



SUSTAINABILITY
REPORT 2016



ABOUT THE REPORT

We regard our long-term development and stability in the sectors we have been operating in for more than half a century to be a direct consequence of our informed approach to sustainability issues. All of our environmental and social performance and economic success we created since the day we begin our corporate activities were presented for your information in our 2015 Polisan Holding Sustainability Report. We not only follow a strategy oriented towards economic profitability; we also aim to fight against the environmental and social problems that threaten our world. We adopted this policy as our management strategy and share it with all of our stakeholders in a transparent and impartial manner, and the 2016 Polisan Holding Sustainability Report is an indication of our commitment in this respect.



2015 Polisan Holding Sustainability Report

As in the previous period, we present our sustainability performance for 2016 to our stakeholders in this report by preparing it in compliance with the requirements of the “core” option of the GRI G4 Reporting Guidelines published by the Global Reporting Initiative (GRI).

The report primarily represents our activities for the year 2016 but also includes some of the data of our first sustainability report to enable our stakeholders to follow our performance over the years. While our environmental and social performance is presented in the relevant sections of the report for our companies Polisan Kansai Boya, Polisan Kimya and Poloport Kimya, we also share our activity reports in which you can follow the economic development of all the companies in our group.



Polisan Holding 2016 Annual Report

Some of the most important guidelines on our journey to sustainability is the expectations and opinions of our stakeholders, and we welcome your comments on our sustainability report. Please e-mail them to info@polisan.com.tr.



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MESSAGES FROM TOP MANAGEMENT



MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

Dear Stakeholders of Polisan Holding;

As Polisan Kansai Boya, Polisan Kimya and Poliport Kimya, we became one of the leading companies in Turkey when we published our Sustainability Report in 2016, which covered the 2014-2015 period and was aligned to the Global Reporting Initiative (GRI) Guidelines. As an indication of our commitment to sustainability issues, we have this year prepared a second Sustainability Report. We are justly proud to present our report which includes activity and performance indicators in the economic, social and environmental aspects of our company, which has operated in various different sectors since its foundation over half a century ago.

In today's world, where information spreads very rapidly, social media can quickly make environmental and social issues drive the agenda, and hence this creates greater responsibility for manufacturing companies in this respect. The greatest problems we are faced with globally are primarily climate change and the scarcity of water and other resources, and they constitute a large threat for future generations. As Polisan Holding Companies, we continue our work with a view to handing over to future generations a world in which they can enjoy the high standard of living they well deserve, and to addressing the aforementioned environmental issues.

Our sensitivity in the field of sustainability stands out in the innovation-focused R&D activities in our group companies, in the measures we take and investments we make to increase



MESSAGES FROM TOP MANAGEMENT

operational profitability, and in the products we produce. Through productivity-oriented investments in our activities in the Chemistry sector in 2015 and 2016, Polisan Kansai Boya's new production and storage facility and the services we provide to our customers in the field of sheathing provide benefits for our country in terms of energy saving. We proudly compete with the other world brands with our environmentally-friendly products, which have been granted globally-renowned certificates.

We give paramount importance to maintaining the continuity of our social responsibility and support social projects as well as environmentally-focussed ones. Our work to increase social awareness of violence against women, one of the most important social problems in our country, is widely recognised and appreciated in the country. We continue to contribute to the quality of life in our country with our projects dedicated to improving education, culture and living areas of our people.

It is not a coincidence that we enhanced our leadership in environmental and social issues with profitable development in the sectors where we operate. While 2016 has been a difficult year for Turkey due to economic uncertainties, we not only provided foreign currency capital by transferring 50% of our Polisan Boya company to Japanese Kansai Paint, but also we managed to maintain our leading and innovative position through our operations. It should be stressed that we owe this success to our human resources and management team making their decisions speedily and effectively. As a consequence of the strength of our resources, we are able to continue with the investments even under difficult conditions while making sure the the loyalty of our suppliers and clients.

On behalf of Polisan Holding Executive Board, I would like to thank our employees, loyal clients, shareholders, dealers and suppliers for their support, and confirm that we will strictly follow our leading and innovative line in our mission to maintain sustainability.

Necmettin BİTLİS

Chairman of the Executive Board, Polisan Holding



MESSAGES FROM TOP MANAGEMENT



MESSAGE FROM CEO

Dear Stakeholders,

We are proud to publish and share with you this, our second Sustainability Report compatible with the Global Reporting Initiative (GRI). This report has been prepared so as to show our performance criteria based on previous evaluation principles.

2016 can generally be regarded as an economically negative year due to the events that took place in our country and due to the uncertainties stemming from the reflections of these events on global markets. However, in this difficult year, we are proud to have provided extra capital to our country and to our company by selling 50% of our Polisan Boya partnership to Kansai Paint, one of the leading companies in Japan and one of the top ten paint manufacturers in the world. Thanks to the measures that we have taken in this challenging year, and to the contribution of our port facilities, the support of our activities in the chemical industry in Greece and Turkey, our consolidated Holding Company income was 470.3 million TL: an 8.4% increase compared to that of 2015. While our operational profitability increased compared to last year, the investment income of TL 457.9 million due to the sale of Polisan Boya shares led our Holding Company to make a net profit of \$474.5 million in 2016.

One of the underlying factors of our success as Polisan Holding is undoubtedly our target to maintain sustainable development by supporting our profitable-growth strategy with new business ideas based on environmental and social performance.

We do everything we can in the struggle against climate change, the prime topic of today's world. We have been managing our greenhouse gas emissions by the "Measure, Decrease and Off-



MESSAGES FROM TOP MANAGEMENT

set” approach since 2012, by complying with international standards and norms. This approach also proves that our sustainability performance can only be managed by measurable indicators. We also make contribution and provide support to activities that would accumulate information and provide infrastructure in this respect. As a result of our studies, we decreased our greenhouse gas emissions by 30% between 2012 and 2016.

We are aware that Turkey’s effect on climate change is increasing every day since its fossil fuel based economy is growing each day. Environmental problems - especially intensive air pollution resulting from energy production - are seriously affecting humans’ living conditions. This situation demonstrates that current environmental and social problems interact with economic development and this imposes great responsibility on the state and on industry. As Polisan Holding, we maintain our leading and innovative vision in the sectors we operate in, and we thrive to invest more to fight against environmental and social problems.

We are working to minimize our wastes from our business activities and our fossil fuel consumption through our proactive approach to the economic and social costs that will be the result of long term environmental pollution. We are aware that environmental sustainability will begin with our products first since we consume substantial amount of raw materials and energy. In order to serve this purpose, we are carrying out projects to produce environmentally and human health friendly products in our Polisan Kansai Boya R&D Centre and in our Polisan Kimya R&D unit, which we aim to be an R&D Centre in 2017. In 2016, we have spent 10 million TL on R&D.

While continuing to focus on our operational objectives, we continue with our activities to raise the quality of life of our citizens - especially maintaining healthy development of our children - and to end violence against our women, a wound that has been bleeding in our society, and also to reorganize our living spaces in the field of social responsibility. In this context, while we continue to regularly contribute to two Polisan schools we established in the province of Malatya in 1988 and in the province of Kocaeli Dilovası in 1991, the Polisan Education Culture and Indoor Sports Hall - which is still under construction in the town of Dilovası and is to become the biggest sports hall of the province - will contribute to healthy growth of future generations. The film of our “Every Voice One Breath” project, which draws attention to the tragedies and social problems of women affected by violence and which has been going on for five years, went viral, and has been deemed worthy of the awards recognized both in Turkey and internationally.

In addition to R&D, innovation, efficiency work and making investments, we started to work on compliance with the BIST Sustainability Index Selection Criteria in order to activate the culture of sustainability and expand it in the sectors we operate in our Holding Management Systems and Sustainability Department, which we launched in 2016.

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

Erol MİZRAHİ
CEO, Polisan Holding





ABOUT POLISAN HOLDING

POLISAN AT FIRST GLANCE

OUR STORY

POLISAN KANSAI BOYA

POLIPORT KIMYA

POLISAN KIMYA

OUR MEMBERSHIPS

OUR AWARDS

POLISAN AT FIRST GLANCE

OUR VISION

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

OUR MISSION

To contribute to the development of the Turkish society and the economy with quality products and superior service concept, and provide high added value to the environment and to the sectors we operate in.

OUR STRATEGIC PRIORITIES

To create maximum value for our shareholders by;

- Growing the ongoing jobs 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,
- Showing presence in new markets and becoming a global brand with Polisan's innovative products, services and applications,
- Continuing with high corporate governance standards with a professional management approach.

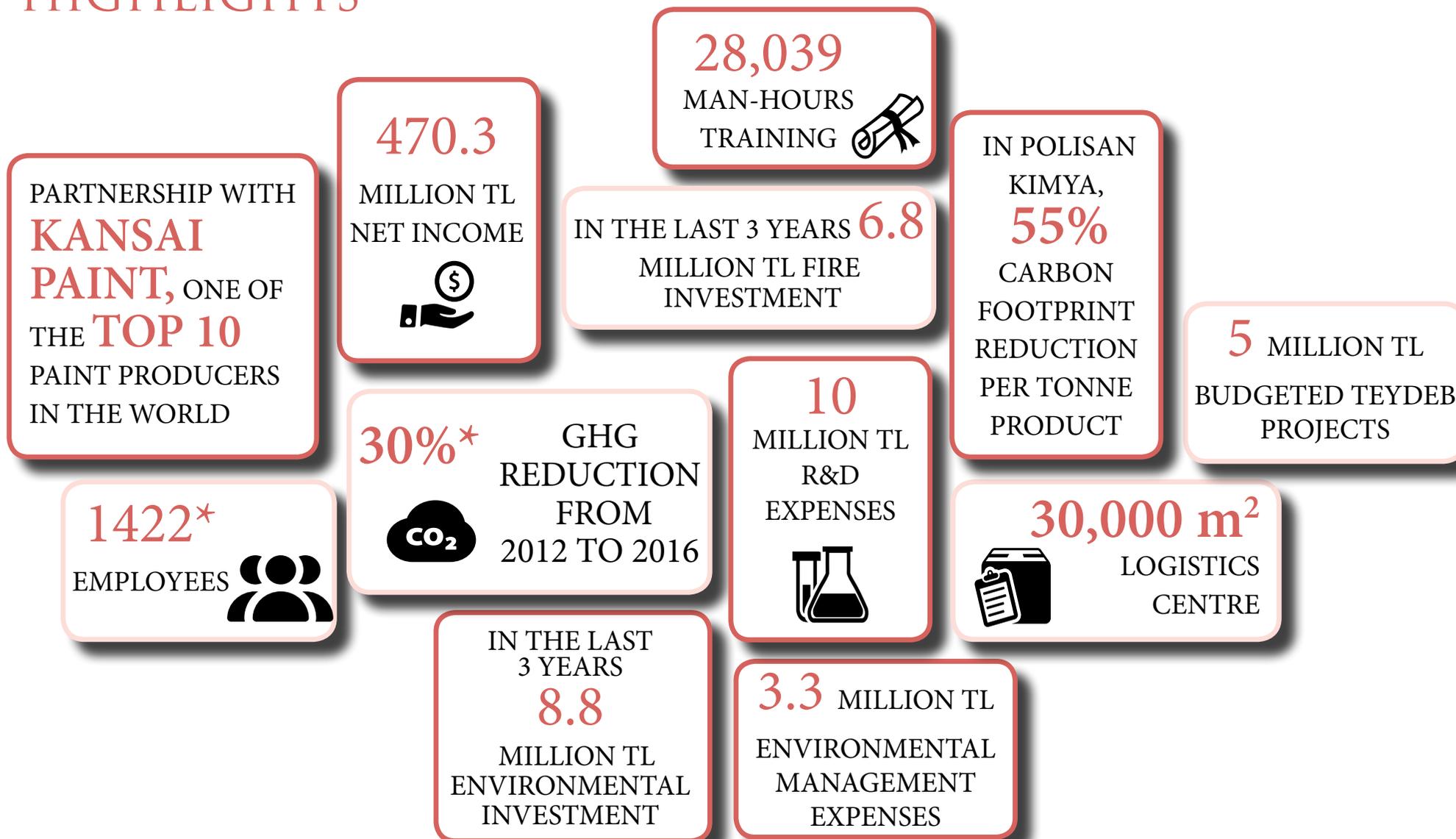
OUR VALUES



Integrity
Innovation
Reliability
Loyalty
Modesty **Transparency**
Environmental Sensitivity
Commitment
Human Health



2016 PERFORMANCE HIGHLIGHTS



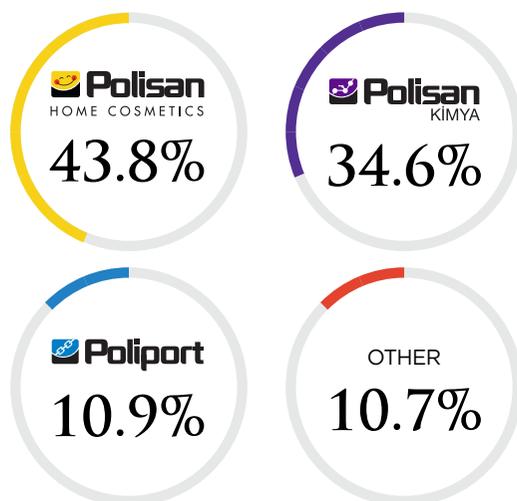
*Refers to Polisan Holding, Polisan Kansai Boya, Poliport Kimya and Polisan Kimya within the scope of the report.

OUR STORY

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

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

INCOME DISTRIBUTION



AREAS OF ACTIVITY



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



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



Chemicals: 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



Textiles: Manufacturing and sales of textile products

MILESTONES

1956

Sark 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 Poly Vinyl 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.) 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 outlet. 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 to "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 were introduced to the consumer.

2009

Polisan Yapı kimyasalları A.Ş. (Polisan Construction Chemicals Inc.) was established and began selling 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.

2012

Polisan Yapı kimyasalları A.Ş. (Polisan Construction Chemicals Inc.) began selling 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 the Balkans, was acquired with 75 000 square meters of land and 15,000 square meters closed 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 generate 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 'POLISAN.'

2015

Polisan Boya became the first in Turkey and the third in Europe to obtain the Environmental Product Declaration Certificate.

Polisan Kimya has renewed its Formaldehyde Facilities and developed the Smart Solution product range.

Polisan Yapı came 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 Holding purchased a 49% shares of Polisan Yapı Kimyasalları A.Ş. from Beton ve Çimento Kimyasalları Sanayi Ticaret Ltd Şti in 2015, thereby increasing its shares to 100%.

2016

Kansai Paint, one of the world's top 10 and Japan's leading paint manufacturers, took over 50% of Polisan Boya and investment in a new paint production and storage facility started.

Poliport received Shell Chemicals Europe BV's European "Best Storage Service Provider of the Year 2015-2016" award.

Polisan Holding, which successfully completed the Materiality Disclosures Service of the Global Reporting Initiative (GRI) for the 2015 Sustainability Report, is the 65th company that has published the "GRI G4" compliant Sustainability Report in Turkey.

ABOUT POLISAN HOLDING



*POS: Point of Sale

POLISAN KANSAI BOYA

POLISAN BOYA BECAME A PARTNER WITH KANSAI PAINT, ONE OF THE WORLD'S FIRST 10 PAINT MANUFACTURERS.

In order to continue offering products and services that are unique world-wide by taking advantage of the technical expertise of Polisan Boya's decorative paint sector and the strength of Kansai Paint's global markets in 2016, 50% shares of Polisan Boya, a wholly owned subsidiary of Polisan Holding was transferred to Kansai Paint Co. Ltd, (Kansai Paint), one of the leading paint manufacturers in Japan.

THE NEW NAME OF THE UNIFIED FORCES: POLISAN KANSAI BOYA SANAYI VE TICARET A.Ş.

Polisan Kansai Boya, which has 4500 products in its portfolio with its packaging and colour varieties, produces and sells products such as construction group (interior / exterior decorative paints, glue, thinner), insulation systems (heat and water) and auxiliary products (rolls, brush, etc.).

WE DO PRODUCE HOME COSMETICS, NOT PAINT!

Polisan Kansai Boya is the first company to introduce the "Home Cosmetics" concept to the world which has been registered since 2008.

The 'Elegans' brand prime quality interior wall paint is a market leader in its own segment. Polisan Kansai Boya, which is certificated to ISO 9001, ISO 14001, ISO 18001, ISO 50001, ISO 10002, ISO 27001 and ISO 17025, and with its environmentalist and innovative identity, showed the importance it placed on human health by producing Turkey's first "oil paint" equivalent water-based gloss topcoat paint.

Polisan Kansai Boya developed the sector's first water-based mixing system that provides the same quality as the factory-made product, and today serves its customers with Mix Centre colouring machines at 2,500 sales outlets. In this respect, the company not only gives the customers the opportunity to choose any colour they wish for the same price and without compromising the quality, but it also benefits its dealers by enabling them to keep low stocks and to increase stock area efficiency.

Polisan Kansai Boya is the ladies' choice, because of it offers creative products such as paint perfume and wall motifs to users, and due to its store design and product packaging.

FIRST
LOGISTIC CENTRE
APPLICATION IN THE
SECTOR

THE FIRST
WATER-BASED PAINT MIXING
MACHINE PROVIDING THE SAME
QUALITY AS THAT OF FACTORY
PRODUCED PAINT

THE MOST WIDE-SPREAD SALES CHANNEL WITH
26 DISTRIBUTORS, **6200** DEALERS &
1655 DIRECT SELLERS

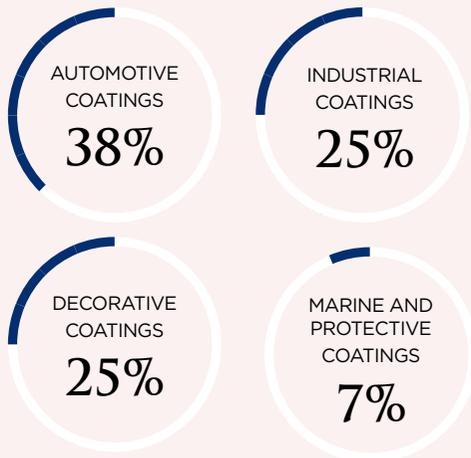
ABOUT POLISAN HOLDING



KANSAI PAINT GLOBAL



Founded in 1918, Kansai Paint is a chemical company whose main products are automotive, auto repair, industrial, decorative and protective paints. Operating in seven geographies, including Japan, India, Asia, America, Europe, Middle East and Africa, Kansai Paint is one of the world's top ten paint manufacturers according to Coating World's 2015 ranking.



\$3.2 BILLION
SALES

12,491
EMPLOYEES

OPERATING IN
43
COUNTRIES

WE ADDED A TOUCH OF JAPANESE INTO OUR PAINT!



Polisan, the protagonist of every colored story in Turkey, partnered with the Japanese giant Kansai Paint and laid the foundation of becoming a world brand.

Colour to colour, strength to strength



POLIPORT KIMYA

Poliport Kimya began to provide services after building one of the largest port complexes close to Istanbul with a dock, a quay, and a filling and storage facility in Kocaeli - Dilovası in 1971.

Poliport Kimya is an independent liquid and chemical storage terminal that provides storage and handling services in Turkey, solely for products belonging to 3rd parties. Poliport Kimya, currently one of the largest private ports in Turkey, provides bulk liquid cargo storage, Type A general warehousing and dry cargo / general cargo ship loading and unloading services for its customers.

POLIPORT, IS ONE OF THE LEADING INDEPENDENT CHEMICAL STORAGE TERMINALS OF KOCAELI PORT

More than 110 million US Dollars have 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 aiming to increase our current 237,000 cubic metres capacity to around 270,000 in 2018.

Poliport Kimya has ISO 9001, ISO 14001, OHSAS 18001, ISO 10002, ISO 50001 and ISO 27001 certification.

INCOME DISTRIBUTION



237,000 m³
BULK LIQUID STORAGE CAPACITY

5 MILLION TONNES
DRY BULK HANDLING CAPACITY

44,500 m²
WAREHOUSE AREA

As one of the biggest ports in Turkey, Poliport Kimya serves the world's largest chemical and petrochemical manufacturing companies and we carry out our operations with a sustainable service approach to ensure high quality of life for our stakeholders; especially for our employees and our customers. In this context, Poliport proudly received Shell Chemicals Europe BV's "European Best Storage Service Provider of the Year 2015-2016" award.

We conduct our business with the aim of spreading the philosophy of awareness of and sensitivity to environmental and social problems to all the institutions and organizations in our team. Health, safety and the environment are in the fore of all other operational activities of our team and, together with our stakeholders, we aim to integrate these issues and add value to every success we achieve



Firat YEMENİCİLER
General Manager, Poliport Kimya

ABOUT POLİSAN HOLDİNG

POLISAN KIMYA

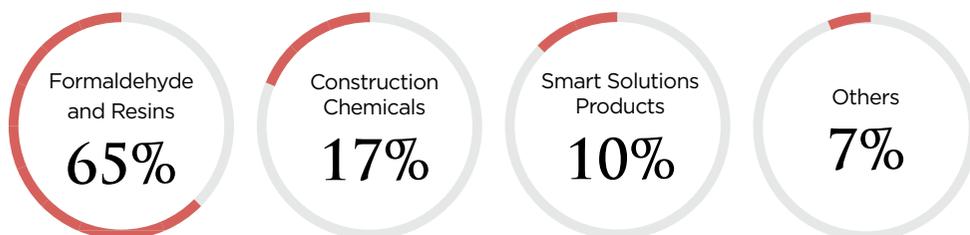
Polisan Kimya Sanayi A.Ş. is the first formaldehyde and resin factory established in Turkey. With 50 years of experience, our company, which is the pioneer in the field of resin and formaldehyde, produces 250,000 tonnes of products per year.

FIRST MANUFACTURER OF FORMALDEHYDE AND RESINS IN TURKEY

By supporting and investing in R&D activities, and by continually improving its products using the latest technology, Polisan Kimya not only offers high-quality products that meet customer expectations but also aims to grow by expanding into new markets and finding new usage areas for its products. To provide better and value-added services, Polisan Kimya is carrying out studies to spread the sales and production network of construction chemicals to various regions of Turkey including Marmara Region. With this in mind, production in the Adana plant was commissioned in 2016 and the Samsun plant is expected to be commissioned in the middle of 2017.

