







## ABOUT THE REPORT

Paşabahçe Cam Sanayii ve Ticaret A.Ş. (hereafter referred to in this report as 'Paşabahçe' or 'the Company') is pleased to present its first sustainability report that has been prepared in accordance with the GRI G4 Reporting Guidelines for the 12 month period ending 31 December 2014 to core level. The GRI guideline provides a framework for reporting on the economic, environmental and social impacts of companies in terms of their sustainability, their targets, the activities that they undertake in relation to these impacts and the results of these activities. Further information can be found at the following link: [www.globalreporting.org](http://www.globalreporting.org)

This report addresses the economic, environmental and social impacts and performance of Paşabahçe's operations in Turkey in 2014. The reporting boundary for the economic and environmental indicators has been set as the Company's Turkish entities for this report. It is Paşabahçe's intention to continue to expand the scope of its Sustainability Reporting to cover its overseas entities in future reporting periods.

### The Period and Frequency of the Report

This report covers the 2014 calendar year. Where available and relevant, we have also included 2013 data for comparative purposes as well as relevant updates from the year-to-date in 2015. It is the company's intention to continue to report annually to its stakeholders on its Sustainability Performance and Impacts.

### Feedback

Collecting stakeholder feedback is vital for helping us improve both our practices and reporting processes. We closely examine every issue that comes to our attention, and we use any feedback from our stakeholders to continuously improve our practices. We invite our stakeholders to forward any opinions, suggestions or complaints to:

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## **GRI G4 INDEX**

## LETTER FROM ŞİŞECAM CEO



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**OUR FOCUS IS ON INTEGRATING SUSTAINABILITY IN ALL THAT WE DO AND ON BEING A RESPONSIBLE CORPORATE CITIZEN AND GLOBAL LEADER IN OUR INDUSTRIES IN TERMS OF INNOVATION AND TECHNOLOGY**

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### To Our Stakeholders,

I am delighted to present first Sustainability Report of Paşabahçe prepared following the Sustainability Reporting Guidelines (GRI) G4 Core level of the Global Reporting Initiative for 2014. In addition to this Sustainability Report, we have simultaneously issued Sustainability Reports for the operations in Turkey of Şişecam Group, Flatglass and Glass Packaging Businesses and Soda Sanayii A.Ş. from our Chemicals Business in accordance with GRI G4.

We have been operating as a responsible company for 80 years that is fully committed to respecting people and the environment whilst creating high-quality and energy-efficient products that enhance people's lives. At the same time, we are steadily moving towards our target of being one of the top three glass companies globally and in providing products that add value and that can enrich all aspects of life.

In addition, we are in constant interaction with our global stakeholders. Our products reach millions of customers through our operations in 44 plants in 13

countries and our exports to 150 countries as a result of our production network across the globe in Flat Glass, Glass Packaging, Glassware and Chemicals Businesses.

With the production of 4.2 million tons of glass, 2.1 million tons of soda ash and 4 million tons of industrial raw materials in 2014, our Group is taking concrete steps towards sustainable growth with our financial performance. Despite difficult economic conditions in some of the markets where we operate in 2014, Şişecam Group not only increased its net sales income by 15% to TRY 6.9 billion but also increased its share of international sales to 52% of total turnover. We also successfully maintained our BA1 and BB+ corporate credit ratings by international rating agencies Moody's and S&P in 2014. In addition, as exemplifying our strong reputation as an ethical and responsible company, our Group was evaluated\* for its Corporate Governance practices for the first time in 2014 and achieved a high score of 9.28, which placed us in the upper ranks amongst the highest scoring industrial companies in the initial assessment.

\* The Corporate Governance assessment is conducted by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA).

Being fully aware of our responsibilities in the global ecosystem, we consider sustainability not just as financial continuity but as a long term vision that incorporates issues and opportunities related to environmental protection, natural resources, raw materials, consumptions, customers, employees and values and we integrate our sustainable activities

### ENERGY EFFICIENCY

We are one of the largest energy consumers in our country with an approximate annual natural gas consumption of 1.5 billion m<sup>3</sup>. Therefore, energy and energy management are among our most material topics. Our Group targets using natural resources as efficiently as possible, reducing the environmental effects of our operations and continually increasing energy efficiency as part of our corporate environmental and energy strategy. Linked to these plans, we have started applying our Environmental and Energy

### INNOVATION

We are targeting being the leader in our selected areas and adapting the fast developments in glass science and technology, during constant innovation to develop highly competitive products and technology ownership. Our Group has incorporated our corporate R&TD (Research and Technological Development) activities that started in 1976, under our "Science and

### COMPLIANCE WITH INTERNATIONAL STANDARDS

As a global player, our Group is committed to keeping its operations at international standards level. Consequently, almost all of our facilities both in Turkey and internationally have been certified to international standards for their quality, environment, energy, and occupational health and safety management systems.

All of our activities related to occupational health and safety are performed in line with international best practices. As a result, our Occupational Health and Safety Policy has been implemented to cover all our facilities in Turkey and internationally. Programs, training and activities are being implemented to help us move towards our target of reducing accidents and injuries to zero in all our workplaces.

While improving and applying strategies that support our global vision, we have continued to improve our

fully throughout our operations. Consequently, our Group focuses its sustainability activities on current and emerging topics through the value chain with the most activities connected to three main topics: energy efficiency, innovation, and compliance with international standards.

Policy, in all our global operations. We have already achieved significant savings as a result of increasing energy efficiency and reducing energy consumption and associated greenhouse gas (GHG) emissions in our operations in Turkey and internationally. We have many innovative projects focused on increasing energy savings and there are numerous examples outlined in this report, such as energy efficient furnaces, waste heat recovery and recycling projects.

Technology Center" which is the only and most well equipped center of glass and glass products in Turkey, and one of only a few in Europe.

The future in glass requires in depth expertise and innovation. As a result, we are focused on developing production technologies and enriching our product portfolio with products that add value.

human resources management in order to attract and retain the workforce that will add value globally and in extending our corporate culture. Similarly, we place importance on equal opportunity in performance management, career development, and training and development programs for all our employees.

In recognition of our responsibilities as a global company, we are determined to continue to improve our sustainability performance and make further progress in sustainability by launching new targets and projects throughout our global operations.

I would like to take this opportunity to thank all our stakeholders for their support, valuable contributions and the trust you have shown in Şişecam Group as we progress along our sustainability journey.

Sincerely,

**Prof. Dr. Ahmet Kirman**

*Şişecam Vice Chairman and CEO*

## LETTER FROM GLASSWARE PRESIDENT



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**WE CONTINUE TO INVEST IN TECHNOLOGY AND EXPAND OUR INNOVATIVE, HIGH QUALITY AND BROAD PRODUCT RANGE OF GLASSWARE PRODUCTS THAT ARE AMONGST THE SAFEST IN THE WORLD. WE HAVE SUSTAINED OUR COMPETITIVE STRENGTH IN GLOBAL MARKETS THROUGH OUR SUPERIOR TECHNOLOGY, MANUFACTURING, ENGINEERING AND DEVELOPMENT CAPABILITIES.**

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### *To Our Stakeholders,*

I am delighted to present our first Sustainability Report prepared in accordance with the GRI G4 Sustainability Reporting Guidelines of the Global Reporting Initiative for 2014.

Paşabahçe carries out the activities of the Şişecam in the field of tableware glass. It produces handmade and machine-made soda-lime and crystalline glass under the Paşabahçe brand and heat-resistant ovenware under the Borcam brand from its 6 facilities in 3 countries. As Turkey's largest producer of glassware, Paşabahçe ranks as the 2<sup>nd</sup> largest manufacturer in its field in Europe and 3<sup>rd</sup> in the world.

As with all the Şişecam Group companies, Paşabahçe always strives to be a responsible corporate citizen and we recognise that our reputation and legacy as a global giant in an energy intensive sector brings great responsibility for now and for the future. In full recognition of this responsibility, we have prioritised the areas that are most material to us and where we can achieve the greatest impact. These areas include reducing Energy Consumption and associated Greenhouse Gas (GHG) Emissions and improving Energy Efficiency in all our operations, through a focus on innovation and an implementation of International Operating Standards and best practise within all aspects of our business operations in Turkey and

internationally. Indeed, in our ambition to stay a world-class glass manufacturer, all our factories in Turkey and internationally are already certified to the international ISO Standards for management systems including for quality (ISO 9001), environment (ISO 14001) and health and safety (OHS 18001). In our drive to be a global leader, we often go beyond the national requirements for compliance within the countries in which we operate. Our employees are our most important assets and their safety, development and well-being are our top priorities. We follow a systematic approach for health and safety and undertake a wide range of initiatives in order to avoid accidents and injuries and our target is always zero accidents. It is our great pleasure to announce that we did not have any incidents of serious injury or fatality as a result of work related accidents in 2014. In line with all of Şişecam Group companies, all our operations are following a stringent Occupational Health & Safety (OHS) Policy that was updated in 2014. In 2014, there were 2 natural disasters at our plants in Turkey. However, the rigorous training of our workforce and our robust H&S systems helped ensure there were no injuries from either event.

The need to operate sustainability is inherent to all that we do and is already firmly embedded in our business strategy.

## 2014 PERFORMANCE

The glassware market has been struggling for the past couple of years (global growth between 1% to 2%) with growth coming from developing regions. Global trends are putting margin pressure on suppliers, especially in developed markets. Despite challenging economic conditions, through our focus on excellence, innovation and adherence to international best practice, we continued to invest in new production facilities and stores, and managed to achieve total revenue of TRY 1.3 billion for the year with a glassware market share of 13% globally and 66% in Turkey. In addition, Camiř Ambalaj, an affiliated řiřecam Glassware Business company and one of Turkey's leading paper and cardboard packaging manufacturers, remained the sought-after and preferred company in the sector for its specialty, reliable production and as a result increased its total sales income by 13% in 2014.

Managing energy consumption efficiently is one of our most important priorities, since our energy consumption is among the highest in Turkey. For example, in 2014 our operations in Turkey consumed approximately 5.6 billion MJs of energy. We have established systematic policies and processes to measure, monitor and improve our energy management performance.

We continue to invest in technology and expand our innovative, high quality and broad product range of glassware products that are amongst the safest in the world. We have sustained our competitive strength in global markets through our superior technology, manufacturing, engineering and development capabilities. In 2014, we doubled our installed capacity with new investments in the targeted markets of Europe and CIS. We have projects, including new design of shorted forehearth, quality control inspection systems and our tempered glass technology development, which are focussed on reducing energy consumption, improving efficiency and on the removal of dust and other emissions during production. For example, in 2013, Pařabahçe Kırklareli Plant invested in a flue gas treatment facility in order to remove dust, chloride and boron emissions from its borosilicate glass production. The facility achieves treatment efficiencies of 99% in removal of dust emissions, 99% in removal of chloride emissions, and 98% in removal of boron emissions. In addition, with the new design of forehearth, up to 30-35% in fuel saving has been achieved by shortening the process and up to 15% by avoiding unnecessary colored glass processing. In addition, by using inspection systems, we are proud to have increased our product quality threshold and have achieved a 100% decrease in complaints for certain types of products such as tea glasses.

As a company with our own tempered glass technology, we can develop new products and increase our tempered glass production at an optimal rate and cost. As for the tempering of printed and unprinted glass, we have developed a technology which enhances our productivity and quality. Our new technology provides a potential for 50% savings in fuel consumption and a 10% increase in efficiency.

Our 48 million Euro investment in a new oxy-fuel combustion furnace was completed at our Bulgaria Plant, allowing us to double production capacity in 2014. Owing to its superior technical features and best-in-class technology, overall, our company's energy efficiency performance was upgraded. As a result, we received the prestigious LIFE+ certification from the European Environment Agency (EEA). We are a forerunner in our industry with our energy saving and emission reduction projects aimed at the protection of the environment.

At Pařabahçe, we are following global trends regarding effective water management and have started a new water optimization project to evaluate opportunities for water conservation as well as developing action plans for water management at each production plant. Next year, we aim to develop further water conservation projects and respond to the CDP Water program in Turkey.

In addition to the environmental performance improvements already achieved, further steps have been taken in terms of branding for a more sustainable brand image. We have focused on making the corporate identity of Pařabahçe more contemporary through an updated brand image. Furthermore, řiřecam's first global design brand, Nude, was launched at the beginning of 2014 to create contemporary glassware collections for modern living in collaboration with renowned international designers.

In concluding, I would like to give heartfelt thanks to our employees and all our stakeholders for helping us realise our great achievements in 2014. We are confident that with the continued dedication and support of our employees, coupled with feedback and guidance received from our other stakeholders, we will continue to succeed and improve as we progress along our sustainability journey.

Sincerely,



**Cemil Tokel**

*Glassware President*



# Paşabahçe: an Introduction

- ◆ Global Scale and Presence
- ◆ Organizational Structure
- ◆ Mission, Vision, and Values
- ◆ Corporate Governance
- ◆ Risk Management and Internal Audit Activities
- ◆ Compliance with the Law and Legislation
- ◆ Ethics and Code of Conduct

## GLOBAL SCALE AND PRESENCE

Şişecam Group's main area of activity is glass production and it deals with complementary industrial and commercial operations for glass production. Paşabahçe Cam Sanayii. A.Ş. (hereafter referred to in this report as 'Paşabahçe' or 'the Company') represents the Şişecam Group in the field of tableware.

Paşabahçe works with a total of 6 facilities established in 3 different countries, producing handmade and machine-made soda-lime and crystalline glass under the Paşabahçe brand and heat-resistant ovenware under the Borcam brand. Turkey's largest producer of glassware, Paşabahçe ranks 2<sup>nd</sup> largest manufacturer in its field in Europe and 3<sup>rd</sup> in the world.

The Company started its operations at Beykoz/ Paşabahçe in 1935, producing handmade glassware with soda-lime glass, and in 1955 inaugurated the first stage of the batch-production technology it uses today. Its first export was made in 1961. In 1974, the company started the production of heat-resistant glassware. Over the period 1980 - 2000, besides meeting increasing domestic demand, Paşabahçe adopted an export-based growth strategy, entering a new stage of rapid growth in which new capacities, new factories were launched to manufacture soda-lime glass and heat-resistant ovenware. The company steered its way into the developed markets in the sector, especially in Europe, where production and consumption were at advanced levels, and accelerated its use of advanced technologies to meet the markets' need of for increased quality and productivity. Today, Paşabahçe exports to a total of 140 countries and has established 6 production plants in Kırklareli, Mersin, Eskişehir, Denizli, Bulgaria and Russia.

Growing and developing continuously for 80 years, since its very first day of foundation, thanks to its investments in Turkey and around the world, Paşabahçe. serves all industries with its principal brands "Paşabahçe", "Borcam" and Nude, its new global design brand, as well as dozens of other licensed labels, offering its goods to retailers, wholesalers, restaurant and hotel chains in and outside of the country.

In 2014, Paşabahçe continued to bolster its technology, secure increased productivity, and further expand its innovative, high quality and broad product range through new generation glass furnace and modernization investments. Paşabahçe carried on with its investments in order to sustain the competitive strength it enjoys in global markets drawing on its superior technology, manufacturing, engineering and development capabilities. Along this line, the Company, by way of new investments, doubled its installed capacity in target markets, Europe and CIS.

The second oxy-fuel combustion furnace investment worth €48 million at the Bulgaria Plant, which was brought to completion at the end of 2013, secured 100% capacity increase in 2014. This is a best-in-class, low-emission and environment-friendly glassware facility investment that secures energy saving and increased efficiency thanks to its superior technological equipment. These qualities earned the investment the prestigious LIFE+ certification given by the European Environment Agency (EEA). Besides capacity increase, the second furnace investment has also been instrumental in enhanced product quality with the addition of production lines and machinery that are compatible with its value-added, broad product range.

