÜT-D) and Energy Efficiency Association for the second time in 2015. We calculate and report our Carbon Footprint since 2012. We also made a contribution to the first of the Istanbul Carbon Summit by being a Bronze Sponsor in 2014 and Gold Sponsorship in 2015.

Bazaar/Art for Every Home

Polisan Boya also sponsored the Bazaar/Art for Every Home exhibition, which enabled talented and young students being educated in fine Arts Faculty and the new graduates to get together with art lovers and gave them the opportunity to exhibit their works of art.

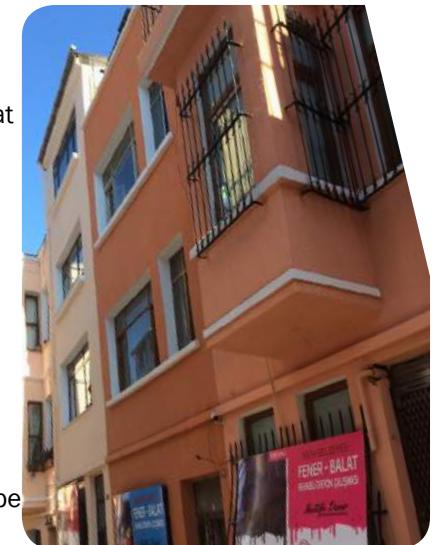
“ In the exhibition, we presented an Every Voice is a Breath award to the artists within the scope of corporate social responsibility to draw attention to the violence against women and to their other problems. ”

In addition, some of the works in the exhibition were included in the art collection of Polisan Boya.

Fener-Balat Rehabilitation Studies

Polisan Boya contributed to the "Fener - Balat Rehabilitation Studies" project by supplying the paint used in the project, which was started by Fatih Municipality all throughout the district to repair, renew and rehabilitate the buildings in order to harmonise the building facades against the historic texture and to eliminate the anti-aesthetic applications.

Polisan Boya contributed the "Fener-Balat Rehabilitation Studies" project by supplying the paint used in the project. Within the scope of the Fener-Balat Rehabilitation Studies project, 136 buildings were renewed, 36 derelict buildings which were not suitable for habitation were pulled down and the ways and pavements in streets and roads were renewed.



Balat became a more liveable place when the buildings were painted and the landscaping work was completed.

OUR SUSTAINABILITY PERFORMANCE

OUR SUSTAINABILITY PERFORMANCE

Our Economic Performance		2014	2015
Income Statement (milyon TL)			
Net Income		772.7	906.4
Cost of Sales		566.4	669.6
Research and Development Costs		5.63	7.44
Marketing, Sales and Distribution Costs		89.1	95.1
General Administrative Costs		32.1	41.8
Tax Expenses for the Period		12.8	13.8
Our Environmental Performance		2014	2015
Energy Consumption (MJ)			
	 Polisan HOME COSMETICS	6,641,927	6,610,176
	 Poliport	4,718,332	5,105,224
	 Polisan KIMYA	9,730,257	11,522,109
Waste by type (ton)			
	Hazardous Waste	1973	2413
	Non-Hazardous Waste	2095	2318
	Total	4068	4731
Water Consumption (m³)			
	Well Water	38,898	52,002
	City Water	47,127	43,258
	Reverse Osmos Water	70,594	63,625
Carbon footprint (t CO₂ eq)		2012	2014
	Scope 1	3152	6021
	Scope 2	13,073	15,204
	Total	16,225	21,225
		2015	
			21,196

OUR SUSTAINABILITY PERFORMANCE



Our Social Performance		2014	2015
Distribution of Employees by Gender (Number)			
	Blue-collar female employee	4	4
	Blue-collar male employee	368	387
	White-collar female employee	58	74
	White-collar male employee	248	273
Distribution of Employees by Contract Type (Number)			
	Female Employees with Fixed Term Contract	0	0
	Male Employees with Fixed Term Contract	39	44
	Female Employees with Indefinite Term Contract	62	78
	Male Employees with Indefinite Term Contract	577	616
	Female Employees Under Collective Labour Agreement	0	0
	Male Employees Under Collective Labour Agreement	0	0
Distribution of Employees by Employment Type (Number)			
	Full Time Female Employee	62	78
	Full Time Male Employee	616	660
	Part-Time Female Employee	0	0
	Part-Time Male Employee	0	0
	Permanent Female Employee	62	78
	Permanent Male Employee	577	616
	Subcontracted Female Employee	0	0
	Subcontracted Male Employee	39	44