Aiming, 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, Polisan Kimya conducts all its processes in accordance with its ISO 9001, ISO 14001, BSOHSAS 18001, ISO 50001 and ISO 27001 certification.

INCOME DISTRIBUTION



As Polisan Kimya, we are fully aware of our responsibility to all our value chains, from our suppliers and to our customers and to our neighbours. In this context, while offering quality products and services to our customers, we take care to carry out our operations with a balanced and environmentally sensitive growth strategy to leave a healthy environment for future generations. Within our sector, we allocate large budgets for investments equipped with new technologies to produce alternative products and services at reasonable price, quality and speed to meet our customers' expectations and needs.



We are carrying out activities towards our sustainability targets within our group of companies and the holding company, and we also carry out studies to make sure our stakeholders also participate in these activities. Our goal is not only to achieve sustainability at corporate level but to create a culture of sustainability which would be transmitted from one generation to another.

Necati Bülent HAKOĞLU
General Manager, Polisan Kimya

OUR MEMBERSHIPS



KOCAELİ SANAYİ ODASI
KOCAELİ CHAMBER OF INDUSTRY



OUR AWARDS

2016

Poliport Kimya won award from Shell Chemicals Europe BV in Europe.

Poliport Kimya received Shell Chemicals Europe BV's European "Best Storage Service Provider of the Year 2015-2016" award, outpacing world giants such as Ropak or Oil tanking in Germany, England, France, Belgium, Holland and Italy.

Polisan Kansai Paint won award in Packaging Moon and Stars Contest.

Polisan Kansai Boya was awarded with the Competency Award in the categories of 'Industrial and Transportation Packaging' in the 7th Ambalaj Ay Yıldızları contest, the only packaging contest accredited internationally by the World Packaging Organization and the Asian Packaging Federation, and held in Turkey and organised by the Packaging Manufacturers Association.

Polisan Kimya received the "Consumer Products" Award in the AsiaStar 2016 Contest.

Polisan Antifreeze Packaging was granted an Award in Asia's Packaging Oscars. In the AsiaStar 2016 Contest, which brings together Asia's packaging giants in India, Polisan Kimya has won an award with 1 litre and 3 litre antifreeze packaging in the "Consumer Products" category. Polisan Kimya also made a significant contribution to Turkey's third place in the countries ranking with the awards it received.

The film entitled "The Woman with No Voice" went viral and took the bronze medal in Mixx Awards Europe.

Polisan Kansai Boya took the Bronze MIXX (Marketing and Interactive Excellence) award in the Social Media Category of the Digital & Media Section of the MIXX Awards Europe organised by IAB Europe, the European leg of the IAB which operates in digital advertising in 43 countries of the world with the film titled "The Woman with No Voice." The film was made to introduce the "Every Voice is a Breath," social responsibility project via Twitter and Facebook in 2015.



2015

We won 3 rewards with the "Every Voice is a Breath" Social Responsibility Project at the Kristal Elma Award.

Our "Every Voice is Breath" Project was Awarded Gold in the International MIXX Awards.

2014

We won THE SUPPLY CHAIN MODIFICATION (SAP SCM) OF THE YEAR award as Polisan Kansai Boya.

2013

We received 2 awards in the PACKAGING MOON AND STARS CONTEST.



STEP BY STEP SUSTAINABILITY

RESPONSIBLE MANAGEMENT APPROACH

STAKEHOLDER RELATIONS AND MATERIALITY ASPECTS

OPERATIONAL EXCELLENCE

FOR A LIVEABLE ENVIRONMENT

OUR STRENGTH: OUR EMPLOYEES

SOCIAL BENEFIT

STEP BY STEP SUSTAINABILITY

We strongly believe that our long-term development and stability in the sectors we have been operating in for over half a century as the Polisan Holding family is a direct consequence of our informed approach to sustainability issues. Because we adopt 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 company is likely to encounter in the coming years while we also achieve economic development. In this journey, we see the United Nations Global Contract (UNGC) as an important source that sheds light on us.

UNGC is an innovative corporate responsibility approach aimed at creating a common platform and disseminating the concept of responsible citizenship in the face of the problems between countries, cultures and peoples who, because of globalization, are increasingly dependent on each other through economics, trade and technology. Acting with the vision of a “sustainable and inclusive global economy”, our participation has identified 10 universal principles under the headings of human rights, work, environment and fight against corruption. As Polisan Holding, although we have not yet signed this contract, we are taking the 10 principles of the Contract as a guide to help us be aware about human beings and the environment and realize our operational activities with the awareness brought about by these 10 principles.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



You can access the CCI Corporate Social Responsibility Reports, which are prepared in line with the [UN GLOBAL COMPACT](#), via the link.

OUR SUSTAINABILITY JOURNEY



In the areas we have operated in since our establishment, we act with care for the needs and respect for the opinions of all our stakeholders while creating social and economic values and minimizing potential environmental impacts.

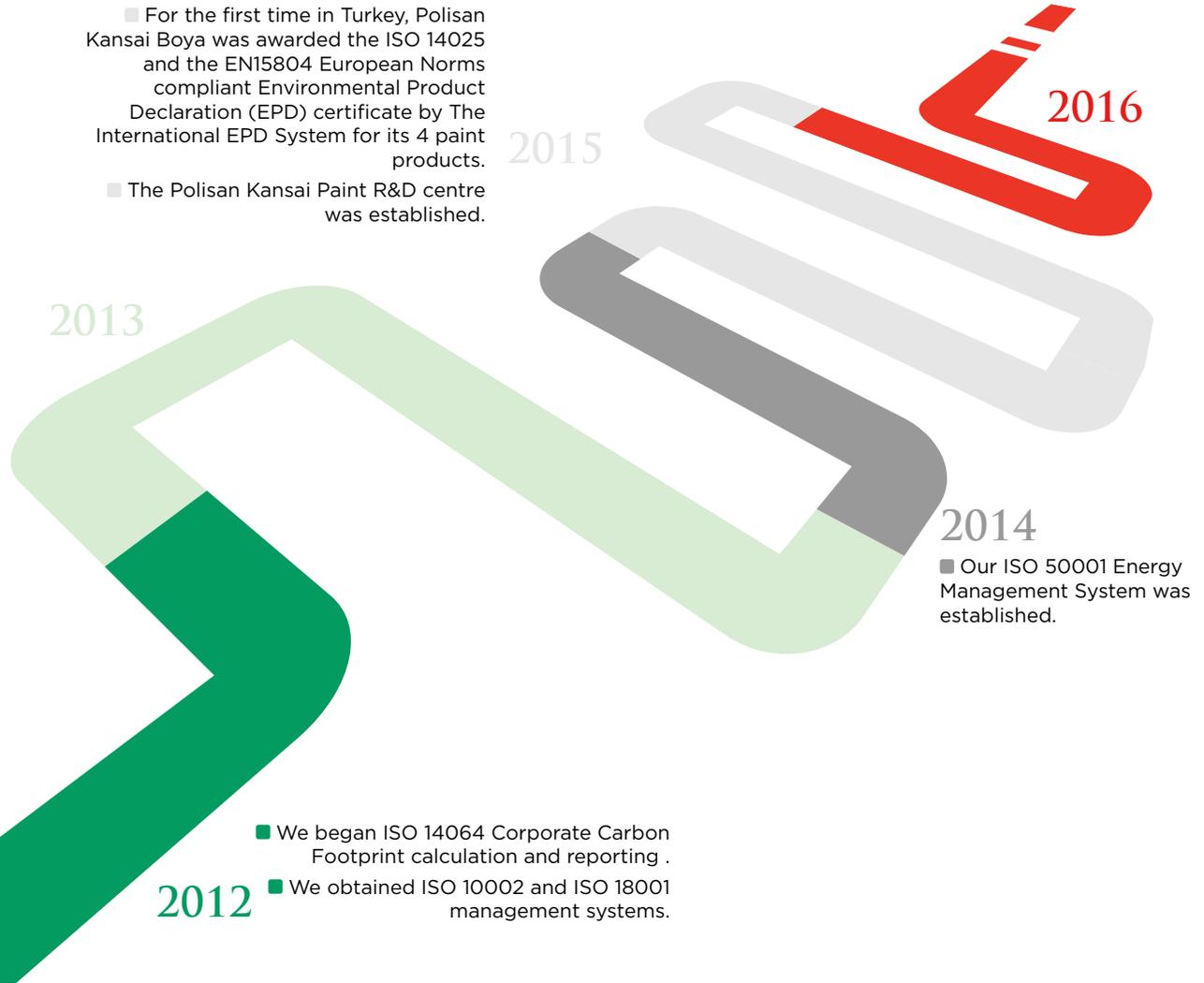
Within the scope of our sustainability work, we conduct activities such as the Carbon Disclosure Project, Greenhouse Gas Emission Reporting and studies into climate change which add value to our corporate identity. We also present to our stakeholders our performance via a GRI-compliant sustainability report. We will maintain the 'Management Systems and Sustainability Directorate' as a permanent entity which will enable us to put sustainability at the centre of our decision-making processes.

Our goal is to manage, monitor, report and improve not only the economic dimension but also the environmental and social aspects of the activities we carry out under our management systems. We also aim to coordinate the work of all business units and their activities and at the same time, and to improve our applications to further advance Polisan Holding.

Dilek SARIASLAN
Management Systems and Sustainability Director,
Polisan Holding

- For the first time in Turkey, Polisan Kansai Boya was awarded the ISO 14025 and the EN15804 European Norms compliant Environmental Product Declaration (EPD) certificate by The International EPD System for its 4 paint products.
- The Polisan Kansai Paint R&D centre was established.

- We presented our first GRI-compliant sustainability report to our stakeholders.
- Within the scope of the Greenhouse Gas Monitoring Plan, we made a declaration to the Ministry of Environment for Polisan Kimya.
- Poliport Kimya received "The Best Storage Service Provider of the Year 2015-2016" award.
- The foundations of the Management Systems and Sustainability Department were established.
- The Polisan Kansai Boya Basic Research Laboratory obtained certification for ISO 17025 Laboratory Accreditation.
- We started construction of the new Polisan Kansai Boya Production Facility with LEED green building certification.





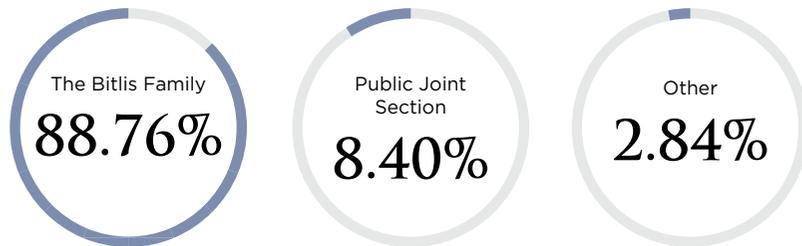
RESPONSIBLE MANAGEMENT APPROACH

POLISAN HOLDING MANAGEMENT STRUCTURE

With the confidence brought to us by our approach that ‘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 the full range of our activities in the holding company in accordance with the principles of transparency, fairness, responsibility and accountability.

Holding company affairs and administration are carried out by the Board of Directors consisting of nine members elected by the General Assembly, and there are also two independent members on the Board of Directors, who have been determined in accordance with the Capital Markets Board Corporate Governance Principles and its regulations. Although there are both executive and non-executive members in our Holding Executive Board, most of the Executive Board members are non-executive. The non-executive members include independents who execute their duties without prejudice.

HOLDING SHAREHOLDING STRUCTURE



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

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 MİZRAHI
CEO



Fırat YEMENİCİLER
Board Member



İzzet ÖZBERKİ
Independent
Board Member



Ahmet TEMİZYÜREK
Independent
Board Member

COMMITTEES ESTABLISHED UNDER BOARD STRUCTURE

AN AUDIT COMMITTEE, CORPORATE GOVERNANCE COMMITTEE AND AN EARLY RISK DETECTION COMMITTEE HAVE BEEN ESTABLISHED 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 approving the compliance of the publicly available financial statements and footnotes to the legislation and international accountancy standards,
2. Inspecting the Polisan Holding accounting system, disclosure of financial information to public, independent auditing and the functioning and efficiency of the internal control system of the holding company,
3. Inspecting and finalization of complaints about Holding accounting, internal control system and independent audit,
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. 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 company.

The Auditing Committee has had 4 meetings in the year 2016.

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 company, and identifies the conflicts of interest that may arise in this respect and advises the Board on how to improve corporate management practices. Moreover, the Committee assists the Board in managing the relationship between Polisan Holding and its shareholders, and, for this purpose, it is also responsible for overseeing the activities of investors.

The Corporate Governance Committee has had 2 meetings in 2016.

THE EARLY RISK IDENTIFICATION COMMITTEE

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

The Early Risk Identification Committee has had 2 meetings in 2016.



ETHICS AND INTEGRITY

We publish the Polisan Holding Ethical Principles Booklet on our website so that our corporate ethical principles, which are based on dynamism, efficiency, competitiveness, and respect for nature and cultural heritage, which provide sustainable development and which are accepted by everyone, can be identified; and so that our employees can establish mutually trustful relations based on ethical principles in their work and private lives; and so that any behaviour or attitude not complying with the ethical principles can be prevented, and our ethical principles be easily adopted by our suppliers, customers and other people outside the company.



Polisan Holding Ethical Principles Booklet

While we focus, through our employees, on our strategic targets which will strengthen us, we aim to improve the quality of life in Turkey by our efforts to protect the environment and human health. In this context, we manage all our processes based on 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 the personal successes of our employees. We therefore expect all our employees to comply with our corporate ethical principles in the execution of their duties, and we emphasize that this is a personal responsibility.

Our managers, in their work and private lives, also strive to set an example to our employees by raising awareness in complying with our ethical principles, and to take responsibility to ensure these principles are complied with.

OUR ETHICAL VALUES

Prudence

Liability

Integrity

Positive, Constructive and Moral Human Relations

**Health, Safety and Protecting
the Environment**

Equal Opportunity and Compliance



OUR POLICIES

As a pioneer in the principle of sustainable growth for society, stakeholders and employees and in setting the example of an environmentally sensitive approach and understanding of quality for the paints, chemical products, terminals and port management sectors, Polisan Holding, which invests in human resources, knowledge and technology, implements an Energy and Information Security Policy and a Bribery and Anti- Corruption Policy in all its subsidiaries. In addition, Polisan Kansai Boya, Poliport Kimya and Polisan Kimya conduct their activities according to the quality, health, safety, environment and customer satisfaction policies they have determined, and Polisan Kimya and Poliport Kimya have large industrial accident prevention policies.

You can access our holding policies via our websites.



Polisan Holding Information Security Policy



Polisan Holding Energy Management Policy



Polisan Kansai Boya's Policies



Poliport Kimya's Policies



Polisan Kimya's Policies



Anti-Bribery and Anti-Corruption Procedure and Policy

We hereby confirm to

Be sensitive to the environment

Provide quality, environmentally friendly and healthy products and services

Provide confidentiality, integrity and accessibility of information

Always fight against bribery and corruption

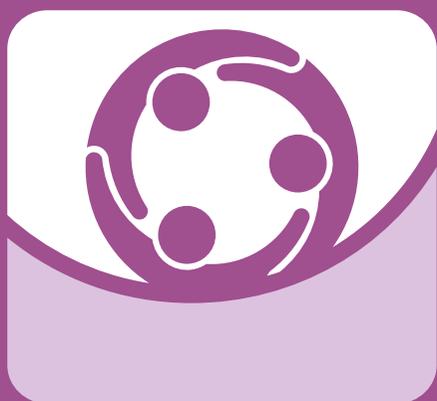
Conduct studies to reduce our natural resources consumption

Choose energy efficient technology and practices

Improve ourselves continually

Transform every complaint into a thank-you





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, across all our activities, we seek their views and share our economic, environmental and social performance with them transparently and in an honest way on various platforms.

As we always do, we have included our stakeholders in our reporting process too, by communicating with them through various channels to determine the priority issues in this respect. During this process, we prepared a Stakeholder Dialogue Questionnaire for our

internal and external stakeholders, who have priority for Polisan Kansai Boya, Polisan Kimya and Poliport Kimya, and collected their feedback on economic, environmental and social issues.

To evaluate our company, we consulted our employees, our most important internal stakeholders, and our customers and suppliers, our external stakeholders, either contacting them face to face individually or by emailing them the questionnaire, and obtained their replies.

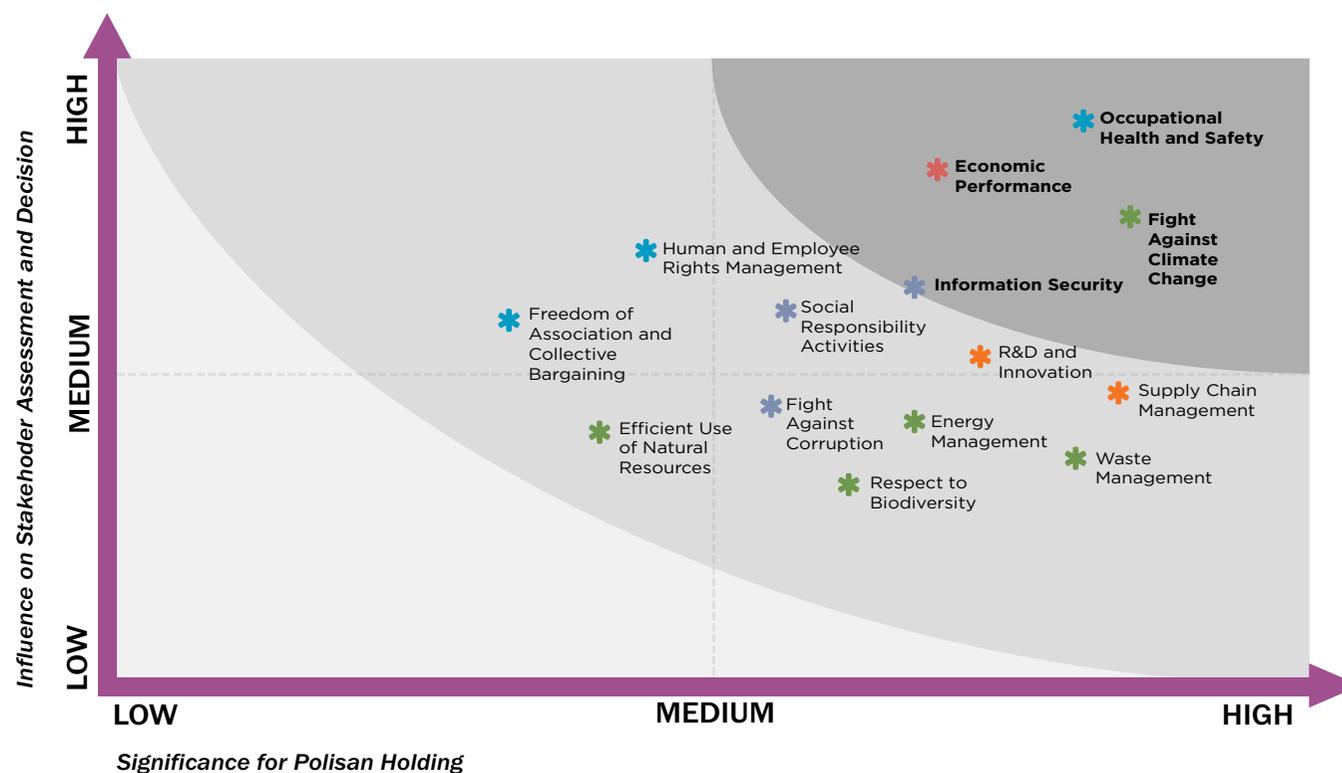
STAKEHOLDER GROUPS	 Polisan Employees	 Investors	 Media	 Local Society	 Non-Governmental Organizations	 Universities	 Business Partners	 End Users	 Distributors	 Public Organizations	 Suppliers
METHOD OF COMMUNICATION	Corporate Website, Social Media, Media, Corporate Social Responsibility (CSR) Activities, Corporate and Financial Communications, E-Newsletters, Surveys, Communication Boards, Portal	Corporate Website, Corporate and Financial Communications, Financial Reports, Investor Presentations, Financial Performance Reports	Corporate Website, Corporate Social Responsibility (CSR) Activities, Advertising and Marketing Activities, Interviews and Talks, Press Releases	Corporate Social Responsibility (CSR) Activities, Donations and Sponsorships, Activity Reports, Press Releases	Corporate Website, Membership at Various levels, Joint Projects	Corporate Website, Scholarship and Internship Opportunities, Donations and Sponsorships, R&D and other Project Collaborations	Corporate Website, Social Media, Media, Distributor Meetings, Distributor Portal	Corporate Website, Social Media, Media, Fairs	Meetings and Interviews, Activity Reports, Surveys, Distributor Portal	Public Scrutiny, Activity Reports, Meetings and Interviews	Face to Face Meetings, Activity Reports, Supplier Audits



MATERIALITY ASPECTS

WE PREPARED A POLISAN HOLDING SUSTAINABILITY REPORT STAKEHOLDER DIALOGUE QUESTIONNAIRE FOR OUR INTERNAL AND EXTERNAL STAKEHOLDERS, WHO ARE IMPORTANT FOR POLISAN KANSAI BOYA, POLISAN KIMYA AND POLIPORT KIMYA, AND HAD THEIR FEEDBACK ON ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES.

Materiality is the threshold at which Aspects become sufficiently important that they should be reported. According to the results of our stakeholder engagement studies, through the eyes of our stakeholders we perform well in the areas of occupational health and safety, economic performance and the fight against climate change. The study also showed that both our stakeholders and our management attach importance to occupational health and safety, the fight against climate change, economic performance and information security aspects.





At Dow, we are working in partnership with all our stakeholders to create a sustainable world and society by combining the power of science and technology with the goal of implementing

the innovations required for the development of humanity. Over 45 years of experience, Dow Turkey responds to the needs of manufacturers, end users and regulators by transforming water-based house paints into more durable maintenance and protection coating technologies with our leading business sectors in Dow Coating Materials, while adding value to the high-tech solutions in Turkey.

We are pleased that our partnership with our country's leading paint company, Polisan, has led us to important achievements since 2009. We observe that we provide a significant milestone in the sustainability performance of the paint industry, thanks to Polisan's EVOQUE™ product here for the first time in the Turkish market. EVOQUE™, which has made a significant contribution to Polisan's sustainability performance with low VOC, made it possible to improve the exterior performance of the paint.