Paşabahçe is a forerunner in the industry also with its energy saving, energy-friendly flue gas treatment systems that protect the environment, and environmental investments that enable reuse of flue gas, as well as its R&D and technological superiorities secured through its investments directed towards capacity increase and modernization at its plants in and out of Turkey.

The second furnace investment at the Russia Plant worth USD 83 million, which became operational by mid-2014, is an important investment featuring the leading innovations of its class deriving from its furnace and production lines. Besides doubling the capacity, the Russian investment incorporates production machinery that introduces a broad range of value added, printed products with increased attributes to the Russian market.

Paşabahçe offers its customers over 20,000 glassware items of automated and handmade production in three different segments: household, HoReCa, industry sectors. Paşabahçe has a retail chain business, offering

a wide range of products to its customers for table top and kitchen and has a paper-cardboard packaging business, which is among the leading companies in its business.

### DENİZLİ CAM

Denizli Cam San. ve Tic. A.Ş. was founded in 1973 by 215 co-founders under the name “Şirintaş A.Ş.” in Şirinköy/ Denizli. The company started its first production in 1981 and 51% of the shares were acquired by Şişecam in 1994. Thus, as of 1994, Denizli Cam began to participate in the Glassware Division's activities.

Paşabahçe relied on manual production in its earliest days to supply basic glass needs of the domestic market. Today the company continues to produce handmade glass at its Denizli Cam factory, paying homage to its history and bringing a refined sense of contemporary style to the traditional Turkish art of glassmaking. Denizli leads the sector in Turkey in terms

of excellent quality of its glass, its highly qualified and skilled workforce, comprehensive product range and capacity. It also ranks among top European producers and is a globally recognized brand with a portfolio encompassing over 25,000 product varieties. The product range includes original forms and designs of glassware that require high skill level and aesthetic value, traditional products such as Çeşm-i Bülbül and Nazarlık etc., handmade crystal and glass rods. The brand collaborates with designers from diverse cultural backgrounds for wider market appeal, launching around 300 original products a year created by Turkish, German, Czech, Italian and Finnish artists.



## PAŞABAHÇE MAĞAZALARI

In line with its expansion strategy, in addition to opening stores in Istanbul Palladium, Akasya and Mall of Istanbul, Paşabahçe Mağazaları also opened special Paşabahçe corners in 2014 in the ATU retail stores in the ATU retail stores in Istanbul Atatürk and Ankara Esenboga airports. Thereby the number of stores increased to 45 in 11 cities. In addition, a decision is taken to open new stores in international locations in order to increase and strengthen the brand recognition and awareness while also creating additional sales revenues through new stores. Accordingly, initiatives have been taken in 2014 to open a store in Milan, Italy.

Following 2012 update of the E-store, 2014 sales increased by 65% on year terms. Additionally, steps were taken in order to globalize the E-store.

Starting from 2011, corporate sales activities are restructured with a proactive approach; and following this approach, 78% increase is realized in corporate sales.

Many new products are developed and introduced to the market in line with customer needs and expectations. Initiatives are taken for the new History-Culture Glass collection that is going to be launched in 2015.

Joining Instagram as one of the most popular social media channels, Paşabahçe Instagram account reached more than 20 thousand followers in a short time. By using different communication channels in

the coming period it is projected to reach a wider audience. Furthermore, wide variety of advertising and promotion activities such as magazine ads, banners and mailings were carried out during the year.

The CRM (Customer Relation Management) Project was initiated to strengthen our customer focused structure during the year. The project is planned to get started in 2015.

"Call-center" project was kicked-off to provide a modern solution to communication needs of Paşabahçe and Paşabahçe Mağazaları on customer relations.

Process improvement and documentation processes which are first started in 2011 within the Quality Management System framework are continued.

Savings projects that are first started in 2011 with the aim of lowering total overhead costs are continued (rental conditions improvement, logistics and network costs optimization, idle stock depletion etc.).

Paşabahçe Mağazaları is selected as the most popular brand among consumers in the home decoration category and won the first place in "Number 1 Brands Consumers Choose in Malls" survey that was carried out by Paşabahçe Mağazaları, Turkish Council of Shopping Centers and GFK research firm in 2013 and 2014. Paşabahçe store in Ankara Armada Mall won the special award through customer voting.



## CAMIŞ AMBALAJ

Camiş Ambalaj, one of Turkey's leading paper/cardboard packaging manufacturers, remained the sought-after and preferred company in the sector for its specialty, accurate production. The Company increased its total sales income by 13% in 2014.

Camiş Ambalaj manufactures offset printed cardboard and laminated consumer packaging, high-quality flexo printed corrugated consumer and transport packaging, trays and multiple packaging for automated filling lines, as well as display units.

At the Crescent and Stars of Packaging Competition 2014 organized by the Packaging Manufacturers Association of Turkey, the Company claimed 1 bronze and 1 competence award.

Camiş Ambalaj Sanayi A.Ş., established for the purpose of providing Şişecam affiliates with paper-cardboard packaging products, provides its customers with complete service and support from design to manufacturing, after-sale service and package engineering. Camiş Ambalaj Sanayi A.Ş., has been satisfying all package needs of Şişecam's affiliates manufacturing Glassware and Glass Containers and it ensures required domestic market and export quality, and thanks to its alluring products, it makes favourable contributions regarding customer appreciation. Our company has 4% market share in offset packaging sector and 6% market share in corrugated packaging sector.



## FINANCIAL PERFORMANCE

Paşabahçe contributes an important economic value to society, as summarised below.

### Direct economic value generated on an accrual basis (in TRY )

	2012	2013	2014
Revenues	1,132,050,181	1,235,198,563	1,298,550,472

### Economic value distributed on an accrual basis (in TRY )

Operating costs	312,997,463	322,898,325	355,168,682
Employee wages and benefits	101,925,877	105,348,207	111,306,384
Payments to providers of capital	46,144,392	22,372,570	29,300,634
Payments to governments (by country)	16,115,403	16,036,300	14,426,194
Community investments	250	181,850	220,550

In 2014, the company received financial assistance from government amounting to TRY 17,928,851, including TRY 1,568,137 that is related to investment grants for the conversion and modernization of the glass furnace and equipment, installing the organic dyeing line, purchasing a blower machine and automatic packing machines. In line with the project, a new warehouse

with a steel shelf system and heat recovery steam generator will be built. In addition, TRY 4,801,747 of the total assistance received was for Turquality project incentives. Finally, the rest of the assistance received (TRY 11,559,240) related to law no: 5510 and law no: 14857 of Social Security Law.

## TURQUALITY

As Paşabahçe, we have been involved in the Turquality program since 2008. Turquality is an incentive program where 50% of international advertising, promotion, advertisement (magazine, billboard, etc.), expo costs, market research, international units warehouse rental costs, store rental costs, decoration expenses, SAP software maintenance expenses, advisory services, international certification expenses and similar expenses are covered by the government.

From 2013, we entered the second 5 year support period. The incentive program will come to an end in 2018, where there is a possibility of extension for 5 more years based on the government's decision.

In addition, this year our application to Turquality for our Nude brand was accepted and the development roadmap is in progress. After the completion of the roadmap process, we are going to be able to benefit from the incentives with regards to the Nude brand.



## BRANDS

The process of revising all standard packagings with a new artwork concept and adding our new Paşabahçe logo has been finalized in 2014 with 819 essentials and 420 Professional packagings which represents 100% of the total standards.



### Paşabahçe

Paşabahçe, pillar of Turkish industry refreshed their corporate image by adopting a new logo which was inspired by a glass droplet in a liquid state, emphasizing the recyclability, natural purity and environmental friendliness of glassware.

The corporate identity of Paşabahçe brand was refreshed according to today's graphical needs with a new logo work that aims to bring a more contemporary look on the brand image. The first drop in the logo represents a water drop, emphasizing the role of nature and environment in both the production and use of glassware and also touches on the idea of the infinite possibilities for the reuse of glass; while the other drop embodies glass in a liquid state. The oval form is a preserved element from the previous Paşabahçe logo, while the white section in the middle symbolizes Paşabahçe's "P".

### Borcam

**borcam**

After inception in 1968 of the Teknik Cam San. A.Ş.-Topkapı, production of hard borosilicate glass heat resistant glassware, glass tube/stick and laboratory equipment production was automated with blowing machinery in 1974. Borosilicate products continued to be produced with high technology production machinery in our Paşabahçe factory in 1981, and in 1985 with the addition of press machinery, properties and variety of borosilicate glass products were improved and oven dish production began.

In 1986, borosilicate glass heat resistant oven dishes and similar pressed products were named BORCAM out of 17 suggested names considering the views of end customers. BORCAM brand was registered the same year.



### Nude

#### *Positioning Statement:*

Nude was launched at the beginning of 2014 as the first global design brand of Şişecam created with the global and Turkish well known designers.

Nude creates and manufactures contemporary glassware collections for modern living. Nude looks at life through

the lens of simplicity; values both functionality and design. Nude transcends the traditional boundaries of glassware treating the whole home as one sensuous and pleasurable space. Nude is born in 21<sup>st</sup> century and as the youngest and contemporary brand in the market creating glass for 21<sup>st</sup> century.

#### *The guiding principles of Nude:*

##### *Simple*

Nude believes simple is beautiful, form is function and less is more. This idea of simplicity is the guiding principle behind nude, reflected in its design aesthetic, its mind-set and its culture

### Contemporary

Nude is new, born to create lead-free crystal glass for modern homes in the 21<sup>st</sup> century. Nude looks for elegant, relevant solutions for a modern living experience.

### Sensuous

Nude takes pleasure seriously, bringing joy and sensuality to any occasion, always easy to understand, use and work with.

### Fearless

Nude is restless, fearlessly putting our energy into innovative ideas, unexplored pathways and collaborations, creating solutions that make work simple and fun.



### Nude Unifying Thought:

Simple is beautiful.

### Nude Brand Vision:

To be the most well-known tableware and decoration brand globally in both household and HoReCa sectors.

### Nude Product Range:

**Material:** Lead-free Crystal

**Quality:** Know how, handmade and machine made lead free crystal glass, best skills, and best technologies

**Design:** In house and world leading designers and architects

**Heritage:** Over indulged child of the world's largest producer



### Lead free Crystal Glass:

Lead free crystal glass combine excellence and design with dependability and practicality. In the HoReCa sector design itself is never enough. The hospitality industry is built on usability, longevity and efficiency. Nude holds these values at a premium.

There are both aesthetic and practical benefits of lead free crystal glass. Machine made crystal offers high durability thanks to its composition and manufacturing process. It has a 99% transmission of light and the glass itself has a reflective index of >1.52 reducing chromatic aberration and intensifying its sparkle. The glass is also distinguished by its superior sound, delivering a sharper more resonant ring.

### Proven by strength tests:

**Free Fall:** Nude crystal glasses are dropped from a higher level on a metal plate.

**Impact:** Nude crystal glasses undergo hits one after another with increasing impacts.

**Flexibility:** Nude crystal glasses are bent by exerting increasing strain through the stem.

### Nude Collections:

- ◆ Signature collection
- ◆ Loft collection
- ◆ Timeless collection



**Nude Target Markets:***Retail:*

- ◆ Home & decoration (Home and furniture stores, design and concept stores)
- ◆ Food and wine (Department stores, table top, kitchenware, food & wine)

*HoReCa:*

- ◆ Restaurants medium level to premium, mainly modern restaurants, lounges, fine dining.
- ◆ Hotels. (Mainly design hotels)

**Brand Communication:**

To increase the effectiveness of the Nude marketing mix on the target groups;

- ◆ Designing 360° communication program,
- ◆ Coordinating all the communication tools and activities according to an integrated plan,
- ◆ Getting the maximum advantage from these communication activities as a result of the synergy created.

**Communication Activities:**

Fairs, PR, Communication Campaign, Launch, Meetings, Events, Sponsorships, Exhibitions, Digital Marketing, Printed Materials, Displays at the point of sale.

**Lara**

Lara® Glass Blocks, which is manufactured in a variety of colours and patterns, is a construction material used for translucent walls that allow light to pass through while obscuring vision for privacy.

Lara® Glass Brick comes in 5 patterns as colourless, matte, blue or salmon.

**Areas of use:**

Lara® Glass Brick can be utilised in a variety of functions such as in construction of outer façades, stair enclosures, internal partitions, and shower cabins.

**AWARDS:**

- Despite contraction of the global market, Paşabahçe increased its share to 12%, becoming one of the world's leading glassware companies. With a heritage of 80 years, deep roots buried into the Turkish history and culture, Paşabahçe is a "love brand", connected to the customer with an emotional bond, representing "quality" and "dependability" in glass.
- Brand Finance's report on Turkey's most valuable brands lists Paşabahçe amongst the top 100 brands.
- On the 13<sup>th</sup> annual "Stars of the Year" awards held in 2014, Ekovitrin readers rewarded Paşabahçe with the "Brand of the Year" Award.

## ORGANIZATIONAL STRUCTURE

### ORGANIZATION AND NATURE OF OPERATIONS

#### An Overview of 2014

AS OF THE END OF 2014, T. ŞİŞE VE CAM FABRİKALARI A.Ş., WHICH IS PUBLICLY TRADED ON THE BORSA İSTANBUL A.Ş. ("BİST"), IS THE MAIN SHAREHOLDER OF PAŞABAHÇE AND HOLDS 84.007% OF THE SHARES AND RETAINS THE CONTROL OF PAŞABAHÇE.

Paşabahçe successfully maintained its sales volume in a shrunken global market; a performance matched by just a few others and increased its global market share to 12%. The increased sales attained in the European market, which continued to contract as a result of the deflation threat and depreciated currency, provided a significant advantage against the competitors in this region. Despite the intense competition arising from the excess supply available in Europe, sales grew in the UK, France, Italy and the Netherlands. Capitalizing on a revival in the tourism sector in this segment, sales to the hotels, restaurants and cafe (HoReCa) segment grew by 14%.

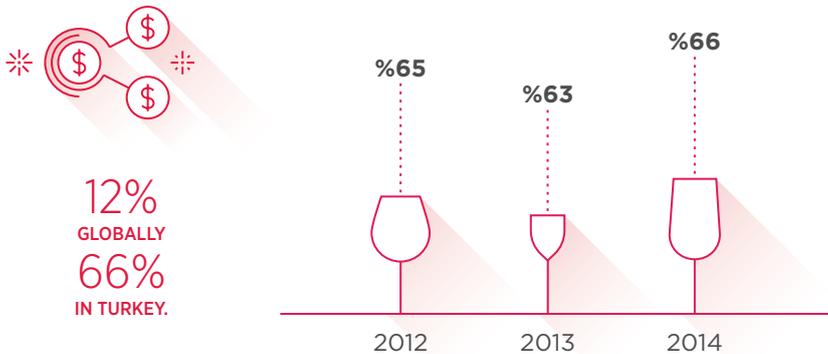
In the CIS Region, on the other hand, sales income was preserved on a Ruble basis despite unfavourable circumstances, owing to the contribution of commercial marketing activities and taking advantage of being a local manufacturer. USA sales increased by 3%, thanks to new companies built for the HoReCa segment in this country and the contribution of new collaborations in retail. Despite the political instabilities that swept through the Middle East and Africa Region, the sales income in this area went up by 19% in keeping with the gains secured in Iran, Egypt, Israel and Morocco. In the Asia-Pacific Region, the Company undertook efforts for improving the distribution infrastructure of Paşabahçe and regional sales income was maintained.

Shareholder	Amount (TRY)	Share (%)
T. Şişe ve Cam Fabrikaları A.Ş.	181,064,468.20	84.007
EBRD	33,292,044.00	15.446
Other	1,179,288.00	0.547
	<b>215,535,800.20</b>	<b>100.00</b>

As of the end of April 2015, T. Şişe ve Cam Fabrikaları A.Ş. (Şişecam), which is publicly traded on the Borsa İstanbul A.Ş. ("BİST"), is the main shareholder of Paşabahçe and holds 84.007% of the shares and retains the control of Paşabahçe.