OUR SUSTAINABILITY PERFORMANCE



Our Social Performance		2014	2015
Distribution of Employees by Gender (Number)			
	Blue-collar female employee	0	0
	Blue-collar male employee	107	117
	White-collar female employee	0	0
	White-collar male employee	25	31
Distribution of Employees by Contract Type (Number)			
	Female Employees with Fixed Term Contract	0	0
	Male Employees with Fixed Term Contract	3	3
	Female Employees with Indefinite Term Contract	0	0
	Male Employees with Indefinite Term Contract	129	145
	Female Employees Under Collective Labour Agreement	0	0
	Male Employees Under Collective Labour Agreement	0	0
Distribution of Employees by Employment Type (Number)			
	Full Time Female Employee	0	0
	Full Time Male Employee	132	148
	Part-Time Female Employee	0	0
	Part-Time Male Employee	0	0
	Permanent Female Employee	0	0
	Permanent Male Employee	129	148
	Subcontracted Female Employee	0	0
	Subcontracted Male Employee	3	0

OUR SUSTAINABILITY PERFORMANCE



Our Social Performance		2014	2015
Distribution of Employees by Gender (Number)			
	Blue-collar female employee	4	3
	Blue-collar male employee	98	104
	White-collar female employee	0	7
	White-collar male employee	18	37
Distribution of Employees by Contract Type (Number)			
	Female Employees with Fixed Term Contract	1	2
	Male Employees with Fixed Term Contract	2	8
	Female Employees with Indefinite Term Contract	3	8
	Male Employees with Indefinite Term Contract	114	133
	Female Employees Under Collective Labour Agreement	0	0
	Male Employees Under Collective Labour Agreement	0	0
Distribution of Employees by Employment Type (Number)			
	Full Time Female Employee	4	10
	Full Time Male Employee	116	141
	Part-Time Female Employee	0	0
	Part-Time Male Employee	0	0
	Permanent Female Employee	3	10
	Permanent Male Employee	114	133
	Subcontracted Female Employee	1	0
	Subcontracted Male Employee	2	8

OUR SUSTAINABILITY PERFORMANCE



Our Social Performance

Leaving Employees by Gender (Number)

		2014	2015
	Blue-collar female employee	0	1
	Blue-collar male employee	232	232
	White-collar female employee	6	13
	White-collar male employee	41	75

Leaving Employees by Age Groups (Number)

	Blue-collar <30	131	142
	Blue-collar 30-50	100	78
	Blue-collar >50	1	13
	White-collar <30	17	41
	White-collar 30-50	29	47
	White-collar >50	1	0

Employees Return to Work After Parental Leave by Gender (Number)

	Female	3	6
	Male	46	65

Annual Average Training Hours per Employee by Gender and Status

	Blue-collar	13.31	16.37
	White-collar	7.07	16.65
	Female	10.79	22.64
	Male	10.96	15.88

METHODOLOGY

Carbon Footprint

In carbon footprint study, the carbon footprint analysis of Polisan Holding companies namely Polisan Boya, Poliport Kimya and Polisan Kimya was performed by using data provided by the companies for the years 2012, 2014 and 2015. In the analysis, the carbon footprint of organizational activities were obtained by multiplying emission factor of each activity with the relevant consumption/use data in terms of carbon dioxide equivalent.

Polisan corporate carbon footprint calculations in the Holding in working Polisan, Poliport Chemical and Polisan Chemical firms to encompass in using the data obtained from the company, according to the activities emissions data are calculated and obtained in terms of carbon dioxide equivalent. Carbon dioxide equivalent, the amount of the greenhouse gas and is obtained by multiplying its global warming potential.

The six greenhouse gas identified by Kyoto Protocol are: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons(PFC) ve sulfur hexafluoride (SF_6). The global warming potential of these gaseds are given in Table below. The emission factor data used in the study is taken from IPCC Climate Change 5th Assessment Report (2013) for reference.

Greenhouse Gas	Global Warming Potential (100 years)	
	IPCC Climate Change - 4 th Assessment Report (2007)	IPCC Climate Change - 5 th Assessment Report (2013)
Carbon dioxide, CO_2	1	1
Methane, CH_4	25	28
Nitrous oxide, N_2O	298	265
HFC-23	14,800	12,398
HFC-134a	1430	1301
Sulfur hexafluoride, SF_6	22,800	23,507

Emission factors for 2014 and 2015 of natural gas and electric energy are taken from the Turkish Life Cycle Inventory Database (TLCID) prepared by the Centre

for Sustainable Production, Research and Design (Sürdürülebilir Üretim Arge ve Tasarım Merkezi, SURATAM).