In addition to our ongoing work with Polisan, we continue our business alliance with Poliport to store Dow Coating Materials' liquids. In the field of chemical process safety, we share common responsibility with Poliport, and at the highest level, we attach importance to business security and continuous development.

At Dow, by making our partnership permanent with Polisan, we will continue to provide critical support to create a sustainable world and society for the development of humanity and to offer innovative and high-tech solutions to society and our industry.

Cemal DRAHOR
Dow Coating Materials (DCM) South and East Europe & Turkey
Commercial Manager
Rohm & Haas JV General Manager and Executive Board Member



Polisan Kimya is one of our most important suppliers of quality, service, punctual delivery and fair price, which are our invariable principles. We, as Çamsan, have always worked according to the principle of "the assurance of success and continuity in production and of honesty and quality in service". However, when implementing this principle, one of our goals is to exercise respect for the environment. Particularly for the sustainable development and protection of human health and natural resources which are the necessities of quality life, wastewater facilities and flue gas remediation systems are among our priorities to prevent environmental pollution; it is also our priority to improve practices to use clean fuel and to protect natural resources. Of course, it will enhance our efforts when our suppliers and stakeholders can implement these priorities as well. Working with Polisan Kimya, which stands out for its sensitivity to the environment, makes us very happy to achieve our targets and protect our quality.

Metinay TOPKAYA
Technical Assistant General Manager, Çamsan Entegre

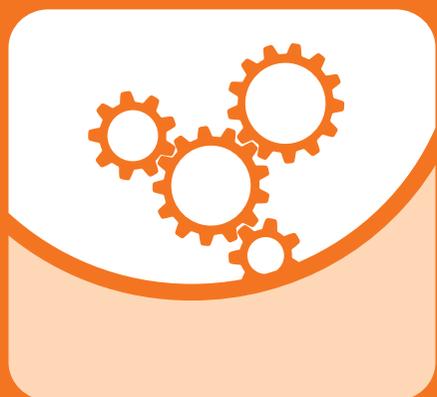


For many years we have been working with confidence with Polisan Kansai Boya, one of the leading companies in the paint industry. During this time, we have not only profited by increasing product variety without sacrificing quality, but also realised a professional perspective on sustainability.

We are closely following the work of Polisan Kansai Boya in social, economic and environmental issues in these times when increasing importance is attached to the concept of sustainability. We trust the work being carried out and are proud to be with Polisan Kansai Boya as one of their stakeholders in this regard.

Osman Sami BALCIOĞLU
Manager, Balman Boya





OPERATIONAL EXCELLENCE

PROCESS MANAGEMENT

We have implemented process management since 2000 to ensure that our processes are continually and regularly monitored and improved. We continually evaluate and improve as necessary our processes and their interaction with each other at all stages from receiving orders to delivery and post-delivery to meet the requirements of our clients.

As Polisan Holding, we carry out our operations within the framework of ISO 9001 Quality Management System, ISO 14001 Environmental Management System, BS OHSAS 18001 Occupational Health and Safety Management System, ISO 10002 Customer Satisfaction Management System and ISO 50001 Energy Management System in order to provide products and services in accordance with international standards, to leave a healthy environment for future generations, to keep the culture of occupational health and safety at the highest level, to satisfy our customers and to manage our energy policies effectively. In 2016, we completed our ISO 27001 Information Security activities, which started in 2015 with the purpose of protecting vital information, ensuring its integrity and making it freely accessible, and obtained the ISO 27001 Information Security Certificate in December 2016. In addition, as the Basic Research Laboratories for Polisan Kansai Boya's testing and quality measurements, we have been awarded the internationally accredited TS EN ISO / IEC 17025 Laboratory Accreditation Certificate from TURKAK, which has a Mutual Recognition Agreement with the International Laboratory Accreditation Association (ILAC), which has both national and international prestige and provides an easy method of identifying and selecting reliable testing, analysis and calibration services.

We update our processes by observing each year's growing organizational structure and manage it with a hierarchical system that is divided into upper and lower processes depending on the multiplicity and complexity of our activities.

**DURING 2016, WE FOLLOWED THE BUSINESS RESULTS OF
36 UPPER PROCESSES AND CORRESPONDING 235 LOWER
PROCESSES TO INCREASE THEIR PERFORMANCE.**



PROCESS MANAGEMENT

EFFECTIVE PROCESS MANAGEMENT

In 2013, we started to manage our businesses using the e-BA Work Flow Management System to carry out our business processes with maximum efficiency and productivity, to create a process-oriented business approach and to ensure the standardization and traceability of our processes.

In 2016, we set up 8 new business processes for team members to use and made improvements in 7 business processes to increase the performance.

WE HAVE TRANSFERRED 38 BUSINESS PROCESSES ONTO THE E-BA SYSTEM, AND BY DOING SO, MAINTAINED STANDARDIZATION AND EFFECTIVE REPORTING IN OUR BUSINESS PROCESSES.

We are pursuing our operational activities in a measurable, traceable and secure manner, with the goal of ensuring secure data sharing, preventing data loss by eliminating dependency on humans and building our corporate information pool.

We have been managing all the documentation, auditing activities, corrective and preventive activities and actions necessary to implement the management systems we have, using the QDMS Integrated Management System under one entity in a standard, efficient, controlled, current and systematic way.



33



OPERATIONAL EXCELLENCE

PROCESS MANAGEMENT

WE ARE AUDITING OUR PROCESSES

OUR MANAGEMENT SYSTEM AUDITS

We have been periodically independently monitoring and examining the efficiency of our applications to improve our compliance with the conditions determined by international standards and legal requirements.

In this context, the audit of 43 out of 50 business processes has been completed in 2016. We plan to conduct 63 audits by revising our business processes in 2017.

OUR 5S AUDITS

We started our 5S studies in 2015 to create an ordered work environment, and continued them in 2016 to ensure that this scheme is permanent, to maintain auto-control in our companies and to prevent waste.

We carried out the auditing plan more effectively and productively. Together with 5S coordination teams, we carried out 41 site audits in 25 5S top regions and 120 5S sub-regions at 3-month intervals in 2016, and we conducted 46 site audits. For 2017 we have planned 52 site audits.

OUR SUPPLIER AUDITS

As an important part of our value chain, we are inspecting our supply chain in line with our sustainability targets to improve performance, to ensure risk management, to gain competitive advantage, to increase brand value, to maintain customer confidence and to improve our suppliers' performance.

We evaluate the environmental and social performance of our suppliers as well as their business performance. We communicate (via our QDMS Integrated Management System) the results of our audit reports and any non-compliances we have identified during the audits. We make suggestions for improvement.

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 to pursue our operations in a better and safer way. We only work with those on 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

2016 TARGETS	STATUS	2017 TARGETS
<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>The audits of 43 out of 50 business processes have been completed, which is 86% compliance with the audit plan. 66% compliance has been achieved with the completion time of the identified non-compliances.</p>	<p>To ensure 100% compliance with the audit plans in all business processes.</p>
<p>To develop at least 5 new processes and to improve at least 5, by supporting the relevant areas during process set up and improvement stages.</p> 	<p>In 2016, 8 new processes were devised and implemented and 7 processes were revised and improved.</p>	<p>To develop at least 10 new processes and to improve at least 10, by supporting the relevant areas during process set up and improvement stages.</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>73% compliance was achieved with the audit plan by completing 38 site audits in 2016. 66% compliance has been achieved with the completion time of the identified non-compliances.</p>	<p>To ensure 100% compliance with the audit plan in all business processes within the scope of 5S.</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> 	<p>88% compliance was achieved with the audit plan by completing 32 subcontractor audits in 2016. 73% compliance has been achieved with the completion time of the identified non-compliances.</p>	<p>To ensure 100% compliance with the subcontractor audit plan.</p>



SUPPLY CHAIN MANAGEMENT

To deliver the right product and service to our customers in a timely and appropriate manner, we carry out studies to ensure the efficient and accurate flow of goods and information between suppliers and customers throughout the value chain.

With effective supply chain management, we aim to achieve positive results in terms of economic sustainability as well as increasing resource efficiency and reducing our environmental impact. To this end, we provide continuity of communication flow by organizing meetings, field visits and inspections with our suppliers.

To create sustainable values, we support the sustainability studies of our partners, suppliers and other stakeholders in the process from raw material supply to production and distribution, and develop projects by cooperating with them in the fields of business ethics, occupational health and safety, efficient resource utilization, environmentally friendly service, production and product development. We support them and create common values for sustainability so that they can carry out parallel activities to our strategy.

SUPPLY PLANNING



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 to avoid any customer dissatisfaction.

To systematically manage raw materials and material production planning and all the processes that are effective, Polisan Kansai Boya began using SAP WM (Warehouse Management), MM (Material Management) and MRP (Material Requirement Planning) modules, as well as SCM (Supply Chain Management). In 2016, we have activated the SAP MRP Module to gain the ability to create flexible production, safety stocks and improved customer satisfaction in Polisan Kimya. Thus, planning and risk measurement in Polisan Kimya has become much easier.

We are trying to show customer-oriented growth by using technological infrastructures from procurement planning to procurement, storage, dispatching.

We use the Material Requirements Planning (MRP) system to increase the effectiveness of our planning and to better measure our risks, reduce the delivery times by creating safety stock in risky product groups, and keep customer satisfaction at the top level.

We provide efficient material and information flow within our operations, which is the basis of safe production, efficient storage and shipment, by keeping in mind the importance of the procurement function's sustainability efforts in terms of cost and social responsibility. We are continuing our way with suppliers which establish systems in environmental and social issues.

To provide our customers with the shortest and most cost-effective transportation options, we provide efficient planning, raw material and packaging stock tracking, and service quality enhancement solutions.

Supply Chain Department, Polisan Kimya



SUPPLY CHAIN MANAGEMENT

PURCHASING MANAGEMENT

As Polisan Holding, we are aware that environmental and social sensitivities must exist in the whole value chain. Therefore, we choose our suppliers, with whom we will be dealing during our purchasing processes, by considering not only their product performance and operation quality but their approach to environmental and social issues as well.

We consider our purchasing activities as the starting point in sustainability and give priority to selecting local suppliers. We also encourage them to increase their performance and standards towards sustainability by ensuring that they work in compliance with the “Polisan General Purchasing Terms and Conditions”.



DOMESTIC PRODUCTION DOMESTIC PRODUCTS

In accordance with the terms determined by the Ministry of Science, Industry and Technology, with the objective of promoting domestic production:

- For the products obtained or entirely produced in Turkey, the important phases of the production process and the main finishing labour work should be carried out in Turkey and
- the domestic contribution to the product should be at least 51%.

Satisfying the above conditions, we obtained the Domestic Goods Certificate on 16.03.2015 for our AdBlue product produced by Polisan Kimya, on 02.10.2015 for the construction paint produced by Polisan Kansai Boya, and on 02.12.2015 for the traffic, road marking paint, water-based emulsion paints, primer paint product group by Polisan Kansai Boya.

DOMESTIC
RAW MATERIAL
SUPPLY RATIO
OF ADBLUE

80%



We consider our purchasing operations to be fast and innovative procurement processes, that acquire the necessary goods and services at the most appropriate cost, that select the right suppliers for efficiency and quality, that manage all domestic and foreign supplier relations and follow their performances. We also produce projects for cost reduction and business development, and we receive support from our R&D team for the implementation of these projects. We put measurable targets for ourselves, and we are working on more effective raw material and packaging inventory management.

We aim to contribute to the local economy with our procurement expenditures in line with our sustainability goals. For this reason, we take care to work with local qualified suppliers. In 2016, 71% of our purchases were made from domestic suppliers.

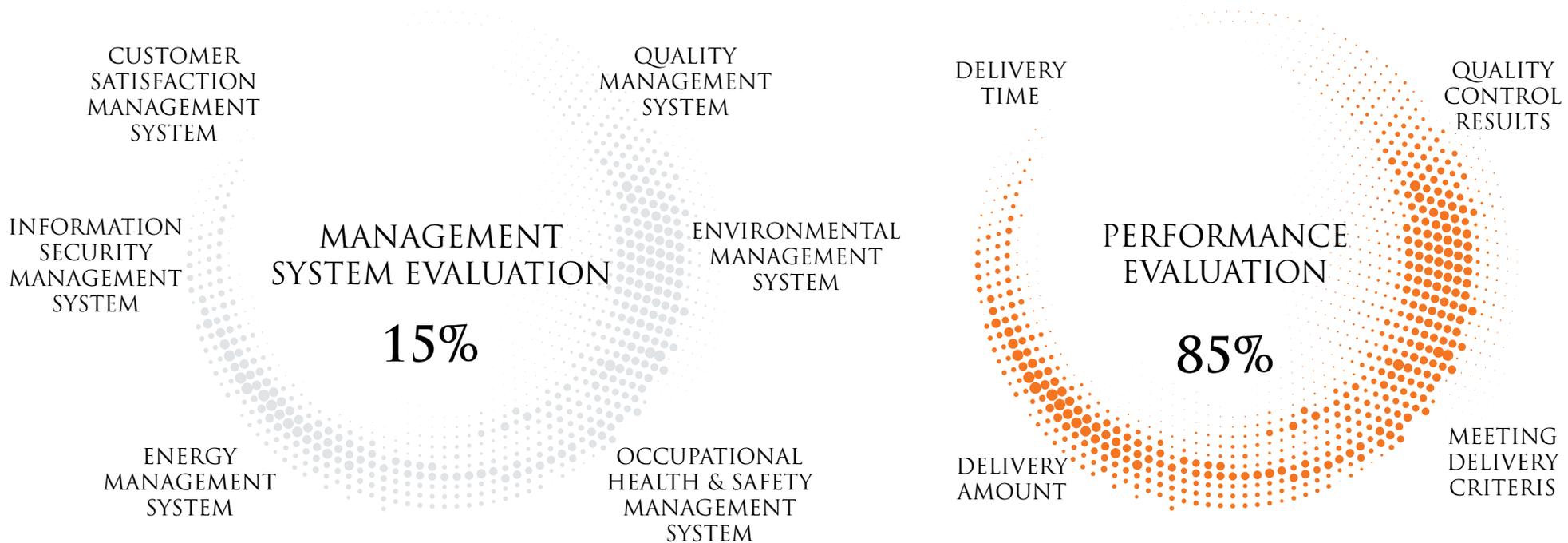
We are committed to coordinating with long-term partners in decision making, sharing responsibility, knowledge, sharing risks and success, and working with our suppliers in our sustainability journey with our common goals and objectives.

Purchasing Department, Polisan Holding

SUPPLY CHAIN MANAGEMENT

EVALUATION OF OUR SUPPLIERS

As Polisan Holding and its companies, we evaluate the performances of our suppliers by two different methods, and we offer the opportunity to make process improvements to our suppliers with a score of 60 or less according to the evaluation results.



As a result of Polisan Holding supplier evaluation studies carried out in 2016, we have decided to continue our cooperation with 96% of our 1,790 suppliers and to offer the remaining 4% the chance to make improvements in their processes. As a result of our evaluation, 94 suppliers scored 90 or above.



SUPPLY CHAIN MANAGEMENT

LOGISTIC MANAGEMENT

In sectors we operate in, we are aware that the quality of our post-sales service is of the same high importance as the quality of our products in order to improve our standing in the sector.

In Polisan Holding, we believe that delivery should be made as early and as reliably as possible. We can proudly say that, since 2014, we have always dispatched our products from the factory within 1 day of order. We deliver our products within 1 day to the nearest and within 3 days to the farthest region.

We plan to integrate the Lojisoft program into our processes in 2017 to achieve the “best quality, cheapest and fastest” product shipment.

As a group of companies that believe in continuous development, we have revised our routes created by the system, with the logistics department enlarged in 2016. We saved up to 4% on fuel thanks to the support of our new routing and vehicle tracking system, which is calculated by our planning experts in the Logistics Planning Team to send the most products at minimal cost.

Through our logistics process studies, we inform our customers about the transportation, cost, storage and environmental advantages of orders compliant to our processes, and we provide sustainability in our value chain by our joint efforts with the clients.



VEHICLE TRACKING SYSTEM

In 2015, we established a vehicle tracking system for the Polisan Kansai Boya fleet to create a synergy between the delivery support and the distribution vehicles between the warehouses. With the vehicle tracking system, we managed to save fuel by effectively managing the delivery times and fuel consumption.

We started to cooperate with our service suppliers to improve and monitor the transportation service that we have received at Polisan Kimya. By integrating our vehicle tracking system with that of our suppliers in 2017, we will make simultaneous checks and strengthen our synergy and provide 100% customer satisfaction on delivery times.

APPOINTMENT SYSTEM

With the Polisan Vehicle Program (PSO), which is linked to our SAP system, we manage vehicle arrival/departure and loading operations at our site.

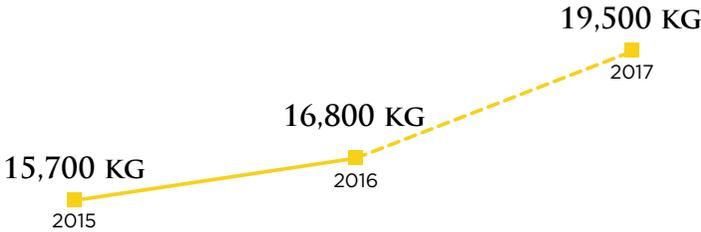
OPERATIONAL EXCELLENCE



SUPPLY CHAIN MANAGEMENT

This year, we have optimized capacity utilization with our pallet planning system in which we have packing options for our SAP system. We have increased our vehicle occupancy rate from 15,700 kg in 2015 to 16,800 kg in 2016, and our aim is to increase this further to 19,500 kg in 2017.

VEHICLE OCCUPANCY RATIO



DELIVERY OF OUR PRODUCTS TO MARMARA REGION IS

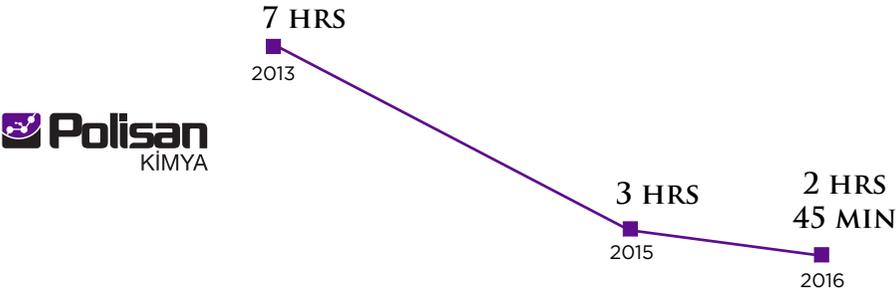
1 DAY TO THE REMOVEST AREA IS

3 DAYS



WITH OUR INCREASE IN VEHICLE OCCUPANCY RATES AND WITH THE ASSISTANCE OF OUR VEHICLE TRACKING SYSTEM, WE REDUCED OUR CARBON FOOTPRINT DUE TO TRANSPORTATION BY 11%.

Including the checks, loading and leaving our site, for a vehicle at Polisan Kimya:



Safe product filling time for a tanker is approximately 30 minutes. Considering times taken for e.g. sampling, repetition of last quality control analysis and preparation of legal documents, it would be a serious improvement if we can reduce the time for these procedures to the minimum time required.

In line with our actions towards being closer to customers and increasing our service quality, our Construction Chemicals production facility in Adana has been operational in 2016 and the Samsun plant is being planned to be commissioned in 2017. In addition to shortening our access time to our customers with our new facilities, we are aiming to reduce our transport costs and fuel consumption.

SUPPLY CHAIN MANAGEMENT



We continue to work to strengthen our technological background to manage our shipping processes more effectively, to increase our order fulfilment rate, to shorten our delivery times even further and to increase customer satisfaction. We believe that the functional benefits of our products are as high as possible, and that the customer's order must be delivered in full, accurately and on time.

We reach our customers from our 9 logistics centres all over Turkey with a total area of 30.000 m2, providing a faster, stronger, and more dynamic and efficient service philosophy. In addition to our logistics centres, the services such as Mix Centre that we offer to our customers are also followed closely by the sector.

As the logistics companies we work with are also our point of contact with our customers, we attach great importance to establishing strong and sustainable relationships with them. We would like them to pay heed to providing a quality service as well as maintaining a perspective that will set environmental and social sensitivities during their business process management and to work in accordance with Polisan Holding goals.

Logistics Department, Polisan Kansai Boya

WORLD-CLASS NEW PRODUCTION AND STORAGE FACILITY



In our new plant, we want to increase our productivity to meet ever-increasing demand, with a strong logistics network and business performance. Now more than ever, customers want a high quality of service. We are also obliged to deliver the orders just-in-time, with complete accuracy and in perfect condition. The new factory will help us to set our goals even higher with faster loading and product preparation and better management of the processes.



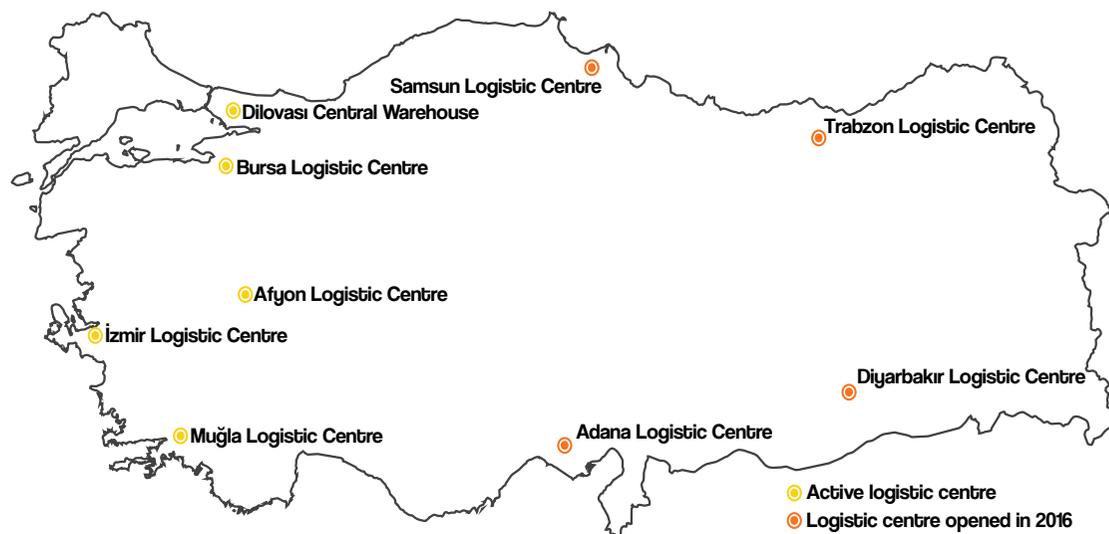
SUPPLY CHAIN MANAGEMENT

FIRST LOGISTICS CENTRE IN PAINT SECTOR

We support our product quality with leading applications we have introduced in sales, distribution and service areas.