Having obtained successful results in the premium segment by working with strategically important markets and customers, Paşabahçe launched "Nude", its design-oriented brand in the priority markets of Europe and in Turkey, and formed the infrastructure for introducing the brand in global markets. While Paşabahçe increased its sales particularly to the HoReCa segment in Turkey, it has preserved its sales to supermarkets and wholesale channel and increased its share in the market.

#### PAŞABAHÇE MARKET SHARE IN TURKEY (%)



In addition to all these developments, 2014 also saw the disposal of 15.44% of the shares in Paşabahçe to the European Bank for Reconstruction and Development (EBRD) for 125 million Euros. This partnership with EBRD, a leading financial institution, signifies a big step taken towards carrying Paşabahçe to being a global industry leader.

TURKEY'S **LARGEST** GLASSWARE  
PRODUCER

✦ RANKED **3<sup>rd</sup>**

LARGEST GLASSWARE PRODUCER IN THE  
WORLD AND **2<sup>nd</sup>** IN EUROPE



## PAŞABAĞÇE

Paşabağçe, the first company founded by the Şişecam Group, currently ranks 3<sup>rd</sup> in the world and 2<sup>nd</sup> in Europe in its business field with its solid distribution channel structure, broad product range, superior production capability, and customer-focused strategic approaches. Paşabağçe offers its customers over 20,000 glassware items of automated and handmade production in three different segments: household, HoReCa, industry sectors. It has a retail chain business, offering a wide range of products to its customers for table top and kitchen and has a paper-cardboard packaging business, which is among the leading companies in its business.

### Production Facilities in Turkey

#### Paşabağçe Cam San. ve Tic. A.Ş.

*Kırklareli Plant - Kırklareli*

*Mersin Plant - Mersin*

*Eskişehir Plant - Eskişehir*

#### Denizli Cam San. ve Tic. A.Ş. - Denizli

#### Camiş Ambalaj Sanayii A.Ş.

*Tuzla Plant - İstanbul*

*Eskişehir Plant - Eskişehir*

#### Paşabağçe Mağazaları A.Ş.

*(Retail chain with 45 stores)*

### Production Facilities Abroad

Trakya Glass Bulgaria EAD-Tableware Plant - Bulgaria

Paşabağçe Posuda Limited - Russia

### Brands

Paşabağçe

Borcam

NUDE

Lara

Paşabağçe Mağazaları



**23%**  
OF TOTAL ŞİŞECAM  
SALES IN 2014

## MISSION, VISION AND VALUES

This section outlines the Mission, Vision and Values that apply to all Şişecam's operations in Turkey and internationally.

### ŞİŞECAM GROUP MISSION

"To be a company that adds value to life through its high-quality products, offering comfort, and that respects people, nature and the law."

### PAŞABAHÇE VISION

"Our vision is to become the most powerful global glassware supplier in the world by pursuing the latest developments within the company and the market through concentrating our sources, energy, knowledge and experience solely on glass."

#### The focus of our vision includes the following areas:

- Continuous development with innovative ideas
- Globally recognized brands
- Being a solution and growth partner for our customers through innovative solutions
- Distinguishing our company through high-end technology
- Environmental awareness and a sustainable approach to production

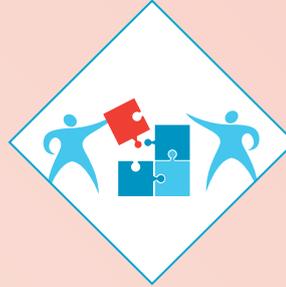
## VALUES OF ŞİŞECAM GROUP

Paşabahçe is a subsidiary of the Şişecam Group and follows the group all vision, mission and values.



### WE DERIVE STRENGTH FROM OUR TRADITIONS AND SUPPORT ONE ANOTHER:

- ◆ We shall initiate changes that would create a successful future based on strength from our experience and knowledge.
- ◆ We shall enhance our reputation through our sustainability commitments and results-oriented approach.
- ◆ We shall maintain our legacy and tradition, and it shall be our duty to pass these onto the future generations.



### WE THRIVE AND DEVELOP ONE ANOTHER

- ◆ We shall encourage each other to constantly develop our skills.
- ◆ We shall continuously be open to changes that would bring us closer to our vision; and we shall make efforts to develop and improve each other with the help of our stakeholders.
- ◆ We shall consider creativity and innovation as a means of development, and inspiration.



### WE EXHIBIT A FAIR AND TRANSPARENT MANAGEMENT APPROACH

- ◆ We shall treat all of our stakeholders equally, and we shall pursue win-win strategies that benefit both our stakeholders and our business.
- ◆ We shall measure the performance with the same scales, and make the performance evaluations in a fair manner.
- ◆ We shall act consistently toward our stakeholders; and we shall not give promises we cannot keep.



### WE CARE FOR OUR ENVIRONMENT

- ◆ We shall commit to our business to achieve the growth and profitability expectations of our shareholders and business partners.
- ◆ We shall be customer-focused; we shall quickly respond to suggestions and complaints of our customers, and improve the quality of products and services.
- ◆ We shall closely monitor technologies and make appropriate investments as part of our responsibility to the environment and nature; we shall also promote awareness on these issues.



### WE RESPECT DIFFERENCES

- ◆ We shall hire employees from different countries and different cultures; we know that this diversity shall add value to our business.
- ◆ We shall freely express our different opinions.
- ◆ We shall allow different job categories to work as a team, to learn from each other, and to develop each other in order to sustain our shared-values.

## CORPORATE GOVERNANCE

Paşabahçe follows Şişecam Group's principles of equality, transparency, accountability and responsibility which are the cornerstone of its approach to corporate governance. Our vision is to be a global industry leader, and technological development, innovation and a strong commitment to corporate governance are the core aspects to achieving this vision. In order to realize

our long-term vision for our company, the adoption of corporate governance principles and implementation of best practice are paramount. This vision helps ensure we can appoint board members and senior managers with the skills, experience and perspective to make the strategic decisions needed to allow us to realize our long-term goals.

## RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

As a subsidiary of Şişecam Group, risk management and internal audit activities at Paşabahçe are directed by Şişecam Group. Operating in an intensively competitive environment, Şişecam Group implements efficient risk management and internal audit processes in order to provide adequate risk assurance to its stakeholders. The global crisis that started in 2008, coupled with the geopolitical risks that have become tangible in geographies where we operate, resulted in increased uncertainty. With increasing customer expectations, tightening regulatory requirements and developments in corporate governance, the Risk Management and Internal Audit functions were separated in order to be able to focus on all plants by 2014.

Under this structure, Paşabahçe handles existing and potential risks with a proactive approach and carries out audit activities with a "risk-based" perspective. At the Şişecam Group, risk management and internal audit activities have been structured under the

parent company. The activities are directly reported to the Board of Directors of the parent company in coordination with the CEOs, managing the core operational areas. The results of regular and planned meetings held with the "Risk Committee", the "Audit Committee", and the "Corporate Governance Committee" which have been established in the Şişecam Group companies listed in Borsa İstanbul, are reported to the Boards of Directors in accordance with the legislation. During the activities carried out with the aim of establishing a corporate structure, providing the required assurance to stakeholders, protecting the tangible and intangible assets of the Şişecam Group, minimizing the losses caused by uncertainties and maximizing benefit from potential opportunities, communication between the internal audit and risk management functions is maintained at the maximum level and is directed toward the goal of supporting decision-making processes and increasing management efficiency.

### RISK MANAGEMENT

At the Şişecam Group, risk management activities are carried out with a holistic and proactive approach based on enterprise risk management principles. The potential effects of such risks with each other and the characteristics of the countries where the Group operates are also taken into account in the course of operations. Thanks to this perspective, geographical distribution and risk diversification are converted into a significant advantage, and any risks encountered as specific to a country and/or a business segment are integrated with the risk processes before they are implemented elsewhere and the interaction of risks with each other is monitored. Thus, decision support

processes are assisted and efficient use of resources is ensured. The risk catalogues for all business segments across the Group are periodically updated with the participation of the Group employees and the risks are ranked according to their importance. By taking the "risk appetite" of the Board of Directors into account, with regard to analysed risks, the strategies to be implemented are established and the necessary measures are taken. These risk management activities are not only limited to financial and strategic risks, but also cover operational risks such as production, sales, health and safety, emergency management, information technologies, and environment.

## INTERNAL AUDIT

The objective of the internal audit activities, which have been carried out within the Şişecam Group for many years, is to assist the healthy development of the Group's companies, to ensure uniformity in practices, and to guarantee that all activities are performed in compliance with internal and external regulations, as well as the execution of corrective actions in a timely manner. In line with the stated objectives, audit

activities are being carried out on ongoing basis within the bodies of the companies of the Group operating domestically and abroad. Internal audit is carried out in accordance with the periodic auditing programs approved by the Board of Directors. During the preparation of the audit programs, the results of the risk management activities are also used, meaning that "risk-based audit" practices are implemented.

## COMPLIANCE WITH THE LAW AND LEGISLATION

Paşabahçe, as a Şişecam Group subsidiary, pays regard to complying with the law and legislation with care and caution in every respect and as a leading company and the earliest group in glass production in Turkey; it always shows maximum awareness in obeying competition law and acts due to being the leader in Turkey in its sectors.

In this regard, employees of the Şişecam Group are subjected to training regarding regulation and legislation of the competition by the legal consultancy department from time to time. Şişecam Group management expects all its group companies to observe the competition legislation in all their agreements, actions and conducts and that the Legal Consultancy Department will supervise whether they follow the rules in an effective way.

Şişecam has comprehensive policies and principles in place that all affiliated companies in Turkey and internationally are required to follow in terms of anti-bribery and corruption, internal audit and risk management. For example, the aim of the Anti-Bribery and Corruption Policy<sup>1</sup> is to clearly set out the commitments and position of Şişecam Group with regards to bribery and corruption clearly and to help uphold the corporate image. This policy, being an integrated part of Code of Conduct adopted by the Group, aims to provide the necessary information for prevention of bribery and corruption in all Group activities and to specify responsibilities and rules in that regard.

## ETHICS AND CODE OF CONDUCT

Paşabahçe, as a subsidiary of Şişecam, carries out their activities following the Şişecam Group Code of Conduct. There are five main principles in the Code of Conduct: Honesty, Transparency, Impartiality, Confidentiality,

and Compliance with laws and regulations. For the complete Şişecam Code of Conduct, please visit the following website: [www.sisecam.com.tr/en/investor-relations/code-of-conduct/](http://www.sisecam.com.tr/en/investor-relations/code-of-conduct/)

<sup>1</sup> <http://www.sisecam.com.tr/en/investor-relations/anti-bribery-and-corruption-policy-2/>



# Our Sustainability Approach

- ◆ Sustainability Governance
- ◆ Approach to Stakeholders
- ◆ Approach to Materiality
- ◆ Approach to Standards and Organizations

As a subsidiary of Şişecam, Paşabahçe has a continued focus of building on its legacy with a challenging roadmap to guide its future efforts and initiatives. This roadmap establishes goals for strong, relevant key performance indicators for our business; leadership in compliance with international sustainability standards;

excellence in research and technological development; and a robust process of working with our stakeholders and re-identifying priority issues for our business. The sustainability efforts of Paşabahçe encompass environmental, social and economic aspects as all are interconnected and important to us.

### Why Glass?

- ◆ Glass means health...

*Because glass does not react with its contents and thus preserves them naturally.*

- ◆ Glass means freshness...

*Because the taste and aroma of food stored in glass last for a long time.*

- ◆ Glass means transparency...

*Because glass is the only material which clearly reveals its contents.*

- ◆ And most important of all, glass is environmentally friendly...

*Since it can be recycled.*

*The glass is 100% recycled without any sacrifice in quality.*



## SUSTAINABILITY GOVERNANCE

Sustainability is an integral part of our all-inclusive approach. We consider sustainability not just as financial continuity, but rather as an integrated concept that expands by also preserving the environment, natural resources, consumption, customers and values.

Paşabahçe, as a subsidiary of Şişecam, cooperates with Şişecam Corporate Development and Sustainability Department regarding sustainability issues. In

this regard, Şişecam Corporate Development and Sustainability Department carries out numerous studies to promote and improve the efficiency in all segments of our business. The Chief Officer of this Department who reports directly to the Şişecam CEO is a member of the Executive Board and is responsible for overseeing the following functions beside his other responsibilities.



### Environmental Performance

Co-ordinates projects aimed at developing and implementing principles to monitor report and continuously improve the Şişecam Group's environmental performance.



### Energy Supply

Supplies Şişecam's energy needs, especially natural gas and electricity, by evaluating opportunities for bulk purchases in order to create competitive advantage.



### Energy Efficiency

Continuously creates improvement and saving plans with the activity groups and ensures the implementation of such plans. Monitors and develops energy efficiency systems across plants and units.



### Corporate Development And Change Management

Responsible for improving processes and operations with continuous development approach, managing the governance of Şişecam Operating Model, leading Project Management Office activities and the Change Management Program in the organization.

**SUSTAINABILITY COMMITTEE**

Şişecam’s Sustainability Committee was established in 2015 in order to prioritize and realize the sustainability related issues for Şişecam Group, The Committee comprises the Chief Officer of the Corporate Development and Sustainability Department and the members are Production Vice Presidents of Businesses, Sustainability Director, Human Resources Director, Corporate Communication Director and Industrial Relationship Director.

The Committee has five working groups, which are named as Environment, Energy, Occupational Health and Safety, Innovation and Social Responsibility.

Alongside our continued focus of building on our legacy, Şişecam is adopting a challenging roadmap to guide our future efforts and initiatives in sustainability.

This roadmap includes goals for strong, relevant key performance indicators for our business; leadership in compliance with international sustainability standards and best practice; excellence in research and technological development; and a robust process of working with our stakeholders and re-identifying priority issues for our business. Our approach guides our business choices, customer orientation, community affairs and industrial relations and focuses on the issues that are material for our stakeholders as well as for our company.

We comply with and benchmark ourselves against leading best practice internationally in sustainability.



OUR APPROACH GUIDES OUR BUSINESS CHOICES, CUSTOMER ORIENTATION, COMMUNITY AFFAIRS AND INDUSTRIAL RELATIONS AND FOCUSES ON THE ISSUES THAT ARE MATERIAL FOR OUR STAKEHOLDERS AS WELL AS FOR OUR COMPANY.

**SUSTAINABILITY KEY PERFORMANCE INDICATORS OF PAŞABAĞÇE**

Strategic Goals	Key Performance Indicators
Execute profitable growth	Interest amortization and the profit before tax margin
Provide a competitive total cost structure	Total savings on costs
Create a profitable product portfolio structure	The share of private label products in total sales
Provide the customer satisfaction	Final customer satisfaction Index
Increase brand awareness	Brand Awareness Index
Meet the customer orders on time	Performance reports provided to customers about production process.
Reduce the energy costs with improving the production process	Energy Efficiency
Increase the resources allocated to R & D	Total resources allocated to R & D as a % of sales revenue

## APPROACH TO STAKEHOLDERS

Paşabahçe, along with the other companies of the Şişecam Group, uses the stakeholder feedback it receives, to determine its strategically important issues and focus on the sustainability topics that have most relevance to the company and its stakeholders in its sustainability reporting.

The principal stakeholder groups within Paşabahçe include employees, suppliers, customers and public institutions. All stakeholders can communicate with us through the telephone and email on the corporate websites. The main stakeholder groups are prioritized based on their ability to influence our company and the level of the company's impact on stakeholders.

As part of the ongoing stakeholder engagement program that formed a direct input to the preparation

of this GRI G4 report, the company applied the GRI principle of 'stakeholder inclusiveness' for defining report content, reviewed its stakeholder engagement program and undertook specific additional engagement where it required further information to ensure that it fully understood the priorities of its most important stakeholders based on their interest in, and influence over the activities of our organization.