The carbon footprint was calculated for activities within Scope 1, 2 and 3, as determined by the GHG Protocol:

- **Scope 1 - Direct Emissions:** Caused by the activities that take place on the company's control and covers fuel consumption, process emissions, cooling gas leaks and the use of company owned vehicles.
- **Scope 2 - Indirect Emissions:** Emissions caused by the purchased electricity, heat and cooling by the organization.
- **Scope 3 - Other Indirect emissions:** Includes emissions from all activities falling outside of Scope 1 and 2. The activities such as travel with not company owned cars, employee commuting, waste disposal, water consumption are defined under Scope 3 emissions.

The work is based on the emissions identified in Scope 1 and 2. Emissions from "travel with non-corporate vehicles" defined under Scope 3 emissions are calculated for information purposes only.

Life Cycle Assessment - LCA

A life cycle assessment (LCA) is a standardized, scientific method defined under ISO 14040/44, for systematic analysis of flows (e.g., mass and energy) associated with the life cycle of a specific product, technology, service or manufacturing process system. The LCA study for Polisan Boya products, Elegans Semi Matt and Natura Ambians interior paints and Exelans Macro and Natura A1 exterior paints, was performed with SimaPro LCA Software Program, using data provided by the company related to specific products. The system boundary of the LCA study includes raw material supply and transport to the factory gate, manufacturing and end of life stage of the products.

LCA study is performed by Metsims Sustainability Consulting in Turkey.

Environmental Impact Calculation

The environmental impact categories calculated in the

LCA study using CML-I Baseline calculation method within Simapro LCA Software Program are:

- **Global Warming:** Global warming is a concept expressing warming of the atmosphere leading to climate change. One of the human activities which has the greatest effect on global warming is the burning of fossil fuels such as petroleum, coal and natural gas. In LCA, global warming is expressed in terms of the equivalent weight of carbon dioxide (CO_2) emitted.
- **Ozone Layer Depletion:** Ozone layer depletion is a concept expressing the reduction of ozone in the stratosphere and depletion of the ozone layer (the 'ozone hole') as a consequence of emissions of man-made resources such as CFCs, HCFCs, chlorine, bromine, etc. Depletion of the ozone layer is causing a carcinogenic impact on humans, animals and plants. In LCA, ozone layer depletion is expressed in terms of the equivalent weight of CFC-11 emitted.
- **Photochemical Oxidation:** Photo-oxidant formation is the formation of reactive substances (mainly ozone) which are injurious to human health and ecosystems and which also may damage crops. This problem is also indicated with "summer smog". Winter smog is outside the scope of this category. Photochemical Ozone Creation Potential (POCP) for emission of substances to air is calculated with the UNECE Trajectory model (including fate), and expressed in kg ethylene equivalents/kg emission.
- **Acidification:** Acidification is an impact category expressing the toxic impact that acidifying substances have on soil, underground water-courses, ground water, organisms, ecosystems and materials. Reaction of acidic gases with water in the atmosphere creates 'acid rain'. The formation of acid rains causes a reduction in biodiversity. In LCA, acidification is expressed in terms of the equivalent weight of sulphur dioxide (SO_2) emitted.
- **Eutrophication/Nutritification:** Eutrophication is an impact category expressing the impact caused by an increase in the macro-nutrients formed due to excessive emission of nutrients to air, water and soil. Although the existence of nutrients such as nitrate and phosphate is vital for

METHODOLOGY

continuity of life in the ecosystem, their existence in high concentration causes algal 'bloom' (proliferation) in wet areas and this gives rise to depletion of the oxygen in the water. This leads to damage to the ecosystem. In LCA, eutrophication is expressed in terms of the equivalent weight of phosphate (PO_4^{3-}) emitted.

• Resource Depletion (Abiotic Depletion):

In LCA, resource depletion is one of the impact categories expressing how much of the world's natural resources (petroleum, iron ore, etc.) are used up. It has global, regional and local aspects of impact and expresses the amount of mineral / fossil fuel used. In LCA, resource depletion is expressed in terms of the equivalent weight of antimony (Sb) used.

OHS Accident Frequency Rate

The following formula is used to calculate the accident frequency rate:

Accident frequency rate= (Number of accidents x 200,000)/
Total Working Hours

In Accident With Lost Workdays Frequency Rate calculation, accident cases in which the injured employee loses 1 or more working days.

In Total Accident Frequency Rate calculation, number of all injury accidents, including first-aid applications are taken into account.

Electricity Consumption

The energy consumption values represents the total of electricity, steam, cooling, natural gas, fuel oil and LPG consumption by Polisan Boya, Poliport Kimya and Polisan Kimya in the time period between January 1st to December 31st, 2015, and represented as direct and indirect consumption.