We began providing services in 9 logistics centres with the establishment of new centres in Samsun, Adana, Diyarbakır and Trabzon in 2016. From our centres, which occupy a total area of just over 30,000 m², we deliver directly or indirectly to approximately 8,000 points.

30,000 m²
 **LOGISTICS CENTRE**



IN SAMSON

- A stock capacity of 800 tonnes,
- Distribution service for Samsun, Sinop, Amasya, Corum, Tokat, Ordu (partially) provinces including their towns,
- If necessary, will support paint shipment throughout Turkey,
- Annual distribution capacity of 7000 tonnes of products,
- 10 distribution vehicles and 14 staff.

IN ADANA

- A stock capacity of 1000 tonnes,
- Distribution service for Adana, Mersin, Osmaniye, Hatay, Gaziantep, Kilis, Kahramanmaraş provinces including their towns,
- If necessary, will support paint shipment throughout Turkey,
- Annual distribution capacity of 7000 tonnes of products,
- 13 distribution vehicles and 18 staff.

IN DIYARBAKIR

- A stock capacity of 800 tonnes,
- Distribution service for Urfa, Adıyaman, Malatya, Diyarbakır, Elazığ, Tunceli, Bingöl, Muş, Batman, Bitlis, Siirt, Şırnak and Mardin provinces including their towns,
- If necessary, will support paint shipment throughout Turkey,
- Annual distribution capacity of 7000 tonnes of products,
- 13 distribution vehicles and 18 staff.

IN TRABZON

- A stock capacity of 600 tonnes,
- Distribution service for Trabzon, Giresun, Ordu, Rize, Artvin, Gumushane and Bayburt provinces including their towns,
- If necessary, will support paint shipment throughout Turkey,
- Annual distribution capacity of 4000 tonnes of products,
- 6 distribution vehicles and 10 staff.



SUPPLY CHAIN MANAGEMENT

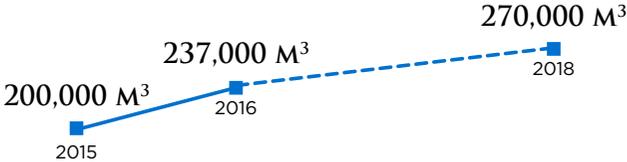
POLIPORT KIMYA INVESTMENT CONTINUES UNABATED



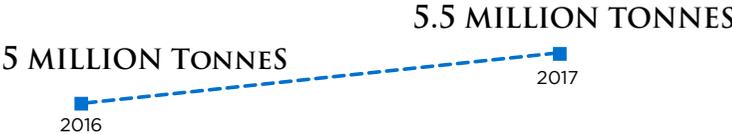
Poliport Kimya invested about \$19 million in 2016 and is planning to invest approximately \$15 million in 2017.

So far, Poliport Kimya has invested over a total of \$250 million. In Poliport Kimya:

**BULK LIQUID
STORAGE CAPACITY**



**DRY BULK
HANDLING CAPACITY**



WAREHOUSE AREA



OPERATIONAL EXCELLENCE

SUPPLY CHAIN MANAGEMENT

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To minimize the length of stay of materials in the warehouse by optimizing the stock turnover speed (< 18 days).</p> 	<p>The duration of stay of materials in the warehouse was 17 days on average.</p>	<p>To minimize the length of stay of materials in the warehouse by optimizing the stock turnover speed (< 17 days).</p>
<p>Reducing labour by switching to automation in the warehouse areas, and achieving energy savings by using devices efficiently.</p> 	<p>Butyl acetate and butyl glycol raw materials have been stored in tanks instead of IBC. By doing so, 450 IBCs have been saved per annum.</p>	<p>Reducing labour by switching to automation in the warehouse areas, and achieving energy savings by using devices efficiently.</p>
<p>To achieve effective stock management at both factory and distributor sites and to be able to respond to the customer's desired colour by achieving at least 15% of product coloration in Polisan logistics centres and the distributor network.</p> 	<p>The ratio of on-site colouring has increased 62% compared to the previous year.</p>	<p>To ensure that the proportion of colouring performed on-site is at least 15%.</p>
<p>To reduce monthly forklift usage by 5% compared to the previous year, hence to obtain 5% fuel and CO₂ emission reduction.</p> 	<p>Thanks to the implementation of calcite silo project, forklift usage was decreased from 13,255 hours to 7,269 hours and hence a 55% fuel saving has been achieved. In other words, 135,330 kg CO₂e greenhouse gas emission has been prevented.</p>	<p>-</p>
<p>To follow the performance improvement of the suppliers and contribute to their improvement process.</p> 	<p>In 2016, 17 supplier audits have been carried out together with the Quality and R&D units and 100% compliance with the audit plan was achieved.</p>	<p>To perform auditing of 18 suppliers in the year 2017.</p>
<p>To ship the products to customers within 1 day at the latest.</p> 	<p>Average shipment time was 0.94 days.</p>	<p>To ship the products to customers within 1 day at the latest.</p>



SUPPLY CHAIN MANAGEMENT

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To plan and ship 20% of the orders within the same day that the order is given providing this does not increase the shipment cost.</p> 	27% of incoming orders were shipped within the same day without increasing the shipment cost.	To plan and ship 20% of the orders within the same day that the order is given providing this does not increase the shipment cost.
<p>-</p> 	-	Carrying out general checks and completion of ADR training within the scope of ADR in Polisan Kansai Boya regional product storage centres.
<p>To follow the performance improvement of the suppliers and ensure that this contributes to the improvement process.</p> 	4 Supplier audits have been carried out together with the Quality and R&D units in the year, and this means 100% compliance with the audit plan.	To perform auditing of 3 suppliers in 2017.
<p>Maintaining the time taken by a vehicle from entry to exit from the factory per tonne of product below the values of the previous year.</p> 	The time from entry to exit to the factory per vehicle was shortened by 15 minutes to 33 minutes.	Maintaining the time taken by a vehicle from entry to exit from the factory per tonne product below the values of the previous year.
<p>-</p> 	-	To increase the proportion (> 50%) of the vehicles being used on the way back from Adana after the same vehicles have carried raw materials to Adana.
<p>-</p> 	-	To sign the Information Security Protocol with the transport, storage and packaging suppliers by the end of March 2017 (100% completion).



R&D AND INNOVATION

As a Holding company, the basis of our superiority in continually developing a competitive business environment lies in the importance we give to R&D and innovative solutions, and in the successful studies of our expert staff and our investments in technology. Our innovative R&D units not only offer environmentally sensitive products but they also expand the product range and enable the company to operate in different sectors with new products they develop in line with their experience, customer expectations, and market forecasts.

We support our growth strategy by our R&D activities. We maintain our R&D and innovation studies in line with our mission to contribute to the development of Turkish society and the economy with quality products and a superior service concept, and provide high added value to the environment and to the sectors we operate in.



R&D AND INNOVATION

INNOVATION AT POLISAN KANSAI BOYA

As Polisan Kansai Boya, we would like to create a difference in competition with our R&D studies focused on manufacturing environmentally friendly, high quality, innovative products compliant with standards, which also serve the consumers' convenience and the needs of consumers today and in the future.

We treat all customer enquiries with the same serious professional approach and provide the right products for customers' needs in the quickest possible delivery time and, as their solution partners, we reply to all their different types of technical questions immediately.

As Polisan Kansai Boya, we promise to speed up our work in line with our sustainability targets and with the responsibility of being the 159th corporation to obtain the R&D Centre Certificate and with our strong R&D staff developing innovative products.

WITH ITS PIONEERING TECHNOLOGICAL PRODUCT DESIGN APPROACH, SINCE 2002 POLISAN KANSAI BOYA R&D CENTRE HAS CONTRIBUTED 17 PROJECTS TO THE SECTOR WITH THE SLOGAN 'FIRST IN TURKEY'. THREE OF THESE HAVE BEEN GRANTED SUPPORT BY THE STATE.

IN 2015 **6.2**

IN 2016 **7.9**

MILLION TL R&D EXPENSES



2 PATENT
APPLICATION
APPROVALS

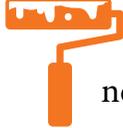


The reason behind the superior development and competitiveness of Polisan Holding is the fact that we give importance to R&D and have technical staff who are experienced, competent and specialised in their fields, who have spent many years in the sector. As the Polisan Kansai Boya R&D Centre, we are proud to be granted the 159th R&D Centre Certificate in Turkey with our 62 R&D staff. We are diversifying our product range daily by combining our experience with innovations, and we continue with our efforts to present the most appropriate products to our customers in the shortest possible time with the new products we develop in line with customer expectations and market predictions.

Due to the widespread use of chemical ingredients in the paint industry, we constantly monitor the way we do business with our products and the contents in line with our sensitivity to the environment, and we develop new water-based products or better performing water-based counterparts of solvent-based products.

The R&D Team, Polisan Kansai Boya

2014  39
new products

2015  22
new products

2016  14
new products



WATER-BASED GROUP



MAXIMUS UNIVERSAL VARNISH

—Interior-external facade varnish with low dirt retention



EXELANS TEXTRA

—100% pure acrylic resin based
—Superior performance against high alkali and sunlight



AMBIANS ROYAL

—Turkey's first semi-gloss paint
—Low VOC and carbon emission



SYNTHETIC GROUP



ACRYLIC ROAD LINE PAINT

—High UV resistance and abrasion resistance



INDUSTRIAL GROUP

EPOCRETE EPOXY COATING AND EPOCRETE EPOXY COAT LINING

—Low viscosity, self-levelling feature
—Self-levelling feature

EPOXY ANTICORROSIVE DAMPER PRIMER

ALUMASTIC EPOXY PAINT

GREENHOUSE PAINT

—High anti-corrosive feature
—High sealability



FURNITURE PAINTS



PU GLOSS LACQUER PAINT BRONZE WHITE

PU SUPER PANEL DOOR PAINT GOLD WHITE

PU FULL MATT LACQUER PAINT WHITE GOLD

—High spreading, coverage and gloss features
—Resistance to yellow discolouration and scratching



P.U. LACQUER PRIMER BRONZE

—High Ratio of filling and coverage
—Easy sanding feature



CAMOUFLAGE PAINT

—Low VOC
—High ratio of stain coverage
—Prevents the dirt from reaching the surface

R&D AND INNOVATION

TECHNOLOGY AND INNOVATION SUPPORT PROGRAM (TEYDEB)

In 2015 our R&D Centre, supported by TUBITAK, carried out 6 projects with a total budget of 4.7 Million TL and applications have been made for 5 TEYDEB R&D projects with a 4 million TL budget, including projects we have been carrying out together with Sabancı University and Gebze Technical University in 2016. 5 projects with a budget of 4.2 Million TL have been completed from these projects.



IN 2016:

DEVELOPMENT OF A SPECTROPHOTOMETRIC BASED SMART DATABASE FOR THE FORMULA COMPLIANCE OF THE NEW GENERATION PASTES

Within the scope of the project, a colour database has been created which is unique to Polisan and any pastes having the required pigment index can be added to or removed from the system. The database created increased the success ratio of obtaining the target colour formulae first time, and hence the speed increased at the point of sale.

DEVELOPMENT OF WATER-BASED PURE ACRYLIC BINDER BASED NANO SILICA ENRICHED ORGANIC-INORGANIC HYBRID EXTERIOR PAINT

With this project, an exterior wall paint has been developed with a high performance, low carbon dioxide permeability which prevents corrosion and thus prolongs the life of buildings.

DEVELOPMENT OF A SPRAYABLE, UV DRIED FINAL LAYER FURNITURE VARNISH

With this project, for the very first time in Polisan Kansai Boya, a UV product line has been created.



R&D AND INNOVATION

MIX CENTER

Thanks to the Mix Centre, we can offer thousands of different colours to our customers instantly without having to keep stocks of all the card colours at the point of sale, without sacrificing quality and without adding any extra cost.

We offer our consumers instant solutions to meet their expectations by loading the colour data we work with onto the Mix system network.



2,700 
 PIECES OF
 WATER-BASED NEW
 GENERATION MIX
 MACHINE

We met all the requests for new colours we received from our customers by carrying out R&D. They were 1,739 requests in 2014, 2,277 requests in 2015 and 2,360 requests in 2016. We also target to fulfil these requests as soon as possible. Our completion of the water-based and solvent-based paint colour requests was maximum 1.5 days and 2 days, respectively.

In 2016, studies were conducted for the solvent-based mix system in addition to the water-based system at the R&D colour department. As a consequence of these studies, 3 warehouses were equipped with mixing machines offering 200 colours in 3 product groups, and hence a fast service was provided for the customers at the point of sale.

EVERY POLISAN KANSAI POLISAN SALES OUTLET IS TURNING INTO A ‘PRODUCTION CENTRE’

In addition to the Mix machines, with the help of a higher capacity Modüla system for the benefit of 34 distributors, each distributor acted as a factory where there were no Mix machines, and delivered the products to dealers immediately on request and, in doing so, we achieved effective management of 5,000 SKUs*. Thus, we turned each Polisan Kansai Boya sales location into a “production centre” with the help of the New Generation Mix System colouring machines and the Modüla System located at our sales outlets

50



*SKU: Stock Keeping Unit
OPERATIONAL EXCELLENCE

R&D AND INNOVATION

ENVIRONMENTALLY FRIENDLY PRODUCT DESIGNS



POLISAN X1
WATER-BASED DOOR/PANEL PAINT



POLIMETAL
WORLD'S **FIRST** WATER-BASED METAL PAINT



POLIROAD
TURKEY'S **FIRST** WATER-BASED ROAD MARKING PAINT TO REPLACE SOLVENT-BASED EQUIVALENTS



POLISAN X1 ANTI-AGING
TURKEY'S **FIRST** WATER-BASED GLOSSY TOPCOAT PAINT TO REPLACE SOLVENT-BASED EQUIVALENTS



AMBIANS ROYAL
TURKEY'S **FIRST** SEMI-GLOSS PAINT WITH **LOW VOCs**



CAMOUFLAGE PAINT
CAMOUFLAGE PAINT WITH **LOW VOCs**



R&D AND INNOVATION

PRODUCTS WITH LOW VOLATILE ORGANIC COMPOUNDS (VOCs)

In 2014, we started with the main target of developing “a low VOC water-based product to replace each solvent-based paint.” In line with this target, we presented our customers with the first water-based gloss top coat paint, the first water-based road-marking paint of Turkey and, most recently, the world’s first water-based metal paint.

And in 2016, we expanded our product portfolio even further using our sustainable innovation technique with (again) Turkey’s first semi-gloss paint called Ambians Royal, a member of the acclaimed Ambians group of products with long life and enhanced wiping characteristics. We managed to offer a more environmentally friendly new product to our customers in the form of an Ambians Royal product containing a high performance and low VOC resin produced using Evoque™ technology, specially developed by the world’s 2nd largest chemical company, Dow Chemical®, which is also a partner of Polisan Kimya.

We also have another paint called Natura Kamouflaj, another environmentally friendly paint in our portfolio. Natura Camouflage, which has been formulated to block difficult stains, forms a perfect surface for the top layer surface, is a water-based non-fading and odourless primer paint, and covers nicotine, oil, pencil, soot and fire stains, and stops these re-emerging.

PRODUCT SAFETY / BIOCIDAL PRODUCTS

In compliance with the *Biocidal Products Regulation*, which regulates the assessment of the possible risks of biocidal products on all living creatures and the environment; and the production, import, licensing and registration, classification, packaging, labelling, introduction to the market and inspection of these products within the scope of this assessment by the Ministry of Health

- We obtained a Biocidal Product License from the Ministry of Health, valid until 31.12.2012, for the Elegans series of antibacterial ceiling and the interior wall paints which were classified as Group 2 products.
- The inventory records of all colours of our Politex Wood Preservative Product with Varnish were approved by the Ministry of Health within the scope of Group 8 Products, and were added to the Biocidal Products Inventory List.



OPERATIONAL EXCELLENCE



R&D AND INNOVATION

CLASSIFICATION, LABELLING AND PACKAGING (CLP)

The substances, mixtures and some goods introduced to the market with classification, labelling and packaging as per the UN CLP Regulations for global use, provide superior protection against negative effects on human health and the environment and free movement of these substances is allowed.

For this purpose, all our products have been updated with Safety Information Forms, Hazard Classes, pictograms and warning statements, and consumers have been informed in line with the “Classification, Labelling and Packing of Materials and Mixtures” Regulation (CLP) in force in our country.

As of 01.06.2016, restrictions have been imposed on the use of preservatives (biocides) in order to protect consumer health. Sensitizers have been added to the labels of all our water-based products and consumers have been informed about this. We have started work on the R&D for the use of eco-friendly active substances instead of biocides used as in-packaging protectors.

NEW GENERATION ANTIFOULING MARINE PAINTS TO PRESERVE BIOLOGICAL DIVERSITY

THE “DEVELOPMENT OF BORON ACRYLATE POLYMER BASED NEW GENERATION ANTIFOULING (AF) MARINE COATINGS AND DETERMINATION OF ANTIFOULING EFFECTS” PROJECT

With this project, which started in 2014, we aim to minimize the damage of the antifouling paints on the biodiversity in the aquatic environment. In these types of paints, which are used to protect the surfaces of sea-going vessels from sea organisms, people have been using chemicals with long lasting effect; in other words, chemicals with longer biological degradation times.

We have been working on developing polymers/copolymers that will replace these chemicals and that can be hydrolysed in sea water. Moreover, we are using environmentally-friendly compounds of boron for its biocidal effect. The project is planned to be completed in 2017.



OPERATIONAL EXCELLENCE



R&D AND INNOVATION

THERMAL INSULATION

With proper heat insulation applications, it is possible to save up to 50% in energy consumption from heating and cooling sources, to decrease emissions of greenhouse gases from energy use, and consequently to reduce climate change effects. Since 2011, we have been carrying out R&D studies to develop heat reflection and insulation, to develop special insulation materials to meet the needs of each region taking into consideration the temperature and humidity conditions of each region in Turkey, and to offer our consumers cost savings and increased comfort with our products.

In addition, we support the superior performance and quality of our insulation products with '*Polisan Kansai Boya Insulation Insurance*', which is the first in the world in the paint and insurance sector that we offer to our customers, and with the '*18 Months 0 Interest with ECOCredit Insulation*' services offered to consumers through cooperation with Şekerbank.



INTERNATIONAL VALIDATION ACCREDITATION WAS OBTAINED FOR THE POLISAN KANSAI BOYA BASIC RESEARCH LABORATORIES.

Polisan Kansai Boya Basic Research Laboratories, which has been conducting chemical tests and quality measurements for 30 years, has received an "International Validity" accreditation certificate from TURKAK in October 2016 with a Mutual Recognition Agreement with the International Laboratory Accreditation Association (ILAC).



R&D AND INNOVATION

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To commission the solvent-based mixing system in 2016.</p> 	<p>Rapid and Rapid Ekstra products under the industrial product group have been switched to solvent-based mix system with 200 colours.</p>	<p>To start the switch of the Cellulosic Product Group to the mix system and to determine a suitable paste.</p>
<p>To develop a product with a Type I Environmental Label (Ecolabel) that is certified by an impartial certifier conforming to the ISO 14024, and which states that any adverse environmental effects in relation to the product have been minimised.</p> 	<p>The process is ongoing.</p>	<p>To develop a product with a Type I Environmental Label (Ecolabel) that is certified by an impartial certifier conforming to the ISO 14024, and which states that any adverse environmental effects in relation to the product have been minimised.</p>
<p>Having at least 3 TEYDEB project approvals and to start these projects.</p> 	<p>In 2016, 5 TEYDEB have been applied and 1 TEYDEB project has been approved.</p>	<p>Having at least 3 TEYDEB project approvals and to start these projects.</p>
<p>To respond to the colour requests of the water-based paint in maximum 1.5 days, and for the solvent-based paint in maximum 2 days in 2016.</p> 	<p>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.</p>	<p>To preserve 2016 targets.</p>
<p>To design a minimum of 14 new products.</p> 	<p>14 new products were designed in total: 3 in Decorative Group, 5 in Industrial Group, 2 in Synthetic Group and 4 in Furniture Group.</p>	<p>To design a minimum of 10 new products.</p>
<p>-</p> 	<p>-</p>	<p>To begin the tests by completing the infrastructure studies so that colouring can be carried out in the water-based mix system on site.</p>
<p>To receive 'ZERO' formulation-based customer complaints for the formulations developed by the R&D concerning products developed/designed in 2016.</p> 	<p>No customer complaints about the formulations developed by the R&D were received.</p>	<p>To receive 'ZERO' formulation-based customer complaint for the formulations developed by the R&D concerning products developed/designed in 2017.</p>

R&D AND INNOVATION

INNOVATION AT POLISAN KIMYA



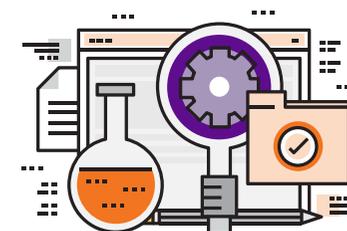
As the R&D team of Polisan Kimya, we not only take great care to increase process safety in our existing products with awareness of occupational health and safety, but also work to manufacture products and develop services with high performance that are friendly to the environment and human health. In this context, we have been working on the TEYDEB projects to develop biodegradable resin for use in wood-based panels and biodegradable raw materials in polycarboxylate production. We have also implemented phenol exposure reduction projects by eliminating the phenol pre-heating treatment in 2016. Also this year, we have recycled 60% of our wastewater by implementing projects to reuse our condensation and distillate wastewater. In order to be able to achieve successful R&D projects, we maintain cooperation with universities and industry. In 2016, we have three university projects and three industrial cooperation projects.

Our target is to be the Polisan Kimya R&D Centre. We started our work this year; in the year 2017, will pursue with this step.