Paşabahçe informs, consults, negotiates and proactively monitors the expectations of its stakeholders with regard to its sustainability performance through a range of different engagement channels, such as strategic collaborations, one-to-one meetings, conferences, seminars, workshops, focus group studies, surveys and similar platforms as described in the next section.



## KEY STAKEHOLDER GROUPS AND ENGAGEMENT

## EXTERNAL STAKEHOLDERS

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
<b>Customer</b>	<p>The main means of customer engagement include customer satisfaction surveys, trade fairs, social media, sector-based and general meetings and conferences, feedback received via telephone and email. Activities within the scope of social responsibility projects and communication are also an engagement opportunity.</p> <p>Examples:</p> <p>Customer Care Line musterihizmetleri@pasabahce.com www.pasabahce.com.tr www.sisecam.com www.nudeglass.com</p>	<p>Continuous interaction by email, social media and telephone</p> <p>Ad hoc meetings as needed</p>	<p>Paşabahçe engages with its customers as part of routine business activity. Customers are able to submit their feedback regarding the Company's environmental and social performance through a number of channels, including the Customer Care Line, which is a specialized line for receiving feedback from customers who have raised complaints. Through this line, Paşabahçe assesses its customers' problems and improves itself accordingly to serve them better.</p>
<b>Public authorities/ Regulatory institutions</b>	<ul style="list-style-type: none"> <li>• Systematic reporting</li> <li>• Meetings, forums, conferences</li> <li>• Press releases</li> <li>• One-to-one meetings</li> </ul>	<p>Continuous as general course of business (e.g. by email, telephone, face to face conversation)</p> <p>Meetings as required</p>	<p>Paşabahçe demonstrates the utmost care in complying fully with the law and regulations in all of its activities.</p> <p>For Corporate Governance at Paşabahçe, please refer to page 9.</p> <p>Turquility please refer to page 13.</p>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Daily business cycle</li> <li>• Meetings</li> <li>• Email communication</li> </ul>	<p>Continuous as general course of business (e.g. by email)</p> <p>Meetings as required</p>	<p>Paşabahçe is committed to addressing the environmental impact caused by its suppliers, in addition to the direct environmental impacts resulting from its internal operations.</p> <p>Along with these goals Paşabahçe has certain requirements placed in supplier contracts.</p>
<b>Non- governmental organizations</b>	<ul style="list-style-type: none"> <li>• Strategic collaborations</li> <li>• Events</li> <li>• Regular Meetings</li> </ul>	<p>Minimum once a month</p>	<p>Sharing with the community is viewed as very important to Paşabahçe, which supports NGOs regarding social, economic and environmental issues and by carrying out joint projects with them. For Corporate Social Responsibility activities at Paşabahçe, please refer to page 73.</p>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press conferences</li> <li>• Press releases</li> <li>• Interviews</li> </ul>	<p>Minimum once a month</p>	<p>Paşabahçe companies are in regular contact with national and international media in order to raise awareness about the Company and deal with any queries.</p>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Media</li> </ul>	<p>Varies depending on the type of initiative</p>	<p>Paşabahçe announces various events on its website, online and traditional media</p> <p>For Corporate Social Responsibility at Paşabahçe, please refer to page 73.</p>

INTERNAL STAKEHOLDERS

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee Satisfaction Survey</li> <li>• Suggestion and Idea Platforms</li> <li>• Employee Interviews</li> <li>• Announcements by emails</li> <li>• Seniority Award</li> <li>• Recognition and Reward System</li> </ul>	Varies depending on the type of engagement	<p>Paşabahçe's most important asset is its people. Paşabahçe is a leading company in its sectors in terms of training and support provided to its human resources.</p> <p>For further information please refer to Human Resources section in page 64.</p>
<b>Top Management</b>	<ul style="list-style-type: none"> <li>• Executive Board Meetings</li> <li>• Email Communication</li> </ul>	Varies depending on the type of engagement.	<p>Finance, Quality, Environment and Technical Standards departments meet with top management on a regular basis.</p> <p>For details of the Organizational Structuring at Paşabahçe, please refer to page 18.</p>
<b>Shareholders, analysts and investors</b>	<ul style="list-style-type: none"> <li>• General Board Meetings</li> <li>• Meetings with analysts and investors</li> <li>• Phone calls/teleconferences and email communication with investors</li> <li>• Periodically published informative publications (e.g., Annual Reports, CDP, Earnings and Interim Reports)</li> <li>• Social media</li> <li>• Investor Feedback Mechanism</li> </ul>	Varies depending on the type of engagement	<p>The Company, which is in regular communication with its shareholders and investors through various channels, met all information disclosure requirements under Turkish legislation during the reporting period.</p>

Concerns related with sustainability are raised with the related departments and appropriate actions are taken, including undertaking specific initiatives, and making policy recommendations. The critical concerns raised during the reporting period are listed below.

#### CRITICAL CONCERNS RAISED BY KEY STAKEHOLDER GROUPS AND OUR RESPONSE

Critical Concern	Stakeholder Group that raised the Critical Concern	Our response to Critical Concern
To report on our environmental impacts and performance	Customers, employees, investors	<p>Based on the feedback received from our stakeholders, we published our first Sustainability Report for Paşabahçe, which we prepared in line with GRI G4 Core level in 2015. The report covers the 2014 reporting period.</p> <p>In addition, we prepared Annual Monitoring Reports relating to Environmental and Social Issues for the IFC and EBRD.</p>
To report on carbon emissions of our all production plants.	Customers, NGO's, investors	<p>Şişecam has been responding to the CDP Investor Program since 2011, and CDP supply chain program since 2012. In 2014, we were one of the best performing companies in Turkey for CDP with a disclosure score of 85% and a performance score in the Level B Band.</p> <p>Operations of Paşabahçe in Turkey and Bulgaria are covered in the Şişecam CDP responses.</p>
To increase employee motivation	Employees	<p>Projects implemented in 2014 to improve employee motivation included:</p> <ul style="list-style-type: none"> <li>• Şimdi! Social Activities Club</li> <li>• Flexible Benefits</li> <li>• Proposal Development System etc.</li> </ul>
To have a Social Compliance Management System that includes written policies, procedures, communication and training and monitoring.	Customers	We published our own Social Compliance Management System that includes written policies, procedures, communication and training and monitoring.
To report on our labor practices and human rights, fair business practices, sustainable procurement, environmental impact	Customers	Customers' surveys on online programs
To evaluate our factories compliance regarding social, security and technical standards.	Customers	We have conducted different kinds of audits at our factories such as SMETA 2-Pillar, SMETA 4-Pillar, BSCI (Business Social Compliance Initiative) and other social, technical and security audits regarding our significant customers' standards.

## APPROACH TO MATERIALITY

Paşabahçe prioritises the interests and expectations of its key stakeholder groups (including employees, investors, customers, government entities and non-profit organizations) when identifying sustainability risks and determining their magnitude.

As part of the preparation for this report and the GRI G4 data collection and reporting process, Paşabahçe undertook a detailed analysis of our most material issues across our businesses, linked these issues to the corresponding GRI G4 indicators that we have reported on in this report and that we list below. We also took into account stakeholder feedback received as part of our regular engagement with stakeholders during the reporting period and used this to calibrate the GRI G4 materiality analysis undertaken in 2015.

In carrying out the G4 materiality assessment for the Sustainability Report, we applied the GRI Principles for Defining Report Content and Quality so as to identify the information to be disclosed, by considering the activities, impacts, and the substantive expectations and interests of our stakeholders. We applied the Principle of Materiality by ensuring that the issues regarded as most important to our key stakeholder groups were prioritised in this report.

We have also linked our most material issues to our priority areas for sustainability, as explained in the section on our Sustainability Approach.

We applied the Principle of Sustainability Context by taking into consideration general trends in sustainability in Turkey and internationally and amongst our peer group, which helped us ensure that the report was materially complete. We also applied the Principle of Completeness by making sure there was no material information omitted by checking the report content against feedback received from our key stakeholder groups during the Reporting Period and through top management’s review of the Report’s completeness and accuracy. The Company applied the Principle of Stakeholder Inclusiveness by ensuring that the most material issues raised by our stakeholders, including from satisfaction surveys and workshop meetings, have been covered in this report.

The following figure summarises the results of the Şişecam’s G4 materiality analysis. Material topics were subsequently linked to the corresponding GRI G4 aspects and had regard to whether the aspect was material within our organisation, outside the organisation, or both. Topics are prioritized based on their significance of impact.

The results of this prioritisation were approved by Paşabahçe’s management and have determined the focus and level of detail provided on each topic in this report.

In addition, we have documented our management approach to each material aspect in the relevant sections throughout this report.

### PAŞABAHÇE’S MATERIALITY ASPECTS FOR SUSTAINABILITY

Customer Privacy	Market Presence
Diversity and Inclusion	Marketing Communications
Economic Performance	Occupational Health and Safety
Employment	Procurement Practices
Energy	Product and service labelling
Environmental Compliance	Product and Services
GHG emissions	Product Responsibility
Indirect Economic Impact	Training and Education*
Labour/Management relations*	Waste Management
Local communities	Water

**Note:** All issues are considered material inside and outside the company’s boundary with the exception of those with an asterisk in the list above. Aspects are arranged alphabetically.

## APPROACH TO STANDARDS AND ORGANIZATIONS

### NATIONAL AND INTERNATIONAL MEMBERSHIPS

Paşabahçe has joined numerous reporting initiatives and is working with many organizations in the field of sustainability. Table below has a detailed list of memberships and partnerships followed by Paşabahçe.

#### INITIATIVES THAT PAŞABAHÇE SUBSCRIBES

Initiative / Organisation	
Carton Board Packing Manufacturers Association (KASAD)	Istanbul Chamber of Industry (ISO)
Central Anatolian Exporters Union (OAIB)	International Crystal Federation (ICF)
Chain Stores Association	Istanbul Exporters' Association
Corrugated Packing Manufacturers Association (OMUD)	Istanbul Minerals and Metals Exporters Association (IMMIB)
Easter Anatolian Exporters' Association (DOIB)	ITO Chamber of Houseware
Eskişehir Chamber of Commerce	Mersin Chamber of Commerce and Industry (MTSO)
European Container Glass Federation, (FEVE)	Technical Association for Pulp and Paper Industry (TAPPI)
Gebze Chamber of Commerce (GSO)	The International Chamber of Commerce (ICC)
Glass Alliance Europe	The Union of Chambers and Commodity (TOBB)
Human Resources Management Association	Turkish Houseware Association (ZÜCDER)
Istanbul Chamber of Commerce (ITO)	Turkish Society for Quality Eskişehir Branch



PAŞABAHÇE HAS 22 DIFFERENT MEMBERSHIPS IN NATIONAL AND INTERNATIONAL ORGANISATIONS.

Paşabahçe is a member of FEVE which is the European Federation of glass packaging and glass tableware makers. Founded in 1977 and headquartered in Brussels, FEVE is an international not-for-profit association, which currently numbers over 60 company members and 22 corporate groups across the European Union, Switzerland and Turkey.

FEVE is the official voice of the glass container industry at European level and it promotes the common interests of its members throughout Europe and is actively engaged in dialogue with European stakeholders and NGOs.

In addition, other memberships and case studies of what, at a Group level, Şişecam is doing with CDP and REACH are shown in the next section. Registration requirement is applied to substances in articles, if “intended to be released” under foreseeable conditions.

Articles contain Substance of Very High Concern (SVHC) needs to be notified to European Chemical Agency if the concentration in article is > 0.1 % W/W and > 1 ton/yr.

On the other hand, final glass products that Paşabahçe introduces to the EU market are not subject to registration although they are subject to the condition

related to the SVHC: Substances of Very High Concern. For this reason, all SVHC related issues are followed closely in order to fulfil the requirements of REACH.

Paşabahçe factories produce glass tableware, which is defined as an article according to the definition above. Our products, which are clear soda-lime, borosilicate and crystalline items, do not contain “intended to be released” substances or SVHC as defined above. Therefore, Paşabahçe does not have any responsibility for registration or notification under the REACH Regulation.



### What is REACH?

The European Union developed the unified REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Directive to replace more than 40 EU regulations and directives relating to chemicals. The REACH Directive, which entered into force in 2007, provides registration, evaluation, authorization and restriction of chemicals. The main goals in developing the REACH Directive are: maximizing the protection of human health and the environment and also being properly informed about the chemicals in circulation within the borders of the EU.

On the other hand, final glass products that Şişecam introduces to the EU market are not subject to registration although they are subject to the condition related to the SVHC (Substances of Very High Concern). For this reason, all SVHC related issues are followed closely in order to fulfill the requirements of REACH.



### What is CDP?

CDP is a global non-governmental organization that works to change processes in the commercial world in order to reduce climate change impacts and to protect natural resources. Since 2010, CDP-Turkey has been managed by the Sabancı University Corporate Governance Forum.

Since 2011, Şişecam has been providing information to the CDP, one of the world's most respected initiatives for combating climate change. Under this framework, the Şişecam Group has disclosed its strategies on issues such as energy, carbon and climate change. In accordance with the principle of transparency, we also report on our risk/benefit analyses and carbon emissions.

#### MANAGEMENT SYSTEMS AT THE PLANTS IN TURKEY

	ISO 9001 <sup>1</sup>	ISO 14001 <sup>2</sup>	ISO 50001 <sup>3</sup>	OHSAS 18001 <sup>4</sup>	OTHERS
Paşabahçe Cam San. Tic. A.Ş. Mersin Plant	✓	✓	✓	✓	ISO 22000 <sup>6</sup>
Paşabahçe Cam San. Tic. A.Ş. Eskişehir Plant	✓	✓	✓	✓	ISO 22000
Paşabahçe Cam San. Tic. A.Ş. Kırklareli Plant	✓	✓	✓	✓	
Denizli Cam San. Tic. A.Ş.	✓	✓		✓	
Camiş Ambalaj San. A.Ş. Tuzla Plant	✓	✓	✓	✓	BRC <sup>6</sup> , ISO 126478 <sup>7</sup>
Camiş Ambalaj San. A.Ş. Eskişehir Plant	✓	✓	✓	✓	

1. Quality Management System

2. Environmental Management System

3. Energy Management System

4. Occupational Health and Safety Management System

5. Food Safety Management system

6. British Retail Consortium Standard for Food Safety

7. Graphic technology - Process control for the production of half-tone colour separations, proof and production prints

## OUR QUALITY APPROACH

### Quality Management Systems

Quality Organisation is carried out by head of Quality Directorate of Paşabahçe due to:

- ◆ High quality goals,
- ◆ Various product portfolios,
- ◆ Specific customer demands,
- ◆ The diversity of standards that must be complied with,
- ◆ Visual quality of the products' range from customer to customer,
- ◆ Variety requirements of boxes-accessories-secondary processes.

Quality Management Systems maintained at our factories have been certified by TSE (Turkish Standards Institution) in accordance with TS-EN-ISO 9001. In order to achieve these goals, we create our own Quality Policy which is as following. We ensure all of our facilities operate their activities in conformity with this quality policy.



PAŞABAHÇE CONTINUOUSLY  
IMPROVES THE  
EFFECTIVENESS OF  
SYSTEMS FOR THE  
BENEFIT OF CUSTOMERS,  
STAKEHOLDERS AND  
EMPLOYEES.





## QUALITY POLICY

As a globally known and acknowledged Glassware Manufacturer which meets the requirements and expectations of its customers with products adding value to life, we:

- ◆ Endeavour to attain operational perfection by making good use of risks and opportunities through our rapid, simple and flexible processes under the Quality Management System which is based on the understanding of continuous improvement.
- ◆ Support creativity and innovation to preserve our leading position in terms of design and innovation.
- ◆ Aim to adopt customer-oriented approach as a corporate culture by increasing the commitment and participation of our employees.
- ◆ Create competitive advantage with our wide product range, knowledge and production expertise.
- ◆ Continuously improve the effectiveness of our system for the benefit of our customers, stakeholders and employees.
- ◆ Contribute to the image and economy of our country by competing in international markets.
- ◆ Focus on sustainable growth to perform our legal obligations as a company respecting the environment.