Direct energy consumption refers to primary energy sources such as natural gas, LPG, fuel, etc. which are consumed for

the organizational operations.

Indirect energy consumption refers to the electricity, steam and cooling that is produced outside but consumed by the organization.

Total energy consumption per ton product manufactured is also given for Polisan Boya and Polisan Kimya while water consumption per ton handled material is given for Poliport Kimya in terms of kWh.

Within the scope of LCA study, the embodied energy of 1 kg of Polisan Boya products namely Elegans Semi Matt and Natura Ambians interior paints and Exelans Macro and Natura A1 exterior paints were calculated with Cumulative Energy Demand method within SimaPro. The embodied energy values for these products were given in terms of renewable and fossil based fuel consumption.

Embodied energy is the energy consumed by all of the processes associated with the production of a material, from the mining and processing of natural resources to manufacturing, transport and product delivery.

Water Consumption

The water consumption values represents the water consumption, classified as well, city and reverse osmosis water by Polisan Boya, Poliport Kimya and Polisan Kimya in the time period between January 1st to December 31st 2015. Water consumption per ton product manufactured is also given for Polisan Boya and Polisan Kimya while water consumption per ton handled material is given for Poliport Kimya in terms of m^3 .

Wastewater

The wastewater values represents the water discharged, as a total of industrial and domestic wastewater, by Polisan Boya, Poliport Kimya and Polisan Kimya in the time period between January 1st to December 31st, 2015.

Waste by Type

The waste values represents the waste produced by Polisan Boya, Poliport Kimya and Polisan Kimya in the time period between January 1st to December 31st 2015, and represented as waste by type (hazardous and non-hazardous), by recycling method and disposal type.

Hazardous waste refers to the amount of waste which is classified and recovered/disposed outside the company depending on the Regulation of Waste Management (Atık Yönetimi Yönetmeliği 02.04.2015 / 29314).

Non-hazardous waste refers to the amount of waste outside the hazardous waste and recycled/recovered/disposed outside the company except waste water.

Employee Demography & Leaving Employees

Employee demography represents the demographics of employees by gender, status, contract type and employment type.

Contract type is classified as fixed-term and indefinite.

Contract status is classified as blue and white collar.

For leaving employees, the numbers are given for age groups classified into three groups; less than 30 years, between 30 and 50 years and older than 50 years.

Total training hours per person are given in terms of blue and white collar and male-female breakdowns.

GRI G4 CONTENT INDEX

GRI G4 CONTENT INDEX



GENERAL STANDARD DISCLOSURES				
GENERAL STANDARD DISCLOSURES	SECTION IN THE REPORT	PAGE	EXPLANATIONS	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS				
G4 - 1	Messages From Top Management	5 - 6 - 7 - 8	-	No
ORGANIZATIONAL PROFILE				
G4 - 3	About the Report	3	-	No
G4 - 4	Areas of Activity	12	-	No
G4 - 5	Our Story	12	-	No
G4 - 6	Our Story	12	-	No
G4 - 7	Polisan Holding Company Management Structure, Polisan Holding Shareholding Structure			No
		22	-	
G4 - 8	Areas of Activity	12	-	No
G4 - 9	Polisan at First Glance - 'A Half Century of Experience', Our Economic Performance			No
		11 - 92	-	
G4 - 10	Employee Demography, Our Social Performance	83 - 93 - 94 - 95	-	No
G4 - 11	Our Social Performance	93 - 94 - 95	-	No
G4 - 12	Supply Chain Management	30 - 31 - 32 - 33 - 34 - 35 - 36 - 37	-	No

G4 - 13	GRI G4 Content Index	100	No visible change occurred in the company size, structure and supply chain has during reporting period.	No
G4 - 14	Ethics and Integrity	24	-	No
G4 - 15	Polisan Boya - Memberships, Poliport Kimya - Memberships, Polisan Kimya - Memberships	15 - 16 - 17	-	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4 - 17	About the Report	3	-	No
G4 - 18	About the Report, Stakeholder Relations and Materiality Aspects	3 - 53 - 54 - 55	-	No
G4 - 19	Materiality Aspects	54	-	No
G4 - 20	Materiality Aspects	54	-	No
G4 - 21	Materiality Aspects	54	-	No
G4 - 22	GRI G4 Content Index	100	This report is Polisan Holding's first sustainability report.	No
G4 - 23	GRI G4 Content Index	100	This report is Polisan Holding's first sustainability report.	No