R&D Team, Polisan Kimya

IN 2014;

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



IN 2015;

For low energy consumption, we have achieved 12.5 kWh energy savings per unit product by lowering or eliminating the vacuum periods as a result of studies on production processes and molar ratios of our Poliphen 76-TD, Poliphen 765-TD and Polyurea 1065 commercial products.

IN 2016;

With the goal of reducing harmful emissions in wood-based panels using bio-based materials, we have developed a new product named POLFEN BIO MP.

With the use of bio-based raw materials in PCE production, we reduced both our costs and the use of petroleum derived polymers.

IN 2015 **1.2**

IN 2016 **2.2**

MILLION TL R&D EXPENSES



IN ORDER TO STRENGTHEN OUR COOPERATION WITH UNIVERSITIES AND INDUSTRY, WE STARTED 3 UNIVERSITY AND 3 INDUSTRY COOPERATION PROJECTS IN 2016.

OPERATIONAL EXCELLENCE

R&D AND INNOVATION

2016 IN POLISAN KIMYA

We started to produce polycarboxylate emulsion (PCE) which is the main ingredient of hyper fluids produced in building chemicals.

Through process development studies, we reduced the reaction times and achieved a 20% capacity increase in PCE production, resulting in the same energy savings.

ENERGY SAVING OF

42,500 kWh

ANNUALLY, REDUCTION OF

20,000 kg CO₂e

OF GREENHOUSE GASES

60%

RECYCLING IN
CONDENSATION AND
DISTILLATE WASTEWATER

We are aiming to recycle 60% (6,560 tonnes) of wastewater by 2017 under the R&D project “The Use of Condensation and Distillate Wastewater in the Production Process.”

In our Polisan Kimya R&D Concrete Laboratory, we started to use aggregate left over from customer tests in our raw material tests instead of disposing of these. In this respect, we evaluate the aggregates from our customers and reduce the amount of waste generated by approximately 5 tonnes per year, ensuring resource efficiency.

In addition to product development and efficiency projects that are sensitive to environmental and human health, we have also conducted process safety studies. We have improved process safety by eliminating risks in the production process of Polifen 50 SB, reducing personal exposures. We also removed the risks at the stages of supply, storage and process feed by switching from using sodium hydroxide powder to using a solution in the same process.

We completed our CE certification process for 800 products by combining our concrete additive products in 15 different groups.

IN POLISAN KIMYA WE CARRIED OUT 1 TEYDEB PROJECT WITH A BUDGET OF 0,6 MILLION TL IN 2015 AND 2 TEYDEB PROJECTS WITH A 1 MILLION TL BUDGET IN 2016

OUR TEYDEB PROJECTS

RESIN CONTAINING BIO-MATERIALS

The first of our TEYDEB projects is the ‘Development of a Resin containing Bio-Materials for Use on Wood Based Boards’. With the aim of reducing total volatile organic compounds (TVOCs) and formaldehyde emissions, we have also developed a product called POLFEN BIO MP, which aims to develop a product that considers the environment and human health.

LOW EMISSION PCE

The use of bio-based raw materials in PCE production has resulted in both price reduction and reduction of petroleum-derived polymers, resulting in an environmentally friendly and high-performance product.



OPERATIONAL EXCELLENCE

R&D AND INNOVATION

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To design at least two environmentally friendly product.</p> 	<p>Projects related to the development of Bio-Material Resin are being carried out in order to reduce the TVOCs and formaldehyde emissions in Wood Based Boards.</p> <p>In the production of superplasticizer PCE, projects are being undertaken to replace the use of petroleum-derived monomers by renewable resources.</p>	<p>To design at least one environmentally friendly product.</p>
<p>To evaluate at least 1 production process of a product in terms of energy consumption and to achieve a 20% energy saving in kWh per product.</p> 	<p>In the WR4 and WR4 S products in the PCE group, the raw material dosing and the products were subjected to one-hour reduction in the mixing stages at the reaction temperature. The production process was thereby shortened by 2 hours in total. With the project, an annual energy saving of 42,250 kWh has been achieved, thus avoiding 20,000 kg CO₂e carbon emissions.</p>	<p>To evaluate at least 1 production process of a product in terms of energy consumption and to achieve a %20 energy saving in kWh per product.</p>
<p>Having at least 2 TEYDEB project approvals and to start these projects.</p> 	<p>2 TEYDEB projects have been approved.</p>	<p>To carry out at least 3 TEYDEB projects.</p>
<p>To increase the number of monitoring of the use of newly developed products from 1 to at least 3. Improve product design by examining the processes in which the customer is using the new product .</p> 	<p>Trial productions for new products have been increased to three.</p>	<p>-</p>
<p>-</p> 	<p>-</p>	<p>Being Polisan Kimya R&D Centre in 2017.</p>



CUSTOMER RELATIONS

We believe that communication and cooperation with our customers, who are our largest group of stakeholders, are the cornerstone of our corporate culture and strategy, believing that sustainable development can be achieved by working in harmony with the stakeholders. We listen to the needs and expectations of our customers, and we focus on managing their satisfaction rather than their complaints.

Since our company was founded, we have acted in accordance with the principles of *"We listen to you"* and *"Each Complaint Will Turn into a Thank You"* and we adopt these principles with all our employees as a very valuable company asset. Our most important target is to provide 100% customer satisfaction and to maintain this level.

CHANNELS FOR RECEIVING CUSTOMER COMPLAINTS, DEMANDS AND EXPECTATIONS

- Polisan Kansai Boya Call Centre (0 800 211 3737)
- e-BA (Certificate, Document and Workflow Management system) entries
- Customer Visits
- Through Company Websites
 - www.polisan.com
 - www.poliport.com
 - www.polisankimya.com
- Through Sales
- Polisan Kansai Boya Basic Research Laboratories
 - www.polisanlab.com
- CRM (Customer Relationship Management)



CUSTOMER RELATIONS

CUSTOMER MANAGEMENT

OUR TARGET IS

100%



CUSTOMER
SATISFACTION

We promise to objectively evaluate all claims and complaints from our customers and to produce the most effective and fair solutions, to prevent recurrence of non-compliances and to comply with applicable legislation and standards. Our target is 100% customer satisfaction.

For every complaint we receive, we provide feedback to our customers within 24 hours. In our evaluation process, confidentiality, customer orientation, information access and an objective approach are our basic principles. We thoroughly review the feedback we receive from our customers and we improve our processes to prevent recurrence of our mistakes.

Polisan Kansai Boya and Poliport Kimya Companies are ISO 10002 Customer Satisfaction Management System certified. And Polisan Kimya continues to work on system building.

We use CRM software in Polisan Kimya to get to know existing and potential customers at home and abroad, to reach them more easily, to offer special offers and to manage order processes effectively. We can track a lot of data from our customer visits to the project sales forecasts, from the offer to the sale, through a single platform. Polisan Kansai Paint Company plans to use CRM in an active manner by completing infrastructure studies in 2017.



To achieve 100% customer satisfaction, it is important to listen to their voices and to produce innovative, practical, creative and environmentally friendly special products and solutions, and to give a complete and timely response.

We respond quickly to our customers' suggestions and complaints, and develop our products and services in line with their ever-evolving and changing expectations and needs.

We aim to maintain customer satisfaction and loyalty by providing value added and quality products and services to our customers, and we continue to work as a team towards obtaining ISO 10002 certification.

Customer Relations Team, Polisan Kimya



CUSTOMER RELATIONS

INFORMATION SEMINARS FOR PAINTERS

Our approach is to give information to our painters and practitioners, introducing our new products, and informing seminars for general applications, because we care about the professional development of our painters and want to contribute to making their work more informed. We aim to give these seminars to the practitioners and painters at different sales points and, in this way, we are supporting our already powerful distributor network and trying to strengthen their ties with their customers.

We get the opportunity to listen to their opinions, suggestions and complaints by communicating with the painters and practitioners, who are a part of our family, by adopting the principle of listening to the sector, and we observe that mistakes in practice are diminishing.

WE ARRANGED A TOTAL OF **62** INFORMATION SEMINARS OVER A TOTAL OF **186** HOURS FOR **4,303** PRACTITIONERS AND PAINTERS IN 2016.



CUSTOMER RELATIONS

SURVEYS

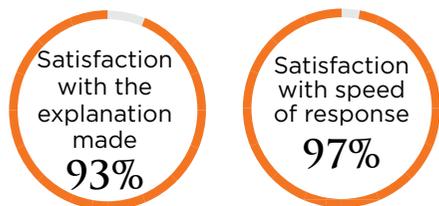
We conduct a Satisfaction Survey once every three years at most, to measure our customers' needs and expectations, perception and satisfaction. We convey the survey subjects to our customers through the research companies and sales teams; the surveys are created using qualitative research technique and the interviews with the customers are done by intermediaries

Survey results and all other customer satisfaction measures are considered and assessed as the most important agenda items of management meetings and Regional Managers' Meetings.

SURVEY RESULTS



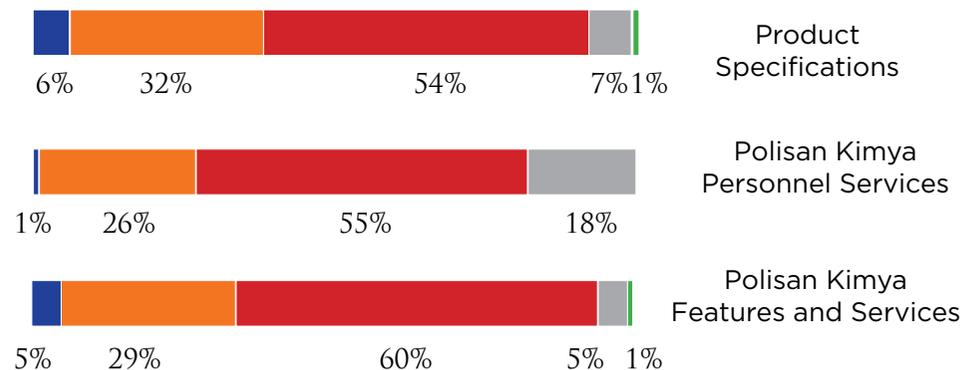
TECHNICAL INFORMATION



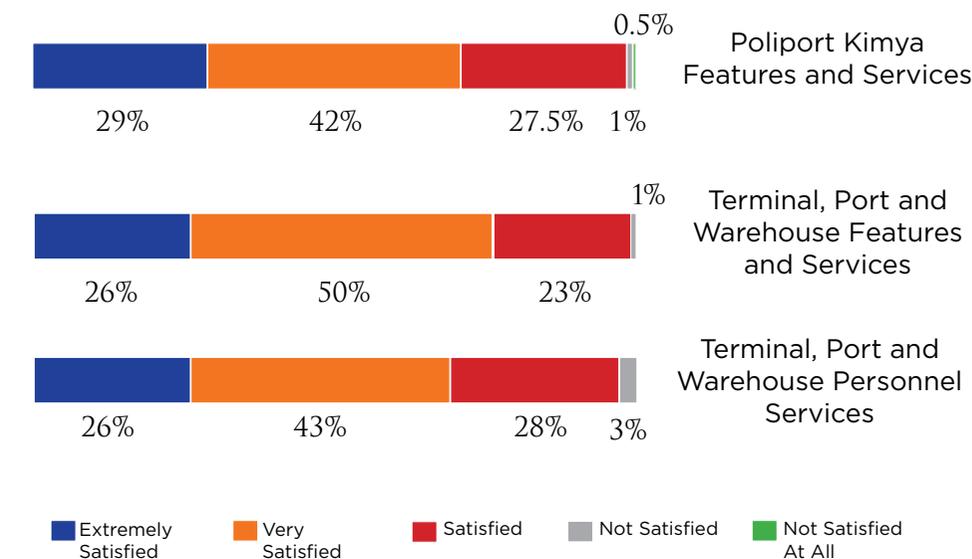
PRODUCT COMPLAINTS



SURVEY RESULTS



SURVEY RESULTS



■ Extremely Satisfied ■ Very Satisfied ■ Satisfied ■ Not Satisfied ■ Not Satisfied At All

OPERATIONAL EXCELLENCE

CUSTOMER RELATIONS

TURKEY'S FIRST PRIVATE AND HYBRID BRANDS

As Polisan Kansai Boya, we present our products to our customers with a "Corner Shop" concept in 3 building market chains of Turkey.

We created Polibau, the first hybrid paint brand in Turkey, with a Polisan signature. In addition, we also produce special brands for Bauhaus (Swing Colour), B & Q / Koçtaş (Quartz), Tekzen (Bolero) market chains.

POLISAN SHOP

By providing Polisan Shops and Polisan Kansai Boya sales points - the only example of a 'concept store' in Turkey and an idea we have been running since 2008 - with consumer-focused display items, we offer consumer-specific solutions on walls that are an important part of the decor.

INSTAKARTELA & POLIPALETTE

With the Instakartela virtual app we created on Instagram in 2016, with a single touch we show users what they see when they apply their chosen wall colour.

With the Polipalette mobile app, we are able to offer our customers thousands of colour options and let them choose the ideal colour for their walls, by taking advantage of the colour combinations offered them through their smart phones or tablets.



THE APPLICATION WHICH ENABLES YOU TO PAINT YOUR HOME WITHOUT PAINTING YOUR HANDS: POLIPALETTE



We are focussed on our social, economic and ecological goals.

Our vision of 'making this world more pleasant, colourful, peaceful and habitable with Polisan' shows indisputably that we are answerable to all living creatures in the world. One of our main issues is the management of our social and natural environment as well as managing our customers, and we do not compromise from responsible marketing at any stage from developing the products to the application of these on the wall.

It is our main goal to develop and present consumers with the alternative of a water-based product for each solvent-based paint. We are proud of introducing the industry's first water-based gloss paint, water-based road marking paint, colouring machines for water-based systems, the world's first water-based metal paint and many more healthy, low VOC-rated, environmentally friendly paints and varnishes.

This world belongs to all of us, and it is entrusted to all of us.

Marketing Department, Polisan Kansai Boya



CUSTOMER RELATIONS

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To ensure 100% customer satisfaction.</p> 	<p>Satisfied customer ratios were 93% and 97% in customer complaints and technical information requests, respectively.</p>	<p>To ensure 100% customer satisfaction.</p>
<p>To provide expert service from the centre to the construction sites.</p> 	<p>A total of 1,398 construction sites were monitored and their status was photographed and archived.</p>	<p>To provide expert service from the centre to the construction sites.</p>
<p>To arrange training sessions with our painters and practitioners in order to improve our common points of view.</p> 	<p>Training was provided for 4,303 painters and thermal insulation practitioners.</p>	<p>To arrange training sessions with our painters and practitioners in order to improve our common points of view.</p>
<p>To renew the ISO 10002 Customer Satisfaction Management System Certificate with zero non-compliance.</p> 	<p>ISO 10002 Customer Satisfaction Management System has been renewed with zero non-compliance.</p>	<p>To renew the ISO 10002 Customer Satisfaction Management System Certificate with zero non-compliance.</p>
<p>To implement the Polisan Shop Transformation by visiting 200 dealers in 2016.</p> 	<p>Polisan Shop transformation has been achieved at 244 points.</p>	<p>To realize the Polisan Shop Transformation by visiting 200 dealer in 2017.</p>



CUSTOMER RELATIONS

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To conduct surveys with at least 100 customers to measure their satisfaction with the Polisan Shop transformations and to ensure at least 80% customer satisfaction.</p> 	<p>Customer satisfaction surveys were conducted with 100 customers and the satisfaction rate was determined as 97%.</p>	<p>To conduct surveys with at least 100 customers to measure their satisfaction with the Polisan Shop transformations and to ensure at least 80% customer satisfaction.</p>
<p>To conduct revision work with at least 100 dealers in order to maintain the corporate continuity at the points where Polisan Shop Transformation took place.</p> 	<p>Revision work was carried out with 106 dealers.</p>	<p>To conduct revision work with at least 100 dealers in order to maintain the corporate continuity at the points where Polisan Shop Transformation took place.</p>
<p>To arrange periodic meetings and visits with the existing and potential customers (1 meeting/year).</p> 	<p>2 visits were made to current customers.</p>	<p>To arrange periodic meetings and visits with the existing and potential customers (1 meeting/year).</p>
<p>To meet customer demands and suggestions.</p> 	<p>SAP WM (Warehouse Management) system was applied on a project basis and a WEB service was provided to all our customers.</p>	<p>To make the WEB / SAB applications more widespread in order to be able to fully respond to the operational demands of our customers.</p>
<p>-</p> 	<p>-</p>	<p>Qualify for ISO 10002 Customer Satisfaction Management System certification.</p>





FOR A LIVEABLE ENVIRONMENT

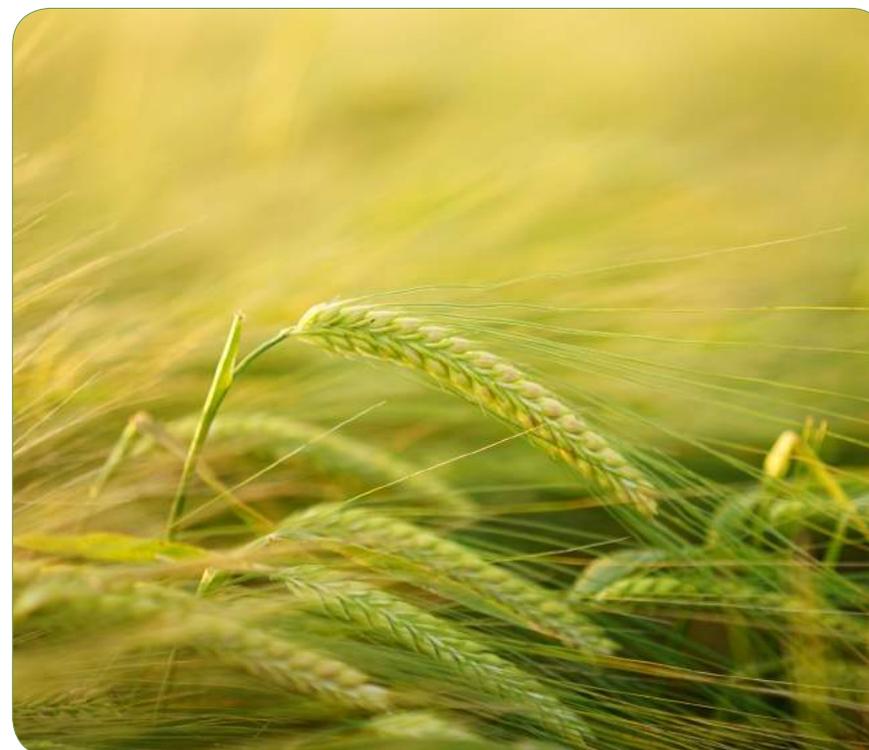
FOR A LIVEABLE ENVIRONMENT

As Polisan Holding Group Companies, we aim to leave a habitable world for future generations, and we are working to bring our environmental impacts to a minimum level.

In order to continuously improve our environmental performance, we manage our processes in a responsible and accountable manner, complying with the laws, creating value for our stakeholders, monitoring, evaluating and continuously improving our environmental impact. We carry out our environmental protection activities within the framework of our Environmental Management System, in which we make use of international standards such as ISO 9001, ISO 14001, ISO 14064 and ISO 50001.

We focus not only on our production activities but on the efficient use of natural resources along the value chain, reducing waste at source, implementing effective water management practices and setting up low environmental impact products and services.

We secure our environmental performance through our effective communication, auditing and reporting practices and our corrective and preventive action plans, while we continue to improve our environmental sustainability performance and reduce our operational costs.



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 joined the Triple Responsibility Commitment program in 1997 in line with our commitment to using high quality, safe and environmentally-friendly technologies and raw materials. We carry out activities compatible with this program applied by the Turkish Chemical Manufacturers Association (TKSD) in Occupational Health and Safety, Environmental Protection and Technical Safety issues.

WE CONTINUE OUR HEALTH, SAFETY AND ENVIRONMENTAL ACTIVITIES IN LINE WITH THE TRIPLE RESPONSIBILITY COMMITMENT PRINCIPLES.

We demonstrate our dedication to our Triple Responsibility Commitment program, where we are part of our stakeholders, where we carry out our activities with a high level of accountability, giving priority to employee health, technical safety and protection of the environment. Within this framework, we are aiming to improve the quality of life of our employees and society, support regional development, improve community life; and, by caring about the health and safety of our employees, to establish humane working conditions, and to inform our employees about their risks at work and to train them on safety measures to be taken.



We contribute to our management systems and our products and services to create added value in economic, environmental and social aspects.

We ensure our sustainability efforts with our quality management system, quality, environment, occupational health and safety, customer satisfaction, energy and information security management systems, and integrated management systems that we try to carry beyond these standards. We are always working together with our colleagues and stakeholders to do better together.