## EXECUTIVE VICE PRESIDENT-GLASSWARE

WE THRIVE AND  
DEVELOP TOGETHER





# Our Environmental Approach

- ◆ Environmental and Energy Policy
- ◆ Environmental Management System
- ◆ Environmental Compliance
- ◆ Energy Management and Performance
- ◆ Greenhouse Gas (GHG) Emissions
- ◆ Waste Management
- ◆ Water Management

Environmental protection requires a constant commitment to robust policies and continuous action. Paşabahçe's objective is to minimise our impact across all business activities with zero environmental incidents. Paşabahçe, as an organization strongly aware of its responsibility towards protecting the environment, believes in the need to maintain the world as a liveable place for next generations. This approach is considered as the cornerstone of Paşabahçe's strategic management and is integrated in every phase of its work processes. Our aim is to carry out all environmental protection activities in Paşabahçe within a framework of an Environmental Management System, by taking account of sustainability principles and continuously improve the system with the support of all our employees and stakeholders. We focus mainly on our most material issues meaning that as an energy intensive production group we are continuously striving to reduce energy consumption and maximise energy efficiency in our operations as much as

possible. Other material areas that we are prioritising include reducing our total greenhouse gas emissions (GHG) and waste generation, and preserving natural resources. Paşabahçe aims to inspire other companies with our performance.

In striving to protect the environment and manage our environmental impact, we are guided by legal requirements, Şişecam standards, and industrial practices. Moreover, we listen to our stakeholders, and we do our best to satisfy their expectations regarding minimizing our environmental impact. More detailed information on our approach is available on the section on stakeholder engagement in this report. In all of our operations in Turkey we have established environmental management systems in order to monitor and improve our environmental performance. We are continually working at raising environmental awareness in our workplace and provide regular training to our employees on environmental issues.

## ENVIRONMENTAL AND ENERGY POLICY

Paşabahçe, as an organization strongly aware of its responsibility towards the protection of the environment, believes in the need to maintain the world as a liveable place for coming generations. Şişecam Group has Environmental and Energy Policy that covers Paşabahçe and all of the Group's operations in Turkey and internationally and is shown in the following section. This approach is considered

as the cornerstone of Şişecam's strategic management and is integrated in every phase of its work processes. Our aim is to carry out all environmental protection activities in Paşabahçe within a framework of an Environmental Management System, by taking account the sustainability principles and continuously improve the system with the support of all our employees and stakeholders.

- ◆ Manufacturing techniques with reduced environmental effects
- ◆ Improvement of energy efficiency projects to increase climate change mitigation efforts
- ◆ Expansion of waste recovery and recycling
- ◆ Evaluation of fuel and raw material alternatives
- ◆ Responsible energy and resource management
- ◆ Use of natural gas whenever available and development of furnace designs to reduce emissions and environmental risks.
- ◆ Treatment of wastewater and consider recycling opportunities

The following figure shows the Environmental and Energy Policy that is officially in effect in all Şişecam Group companies including Paşabahçe.



## ENVIRONMENTAL AND ENERGY POLICY

Knowing that the sustainable growth, which we have placed in the main axis of our business, is only possible as long as we maintain the sustainable environmental and energy principles, we aim to:

- ◆ Use natural resources efficiently, increase recycling and recovery rates,
- ◆ Consider energy efficient and environmentally friendly technologies while creating all processes starting from the designing phase,
- ◆ Develop and implement energy efficiency projects that will have a positive impact on climate change,
- ◆ Purchase products, services and technologies that provide energy efficiency to support high performance designs,
- ◆ Perform our production activities by implementing Environment and Energy Management Systems.

In this direction we declare and undertake:

- ◆ To comply with environmental and energy related legal and other requirements in force,
- ◆ To continuously enhance and improve our environmental and energy performance,
- ◆ To take the necessary precautions to reduce or eliminate the negative environmental impacts of our activities,
- ◆ To review pre-determined objectives and targets periodically and to provide required resources to achieve these goals and objectives,
- ◆ To increase awareness by providing understanding and embracement of our policy by our shareholders.

**GENERAL MANAGER**

**WE CARE FOR  
OUR ENVIRONMENT**



## ENVIRONMENTAL MANAGEMENT SYSTEM



ALL OUR PLANTS ARE  
CERTIFIED WITH  
ISO 14001 EMS.

Paşabahçe adopts the precautionary approach when it comes to developing new initiatives and showing the necessary sensitivity to minimize its environmental effects. The company not only reflects its environmentally conscious views in its operations, but to its environmentally friendly projects and products. The Company targets economic contribution to the country with minimum environmental accidents and maximum efficiency.

We carry out all our activities and aim to carry out all our initiatives at Paşabahçe within the framework of the Environmental Management System (EMS).

At operational level, each plant has at least one designated environmental officer, usually an environmental engineer, who reports to the plant manager. These officers work closely with the Environmental Committees, which include officers from each production unit of the plant. Environmental issues are monitored and action plans are carried out based on the procedures established in its EMS. Additionally, the monitoring body conducts internal and sub-contractor audits, establishes preventive and corrective action plans, and at the end of each year, reviews the status of issues and evaluates opportunities for improvement.

## ENVIRONMENTAL COMPLIANCE



PAŞABAHÇE CLOSELY  
FOLLOWS THE  
DEVELOPMENTS IN  
EU ENVIRONMENTAL  
REGULATIONS.

Paşabahçe follows Şişecam environmental compliance regulations. As mentioned in our Environmental and Energy Policy, our main business approach is centered on our license to operate and in full compliance with the environmental laws and regulations of the countries where we conduct business. In this context, the practices coordinated by Şişecam are summarized below.

As every Şişecam company, Paşabahçe closely follows the developments in EU environmental regulations and proactively shares its views through its memberships in relevant Institutions and associations. In addition, Şişecam plays an active role within the environmental commissions of NGOs associated with the industry at both national (Istanbul Chamber of Industry, The Union of Chambers and Stock Markets of Turkey etc.) and international (Glass Alliance Europe, European Domestic Glass Committee etc.) levels.

Operating in an energy intensive sector, Şişecam Group operations are highly sensitive to a wide range of energy and environment related risks and opportunities. Therefore, since 2011, Şişecam's Group Risk Management Department has been following environmental issues and evaluating the associated potential risks and opportunities at both the company and asset level. Subsequently, with the establishment

of our Şişecam Corporate Development and Sustainability Department, energy and environmental efficiency started to be treated in a much more detailed way. In this respect, risk and opportunities affecting sustainable energy issues are considered for both new investments and existing plants.

Identification and evaluation of risks and opportunities are applied by taking into account a wide range of factors including regulatory and market drivers, potential physical effects from climate change and strategic documents driven by legislations and international agreements.

The Risk Management Department of the Şişecam Group liaise with the related managers of the production groups to identify and prioritize the potential risks in the defined period. Criteria for determining material risks and their prioritization include current or possible regulatory requirements, energy efficiency and security, global and regional regulations, financial factors. The Environmental Management Department of Şişecam closely follows and evaluates the current and possible regulatory environment and keeps the related departments of the Group updated such as Risk Management, Finance and Investor Relations Management of developments and their potential implications.



### CASE STUDY: Treatment System for Waste Gases of Borosilicate Glass Furnace

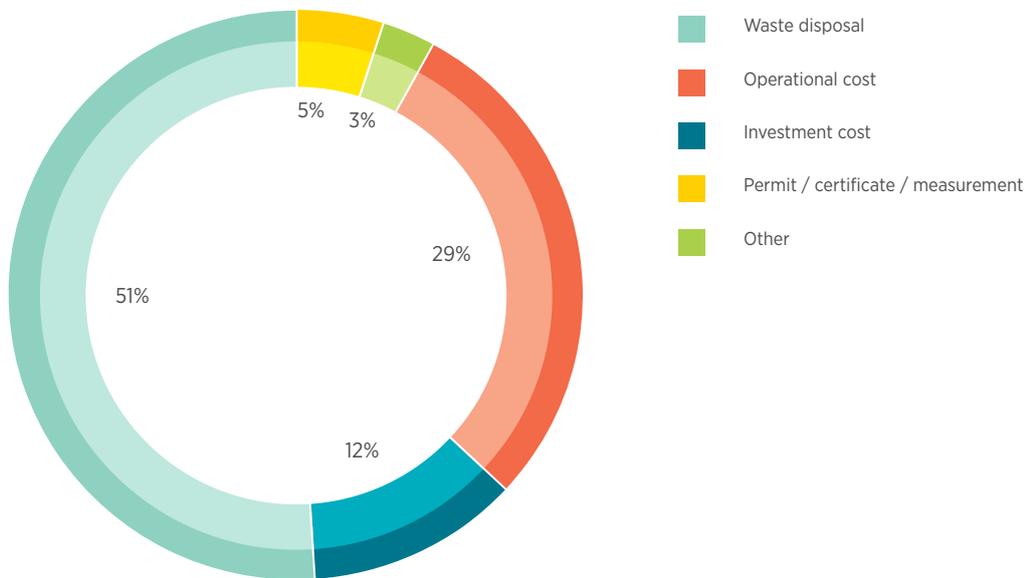
Paşabahçe Cam Sanayi ve Ticaret A.Ş. Kırklareli Plant invested in a flue gas treatment facility in 2013 in order to remove dust, chloride and boron emissions from its borosilicate glass production. Experimental studies started in 2012 as part of Şişecam’s research and technological development activities with the aim of identifying an appropriate technology for waste gas emissions and detecting boron emissions, which reduce the efficiency of dust collection systems.

The outcomes from measurement, analysis and investigation studies resulted in an investment of EUR 1.2 million in a flue gas treatment facility, which was commissioned in mid-2013. The facility achieves treatment efficiencies of 99% in removal of dust emissions, 99% in removal of chloride emissions, and 98% in removal of boron emissions. The visibility of the emissions (associated with the boron emissions) was also eliminated. Dust collected in the treatment system, is added to batch and reused.

### ENVIRONMENTAL EXPENDITURES

In 2014 our total environmental expenditures were TRY 2,825,700 with the capital investments for projects and treatment plants, operational costs for treatment plants, waste disposal, certification and measurement

costs related to environmental management mainly. The chart below shows the distribution of the environmental investments.



**51%**  
OF OUR ENVIRONMENTAL INVESTMENTS ARE RELATED TO WASTE DISPOSAL.

## ENERGY MANAGEMENT AND PERFORMANCE

It is Paşabahçe's priority to minimize our environmental impact by improving energy efficiency and reducing energy consumption in our operations and by using fewer natural resources and generating less waste. This approach is essential for the sustainability of our business as well as the sustainability and welfare of the countries in which we operate.

We prioritize energy efficiency in every area of our operations, from supply to production and from distribution to sales.

Energy management and climate change are prioritized in our strategy. We are striving to achieve high levels of production through low energy consumption and fewer GHG emissions. Consequently, we are systematically seeking measures to reduce our energy consumption during production while improving efficiency and quality.

As an energy intensive production and retail company, the main climate change issue is environmental performance and energy consumption for Paşabahçe. The company always places great importance on achieving production with lower energy utilization and to integrate energy efficiency into its corporate strategy. Reducing energy consumption and carbon emissions will continue to dominate the agenda of Paşabahçe in the near future, inspiring new project developments. In addition to routine procedures, with the energy and carbon management approach, short, mid and long-term energy and climate related measures, climate change risks and opportunities continue to be integrated into the company strategy.

As shown below, total direct energy consumption from our facilities in Turkey in 2014 was 5,658,800 gigajoules (GJ). Natural gas, which amounts to almost 85% of our total energy use, is our main source of energy.



## ENERGY PERFORMANCE

As an energy intensive production and retail company Paşabahçe is constantly monitoring its direct energy use to be able to make improvements. Measuring the

direct use of resources we use enables us to set KPIs that can help us lower our energy intensity.

### ENERGY CONSUMPTION IN 2014 IN GJ



### CASE STUDIES: Energy Efficiency Improvement Projects

In line with our energy efficiency targets we have undertaken various improvement projects in our plants such as;

- ◆ Preventing compressed air leakages,
- ◆ Optimizing cooling tower pumps,
- ◆ Automation of fan speeds,
- ◆ New technology annealing lehrs,
- ◆ Producing process gases in our plants,
- ◆ Using energy efficient products for lighting,
- ◆ Using additional Waste Heat Boilers.

The total saving figures from our environmental and economic efficiency investments in 2014 are shown below. In line with our energy efficiency targets we have undertaken various improvement projects we managed to save over 9,680 GJs in energy and over 1,140 tons of CO<sub>2</sub>.

Along with new investments and improvement developments within our facilities and on our products we also seek innovative ways of re-designing our processes to obtain better efficiency levels.

**ENERGY SAVINGS DUE TO PROCESS RE-DESIGN PROJECTS IN 2014**

Total	Unit	Reduction in:
7,790	GJ	Electricity
1,890	GJ	Natural Gas



**CASE STUDY: Energy saving with new design shorter forehearths**

A total of 41 coloured forehearths (F/H) are available in glassware furnaces and only 7-8 of them work coloured throughout the year. Furthermore, some of the lines (EP-A A5 and EP-A A6 lines) never worked coloured during the year. Specific tests were carried out for the A6 line and data was gathered on running the same product in both the A6 and the B5 lines. As a result, it was observed that an F/H which was designed originally coloured but operated colourless consumes 30-35% more fuel than an F/H that was designed colourless. In addition, a coloured F/H consumes 10-15% more fuel compared to colourless production when operated in colourless process.

**GREENHOUSE GAS (GHG) EMISSIONS**

Due to the energy intensive nature of our business and sector, policies that focus on addressing risks and opportunities posed by climate change are of critical importance to our company. During the reporting period, we continued to reassess our production activities in terms of energy efficiency and increase the range of resource-efficient products that provide environmental benefits. As illustrated through the case studies in this report, we have projects underway in production that are focused on increasing energy

efficiency and the use of recycled glass as an input material to reduce GHG emissions. In terms of our products, we have projects that focus on reducing the impact of our products and their associated GHG emissions.

The Company's GHG emissions in 2014 from its factories are stated in the following page. Total Scope 1 GHG emissions were estimated as 311,700 tCO<sub>2</sub> and total Scope 2 GHG emissions as 109,800 tCO<sub>2</sub>.

Scope 1 emissions arise from mostly primary energy sources. In 2014, these were emissions from natural gas for main process energy, LPG for forklifts and diesel

for backup generators. The only source of Scope 2 emissions was purchased electricity.

**GHG EMISSIONS IN 2014 IN tCO<sub>2</sub>e**

SCOPE I			SCOPE II	Total Emissions*
Raw Material Sourced CO <sub>2</sub> Emission	Fossil Fuel Sourced CO <sub>2</sub> Emission	Total Scope I Emissions	CO <sub>2</sub> Emissions from Electricity Consumption	Total CO <sub>2</sub> Emission
40,000	271,700	311,700	109,800	421,500

\* Conversion factors are taken from IPCC 5<sup>th</sup> assessment report and IEA emission factors for year 2012 as shown below.

**GHG CONVERSION FACTORS**

			
<b>Natural Gas</b>	<b>Diesel</b>	<b>LPG</b>	<b>Electricity</b>
56.1 tons CO <sub>2</sub> /TJ	74.1 tons CO <sub>2</sub> /TJ	63.1 tons CO <sub>2</sub> /TJ	479.93 g CO <sub>2</sub> /kWh for Turkey



**CASE STUDY: CDP**

Paşabahçe, as a subsidiary of Şişecam, follows all Şişecam strategies in terms of climate change management.