GRI G4 CONTENT INDEX

STAKEHOLDER ENGAGEMENT				
G4 - 24	Our Stakeholders	53	-	No
G4 - 25	Our Stakeholders	53	-	No
G4 - 26	Our Stakeholders, Materiality Aspects	53 - 54	-	No
G4 - 27	Our Stakeholders, Materiality Aspects	53 - 54	-	No
REPORT PROFILE				
G4 - 28	About the Report	3	-	No
G4 - 29	About the Report	3	-	No
G4 - 30	About the Report	3	-	No
G4 - 31	About the Report	3	-	No
G4 - 32	GRI G4 Content Index	100	-	No
G4 - 33	GRI G4 Content Index	101	No external assurance applied for this sustainability report.	No
GOVERNANCE				
G4 - 34	Responsible Management Approach	22 - 23	-	No
ETHICS AND INTEGRITY				
G4 - 56	Ethics and Integrity	24	-	No

SPECIFIC STANDARD DISCLOSURES				
DMA AND INDICATORS	SECTION IN THE REPORT	PAGE	EXPLANATIONS	EXTERNAL ASSURANCE
CATEGORY: ECONOMIC				
<i>Materiality Aspect: Economic Performance</i>				
G4 - DMA	Messages from Top Management, Our Economic Performance	5 - 6 - 7 - 8 - 92	-	No
G4 - EC1	Our Economic Performance	92	-	No
CATEGORY: ENVIRONMENTAL				
G4 - DMA	For a Liveable Environment	58	-	No
<i>Materiality Aspect: Energy</i>				
G4 - EN3	Energy Management, Our Environmental Performance - Energy Consumption	64 - 65 - 92	-	No
G4 - EN6	Energy Management - Our Targets	66	-	No
G4 - EN7	Energy Management	65	-	No
<i>Materiality Aspect: Water</i>				
G4 - EN8	Wastewater Management at Polisan Holding, Our Environmental Performance - Water Consumption	62 - 92	-	No
G4 - EN10	Our Environmental Performance - Water Consumption	92	-	No
<i>Materiality Aspect: Emissions</i>				
G4 - EN15	Climate Change, Our Environmental Performance - Carbon Footprint	67 - 68 - 92	-	No

GRI G4 CONTENT INDEX

G4 - EN16	Climate Change, Our Environmental Performance - Carbon Footprint	67 - 68 - 92	-	No	G4 - LA7	Occupational Health & Safety	85 - 86	-	No					
G4 - EN17	Climate Change	67 - 68	-	No	G4 - LA8	Occupational Health & Safety	85 - 86	-	No					
G4 - EN19	Climate Change- Our Targets	69	-	No	Materiality Aspect: Training and Education									
Materiality Aspect: Effluents and Waste														
G4 - EN22	Waste and Wastewater	62	-	No	G4-LA9	Trainings	84	-	No					
G4 - EN23	Waste and Wastewater, Our Environmental Performance	59 - 60 - 61 - 92	-	No	SUB CATEGORY: HUMAN RIGHTS									
Materiality Aspect: Products and Services														
G4 - EN27	Environmental Friendly Product Design, Product Sustainability	40 - 41 - 42 - 74 - 75 - 76 - 77	-	No	Materiality Aspect: Non-discrimination									
G4 - EN29	GRI G4 Content Index	102	Within the reporting period, 46,501.00 TL administrative fine was applied due to the transfer of coal dust to the sea caused by the wind during the coal unloading at the dry cargo port of Poliport Kimya. The penalty was paid, the repetition was avoided and the operational discipline was ensured.	No	G4 - HR3	Human Resources Policy	82	-	No					
Materiality Aspect: Transport														
G4 - EN30	Supply Chain Management, Management of Chemicals	30 - 31 - 32 - 33 - 34 - 35 - 36 - 37	-	No	SUB CATEGORY: SOCIETY									
CATEGORY: SOCIAL														
Materiality Aspect: Employment														
G4 - LA3	Our Social Performance	96	-	No	G4 - S02	GRI G4 Content Index	102	Polisan Holding has no operations having existing or potential negative impact on local communities.	No					
Materiality Aspect: Occupational Health and Safety														
G4 - LA6	Occupational Health & Safety	85 - 86	-	No	G4 - S08	GRI G4 Content Index	102	No significant fines were paid for non compliance with laws and regulations during the reporting period.	No					

This Polisan Holding Sustainability Report is prepared for the purpose of information only, and does not constitute the basis for any investment decision. Information contained in this report prepared for the time period is believed to be accurate and reliable, and in no way should be treated as declarations, warranties and/or obligations. As such, no warranty is granted for the information in this report to be complete and unchangeable. The company, its directors, employees and all other persons and institutions who have contributed in the production of this report cannot be held responsible for any loss arising from use of the information contained in this report.

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