Tuğba ÖZDEMİR
Sustainability Executive, Polisan Holding



WASTE AND WASTEWATER

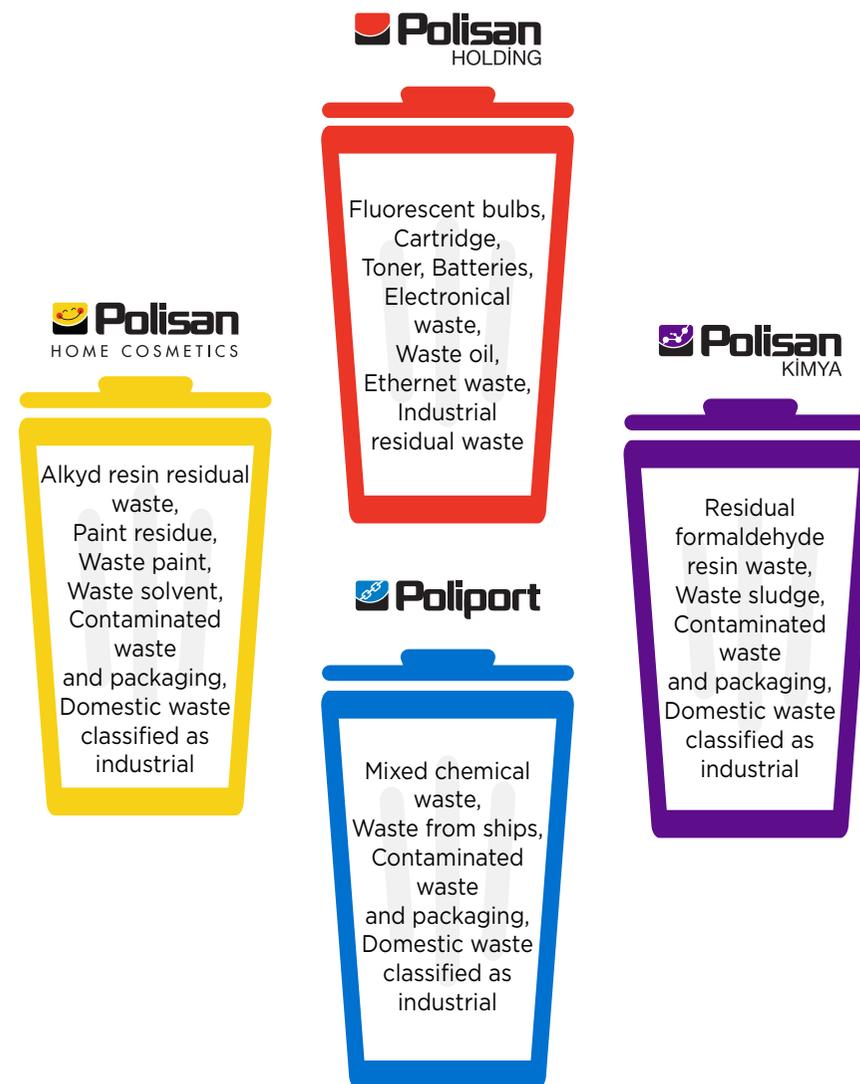
For the continued existence of human beings, it is compulsory to protect the world which, in the face of the reality of living together with nature, is our only living space. The rapid growth of population and industrialization increasingly causes more and more domestic and industrial waste to be produced and this, in turn, causes many environmental problems. Today, mankind is aware of the necessity of managing all phases of waste handling from collection and transport, to treatment and disposal in a way that does not disturb the natural equilibrium.

We, as Polisan Holding, see waste as a potential resource and manage our waste efficiently.

In Polisan Holding and in all our group companies, we manage waste according to relevant legal regulations and directives in order to minimize waste from our activities and to avoid the effects of those wastes on nature. We reduce the waste, separate and collect it at source, carry out shipment and recycling carefully, and prioritize its recycling rather than disposal of it. We monitor our performance monthly through monitoring the amount of waste generated per unit of production.

We take necessary actions to minimise the waste with the philosophy of *“reduce waste at source; if possible prevent”* which is also our goal within our ISO 14001 Environmental Management System.

IN 2016, WE HAVE INCREASED OUR TRAINING HOURS PER CAPITA BY 130% COMPARED TO 2015 BY ORGANIZING 4.06 MAN-HOURS ENVIRONMENTAL AWARENESS TRAINING SESSIONS.



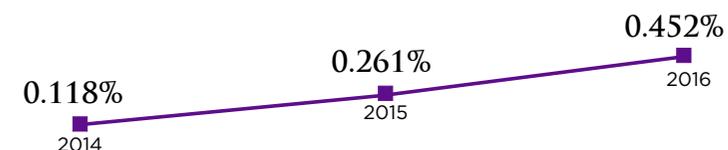
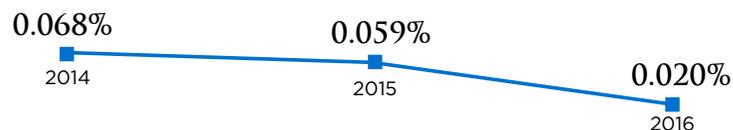
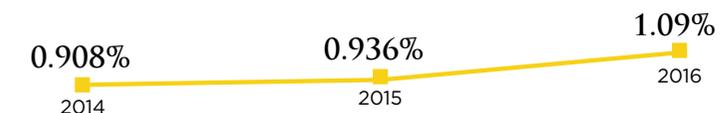
WASTE AND WASTEWATER

We separate the waste coming from our operations at its source, then label it according to type of the waste and store in our licensed Temporary Waste Storage Area. After all the documentation is completed we ship the waste, in appropriate vehicles in accordance with our Waste Disposal Plan, for the purpose of being disposed of or recycled.

HAZARDOUS WASTE BY RECOVERY TYPE (TONNES/TONNE PRODUCT-HANDLED PRODUCT, %)

Plant Type									
	2014	2015	2016	2014	2015	2016	2014	2015	2016
R1 Energy Producer	0.172	0.083	0.018	0.022	0.016	0.007	0.028	-	0.011
R2 Solvent Producer	0.168	0.224	0.258	0.005	0.042	0.006	-	-	0.024
R12*	0.379	0.513	0.604	0.005	-	0.007	0.088	0.146	0.092
R13 Waste Storage	-	0.003	0.153	-	-	0.0002	-	0.003	0.322
R4 Metal Recycling	0.186	0.099	0.053	-	-	-	-	-	0.003
Oil Recycling	0.003	0.014	0.007	0.0006	0.0007	0.00005	0.002	-	0.0009
TOTAL	0.908	0.936	1.09	0.068	0.059	0.020	0.118	0.261	0.452

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



FOR A LIVEABLE ENVIRONMENT

WASTE AND WASTEWATER

WASTE BY DISPOSAL TYPE (TONNES/TONNE PRODUCT-HANDLED PRODUCT, %)

Disposal Type									
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Incineration	0.002	0.010	0.010	0.048	0.059	0.009	0.033	0.02	0.011
Landfill	-	0.014	0.082	-	0.0003	0.0005	-	0.003	0.008
Physical/Chemical Processes	-	0.0001	0.00008	-	-	-	-	-	0.00002



FOR THE LAST 10 YEARS HE HAVE CO-OPERATED WITH ÇEVKO FOR THE LAST 10 YEARS TO COLLECT THE SECONDARY PACKAGES FROM THE MARKET AND RECOVER THESE TO BE RECYCLED BACK INTO THE ECONOMY.

WASTE COLLECTED BY ÇEVKO (TONNES)

Waste Category						
	2014	2015	2016	2014	2015	2016
Plastic (PET)	49.8	52.8	85.4	4.08	0.29	1.17
Paperboard	77.1	47.9	88.8	3.89	0.49	1.49
Wood (Pallet)	6.78	60.7	128	-	-	-

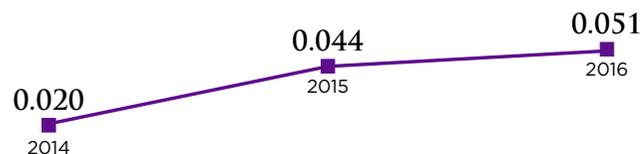
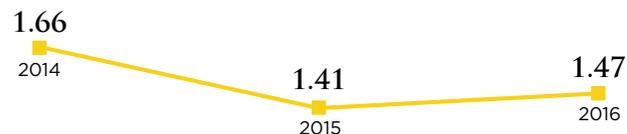
IN 2016, WE CONTRIBUTED TO RECYCLING 304.9 TONNES OF PACKAGING WASTE



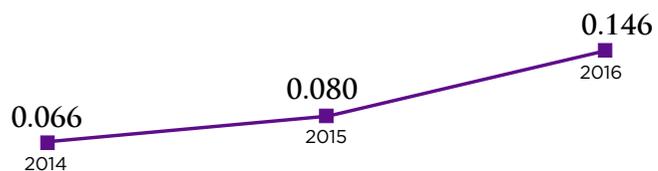

WASTE AND WASTEWATER



NON-HAZARDOUS WASTE PER PRODUCT/HANDLED PRODUCT (TONNES/TONNE, %)



HAZARDOUS WASTE PER PRODUCT/HANDLED PRODUCT (TONNES/TONNE, %)



The reason for the increase in the amount of hazardous waste per tonne of Polisan Kimya product from 2015 to 2016 is that Polisan Yapı Kimyasalları A.Ş. became 100% owned by Polisan Kimya and that the hazardous wastes from construction chemicals operations were included in the total waste amount.

FOR A LIVEABLE ENVIRONMENT

WASTE AND WASTEWATER

WASTEWATER MANAGEMENT AT POLISAN HOLDING

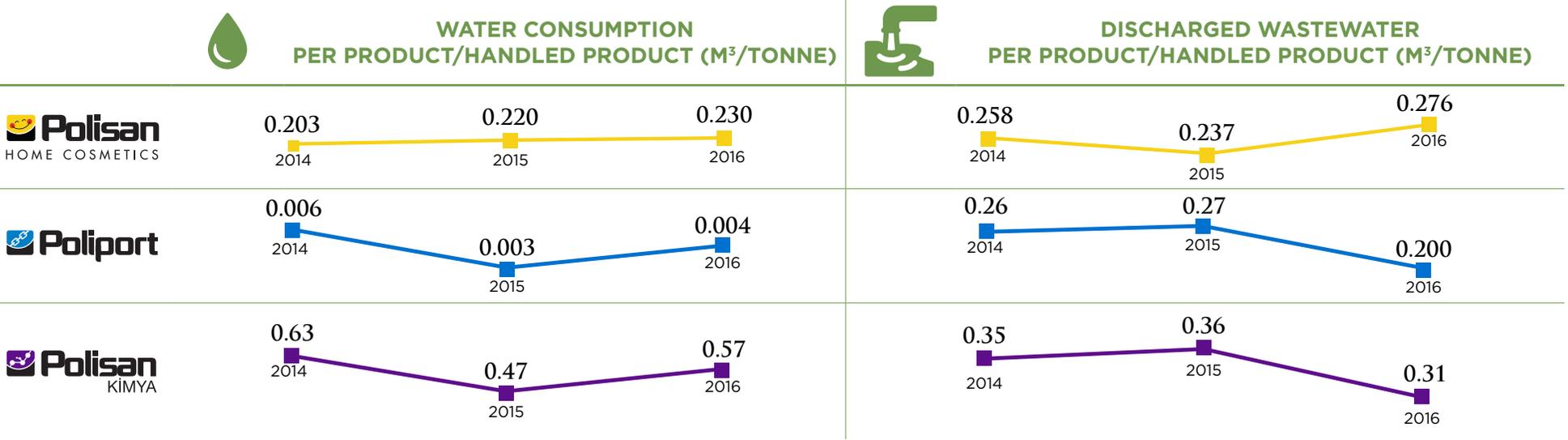
THE FIRST COMPANY TO BUILD A TREATMENT PLANT IN TURKEY IN 1986: POLISAN

As of the end of 2016, we have commissioned our new treatment plant with higher operational performance and technological and automation support. In our new facility, due to the potential capacity needs in the coming years and the high flow rate fluctuations during the day, we increased our capacity six times. Hence our operations are much safer now.

So as not to be dependent on sludge disposal, proper conditioning and dewatering methods for cost effective treatment of sludge have been researched and various sludge conditioning tests and pilot dewatering applications have been carried out with our suppliers. We have decided to use the spiral press technique, a sludge dewatering process, which is the least affected by the sludge character of all the various sludge dewatering process alternatives.

Before 2010, we were discharging our wastewater into the Dilderesi river, complying with discharge parameters into the rivers. When the Water Treatment Plant of the Dilovası Industrial Site (DOSB) was commissioned, we started discharging it into this plant after pre-treatment. Our compliance with the discharge standards is checked by the DOSB by taking composite samples with 2-hour intervals.

WE RENEWED OUR WASTEWATER TREATMENT PLANT IN 2016.



*Refers to the total amount of wastewater, both industrial and domestic.

FOR A LIVEABLE ENVIRONMENT

WASTE AND WASTEWATER

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To finalise all legal declarations in a timely and complete manner.</p> 	<p>All legal declarations have been completed in time.</p>	<p>To finalise all legal declarations in a timely and complete manner.</p>
<p>To commission the new 100% automated Package Wastewater Treatment Plant Project.</p> 	<p>The New Package Wastewater Treatment Plant Project, which operates with 100% automation, was commissioned except for the sludge conditioning and dewatering process.</p>	<p>To complete the 100% automation transition period of the new Package Wastewater Treatment Plant.</p> <p>Establishing plant instructions, measuring the required flow rate, performance of different stages of treatment, the input-output water quality parameters and other related parameters, and generating the related monthly performance follow-up reports.</p>
<p>To perform at least 30 Workshop discussions on the topics of Environmental Dimensions and Energy and Chemicals Management.</p> 	<p>A total of 30 workshop talks were performed. Polisan Kansai Boya had 17, Polisan Kimya had 4, Poliport Kimya had 3, and Polisan Holding had 6 of these talks.</p>	<p>To perform at least 30 On Duty Workshop talks on the topics of Environmental Dimensions and Energy and Chemicals Management.</p>
<p>-</p> 	<p>-</p>	<p>100% compliance with the United Environmental Audit Plan.</p>
<p>-</p> 	<p>-</p>	<p>Reduce water consumption and wastewater volume by 5% compared to the previous year for handled / produced product.</p>
<p>-</p> 	<p>-</p>	<p>Reduce the amount of hazardous and non-hazardous wastes by 5% compared to the previous year for handled / produced product.</p>



FOR A LIVEABLE ENVIRONMENT

ENERGY MANAGEMENT

As Polisan Holding, we take care to act with awareness of our responsibilities towards the environment and stakeholders while providing quality products and services in all areas of our activities in line with our sustainability goals.

Therefore, in order to maintain effective energy management within this context, as Polisan Holding and the group companies on the campus, we continue 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 consumption of natural resources.

We set objectives and targets based on continuous improvement in energy efficiency, periodically review these targets and opt for energy efficient technologies and applications. At the same time, we continually focus on our energy consumption and produce projects that keep our energy consumption under control and reduce it.

We share our experience with our subcontractors, suppliers and all of our stakeholders to reduce our natural resource consumption and minimize energy losses.

We are reducing our carbon footprint and cost while reducing our energy consumption with efficiency-focused work.



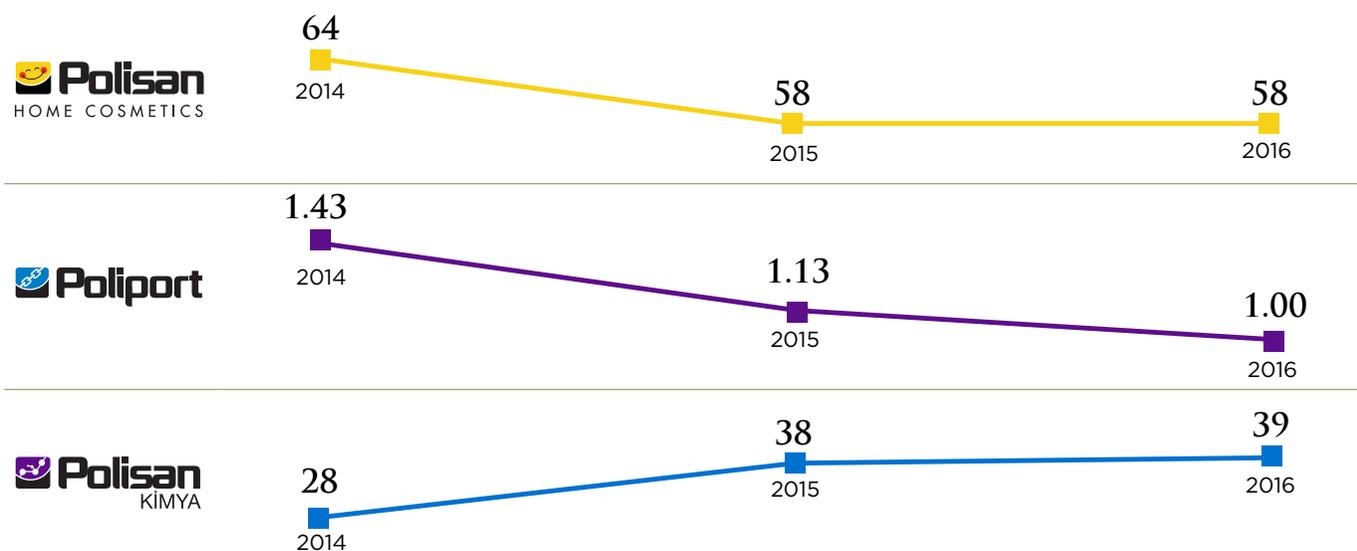
ENERGY MANAGEMENT

ENERGY CONSUMPTION (MJ/TONNE)

ENERGY TYPE									
	2014	2015	2016	2014	2015	2016	2014	2015	2016
DIRECT ENERGY CONSUMPTION	40%	44%	61%	7%	7%	10%	61%	54%	58%
INDIRECT ENERGY CONSUMPTION	60%	56%	39%	93%	93%	90%	39%	46%	42%
TOTAL	11,484	12,083	17,548	13,369	13,771	14,130	26,881	26,727	27,017



ENERGY CONSUMPTION PER PRODUCT/HANDLED PRODUCT (kWh/TONNE)



ENERGY MANAGEMENT

In terms of energy efficiency studies in Polisan Kansai Boya, total energy consumption in all the life cycle stages per unit of production (1 kg) of two interior and two exterior paints with the highest market share was calculated and presented to our stakeholders in EPD Documents. You can review EPD documents for energy consumption values per unit product throughout the product life cycle, not just energy consumption of our activities.



EPD documents can be accessed from the **PRODUCT SUSTAINABILITY** section of the report.

ENERGY CRITICALITY CLASSIFICATION

To determine the energy consumption of field equipment, an Energy Criticality Classification has been used since 2014 that considers the power and working time of all the equipment; the equipment is grouped as E1-E2-E3-E4.

In high energy consumption equipment (E1), we carry out studies to control the equipment with a soft starter or an inverter, shortening run times and evaluating design changes that contribute to energy efficiency. In addition to the equipment, we also work to increase productivity and efficiency by considering the process steps of high energy consumption

ENERGY CRITICALITY CLASSIFICATION

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



ENERGY MANAGEMENT

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To evaluate the nominal value analysis with businesses every 3-months period, and to prepare at least one improvement project.</p> 	<p>Normalized Energy Values were shared with departments by being reported every 3 months.</p>	<p>To evaluate the nominal value analysis with businesses every 3-months period, and to prepare at least one improvement project.</p>
<p>To detect air leaks in the compressed air system and to increase the energy efficiency.</p> 	<p>Leaks in the compressed air systems have been detected and eliminated. Energy savings of 83,787 kWh per year were achieved, resulting in a carbon emission reduction of 41,517 kg CO₂e.</p>	<p>Energy savings of 100,000 kWh per year for the compressed air systems and reduction of 50,000 kg CO₂e greenhouse gas emissions.</p>
<p>To ensure 10% savings per annum in the energy consumption by using appropriate fittings to LED technology in the lighting systems.</p> 	<p>In new installations and maintenance work, LED lighting was introduced to save 20% on cost and 49,200 kWh energy saving was achieved, hence 21,414 kg CO₂e carbon emission is prevented.</p>	<p>Energy savings of 50,000 kWh per year for the lighting systems and reduction of 24,500 kg CO₂e greenhouse gas emissions.</p>
<p>To decrease the steam consumption by 5% compared to the previous year.</p> 	<p>As a result of the improvements made in Poliport Kimya, the consumption of steam per unit m³ products being handled was reduced by 5.7% compared to the previous year.</p>	<p>To decrease the steam consumption by at least 5% compared to the previous year.</p>
<p>-</p> 	<p>-</p>	<p>Reduce the ISU* addition into the cooling water tank by 30%.</p>



*ISU. : İzmit Water and Sewerage Administration
FOR A LIVEABLE ENVIRONMENT

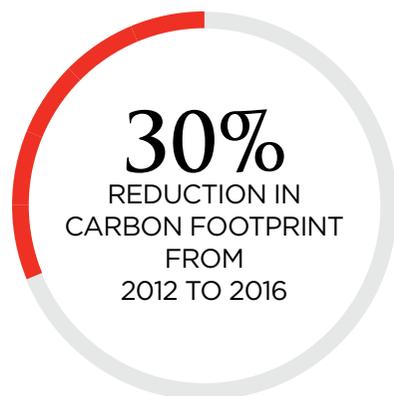
CLIMATE CHANGE

Recognizing that one of the biggest global problems that threaten our Earth is the greenhouse gases and that result in climate change, we have created our Corporate Carbon Footprint Report, which has been a guide for us since 2012 by calculating the emissions of our companies.

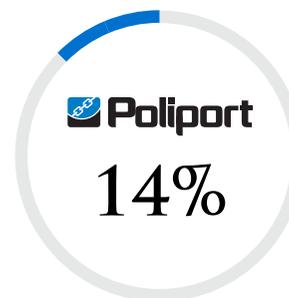
We not only calculate our greenhouse gas emissions as Scope 1 and Scope 2 emissions in line with ISO 14064-1 standard and Greenhouse Gas (GHG) Protocol “Calculation and Reporting Standards for Green House Gas Protocol” but also manage our carbon footprint.

Our corporate carbon footprint values have been 30,411 tCO₂e in 2012, 24,450 tCO₂e in 2014, 20,487 tCO₂e in 2015 and 21,270 tCO₂e in 2016. From 2012 to 2016, a 30% reduction was achieved in our carbon footprint.

The biggest factor in our greenhouse gas emissions within Polisan Holding is the outsourced electricity included in our Scope 2 emissions used in our production activities.



CARBON FOOTPRINT REDUCTION PER PRODUCT/HANDLED PRODUCT BETWEEN YEARS 2012 - 2016

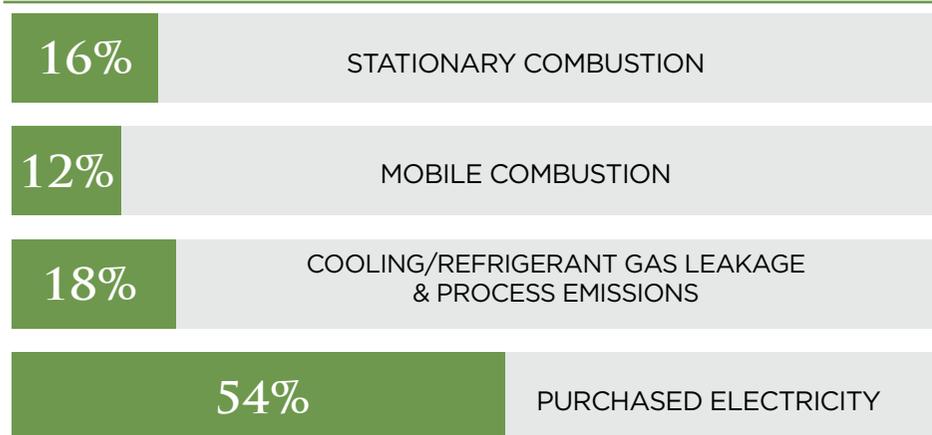


CLIMATE CHANGE

DISTRIBUTION OF POLISAN HOLDING CARBON FOOTPRINT IN 2016, BY SCOPE (tCO₂e)

	Scope 1	Scope 2	Total
 Polisan HOME COSMETICS	2,452	3,387	5,839
 Poloport	429	2,510	2,938
 Polisan KIMYA	6,817	5,677	12,493
Total	9,697	11,573	21,270

DISTRIBUTION OF POLISAN HOLDING CARBON FOOTPRINT IN 2016, BY ACTIVITY (tCO₂e)



In order to guide our work on greenhouse gas emission reduction in Polisan Kansai Boya, the total carbon footprint values for per unit product (1 kg) of two interior and two exterior paints with the largest market share were calculated for all the life cycle stages and presented to our stakeholders in the product EPD Documents. You can review our EPD documents for carbon emission per unit product throughout the product life cycle, not just energy consumption of our activities.