Şişecam has responded annually to CDP Climate Change Program, the most prominent initiative in business to combat climate change, since 2011 and has responded to CDP Supply Chain Program since 2012. Under this framework, the Şişecam Group reports on issues such as its climate change strategy, approach to risk management and governance, targets on energy, carbon emission and climate change and amount of carbon emissions generated from its operations. Şişecam is 1 of the 41 Turkish companies that responded to CDP in 2014. The disclosure covers the Group’s glass and non-glass manufacturing facilities in Turkey and glass manufacturing facilities in Bulgaria. With a disclosure score of 85% and a performance score in the Level B Band, it has been rated at a high level according to the score released by CDP, indicating an excellent understanding and management of the issues related to climate change. Operations of Paşabahçe in Turkey and Bulgaria are covered in Şişecam CDP responses.

**TÜBİTAK - GHG REDUCTION PROJECT**

As the most important sector representative Şişecam Group worked with the Turkish Ministry of Science, Industry and Technology and the Scientific and Technological Research Council of Turkey (TÜBİTAK) in 2013-2014 on a project related to the Greenhouse Gas Reduction Potential of Turkish Industry. (“An

Assessment of Technology Requirements in the Industry and Determination of Greenhouse Gas Reduction Potential within the Frame of Climate Change”). Paşabahçe, as a subsidiary of Şişecam Group, participated in this project.

## WASTE MANAGEMENT

We strongly encourage the recycling of glass, as it is an infinitely recyclable material. We work with our stakeholders and sponsor projects to provide efficient and effective solutions to recycling. Recycling is our main approach to curbing waste, and this is apparent by our 98% recycling rate for all our non-hazardous solid waste. All recyclable waste from our processes was returned to the production process through recycling plants, while other types of waste were responsibly and transparently disposed of in licensed plants to meet our sustainability expectations.

In 2014, we disposed of approximately 35,000 tons of waste. About 1,000 tons of this was hazardous.

Paşabahçe, as a subsidiary of Şişecam, recycles packaging materials in the domestic market and is fully compliant with regulations in all markets where we operate. In 2014, 44% of the packaging materials

supplied to the market in 2013 was collected and recovered. More than 6,000 tons of paper, cardboard, plastic and composite packaging of Paşabahçe was recycled in total. For this purpose, Şişecam made agreements with, authorized organizations, namely ÇEVKO (Foundation for Environmental Protection and Reuse of Packaging Waste) and TÜKÇEV (Consumer and Environmental Education Foundation).

According to the local legislation, the Company should be reporting its total products sold and their packaging materials that are reclaimed by category.

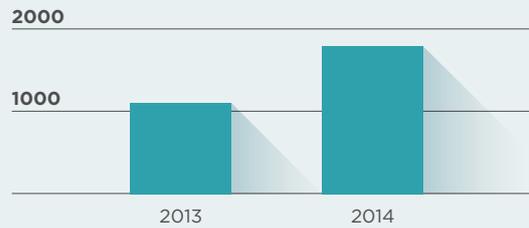
In 2014, 14% of non-hazardous waste generated from plants in Turkey was glass waste. 62% of this waste is reused whilst the remaining part (38%) is recycled. Conversely, 50% of domestic waste water sludge was disposed, 1% recovered and 49% landfilled.



### CASE STUDY: Reducing the Environmental Impacts of Products and Services

As part of its efficiency programs, Paşabahçe tries to decrease the basis weight of products by designing new moulds which enable it to produce lighter products that lead to further raw material savings. The company has saved 2,600 tons of glass from its relevant projects in Turkey; this figure is 84% higher than 2013's saving levels.

SAVING WITH WEIGHT REDUCTION ON PRODUCT BASIS (TON)



## WATER MANAGEMENT

Paşabahçe's water consumption from ground and municipal water supplies or other water utilities totalled 1,526,500 m<sup>3</sup> in 2014. We recycled 50,600 m<sup>3</sup> of water in 2014.

Paşabahçe industrial sites have various water treatment systems integrated in their facilities. All of them aim to meet the necessary levels set by local and national government. Wherever possible, water used in

production or within the facilities for other reasons are treated and reused. In 2014, there were no breaches of legal limits set by the Turkish Legislation on Control of Water Pollution

Paşabahçe has met all legal quality parameters required for water discharge permissions in industrial and sanitary purposes.



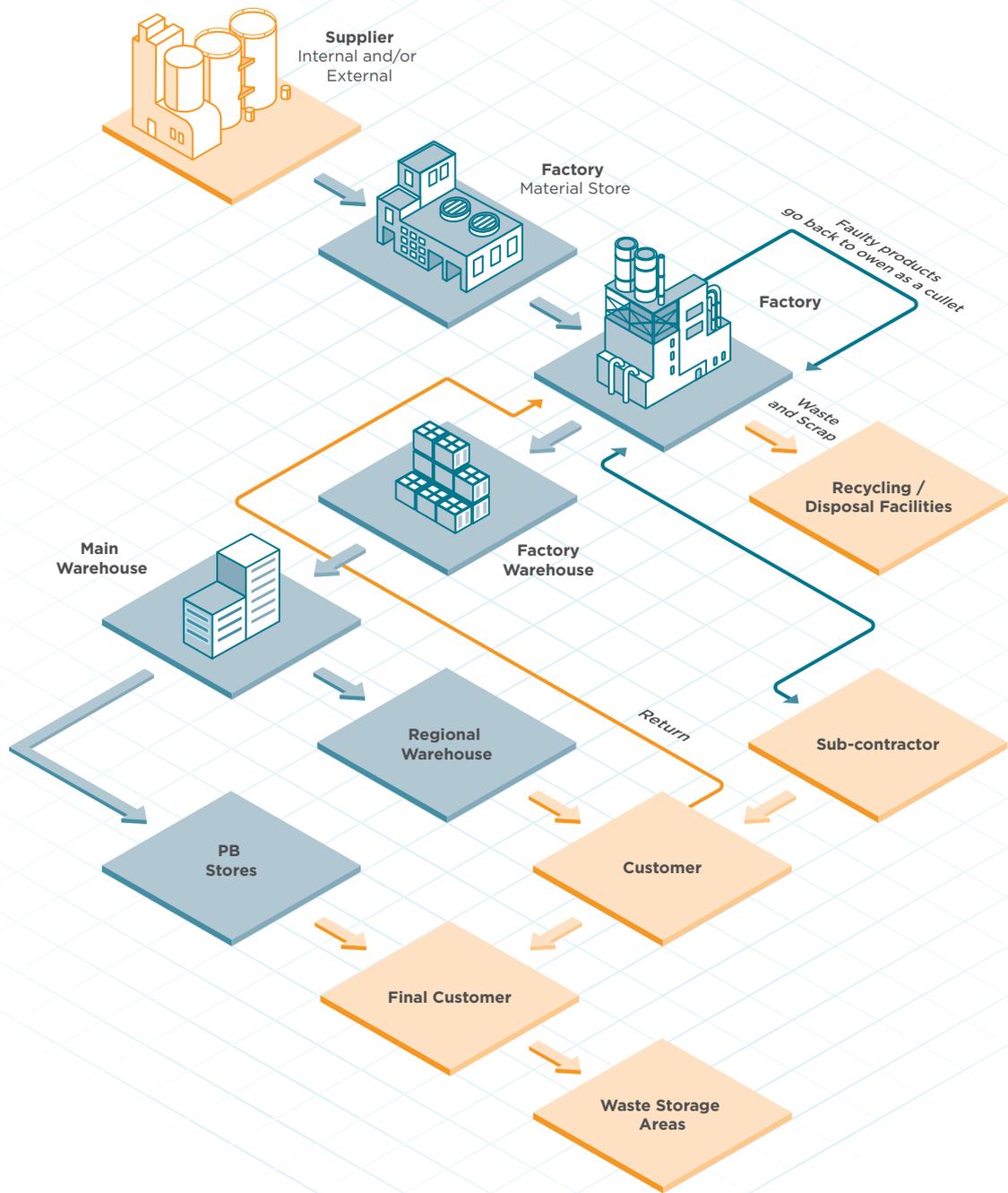
### CASE STUDIES:

- ◆ In Paşabahçe Kırklareli Plant 13% of greywater was treated in the chemical treatment facility.
- ◆ Waste dust from waste gas refinement facility is reused in process by adding them into glass batch.
- ◆ Paşabahçe Mersin facility has lowered its overall water intensity by 53% from 4.65 m<sup>3</sup>/tons clear glass to 2.51 m<sup>3</sup>/tons clear glass through various efficiency programs.
- ◆ Denizli Cam has succeeded in reducing its household waste by a half. 62 minutes of awareness raising trainings on environment were received per employee throughout the year.
- ◆ With the drip irrigation method and a time adjusted automatic sprinkler system, Eskişehir Camiş Packaging Plant has achieved forty percent less water consumption.
- ◆ In Tuzla Camiş Packaging Plant: chemical waste water, originating from processes, is collected in ferro concrete 8 cubic meter pools through closed and leak-proof channels, and are used in the process of making construction glue, hence 60 m<sup>3</sup>/month water conservation is being provided. Also in the same plant by using boiler bluff water and backwash water which is left out from the unit of emollition/conditioning in flush, 50 m<sup>3</sup>/month water conservation is being provided.



## Supply Chain

- ◆ Best Practice Projects in Supply Chain
- ◆ Sustainable Raw Material and Energy Supply



Our Supply Chain Paşabahçe relies on many suppliers, both local and overseas, for primary and secondary raw materials for glass production and packaging materials for shipment. Our overall procurement ratios can be found below.

#### PROCUREMENT RATIOS

	Primary raw material procurements	Secondary raw material procurements	Packaging materials procurements	Other procurements
Paşabahçe	100%	20%	60%	45%
Third parties	-	80%	40%	55% (all local)

Total supplier expenditure (content material and product) was TRY 80,361,745 in 2014 with almost 99% spent on local suppliers in Turkey. We are working with 171 different overseas suppliers, which are mostly located in China, Europe and Taiwan. Total procurement in 2014 amounted to TRY 815 million. Our automated glass production facilities are located in Kırklareli, Eskişehir and Mersin provinces, and our handmade products facility is located in Denizli region. Apart from production, local and overseas factories spend on

procurement for packaging and third party services for secondary processes. Final products can be delivered to our customers from Paşabahçe factory warehouses or can be sent to local and overseas distribution warehouses for delivery. In 2014, in addition to factory warehouses, Paşabahçe utilized its Istanbul Central Warehouse Izmir and Ankara regional warehouses in Turkey, and USA, Hungary, Spain and Italy distribution warehouses internationally.



#### AWARD:

Throughout the year of 2014, we have gauged our cooperation's effects over the environment and we are glad to share these proud results with you.

According to the environmental impact calculator developed by environmental consulting and supervision institution Intertek-RDC Environment centered in Brussels, throughout the year of 2014, at the end of the Paşabahçe's cooperation with CHEP, we managed to achieve the following:

- Release of 332 tons of carbon dioxide emissions to environment was prevented. This amount is equivalent of 74 families' carbon dioxide produced in a year. Prodigality of 253 cubic meters is prevented. This amount is equal to the volume of fourteen Lorries with 18 square meter storage. received the award on behalf of Şişecam.

## BEST PRACTICE PROJECTS IN SUPPLY CHAIN

### SUPPLY CHAIN COCKPIT PROJECT

Paşabahçe, as a subsidiary of Şişecam, plays an important role in supply chain projects managed by Şişecam.

Supply Chain Cockpit System is an ERP (Enterprise Resource Planning) integrated online system that enables the display and analysis of Flat Glass, Glassware, Glass Packaging and Chemicals Businesses' supply chain costs such as logistics, warehouse, foreign trade and labour costs. All Businesses' Supply Chain parties determined SCOR® (Supply Chain Operations Reference) based performance metrics and applied them to the Cockpit platform.

The project aimed to bring benefits to production groups by reducing excessive costs and increasing

communication between the Businesses as well as centralization. As a result, a more accessible, visible and integrated platform has been created. The ability to overview 4 Businesses' supply chain costs reveals Şişecam Group's position in working towards a more centralized future.

The first facility of the Cockpit System soon became visible. Since all logistics costs can be monitored instantaneously and in detail, all the hidden supply chain costs can be easily revealed. As an outcome of the Supply Chain KPI Cockpit Project, the opportunity of Centralized Transportation on some routes is taken. According to this opportunity, Şişecam Group derived a remarkable profit in 2014 by reducing logistics costs.

### ŞİŞECAM NETWORK OPTIMIZATION

The objective of this project, managed by Şişecam, is to design a strategic network with minimized logistics costs, which satisfies customer service levels during distribution and production operations executed by the Şişecam Group companies. In this project, which covers raw materials, packaged materials, semi-finished and finished goods flows, all transportation models were simulated both individually and collectively as railroad, maritime and intermodal scenarios.

To sustain outcomes of the Network Optimization, according to suitable routes determined as a result of the project, railroad and maritime transportation prices are evaluated periodically in order to seize price advantages.

Warehouse size and locations were also analysed in depth to minimize cost and CO<sub>2</sub> emissions caused by unnecessary movements.

### SCOR® PROJECT

Paşabahçe, as a subsidiary of Şişecam, put SCOR® - Supply Chain Operations Reference model into practice for all our subsidiary companies in 2014. SCOR® is a comprehensive set of framework organizing business processes, performance metrics, practices and people skills. All relevant Şişecam supply chain process owners went through an intensive SCOR training held by the creator of the framework SCC (Supply Chain Council), one of the world's largest unbiased non-profit supply chain organizations that improve supply chains through research, benchmarking and publications. Business leaders, academia and global enterprises gain valuable insights, information and actionable data through SCC's unrivalled supply chain network, frameworks and resources. SCOR model is not only a globally accepted structure and guideline for process management system but also a diverse compilation

of best practices. The model itself leads the business processes and all fields of application to a better working and more effective operation.

One of the first projects managed according to SCOR methodology, aimed to decrease procurement and inventory costs and reduce procurement lead times. All procurement and inventory related SCOR techniques were reviewed and applied to achieve the project goals. The process analyses, defining performance metrics and project structure were operated according to SCOR framework, which resulted in leaner and more efficient procurement processes. With the help of the new methodology, reduced lead times and remarkable gains on inventory levels were obtained successfully in a very short period.

### INTEGRATED BUSINESS PLANNING PROJECT

Paşabahçe launched Integrated Business Planning (IBP) project in 2014 with the aim of ensuring operational efficiency in all business processes. With the completion of the project, all processes between the generation of demand and delivery of products will be outlined and simplified, process owners will be determined, and cycle times will be improved, being measured regularly. The IBP project which will model a sustainable business process by lowering operational costs, will reduce the use of external warehousing capacity, minimize number of shipments for product consolidation purpose between in-house warehouses, optimize number of warehouse equipment, increase worker efficiency while adjusting number of workers, minimize overtime and ensure savings in procurement by establishing long term planning. Integrated Business Planning project will be completed in 2016. The new process design will make certain that we use our production capacity more efficiently, stock levels are optimized while inventory turnover is improved, and the labor force is used more effectively.

## SUSTAINABLE RAW MATERIAL AND ENERGY SUPPLY

### SUSTAINABLE RAW MATERIAL SUPPLY

The primary mission of Mining Companies of Şişecam, which operate within the Şişecam Chemicals in Turkey and abroad is to plan and supply raw material requirements of Paşabahçe factories in accordance with medium and long term development strategies and raw material resources and keep sustainability of production

Camiş Madencilik A.Ş., which is a subsidiary of Şişecam Group, was established in 1988 and aims to supply raw materials for Şişecam glass and fiber glass plants. Actually the mining activities of Şişecam Group has

started with its first glass production where first mining licence was obtained in Yalıköy – İstanbul in 1932. For long years, mining activities of the company have been carried out as a strategic business in the structure of Şişecam and were brought together under Camiş Madencilik A.Ş. in 1988.