EPD documents can be accessed from the **PRODUCT SUSTAINABILITY** section of the report.



A summary of our carbon footprint calculation method can be accessed from the **METHODOLOGY** section of the report.



FOR A LIVEABLE ENVIRONMENT

CLIMATE CHANGE

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>To continue with annual reporting by ensuring that the 2016 Carbon Footprint Report is prepared in accordance with the ISO 14064 standard.</p> 	<p>We prepared our carbon footprint reports in accordance with the ISO 14064 standard.</p>	<p>To continue with the preparation of the Carbon Footprint Report, inserting the 2017 data in accordance with ISO 14064 standard.</p>
<p>Completion of the new Paint Factory Green Building Process.</p> 	<p>The new Paint Factory Green Building Process is planned to be completed in 2017.</p>	<p>Completion of the new Paint Factory Green Building Process.</p>
<p>-</p> 	<p>-</p>	<p>To declare to the Ministry by reporting Polisan Kimya's greenhouse gas emissions for 2015-2016 as required by the <i>Follow-up of Greenhouse Gas Emissions Regulation</i>, and to have the approval of the certifying organization.</p>
<p>-</p> 	<p>-</p>	<p>Carbon Disclosure Project (CDP) declaration.</p>
<p>-</p> 	<p>-</p>	<p>To provide the necessary coordination to comply with the selection criteria of the BIST Sustainability Index.</p>



MANAGEMENT OF CHEMICALS

We expect our suppliers to meet our criteria for management of chemicals at the purchasing stage with the principle of purchasing the “right chemical in the right way”. 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.

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.

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

We only allow vehicles to enter our facility after confirming that they comply with our procedures. In the activities with dangerous substances in our Shore Facility, we apply the criteria of the IMDG** Code as well as our legal criteria, ADR*. We carry out our marine transportation operations in accordance with Poliport Kimya Dangerous Goods Conformity Certificate (TMUB) requirements.

We are working to spread our sustainability knowledge not only in our supply chain but also in our value chain. 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. 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.



*Trans European Agreement on International Carriage of Dangerous Goods by Road
** International Maritime Dangerous Load Code



MANAGEMENT OF CHEMICALS

OUR TARGETS

2016 TARGETS	STATUS	2017 TARGETS
<p>Within the scope of the Management of ADR Chemicals, 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> 	<p>Legislative follow-up has been conducted through internet subscription through associations such as BOSAD, KIPLAS and TKSD which are members. The necessary studies on the amendments of the Regulations concerning our activities have been made and the declarations/reporting have been presented to the public in a timely manner. The necessary revisions have been made within the scope of the Management System.</p>	<p>To make our compliance with legal and other conditions more secure through the workflow software program.</p>
<p>100% compliance with the Plan on the Audit of Management of Chemicals.</p> 	<p>85% compliance with the Plan on the Audit of Management of Chemicals has been achieved.</p>	<p>To achieve at least 85% compliance with the Plan on the Audit of Management of Chemicals.</p>
<p>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.</p> 	<p>Work carried out on non-conformities was checked on a monthly basis, and warning emails were sent via the system if the deadline set by the Field Officer passed.</p>	<p>-</p>
<p>To perform workshop discussions on the topic of Management of Chemicals.</p> 	<p>A total of 30 workshop discussions were performed. Polisan Boya had 17, Polisan Kimya had 4, Poliport Kimya had 3, and Polisan Holding had 6 of these discussions.</p>	<p>To perform workshop discussions on the topic of Management of Chemicals.</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>The revision needs of 200 documents were determined and meetings were held with document owners and findings were shared.</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>



PRODUCT SUSTAINABILITY

PRODUCT LIFE CYCLE EVALUATION STUDIES

We participated, on behalf of the paint industry, in the Green Production Clean Future Project carried out in Turkey in 2013 with a Life Cycle Assessment (LCA) project for four of our interior and exterior paint products. We assessed our environmental impact, such as our Carbon Footprint in all our processes from the raw materials we use, to transport and production through to 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.

In 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 compliant 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.

Our 4 paint products, Elegans Semi Matt and Natura Ambiance Interior paints and Exelans Macro and NaturaA1 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.



 ELEGANS EXTRA SEMI MATT INTERIOR PAINT EPD DOCUMENT



 NATURA AMBIANS INTERIOR PAINT EPD DOCUMENT



 EXELANS MACRO EXTERIOR PAINT EPD DOCUMENT



 NATURA A1 SILICONE EXTERIOR PAINT EPD DOCUMENT

FOR A LIVEABLE ENVIRONMENT

PRODUCT SUSTAINABILITY

‘SMART SOLUTIONS’ PRODUCT FAMILY

We are expanding our ‘Smart Solutions’ product family with “Ultraline Antifreeze” and “Super Coolant Antifreeze” products, which we added to our antifreeze range as Polisan Kimya, the biggest AdBlue producer in Turkey with 96,145 tonnes sales since 2010.

**WITH AdBlue® WE ARE PROUD TO SUPPLY THE WORLD’S LARGEST
AUTOMOBILE MANUFACTURERS AND FUEL STATIONS.**

As Polisan Kimya, we are the biggest producer and seller in Turkey since 2010 of AdBlue®, a product which is used in trucks, buses, industria machines and light commercial vehicles and which is used to convert harmful exhaust gases into water vapour and harmless nitrogen.



EFFICIENCY DRIVEN PROJECTS

ENERGY EFFICIENCY PROJECTS

1 MILLION kWh ENERGY EFFICIENCY

Polisan Kimya made an energy saving of approximately 1 million kWh per annum at the New Catalyst Formaldehyde Plant built in 2015 using the most up-to-date technology and at the Molybdenum Catalyst Formaldehyde Plant where technology improvement was introduced in the production process.



ENERGY METERING SYSTEM IMPROVEMENTS

We can remotely monitor the electricity consumption per hour or day of operation by migrating all main and filtered energy meters to the digital environment. In 2016, we increased traceability by migrating to the remote access system 9 units of newly installed systems and 4 units of filtered electricity meters belonging to existing systems.

INVERTER SYSTEM REVISION PROJECT

In 2015, the belt/pulley systems in our high rev and tonnage mixers in the Polisan Kansai Boya units were controlled by a new inverter system which consumes only as much energy as required. In this way, more energy was saved.

We control all high power electric motors with inverter technology in our Polisan Kimya Oxide Formaldehyde and Silver Formaldehyde Facilities which were established in 2016.

In 2016, we completed infrastructure studies of tank farms at the Poliport Kimya Terminal Site. By refurbishing all electric motors, we started to use soft starters which prevent the surge current when an electric motor starts up. We also designed the electric motors in the new tank farms using soft starters.

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. So we saved on both energy and pumps.

LIGHTING IMPROVEMENTS

Within the scope of the project to switch to an LED system for in-house illumination started in 2016, We saved 49,200 kWh (54% daily energy savings).



We plan to complete the transition to the LED lighting system in all group companies by 2017.

EFFICIENCY IMPROVEMENT PROJECTS (VAP)

We are carrying out Efficiency Improvement Projects (VAP) within the scope of the 'Energy Efficiency Law' and the 'Regulation on Increasing the Efficiency of Energy Sources and Energy Use'. We anticipate achieving a 142,560 kWh energy saving and a reduction of 71,000 kg CO₂e greenhouse gas emission through the improvement project in the Polisan Kimya outdoor lighting system.



EFFICIENCY DRIVEN PROJECTS

AIR SYSTEM IMPROVEMENTS

In 2015, 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 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 achieved. As a result of the improvement works made in 2016, we saved 83.787 kWh of electricity and prevented 41,517 kg CO₂e greenhouse gas from being released.

HEAT RECOVERY PROJECT

We recovered waste heat from compressors producing pressurized air and provided preheating for the plant's general hot water requirement by utilizing this waste heat. With the project, we saved 67,480 litres of fuel and prevented 177,529 kg CO₂e greenhouse gas emissions.

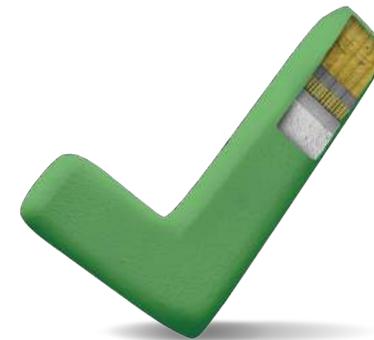


ENERGY EFFICIENCY IN BUILDINGS

Since 2007 as Polisan Kansai Boya, we have been operating with Exelans Energy Packet Systems in the Turkish Insulation Sector. As of the end of 2016, we introduced a total of 499,860 dwellings (20,993 buildings) with Exelans Energy product and service quality.

SHEATHINGS WERE
APPLIED IN
8,580
BUILDINGS
(240,000 FLATS)

NUMBER OF APARTMENTS
DELIVERED BY EKB
SERVICE WITHIN
2 YEARS IS **39,779**



FOR A LIVEABLE ENVIRONMENT

EFFICIENCY DRIVEN PROJECTS

FORKLIFT FUEL CONSUMPTION IMPROVEMENT STUDIES



In Polisan Kansai Boya, we carried out a project to transfer the calcite raw material supplied in 500 kg big bags into a Calcite Powder Silo System. Thus, we shortened the usage time of the forklift that was used in the raw material depot, reducing fuel consumption by 55% and reducing greenhouse gas emissions by 135,330 kg CO₂e.

REDUCTION IN PROCESS ENERGY CONSUMPTION

In the PCE product produced by free radical polymerization, the reaction time of the monomer and initiator was reduced by one hour, while at the same time we eliminated the mixing of the final product at its own temperature. Thus, for each batch the reaction time was shortened by 2 hours, and total energy savings of 42,240 kWh per year were achieved and 20.960 kg CO₂e greenhouse gas were prevented from being released.

POLISAN KANSAI BOYA NEW PAINT FACTORY

All electrical and mechanical projects at the Polisan Kansai Boya New Paint Factory, which is under construction in GEBKİM, has been prepared on the basis of energy efficiency.

IN LIGHTING;

With motion, presence, light intensity and timed design, automation and low energy consumption and efficient LED lighting product selection;



IN ELECTRICAL AND MECHANICAL INSTALLATION:



With low energy consumption and high efficiency motor, pump and fan choices;

IN ELECTRICITY DISTRIBUTION SYSTEM AND TRANSFORMER:

In-house, harmonic filtering compensation systems, with transformer selections to minimize losses;



and with measurement and reporting automation, we will be establishing a facility fit for this century.



EFFICIENCY DRIVEN PROJECTS

ENVIRONMENTAL PERFORMANCE IMPROVEMENT PROJECTS

AUTOMATION OF RAW MATERIAL FEEDING SYSTEMS

Programmable Logical Control (PLC) installation was completed in 2013 - 2014 in accordance with the Ex-Proof legislation by installing automatically controlled valves that fill depending on the tank level, for the transfer of chemical substances which are likely to flash and explode from 14 different locations. This therefore ensured 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 burning performance accordingly. In addition, steam is generated using the heat from the combustion gases and this, in turn, balances the temperature of the flue gases - while reusing the flue gases. 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, losses due to heat transfer are minimised. Carbon emissions have been reduced by replacing the fuel oil fired boiler with a natural gas boiler. While the fuel-oil fired boiler caused 0.087 kg CO₂e to be emitted per MJ of heat, the natural gas type boiler emits 0.067 kg of CO₂e to produce the same amount of heat.

SEALED FILLING PROJECT IN CHEMICAL STORAGE TANKS

Our companies Polisan Kimya, Polisan Kansai Boya, and Poliport Kimya have implemented sealed filling projects in 37 tanks to eliminate the emissions that may occur during ship and/or land tank filling and discharging operations. In 2016, we prepared 10 projects suitable for the sealed filling infrastructure of the tank.

NITROGEN BLANKETING PROJECT IN CHEMICAL STORAGE TANKS

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

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 at a single point. Thus, product wastes have been reduced and emissions can be drawn off and treated.



EFFICIENCY DRIVEN PROJECTS

EMISSION TREATMENT PROJECTS

We have renewed the ventilation and treatment system in the Polisan Kansai 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 treatment capacity by 40%. We also started work on the biofilter project with the port facilities and university in our region to minimize the odour caused by acrylates which have very low odour threshold. We established a new gas washing system in the Poliport Kimya phenol chemical tank and achieved 90% treatment performance.

In Polisan Kimya, a gas recycling project was completed in 2016 in order to direct the gases from the urea formaldehyde concentrate (UFC) and the formaldehyde gas tank return line to production. As a result, tank emissions were minimised.

SAFETY WITH BEST TECHNOLOGY

Poliport Kimya is controlled by international third-party auditing firms that comply with CDI-T audit criteria, API, NFPA and other international standards. According to the inspection results, in 2015 we improved 2 tanks and 20 tanks were rebuilt. A total of 8 tanks were improved and 23 were rebuilt in line with the same standards in 2016.



1 Tank was renewed in Polisan Kimya in 2015. A total of 2 tanks were improved and 1 was rebuilt in line with the same standards in 2016.

Our tank infrastructure work still continues in accordance with the Seveso Directive and with the requirements as per fully automated closed-circuit filling system.





OUR STRENGTH: OUR EMPLOYEES

HUMAN RESOURCES



While we, together with our employees, focus on strategic goals that will power us even more, we are pursuing a policy that respects people and environment, values employees, adopts a policy to use resources in the most effective way with an open approach to innovation to provide a working environment suitable for legal, environmental and occupational health and safety issues.

Our Human Resources applications aim at raising the level of our employees' leadership skills, knowledge and other skills at every level, and establishing the organization and human resources infrastructure to support company strategies.

We ensure that the sustainability of the workplace culture we create is managed in a coordinated manner through our Ethical Principles and Human Resources Policy.

Principles of our Human Resources Policy:

- In line with our company targets and strategies, in all our companies, to recruit result-oriented qualified employees,
- To contribute to increasing the performance of the institution by rewarding high performance,
- To reinforce our corporate culture by preparing our employees, who were raised within the corporate culture and specialized in their careers, for management roles,
- To support the personal development of employees through continuous training and thus to increase the value added to the organization by improving their work,
- To create an effective and motivated organization by providing employee satisfaction with proactive human resources practices.

We are working to ensure that our employees are aware of their responsibilities to society, industry and to each other, and that they improve themselves to be potential leaders as part of our Human Resources Policy and Code of Business Ethics.

As Polisan Holding, we are aware that the power that lies beneath our success is our team members. Within this scope, in line with our Human Resources Policy, we aim to recruit in all our companies result-oriented qualified employees in accordance with our targets and strategies.

We support all our employees to develop themselves through personal and occupational training; we reward their high performance and strive to keep their motivation and business awareness always at the highest level.

Ahmet TÜRKSELÇİ
Director of Human Resources and Administrative Affairs,
Polisan Holding

We carry out our Human Resources processes under the titles of workforce planning, employee development, career management, remuneration and performance appraisal.

In line with the organizational needs and expectations of our employees, we review our regulations and procedures and make necessary improvements.



Our ethical values can be accessed from the **ETHICS AND INTEGRITY** section of the report.



HUMAN RESOURCES

OUR EMPLOYEE DEMOGRAPHY



780
EMPLOYEES



106
EMPLOYEES



462
EMPLOYEES



OUR STRENGTH: OUR EMPLOYEES

HUMAN RESOURCES

When we recruit, we prefer candidates who are reliable, are sensitive to others, adhere to ethical values, are open to change, are market-oriented, are able to think long-term, and are innovative and open for collaboration.



It is our priority to make our employees feel valued and to provide a fair working environment with a common cultural understanding. In this direction, we take the principle of equal opportunity for everyone as the basis for all human resource applications such as recruitment, remuneration, career and performance management, training and development. We support the development activities of our employees, attach importance to opinions and suggestions, and strive to create an effective and motivated sustainable working environment through proactive practices.

Human Resources and Administrative Affairs Team,
Polisan Holding

As a Holding company, we treat all our employees equally with no discrimination with regard to ethnicity, language, religion, race or gender in the processes of Training and Development, Performance Management, Career Management, Remuneration and in other Human Resources processes. We also expect our employees to treat each other equally in their relationships with each other.

OUR SUGGESTION SYSTEM



With our suggestion system, our employees can make suggestions by filling out the 'Have a Proposal' form individually or as a section/group regardless of status and duty. By means of our suggestion system, we support our employees in contributing to the management, business processes and 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 quality and to offer products and services as such.

The suggestions covering subjects of improving the quality and the processes, health, safety, environment-energy, customer satisfaction, the company productivity, brand awareness, employee satisfaction (service, cafeteria, etc.) are regularly and carefully evaluated by the Suggestions Evaluation Committee. Scores are given to the proposals as being with and without financial incentives, and applicable proposals are rewarded.



HUMAN RESOURCES

TRAINING



To create a competent and result-oriented human resource structure, and to raise qualified people with full knowledge, who share common ideals, constitutes our basic strategy. Within this scope, we continually and regularly provide training and development support for our employees and this, in turn, contributes to the performance of our organisation and to our employee's ability to reach a high level of awareness.

1,380 EMPLOYEES
28,039 MAN-HOURS TRAINING

INVESTMENT IN EMPLOYEE TRAINING

	2015	2016
Total Money Invested (TL)	200,372.72	433,693.99
Number of Employees (Person)	1275	1380
Number of Participants (Person)	636	1091
Investment / Person (TL)	157.16*	314.27*
	315.05 TL**	397.52 TL**

*Represents investments made based on the total number of employees.

**Refers to the investments made based on the number of people participating.

THE AVERAGE TRAINING TIME PER EMPLOYEE BY JOB TYPE AND GENDER (HR/PERSON)

	2014	2015	2016
Blue-collar	13.3	16.4	25.3
White-collar	7.07	16.7	12.7
Female	10.8	22.6	16.4
Male	11.0	15.9	20.7



OUR STRENGTH: OUR EMPLOYEES

OCCUPATIONAL HEALTH & SAFETY



We are working to ensure the highest level of health and safety of all our employees and stakeholders. In accordance with all relevant legislation, administrative regulations, legal responsibilities and standards, we take necessary precautions in all business processes in our company and we make effective risk assessments to include all the changes.

We are taking steps to make continuous training in field practices and occupational health and safety an integral part of our work. Although the number of employees increased by 11% in 2016 compared to the previous year, the training period per person increased by 150%.

In our existing plants, our Process Safety activities are continuing to ensure that process hazards are identified, understood and controlled to prevent major industrial accidents, and each new project is based on process safety standards.

Health, Safety and Environment Department, Polisan Holding

Our main priority in Polisan Holding and group companies is to take necessary measures to eliminate or minimize the safety and health risks for our employees and stakeholders. In this direction, we improve our performance day by day with effective Occupational Health and Safety practices such as performance measurement, training, drills and field inspections.



Within the scope of our HSE studies in 2016, we carried out HSE risk assessment and environmental dimension analysis work:

- In a total of 8 units, including 5 production facilities, a shipping area, storage areas for raw materials, R&D Quality Control Laboratories and auxiliary facilities attached to Polisan Kimya;
- In a total of 10 units, including 6 production facilities, a shipment area, raw material storage areas and R&D Quality Control Laboratories attached to Polisan Kansai Boya;
- In a total of 3 units, including ports, chemical storage areas and warehouses attached to Polisan Kimya and
- In 13 units including general directorate and auxiliary facilities belonging to Polisan Holding.

Within the scope of investment projects, pre-project risk assessment studies were conducted in which the risks of 40 projects in the field were evaluated and safety measures were identified.

We have safer working environment through the implementation of our Subcontractor Management System, which we have developed in order to monitor the compliance of our subcontractors to Holding company rules, legal regulations and working performance. We have organized monthly meetings and carried out 32 field inspections in order to increase the awareness of the health, safety and environmental issues to ensure the security of our subcontractors as well as our employees.

OUR STRENGTH: OUR EMPLOYEES

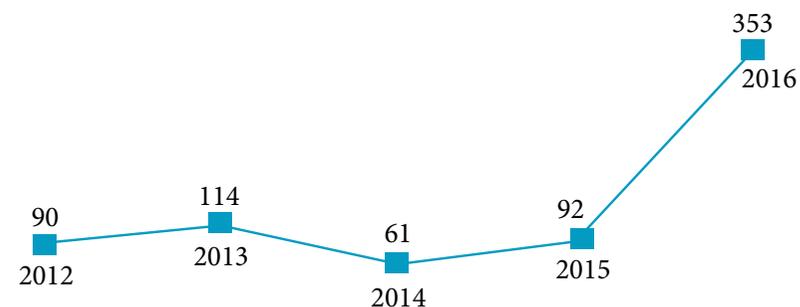
OCCUPATIONAL HEALTH & SAFETY

With the awareness that taking precaution is cheaper than paying for the consequences, the suggestions from and near-miss incident reporting by all our employees are very important for us in preventing potential workplace accidents. With this awareness becoming more widespread, the number of near-miss notifications received from our employees was 92 in 2015; this figure increased by about 4-fold in 2016 and, potentially, 353 work accidents were prevented.

14,446
MAN-HOURS OF
OCCUPATIONAL HEALTH,
SAFETY AND FIRE SAFETY
TRAINING

In order to increase employee awareness, 14,446 hours of training have been provided by our own OHS department using our own resources, in subjects including occupational health and safety and fire safety. In addition, 4,236 man-hours of induction training and 3,744 hours of on-the-job and facility information training have been provided for newly recruited staff and for contractors' employees respectively.