Camiş Madencilik A.Ş has 19 plants in Turkey, 10 of which are processing plants with a capacity of 3.1 million tons of end product and 9 of which are crushing and screening plants with a capacity of 4.2 million tons, in ceramic, glass and fiberglass quality raw materials.

### SUSTAINABLE ENERGY SUPPLY

Glass manufacturing is an energy intensive process, involving the melting of raw materials at rather high temperatures. In order to establish and stabilize the high temperature requirement in the glass furnaces, constant feed of high capacity energy is a necessity. Thus, energy supply costs become an issue of utmost importance, in terms of sustainability.

Şişecam Enerji A.Ş. specializes in the Turkish Energy Market. Operating as Şişecam's energy headquarters, Şişecam Enerji A.Ş. seeks to supply lowest electricity and natural gas costs to Şişecam Group; through providing its own energy at hand or dealing with other energy suppliers in the business to meet the demand. In addition, Şişecam Enerji A.Ş. aims for long-term, risk free deals for Şişecam Group.



# Innovation

- ◆ Research and Technological Development

## RESEARCH AND TECHNOLOGICAL DEVELOPMENT



TO ENSURE A SUSTAINABLE FUTURE, WE ATTACH IMPORTANCE TO CONTINUITY OF INTELLECTUAL PROPERTY.

Paşabahçe, as a subsidiary of Şişecam, collaborates with Science and Technology Centre for research and development projects.

Şişecam Group's R&TD (Research and Technological Development) activities are carried out by both central and the individual manufacturing groups

with a broad perspective at the corporate level with; acknowledgement of common approach, recollection and methodology and the added value increases with the recognition of collective knowledge, skills, competence, infrastructure and hardware, productivity and efficiency.



### ENERGY EFFICIENT PRODUCTION

In relation with the Şişecam Group's corporate energy strategy, R&TD projects and studies provide a significant decrease in the level of energy consumption and related GHG emissions of glass furnaces.

- ◆ Funded under the EU LIFE+ Program, a separate project carried out at oxyfuel furnace in Bulgaria is aimed at securing 9% energy saving by way of preheating the oxygen and natural gas supplied to the furnace by making use of the energy from waste gases. Under this project, the work in relation to the deployment of primary and secondary heat exchangers was completed, and the procurement was initiated.

### SUSTAINABLE ENVIRONMENT

Şişecam Group addresses the environmental performances of the Group Companies, and "monitors and improves" them through the activities of the R&TD.

- ◆ In addition to routine emission and air quality measurements, continuous experimental work is carried out to reduce pollution. In 2013, a flue gas treatment plant investment was realized in Kırklareli Oxy-Furnace based on R&TD experimental studies on flue gas character and appropriate treatment technology. In 2014, performance analysis and measurements were carried out in order to help improve treatment efficiency.

## PRODUCT RESPONSIBILITY

With its glass tableware and kitchenware products, Paşabahçe naturally and continuously promotes and broadens the use of glass, which is the most healthy and sustainable material especially for nutrition and culinary use. Alongside stemware, tumblers, tableware, decorative items, kitchenware, heat resistant products all products of Paşabahçe are in compliance with not only local but also international health and safety regulations, including decorated/coloured collections.

For the maximum safety at home or professional kitchens, Paşabahçe invests heavily on broadening the fully tempered and rim tempered products, which are extra-resistant products that already have a significant percentage in the whole product range.

Scientists who work at Şişecam's one-of-a-kind "Science and Technology Center" dedicated to glass research and development, as well as engineers at production facilities constantly push forward the endurance limits of the glass against thermal and physical shocks.

According to Paşabahçe procedures, a significant share of products and services required safe use standards and were internally reviewed. In products for children, in line with the requirements of EN71-3:1994 and EN14350-2 standards, lead and cadmium free dye is used. Besides, in decorated products by using organic print technique, adverse effects on the environment are being reduced. Paşabahçe's Directorate of Quality, Environment, Technical Standards publish Implementation Notes which are Guidance for our factories and related units.

In order to help ensure customer health and safety and satisfaction, after sale complaints that come from customers and consumers are processed via SAP CRM system and answered as soon as possible.

According to 1935/2004/EC and 2023/2006/EC, obligatory symbols, warnings and barcodes should be on product boxes.

Product boxes which are placed on the markets contain our name, address, contact information; "traceability" number of the product to be able to recall products; hygiene information (wash before first use symbol); "Fork- glass (food contact safe)" " symbol which shows that product can have contact with food; symbols guiding customers about hot and cold materials the product can resist; relevant information about the use of accessories; labelled heat resistant ovenware products contain a user manual available in eight languages.

In 2014, there were no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.





# Occupational Health and Safety

- ◆ Occupational Health and Safety Policy
- ◆ Occupational Health and Safety Management System

As an industrial group with 6 production plants and more than 5,000 employees in Turkey, we recognize the importance of Occupational Health and Safety (OHS) to our business. Our overarching safety goal is to eliminate potential risks that could cause harm to our employees. Any occupational accident or injury is a serious issue not only for our company but also for our industry and to the economy as a whole.

Moreover, a healthy and safe working environment is also a prerequisite to helping achieve efficiency and

productivity in the workplace. As such, we consider the design of our processes and enhance our emergency response capabilities to minimize the risk of accidents as well as investing in new technologies and innovation to help facilitate an incident-free workplace.

Through the coordination of Şişecam Group's Industrial Relations Directorate, there is a focus on continuous improvement in the working environment and conditions as well as on promoting a conscious health and safety culture.



**WE FOLLOW OCCUPATIONAL HEALTH&SAFETY POLICY TO CREATE A COMPLETE SAFE WORK ENVIRONMENT FOR OUR ALL EMPLOYEES.**

## OCCUPATIONAL HEALTH AND SAFETY POLICY

Offering efficient guidance on healthy and safe working environments is a matter of priority for the Şişecam Group Companies. We follow a systematic approach for health and safety, undertake a wide range of initiatives in order to avoid accidents and injuries.

Paşabahçe's aim is to ensure safety in every aspect of our operations. In line with this, we follow a stringent

Occupational Health & Safety (OHS) Policy that is used in all the Şişecam Group Companies and a number of pertinent strategies to create a safe work environment for our employees. With its previous revision having taken place in 2010, the Occupational Health and Safety Policy was revised in 2014, and it was published for use at all national and international workplaces of Şişecam. It is shown in the following section.





## OCCUPATIONAL HEALTH AND SAFETY POLICY

We aim to achieve every stage of our operations in a safe and healthy working environment. In line with this objective, as a part of our responsibility to create healthy individuals as well as manpower, we adopt strategies

- ◆ To prevent occupational accidents and occupational diseases by determining the necessary measures to implement and be implemented,
- ◆ To make risk assessments by the participation the employees and to reach the acceptable risk levels,
- ◆ To use the safe equipment and appropriate technologies for a healthy and safe working environment,
- ◆ To ensure the participation of our stakeholders each level of the organization in the improvement of occupational health and safety practices,
- ◆ To constitute Occupational Health and Safety culture and turn it into a lifestyle.

In this direction, we declare and undertake:

- ◆ To meet the relevant standards and requirements in the field of legal obligations for Occupational Health and Safety,
- ◆ To increase our performance and our processes with a proactive approach on the continuous improvement on Occupational Health and Safety,
- ◆ To continue improving the education and activities of our employees and sub-contractors / suppliers to their employees, visitors, interns for adopting the principles of OHSAS.

**GENERAL MANAGER**

**WE THRIVE AND  
DEVELOP TOGETHER**



## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The Şişecam Group has set a high standard of OHS performance and formalized policies since 1989. In order to create consistency across the Group as well as comparability of performance with our peers, we strive to ensure the majority of our plants use

the Occupational Health & Safety Advisory Services (OHSAS) 18001 Standard. Since 2006, we have implemented OHSAS 18001 Occupational Health and Safety Management Standards Systems in 90% of our production plants in Turkey.

### OHS TRAINING

Paşabahçe, as a subsidiary of Şişecam, believes that promoting a culture of health and safety is vital to our success in achieving our goal of reducing the incidence rate of work accidents. For this reason, and in order

to go beyond the legislation, Şişecam provides regular OHS training sessions to all employees that cover the following topics:

#### General Issues

- ◆ Information regarding labour legislation
- ◆ Legal rights and responsibilities of employees
- ◆ Commercial cleaning and layout
- ◆ Legal consequences of occupational accidents and diseases

#### Technical Issues

- ◆ Chemical, physical, ergonomic risk factors
- ◆ Manual lifting and carrying
- ◆ Flash, explosion, fire and fire protection
- ◆ Safe use of work equipment
- ◆ Work with display screen equipment
- ◆ Electricity, hazards, risks and precautions

#### Health Issues

- ◆ Causes of occupational disease
- ◆ Principles of disease prevention and protection techniques
- ◆ Biological and psychosocial risk factors
- ◆ First aid
- ◆ Implementation of the technical principles of the causes and prevention of occupational accidents
- ◆ Safety and health signs
- ◆ Use of personal protective equipment
- ◆ General rules of occupational health and safety and security culture
- ◆ Evacuation and rescue.



WE BELIEVE THAT  
PROMOTING A CULTURE  
OF HEALTH AND SAFETY IS  
VITAL TO OUR SUCCESS IN  
ACHIEVING OUR GOAL  
OF REDUCING THE  
INCIDENCE RATE OF WORK  
ACCIDENTS.

During 2014, all Şişecam and affiliated group employees working at Şişecam Headquarters received Basic Occupational Health and Safety Training, which was coordinated by the Şişecam Industrial Relations Department. In addition, First Aid Teams were set up, comprising İş Towers, Information and Technology Center employees, who were provided with Basic First

Aid Training. All OHS specialists working at the Group received Energy Isolation, Lock Out/Tag Out (LOTO) Systems Training. Initiated in 2013, Behaviour-Oriented Occupational Health and Safety training was given to all middle managers who are working at production plants in Şişecam Group, and efforts aimed at building on the OHS culture continued.

## OHS RESPONSIBILITY

Project team members gave user training at the head Headquarters and at the plants in relation to the Occupational Accidents Analysis and Corrective/ Preventive Action Tracking System, which was prepared in 2013 and to be used by end users starting from January 2014. Having gone live, the system was improved in line with the feedback received, and started to be used actively and efficiently. In line with the modified occupational accidents analysis system, the annual Occupational Health and Safety Rewarding system was revised in view of occupational accident frequency, occupational accident severity and the best practices regarding occupational health and safety at plants.

As in 2013, activities were organized at Şişecam plants in Mersin during the National Occupational Health and Safety Week in May. The theatre play themed occupational health and safety, which was specific to Şişecam culture and glass manufacturing, was staged starting from the national occupational health and safety week, and later in the year at the Group's plants.

In addition to those, plays about OHS and Personal Protective Equipment (PPE) were put on stage, which encouraged the use of personal protective equipment and prizes were distributed to motivate the employees.

A painting competition was organized for the children of the Şişecam Group blue collar employees in a bid to point out that occupational health and safety culture is applicable not only to workplace but to life in general, and to propagate this culture socially.

A committee made up of occupational safety specialists working at Şişecam headquarters and affiliated groups was set up to prepare an OHS handbook, which will be used at Şişecam workplaces. Addressing basic occupational health and safety topics and regulatory requirements so as to cover all production and working areas, the handbook was printed by early January 2015 and started to be handed out to employees with in 2015.



## MANAGERIAL REVIEW OF HEALTH AND SAFETY

Through visible leadership and engagement, we believe that we can increase our ability to mitigate health and safety risks. By conducting regular reviews and consultations between management and production plants, we are able to consistently monitor performance, provide any needed support for program implementation and respond to safety issues together with production plant workers.

The resulting reports that were written include: monitoring and observation of results in the plants and were shared with the Risk Management Division, Internal Audit Division and related HR Departments.

All plants of Şişecam subsidiary companies employ OHS units that comprise an Occupational Health and Safety Expert, Workplace Physician and Medical Personnel, who serve under the Plant manager. Companies and plants carry out their own internal OHS activities and monitor their results. Also in each plant there is an OHS Committee, which includes a management representative, support units and worker representatives. All employees at each plant are represented by the members of the OHS Committee. We comply with the local law<sup>2</sup> on the minimum numbers of committee representatives.

A Central OHS Expert serves as the coordinating body, providing support on OHS-related developments, including changes in regulation, training courses, meetings and special events, among others. Additionally, the central unit carries out annual OHS measurement and monitoring activities in plants and issues reports of their results.

The current Workplace Accidents Analysis Tracking

## INJURIES AND LOST DAYS

In 2014, employees worked a total of 9,286,985 hours in Paşabahçe factories in Turkey, and correspondingly

program has been improved to adapt to Şişecam's ever-evolving and changing structure, and a new Corrective & Preventive Actions (CAPA) system has been established to ensure more thorough measurement of workplace accidents.

Integrated with SAP, the CAPA system is available to all workplaces and units, including the management and sales centers and provides capabilities to track and control workplace accidents in a systematic manner.

Aside from tracking and preventive measures, these projects enable Şişecam to disclose accurate data and generate reports. This reporting protocol enables Şişecam to provide clear and transparent communications to employees and managers.

Further, we formed a Workplace Accidents Evaluation Commission to reduce work-related incidents using root-cause analysis. The Commission evaluated each workplace accident caused by "Intervention to Working Machines", "Being Crushed between Two Objects" and "Glass Punctures". The Commission report containing case studies and recommendations was disseminated to our plants.

Each employee undergoes a check-up every year to assess impacts of gases and various dusts that might exist in the workplace. The scope of the check-up involves taking a lung screening and respiratory system tests. Symptoms from the screenings are evaluated by practitioners to identify any probable hazards. Any employees detected with lung diseases or health problems are moved away from hazardous workplace and are closely monitored in the following period.

a total of 294 work accidents occurred and the number of total lost days was 3,692.



A CENTRAL OHS EXPERT SERVES AS THE COORDINATING BODY, PROVIDING SUPPORT ON OHS-RELATED DEVELOPMENTS, INCLUDING CHANGES IN REGULATION, TRAINING COURSES.

	Male	Female	Total Employees	Third-party workers	Total Injuries	Injury Rate*
<b>Injuries</b>	294	-	294	54	348	32

\* Injury rate<sup>3</sup> calculated as: (Total injuries x 1,000,000) / Total worked man hours

2 The Law on Occupational Health and Safety No. 6331 ("Law No.6331"), which governs the health and safety standards to be adopted by employers in Turkey and was published on 30 June 2012.

3 Injury rate: The frequency of injuries relative to the total time worked by the total workforce in the reporting period.

- ◆ In order to prevent fatal work accidents and injuries, the root causes of the nonconformities, which are found in risk analyses, are determined and eliminated.
- ◆ Continuous risk analyses are carried out in order to reduce the number of accidents and their impacts and precautionary controls are planned for the elimination of detected hazards. Planned precautionary controls are applied and monitored.
- ◆ Immediate risks are determined with daily site inspections and work to prevent them is carried out.
- ◆ Periodical checks of work equipment are undertaken to prevent any potential work accidents. Equipment such as emergency stop buttons, emergency cords, emergency breaks are checked regularly to make sure they are dependable.
- ◆ There is active support from senior management to increase awareness about occupational safety.

**STRONG INDUSTRIAL RELATIONS**

Paşabahçe, as a subsidiary of Şişecam, we respect and support our employees’ right to join a union. We have relations with five trade unions (3 unions in facilities abroad, and 2 unions in Turkey) in various

branches of businesses under the coordination of our Industrial Relations Directorate in Turkey. Our goal in our Industrial Relations Vision is:

- ◆ To increase competitiveness and efficiency by developing industrial relations in a balanced way within the framework of Group policies
- ◆ To maintain industrial harmony in the workplace based on trust and dialogue with trade unions,
- ◆ To undertake the promotion of health and safety at work in line with our “people first” philosophy.