REPORTED NUMBER OF NEAR-MISS INCIDENTS



We are working towards reducing the risk of being exposed to chemicals by installing closed-circuit filling and automation systems which are built using international practices in the sector and with the benefit of the latest technology.

In order to protect the health of employees, preventive and protective services are offered by the health department at the workplace to periodically examine and assess employees' exposure to chemicals.

In order to provide the highest level of personal protection, in 2015 flame-proof clothes were introduced at the sections where flammable chemicals were kept. We are now making this type of clothing more widespread within the company, depending on the level of risk.



OUR STRENGTH: OUR EMPLOYEES

OCCUPATIONAL HEALTH & SAFETY

Within the scope of preparation for emergency situations, 15 fires, 6 environmental spill and 1 coastal emergency intervention drills were conducted in 2016. We are transforming the drills into hands-on training by ensuring as much employee participation as possible in every drill.

15 FIRE,
6 ENVIRONMENTAL SPILL
INTERVENTION &
1 COASTAL FACILITY EMERGENCY
INTERVENTION DRILLS

ACCIDENT WITH LOST WORKDAYS FREQUENCY RATE

	2014	2015	2016
 Polisan HOME COSMETICS	1.06	1.06	2.5
 Poloport	2.82	2.34	2.65
 Polisan KIMYA	0.74	0.57	3.25





SOCIAL BENEFIT

OUR SOCIAL RESPONSIBILITY PROJECTS AND SPONSORSHIPS

Our main responsibility is not only to the commercial benefits of our stakeholders but also for the actions that pursue, develop and protect the general benefits of society. With this approach, we will continue to take part in all the issues that are in line with our vision - especially the issues related to women, education and environment.

2017 -

POLISAN EDUCATION CULTURE AND INDOOR SPORTS HALL

A full-fledged sports complex in Dilovası adds value to the region and to the country. By bringing young people together, it aims to keep them healthy.



2015 -

BAZAART / AN ART TO EACH HOUSE

We sponsored a Bazaar / An Art to Each House Exhibition, which allows talented and young art students studying in fine art faculties and new artisans to meet art lovers and exhibit their works.

2015 -
2024

INTERNATIONAL ISTANBUL BIENNIAL

Polisan Kansai Boya became the official paint sponsor to paint the historical sights of International Istanbul Biennial for 10 years.



2015 -
2017

7 COLOURS OF TURKEY

A total of 56 students who are in the 6th and 7th year of schools in Yalova, Bolu, Denizli, Osmaniye, Konya, Ağrı and Batman visited the centres of culture, science and art in Istanbul with the support of the Contemporary Life Supporting Association of the '7 Colours of Turkey' project organized every year by the Robert College Alumni Association's social responsibility project.

2015

SOCIETY OF TURKISH JOURNALISTS SEDAT SIMAVI AWARDS

Sponsored the Sedat Simavi awards ceremony in 9 branches, including Journalism, Radio, Television, Literature, Social Sciences, Physical Sciences, Health Sciences, Cartoon and Sports, organized by the Society of Turkish Journalists.



SOCIAL BENEFIT

OUR SOCIAL RESPONSIBILITY PROJECTS AND SPONSORSHIPS

2014 -

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 were the Bronze Sponsors in the first event in 2014.

2014

FENER BALAT REHABILITATION STUDIES

Within the scope of the Fener-Balat Rehabilitation Studies project, 136 buildings were renewed, 36 derelict buildings which are not suitable for habitation were pulled down and the streets and pavements were renewed.

2014

SOUND OF PEACE FESTIVAL

We sponsored the event, which was held for the first time in Turkey as part of World Peace Day on September 1, with spray paintings.

2013

GIBNEY DANCE GROUP

Sponsored the activity of the USA's Gibney Dance Group in Turkey, which aimed at bringing together women who have subjected to domestic violence with the effect of healing and transforming by dance.

2013

ISTANBUL SHOPPING FEST

Giant Polisan bags located in Istiklal and Bağdat Streets were exhibited throughout the month of June.

2013

HAND-IN-HAND WITH TINY HEARTS ASSOCIATION (MIKA-DER) BALL

As a photo album sponsor of the traditional 4th Mika-Der Ball, we contributed to the construction of the 2nd stage of Mika-Der Sevgi Evleri which is going on in Bartın.



SOCIAL BENEFIT

OUR SOCIAL RESPONSIBILITY PROJECTS AND SPONSORSHIPS

2012 - EVERY VOICE IS A BREATH
 As Polisan Boya, we have continued 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 society with the aim of increasing social awareness of women’s issues.

2011 - 2013 PAINT THE TOWN
 The Koç Private High School, Enka High School and Hisar Education Foundation high school students decorated 10 houses in Ayazağa within the project for which Polisan Kansai was the paint and material sponsor.

2011 STARS OF ISTANBUL
 This is a project aimed at creating the necessary funds for bringing 90,000 out-of-school children aged 9-14 years up to the level of their peers with accelerated education. The purpose of this activity, in which 6 Polisan stars are determined by celebrities, was to introduce the talents of artists to millions of viewers, and at the same time to contribute more to the bright future of children by increasing the value of the stars at an auction.

2003 JOINT PROJECTS WITH MUNICIPALITIES
 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.

1990 - 100,000 TREES
 In reaction to the cutting down of the trees around our 50 decaire land in the Dilovası district in early 1990s, 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.”



1988 - POLISAN SCHOOLS
 The Holding established 2 Polisan schools in Malatya (1988) and Dilovası (1991).





OUR SUSTAINABILITY PERFORMANCE

OUR SUSTAINABILITY PERFORMANCE

OUR ECONOMIC PERFORMANCE

Income Statement (million TL)	2015	2016
Net Income	433.9	470.3
Cost of Sales	362.5	383.3
Research and Development Costs	1.26	1.70
Marketing, Sales and Distribution Costs	16.0	18.3
General Administrative Costs	20.5	21.2
Tax Expenses for the Period	11.7	16.6

OUR ENVIRONMENTAL PERFORMANCE

Energy Consumption (MJ)	2014	2015	2016
 Polisan HOME COSMETICS	6,362,724	6,306,115	6,490,962
 Poloport	4,718,332	5,105,225	5,057,383
 Polisan KIMYA	9,730,258	11,522,109	11,439,671

Waste by Type (tonnes)

Hazardous Waste	1973	2413	3205
Non-Hazardous Waste	2095	2318	2336
Total	4068	4731	5541

Water Consumption (m³)

Well Water	38,898	52,002	66,000
City Water	47,127	43,258	53,868
Reverse Osmos Water	70,594	63,625	62,951

Carbon Footprint (tCO₂e)

	2012	2014	2015	2016
Scope 1	19,538	14,084	8,956	9,697
Scope 2	10,873	10,466	11,531	11,573
Total	30,411	24,550	20,487	21,270

OUR SUSTAINABILITY PERFORMANCE

OUR SUSTAINABILITY PERFORMANCE



HOME COSMETICS

OUR SOCIAL PERFORMANCE

Distribution of Employees by Gender (Number)		2014	2015	2016
	Blue-collar female employee	4	4	4
	Blue-collar male employee	368	387	416
	White-collar female employee	58	74	70
	White-collar male employee	248	273	290
Distribution of Employees by Contract Type (Number)				
	Female Employees with Fixed Term Contract	0	0	0
	Male Employees with Fixed Term Contract	39	44	34
	Female Employees with Indefinite Term Contract	62	78	74
	Male Employees with Indefinite Term Contract	577	616	673
	Female Employees Under Collective Labour Agreement	0	0	4
	Male Employees Under Collective Labour Agreement	0	0	338
Distribution of Employees by Employment Type (Number)				
	Full Time Female Employee	62	78	74
	Full Time Male Employee	616	660	707
	Part-Time Female Employee	0	0	0
	Part-Time Male Employee	0	0	0
	Permanent Female Employee	62	78	74
	Permanent Male Employee	577	616	673
	Subcontracted Female Employee	0	0	0
	Subcontracted Male Employee	39	44	0





OUR SOCIAL PERFORMANCE

Distribution of Employees by Gender (Number)		2014	2015	2016
	Blue-collar female employee	0	0	0
	Blue-collar male employee	107	117	2
	White-collar female employee	0	0	33
	White-collar male employee	25	31	71

Distribution of Employees by Contract Type (Number)				
	Female Employees with Fixed Term Contract	0	0	0
	Male Employees with Fixed Term Contract	3	3	0
	Female Employees with Indefinite Term Contract	0	0	33
	Male Employees with Indefinite Term Contract	129	145	73
	Female Employees Under Collective Labour Agreement	0	0	0
	Male Employees Under Collective Labour Agreement	0	0	0

Distribution of Employees by Employment Type (Number)				
	Full Time Female Employee	0	0	33
	Full Time Male Employee	132	148	73
	Part-Time Female Employee	0	0	0
	Part-Time Male Employee	0	0	0
	Permanent Female Employee	0	0	33
	Permanent Male Employee	129	145	73
	Subcontracted Female Employee	0	0	0
	Subcontracted Male Employee	3	3	0



OUR SUSTAINABILITY PERFORMANCE



OUR SOCIAL PERFORMANCE

Distribution of Employees by Gender (Number)		2014	2015	2016
	Blue-collar female employee	4	3	2
	Blue-collar male employee	98	104	402
	White-collar female employee	0	7	8
	White-collar male employee	18	37	50

Distribution of Employees by Contract Type (Number)		2014	2015	2016
	Female Employees with Fixed Term Contract	1	2	1
	Male Employees with Fixed Term Contract	2	8	7
	Female Employees with Indefinite Term Contract	3	8	9
	Male Employees with Indefinite Term Contract	114	133	445
	Female Employees Under Collective Labour Agreement	0	0	0
	Male Employees Under Collective Labour Agreement	0	0	363

Distribution of Employees by Employment Type (Number)		2014	2015	2016
	Full Time Female Employee	4	10	10
	Full Time Male Employee	116	141	452
	Part-Time Female Employee	0	0	0
	Part-Time Male Employee	0	0	0
	Permanent Female Employee	3	10	9
	Permanent Male Employee	114	133	445
	Subcontracted Female Employee	1	0	0
	Subcontracted Male Employee	2	8	0



OUR SUSTAINABILITY PERFORMANCE



OUR SOCIAL PERFORMANCE

Distribution of Employees by Gender (Number)		2015	2016
	Blue-collar female employee	2	3
	Blue-collar male employee	182	50
	White-collar female employee	4	4
	White-collar male employee	15	16
Distribution of Employees by Contract Type (Number)			
	Female Employees with Fixed Term Contract	0	0
	Male Employees with Fixed Term Contract	1	0
	Female Employees with Indefinite Term Contract	6	7
	Male Employees with Indefinite Term Contract	196	66
	Female Employees Under Collective Labour Agreement	0	3
	Male Employees Under Collective Labour Agreement	0	45
Distribution of Employees by Employment Type (Number)			
	Full Time Female Employee	6	7
	Full Time Male Employee	197	66
	Part-Time Female Employee	0	0
	Part-Time Male Employee	0	0
	Permanent Female Employee	6	7
	Permanent Male Employee	196	66
	Subcontracted Female Employee	0	0
	Subcontracted Male Employee	0	0



OUR SUSTAINABILITY PERFORMANCE



OUR SOCIAL PERFORMANCE

Leaving Employees by Gender (Number)		2014	2015	2016
	Blue-collar female employee	0	1	7
	Blue-collar male employee	232	232	319
	White-collar female employee	6	13	19
	White-collar male employee	41	75	83
Leaving Employees by Age Groups (Number)				
	Blue-collar <30	131	142	194
	Blue-collar 30-50	100	78	126
	Blue-collar >50	1	13	0
	White-collar <30	17	41	47
	White-collar 30-50	29	47	60
	White-collar >50	1	0	1
Employees Return to Work After Parental Leave by Gender (Number)				
	Female	3	6	5
	Male	46	65	51
Annual Average Training Hours per Employee by Gender and Job-Type (hr/person)				
	Blue-collar	13.3	16.4	25.3
	White-collar	7.07	16.7	12.7
	Female	10.8	22.6	16.4
	Male	11	15.9	20.7





METHODOLOGY

CALCULATION METHODS

CARBON FOOTPRINT

In the study, the carbon footprint analysis of Polisan Holding companies (namely Polisan Kansai Boya, Poliport Kimya and Polisan Kimya) was performed using data provided by the companies for 2016. In the analysis, the carbon footprint of organizational activities was obtained by multiplying the emission factor for each activity by the relevant consumption/use data in terms of carbon dioxide equivalent.

The six greenhouse gas identified by Kyoto Protocol are: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro fluorocarbons (HFC), per fluorocarbons (PFC) and sulfur hexafluoride (SF₆). 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)
Carbon dioxide, CO ₂	1
Methane, CH ₄	28
Nitrous oxide, N ₂ O	265

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

- Scope 1 - Direct Emissions: Caused by activities that take place under 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. Activities such as travel with cars not owned by the company, employee commuting, waste disposal, water consumption are under Scope 3 emissions.

The carbon footprint assessment for Polisan Holding is performed for the emissions identified in Scope 1 and 2.

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.

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, the number of all accidents causing injury, including first-aid applications is taken into account.

ENERGY CONSUMPTION

The energy consumption values represent the total of electricity, steam, cooling, natural gas, fuel oil and LPG consumption by Polisan Boya, Poliport Kimya and Polisan Kimya in the period January 1st to December 31st, 2016, 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 tonne product manufactured is also given



CALCULATION METHODS

for Polisan Boya and Polisan Kimya while water consumption per tonne 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 using the 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 represent water consumption (classified as well, city and reverse osmos water) by Polisan Boya, Poliport Kimya and Polisan Kimya during the period January 1st to December 31st 2016. Water consumption per tonne product manufactured is also given for Polisan Boya and Polisan Kimya while water consumption per tonne handled material is given for Poliport Kimya in terms of m³.

WASTEWATER

The wastewater values represent the water discharged, as a total of industrial and domestic wastewater, by Polisan Boya, Poliport Kimya and Polisan Kimya in the period January 1st to December 31st, 2016.

WASTE BY TYPE

The waste values represent the waste produced by Polisan Boya, Poliport Kimya and Polisan Kimya in the period January 1st to December 31st 2016, 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 not classified as hazardous waste and recycled/recovered/disposed outside the company except waste water.

EMPLOYEE DEMOGRAPHY & LEAVING EMPLOYEES

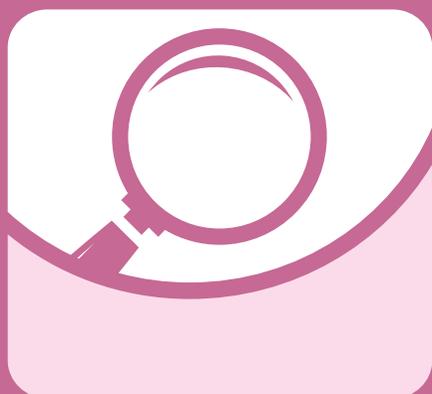
Employee demography represents the demographics of employees by gender, job-type, contract type and employment type.

Contract type is classified as fixed-term and indefinite. Job-type is classified as blue and white collar.

For leaving employees, the numbers are given for age groups classified into three groups; younger 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 INSURANCE
STRATEGY AND ANALYSIS				
G4 - 1	Messages from Top Management	4 - 7	-	No
ORGANIZATIONAL PROFILE				
G4 - 3	About the Report	2	-	No
G4 - 4	Areas of Activity	11	-	No
G4 - 5	Polisan Holding Dilovasi Facilities	119	-	No
G4 - 6	Our Story	11	-	No
G4 - 7	Polisan Holding Management Structure, Polisan Holding Shareholding Structure	23	-	No
G4 - 8	Areas of Activity	11	-	No
G4 - 9	2016 Performance Highlights, Our Economic Performance	10, 105	-	No
G4 - 10	Employee Demography, Our Social Performance	94, 106 - 109	-	No
G4 - 11	Our Social Performance	106 - 109	-	No
G4 - 12	Supply Chain Management	36 - 45	-	No
G4 - 13	Polisan Kansai Boya	13	-	No
G4 - 14	Step by Step Sustainability, Ethics and Integrity, Our Policies	20, 25, 26	-	No
G4 - 15	Step by Step Sustainability	20	-	No
G4 - 16	Our Memberships	17	-	No

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4 - 17	About the Report	2	-	No
G4 - 18	About the Report, Our Stakeholders	2, 28	-	No
G4 - 19	Materiality Aspects	29	-	No
G4 - 20	Materiality Aspects	29	-	No
G4 - 21	Materiality Aspects	29	-	No
G4 - 22	GRI G4 Content Index	115	The report, while primarily representing our activities for the year 2016, also includes information from our first sustainability report to ensure that our stakeholders can follow our performance over the years.	No
G4 - 23	GRI G4 Content Index	115	There is no significant change in Scope and Materiality Aspects compared to previous reporting periods.	No
STAKEHOLDER ENGAGEMENT				
G4 - 24	Our Stakeholders	28	-	No
G4 - 25	Our Stakeholders	28	-	No
G4 - 26	Our Stakeholders	28	-	No
G4 - 27	Our Stakeholders, Materiality Aspects	28, 29	-	No
REPORT PROFILE				
G4 - 28	About the Report	2	-	No
G4 - 29	About the Report	2	-	No



GRI G4 CONTENT INDEX

G4 - 30	About the Report	2	-	No
G4 - 31	About the Report	2, 118	-	No
G4 - 32	About the Report	2	-	No
G4 - 33	GRI G4 Content Index	116	No external assurance applied for this sustainability report.	No

GOVERNANCE

G4 - 34	Polisan Holding Management Structure, Committees Established Under Board Structure	23, 24	-	No
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ETHICS AND INTEGRITY

G4 - 56	Ethics and Integrity	25	-	No
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SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	SECTION IN THE REPORT	PAGE	EXPLANATIONS	EXTERNAL INSURANCE
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CATEGORY: ECONOMIC

Materiality Aspect: Economic Performance

G4 - DMA	Messages from Top Management, Our Economic Performance	4 - 7, 105	-	No
G4 - EC1	Our Economic Performance	105	-	No

Materiality Aspect: Procurement Practices

G4 - DMA	Supply Chain Management	36	-	No
G4 - EC9	Supply Chain Management	36 - 38	-	No

CATEGORY: ENVIRONMENTAL

G4 - DMA	For a Liveable Environment, Our Triple Responsibility Commitment	68, 69	-	No
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Materiality Aspect: Energy

G4 - DMA	Energy Management	76	-	No
G4 - EN3	Energy Management, Our Environmental Performance - Energy Consumption	77, 105	-	No
G4 - EN5	Energy Management	77	-	No
G4 - EN6	Energy Management - Our Targets, Energy Efficiency Projects	79, 87 - 89	-	No
G4 - EN7	Energy Management, Energy Efficiency Projects	78, 87 - 89	-	No

Materiality Aspect: Water

G4 - EN8	Wastewater Management at Polisan Holding, Our Environmental Performance - Water Consumption	74, 105	-	No
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Materiality Aspect: Emissions

G4 - EN15	Climate Change, Our Environmental Performance - Carbon Footprint	80, 81, 105	-	No
G4 - EN16	Climate Change, Our Environmental Performance - Carbon Footprint	80, 81, 105	-	No
G4 - EN18	Climate Change	80	-	No
G4 - EN19	Climate Change, Energy Efficiency Projects	80, 87 - 89	-	No

Materiality Aspect: Effluents and Waste

G4 - DMA	Waste and Wastewater	70	-	No
G4 - EN22	Wastewater Management at Polisan Holding	74	-	No
G4 - EN23	Waste and Wastewater, Our Environmental Performance	71 - 73, 105	-	No

116



GRI G4 CONTENT INDEX

Materiality Aspect: Products and Services

G4 - EN27	Environmental Friendly Product Designs, Products with Low Volatile Organic Compounds (VOC), Product Safety / Biocidal Products, New Generation Antifouling Marine Paints to Preserve Biological Diversity, Innovation at Polisan Kimya, Product Sustainability	51 - 53, 57, 85 - 86	-	No
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Materiality Aspect: Compliance

G4 - EN29	GRI G4 Content Index	117	During the reporting period, there is no activity non-compliant with the Environment Law and regulations.	No
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Materiality Aspect: Transport

G4 - DMA	Supply Chain Management	36	-	No
G4 - EN30	Supply Chain Management, Management of Chemicals	39 - 40, 83	-	No

Materiality Aspect: Overall

G4 - EN31	2016 Performance Highlights	10	-	No
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Materiality Aspect: Supplier Environmental Assessment

G4 - DMA	Evaluation of Our Suppliers	38	-	No
G4 - EN32	Evaluation of Our Suppliers	38	-	No

CATEGORY: SOCIAL

SUB CATEGORY: LABOUR PRACTICES AND DECENT WORK

Materiality Aspect: Employment

G4 - LA3	Our Social Performance	110	-	No
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Materiality Aspect: Occupational Health and Safety

G4 - LA6	Occupational Health and Safety	99	-	No
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G4 - LA8	Occupational Health and Safety	97 - 99	-	No
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Materiality Aspect: Training and Education

G4 - LA9	Training, Occupational Health and Safety	96, 98	-	No
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SUB CATEGORY: HUMAN RIGHTS

Materiality Aspect: Non-discrimination

G4 - HR3	Step by Step Sustainability, Ethics and Integrity, Human Resources	20, 25, 93, 95	-	No
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SUB CATEGORY: SOCIETY

Materiality Aspect: Local Communities

G4 - SO2	GRI G4 Content Index	117	Polisan Holding has no operations that have existing or potential negative impact on local communities.	No
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Materiality Aspect: Non-discrimination

G4 - DMA	Our Policies	26	-	No
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Materiality Aspect: Compliance

G4 - SO8	GRI G4 Content Index	117	No significant fines were paid for non-compliance with laws and regulations during the reporting period.	No
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SUB CATEGORY: PRODUCT RESPONSIBILITY

Materiality Aspect: Product and Service Labelling

G4 - DMA	Product Safety / Biocidal Products, Classification, Labelling And Packaging (CLP), Management of Chemicals	52, 53, 83		
G4 - PR5	Customer Relations	63	-	No



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SUSTAINABILITY REPORT 2016



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