Industrial relations at Paşabahçe are carried out with five related trade unions in various business lines, which are coordinated by the Group’s Industrial Relations Directorate under the Human Resources Department.

was executed following a 7-day strike. The agreement will remain in force for three years.

As a result of the negotiations on the 24<sup>th</sup> Term Group Collective Bargaining Agreement with Trade Union for 3 workplaces affiliated to Paşabahçe, an agreement

The percentage of employees covered by our collective labour agreements was 67% in 2014. It should be noted that, among our blue collar employees, the share of workers having joined a union was 97% as at the end of the reporting period.

**UNIONIZATION RATE AMONG EMPLOYEES**

White and Blue Collar Categories (only employees, not workforce)	Total (as of 31 December, 2014)	Number Unionized
White collar	1,631	-
Blue collar	3,619	3,514

## COLLECTIVE LABOUR AGREEMENTS

Collective labour agreements are the determining contracts for the minimum number of weeks' notice before an employee can leave their job and the payment in lieu terms.

Both the employer and the employees with permanent contracts should inform other parties in advance before leave. The agreed terms in collective labour agreements are as follows:

- ◆ Employees working for less than six months should be giving three weeks' notice,
- ◆ Employees working for between six months and a year and a half should be giving five weeks' notice,
- ◆ Employees working for between a year and a half to three years should be giving seven weeks' notice,
- ◆ Employees working for over three years should be giving ten weeks' notice,

before leave.

Payment in lieu of notice is paid according to the period of employment;

- ◆ 2 weeks compensation for employees working less than six months,
- ◆ 4 weeks compensation for employees working for between six months to a year and a half,
- ◆ 7 weeks compensation for employees working for between a year and a half to three years,
- ◆ 9 weeks compensation for employees working over three years.

Denizli Cam San. ve Tic. A.Ş. 16. Term Collective Labour Agreement

Employees whose contracts are to be terminated by the employer are subjected to Subject 17 of Labour Law.

## REGULATION AND COORDINATION WORKS

Şişecam Industrial Relations Directorate has coordinated meetings to inform employees about recent changes in labour legislation and occupational health and safety regulations in 2014 as in previous years. In the coordination meetings, relevant industry updates and problems encountered were discussed as well as determining a Group approach to confront any problems.

The statements about rules, legislations and regulations are continuously shared with the employees in 2014.

Plant Managers in Turkey and HR Executives were given a training course about collective labour

agreements. Feedback was shared with them about the present status and operation. Collaborative meetings continued to maintain effective cooperation between the employees and the employer.

There were many meetings held in 2014 related to strengthening relations and communication and a peaceful working environment in the company with labour union representatives and blue-collar employees. Additionally, there were many joint activities organized with unions other than technical meetings. The following points are examples of some of the activities:

- ◆ Blue-collar employees, some of them being union members, were given a company email address to strengthen relations.
- ◆ Informative news about the activities organized is screened at plant cafeterias to create a broader awareness of the company agenda and organizations amongst employees.
- ◆ Activities and trainings held in the Occupational Health and Safety Week, with the participation of all employees, executives from Paşabahçe in Mersin region and Kristal-İş and Petrol-İş Union executives. A protective equipment-themed painting contest was organized for employees' children.



# Human Resources

- ◆ Our Workplace
- ◆ Policies and Career Advancement Programs
- ◆ Diversity and Inclusion

## OUR WORKPLACE

As every Şişecam Group company, Paşabahçe's success depends on their employees. While developing, incorporating, and retaining the best

talents, Paşabahçe's priority is to provide a happy, safe and motivating workplace where our employees can develop their full potential.



PAŞABAHÇE'S PRIORITY IS TO PROVIDE A HAPPY, SAFE AND MOTIVATING WORKPLACE.

### Our main goals in the workplace are:

- ◆ To provide our employees with a non-discriminatory workplace that meets the standards of national and international workplace rights policies.
- ◆ To protect the rights of employees to unionize.
- ◆ To continue to be a leading company which employs only the best practices in occupational health and safety in all our workplaces.
- ◆ To provide a fair and pleasant place for our employees to work.



### EMPLOYEE WAGES AND BENEFITS

Employee wages are determined at the Şişecam Group level and during raise periods, pay grades and ratios are determined by median salary method according to the Turkish market with the help of consultant firms.

In a nation-wide study about the fringe benefits provided to employees in Turkey, company cars provided to managers and senior executives in Şişecam were found to be lower level whereas health insurance and welfare benefits were above average. The company was also found to be amongst the leaders in Private Pension Plan benefits.

## POLICIES AND CAREER ADVANCEMENT PROGRAMS

Paşabahçe strongly believes that the success of Paşabahçe companies depends on our most valuable asset - our employees. To recruit the best talent, foster a culture of innovation and generate a favourable work atmosphere, we offer competitive compensation and benefits, including educational allowance and bonuses as well as annual vacation days, parental leave and marriage leave.

We also conduct regular performance reviews and training sessions to help build a solid foundation for our employees. Our leadership and development programs, which are articulated in the following section, are designed to help our employees thrive, build on their existing abilities and gain new skills.

### GLOBAL LEADERSHIP PROGRAM

This is a comprehensive and high-priority program that aims to build the most critical competencies for high-performance culture at the leadership level.

#### Intended results:

- ◆ Developing a global leader profile for Şişecam
- ◆ Defining required leader and employee competencies and behaviours in a high-performance culture
- ◆ Developing the communication plan for deploying the leadership model
- ◆ Designing internal competency trainings for managers and e-learning for employees.

### LEARNING & DEVELOPMENT PROGRAMS

Available to all levels of white- and blue-collar employees in Turkey, under the umbrella of Şişecam Akademi, the common objective of these programs is to equip the participants with the right set of competencies and skills necessary to lead the organization to the realization of its strategic goals. In line with this objective, the main activities of the learning & development department can be summarized as follows: assessing the training and development needs at an individual level in terms of organizational

competencies and occupational/technical skills; managing and updating a comprehensive learning & development catalogue; selecting and customizing the appropriate learning & development tools from the right resources; monitoring the impact of the activities and engaging in corrective action when necessary through constant feedback; and introducing new and innovative topics to the organization, which in turn contributes to the development of intellectual know-how.

## TRAINING

Beginning in 2015, all trainings including Paşabahçe will be prioritised and planned in a framework that will be defined with different schools under the Şişecam Akademi Project. In this framework, prioritised trainings are; Sales and Marketing, Supply Chain Management School, Glass School and Leadership School. Through the internal trainer deployment program, Şişecam employees' participation in the internal training process is supported.

Apart from these, other trainings such as first aid, HSE, or financial-related can be taken in parallel to

department requirements. Capacity Based Interview Techniques, Information Security Trainings, capacity development trainings after Development Center practice and similar trainings are organized during the year for giving support to different goals and targets of different departments. Supplier choice support continues to be provided for necessary technical training requirements and trainings are given by training and development business partners in facilities.

The numbers for average hours of training by employee category are shown below.

### EMPLOYEE TRAINING (HOURS)

Description	Total
<b>Management</b>	
Male	1,208
Female	825.5
Total	2,033.5
<b>Staff</b>	
Male	51,037
Female	8,336.5
Total	59,373.5
<b>By Gender</b>	
Male	52,245
Female	9,162
Total	61,407
<b>Average training hours per male</b>	9.97
<b>Average training hours per female</b>	17.85
<b>Average training hours per employee</b>	11.69

## EMPLOYEE ENGAGEMENT



A SOCIAL CLUB FOR ALL EMPLOYEES WHERE THEY HAVE THE OPPORTUNITY TO ATTEND A DIVERSE RANGE OF ACTIVITIES THROUGHOUT THE COMPANY.

Our employees' skills, motivation and commitment to Şişecam help drive successful achievement of our goals and raise the bar for greater improvements; thus, we highly value our employees' views. As articulated in the following sections, we seek their opinions on strengths, weaknesses and opportunities in many aspects of our work environment through several mechanisms.

We conduct Employee Engagement & Satisfaction Survey biannually, followed by a periodic Pulse Survey

conducted in the year between. Based on the Survey results, action plans are developed and followed by the related parties. According to the results of the Survey of 2013, internal communication was determined as a focus area and there have been several new initiatives on the area since. For example: We have developed a social club for our employees where they have the opportunity to attend a diverse range of activities throughout the Company.



## ŞİMDİ! SOCIAL ACTIVITIES CLUB

In 2014, Şişecam Social Activities Club was launched for ensuring that employees' time at the work place is enjoyable, for improving communication, sharing and synergetic environments and for turning employee happiness into productivity. Within this framework,

various activities and projects were realized with the support of volunteer employees from trips to theatre plays, from office parties to tournaments and from aid campaigns to discount deals.

### SUGGESTION DEVELOPMENT SYSTEM

A Suggestion Development System was introduced in order to ensure the collection and appraisal of Şişecam employees' innovative suggestions, adding value in line with Group strategy and objectives. This system involves approval of incoming suggestions by the Suggestion Reception Team, valuation by the Suggestion Evaluation Team, and the monitoring of

the whole process in an electronic environment. The purpose of the Suggestion Development System is to gather suggestions that add value, assess them in a reliable fashion, and implement any practicable suggestions in order to reap any financial return and/or process optimization benefits.

### PERFORMANCE MANAGEMENT

Responsible for expanding the success of our performance culture and increasing organizational readiness, the Performance Management System works hand in hand with the vision, mission and strategies of the Şişecam Group. Started by the Group in 2010, the Balanced Score Card system is aligned with individual targets. In line with this, our success-

based performance culture is being converted into a success-based corporate culture. The purpose of the Performance Management System is to create value for employees and to ensure that the value created by employees serves the development and sustainability targets of Şişecam.

### CAREER DEVELOPMENT

Paşabahçe, as a subsidiary of Şişecam, offers opportunities for all employees to develop their careers through an integrated pre-planning of organizational and employee needs. Both the expectations of the individual and the requirements of the organization are addressed in the Career Development Plan, as part of the annual Performance Management System.

matches the needs of the individual.

Performance evaluation and career development systems are in place at Şişecam for both blue- and white-collar staff. A regular performance and career development assessment of the preceding year is implemented for all staff without exception.

Moreover, strategic career maps, Group-based career and succession plans, are developed based on the data from the Performance Management System. In addition, employee competencies are reviewed at external Assessment Centers, where blue- and white-collar employees participate before being considered for promotion. If any development areas are identified in the process, development plans are prepared that

In implementing this system, managers objectively and sensitively assist the development of their staff. The employee is always informed of the results following the evaluation in what is a confidential process.

Performance and career development reviews are applicable for all white-collar employees.





EVERY EMPLOYEE WHO THINKS OF A SOLUTION FOR US IS A STAR.

### RECOGNITION & REWARD SYSTEM

Şişecam Employee Recognition and Rewarding System is the acknowledgement of an individual or team's behavior, effort and accomplishments that support the organization's goals and values.

- ◆ **Recognition:** In our recognition system, we grant spot awards to our employees who have achievements and exemplary behaviors to let them know that their work is valued and appreciated. We also congratulate our employees on their special days such as birthdays, marriages and promotions to build a supportive work environment.
- ◆ **Rewarding:** We have three main rewarding categories:
  - I. **Stars of the Year:** According to the Rewarding system at Şişecam, projects that excel in providing business-oriented solutions, such as improving the efficiency and effectiveness of Şişecam's processes and reinforcing Şişecam's brand value are granted an award in this category.
  - II. **Occupational Health and Safety:** Şişecam Group companies are granted an award In "Occupational Health and Safety Award" category according to their Accident Frequency Rate and Accident Severity Rate. In addition, The Best Practice in Occupational Health and Safety is selected and awarded with 'The Best Execution in Occupational Health and Safety Award' in that category.
  - III. **Special Award:** Employees or initiatives are granted a "Special Award" for cultivating positive work relations, pursuing sustainability endeavours, and developing a constructive work environment.

### FLEXIBLE BENEFITS

We have started up the Flexible Benefits Program at the beginning of March, 2015. Flexible plans allow employees to choose the benefits they want or need from a package offered by Şişecam. Our Flexible benefit

package includes variable health insurance plans for employees and their families and life insurance for this year.

### EMPLOYER BRANDING

To increase the Employer Branding Image of Şişecam, we plan yearly campus activities e.g. case studies, interview simulations, tea-talks with managers, etc. Case studies include team work of students on various topics. Students try to give a solution to given situation and at the end they make a presentation about it. We plan participate in these case studies with some of our managers, so they would be able to observe students naturally. In addition, successful students may be awarded with internship opportunities, which can increase the applications to these activities as well.

The aim of Interview Simulations is for the students to experience different types of interviews, such as one-to-one and group interviews. In addition, this activity introduces students to a good type of interviewer as well as a bad interviewer. The aim of questions and the expectations behind these questions are also at the target of this activity. After the examples, the HR department gives feedback to students.

Tea-talks with managers allow students to listen and experience the managers' career paths which can enhance their point of views on different career paths.

### STRUCTURED LONG-TERM INTERNSHIP PROGRAM

The long-term internship program aims to hire successful students as interns in a long-term period; so we can observe their performance as well as teaching

them our culture and the different service lines of our business.

## DIVERSITY AND INCLUSION

We recently revisited the Şişecam Corporate Values to incorporate our employee strategy. Two of the core values of our organization implicitly acknowledge the importance of diversity and inclusion to our business. We performed a company-wide online employee

survey, the results of which we integrated into Şişecam policies and values. As presented in the Values section under Corporate Governance of this report, two of our core values are:

- ◆ We exhibit a fair and transparent management approach.
- ◆ We respect differences.

A fundamental value at Şişecam, “We respect differences” guides us to take an inclusive approach in considering the diverse insights at our company. By harnessing the knowledge and perspectives of our diverse workforce, we are well-positioned to bring the necessary improvements to our workplace, generate innovative solutions and strengthen our reputation as a global leader.

Consistent with this value, Şişecam reaffirms its commitment to equal opportunity with the value “We exhibit a fair and transparent management approach.” We strive to create an inclusive workplace and

ensure that HR processes such as recruitment, career development and training are free of discrimination. Accordingly, no HR policies or procedures indicate any difference between male and female employees at Şişecam.

As shown below, we have provided the employment information for Paşabahçe’s Turkey operations in 2014. Information below is structured for seniority level in the company, age, gender and education level. We also provide the age and gender information of our corporate governance structure.

### EMPLOYMENT NUMBERS

#### Total Workforce- 2014

Category	Age	Male	Female	Total
Manager	under 30	-	-	0
	30-50	30	21	51
	over 50	30	7	37
	Total	60	28	88
Staff	under 30	1,270	189	1,459
	30-50	3,344	294	3,638
	over 50	63	2	65
	Total	4,677	485	5,162
<b>Total Workforce</b>		<b>4,737</b>	<b>513</b>	<b>5,250</b>

NEW HIRE - 2014

New Hire profile breakdown

Category	Age	Male	Female	Total
Number of Managers hired during the reporting period	under 30	-	-	-
	30-50	4	1	5
	over 50	2	-	2
	Total	6	1	7
Number of Staff hired during the reporting period	under 30	481	97	578
	30-50	170	37	207
	over 50	4	-	4
	Total	655	134	789

Paşabahçe complies with the local parental leave regulations. Parental leave only applies to women in Turkey (new fathers are also given up to three days for

paternity leave). Below you can find the return to work and retention rate for our female employees.

PARENTAL LEAVE IN 2014

Reporting period 2014

	Number of employees entitled to parental leave	Number of employees that took parental leave	Number of employees who returned to work after end of parental leave	Rate of return to work
Female	17	17	13	76%

COMPOSITION OF GOVERNANCE BODIES

Reporting period 2014

Gender	Male	Female	Total	
Number of employee	14	9	23	
Age Group	under 30	30-50	over 50	Total
Number of employee	-	14	9	23



# Corporate Social Responsibility

- ◆ Environment
- ◆ Education

Paşabahçe places high importance on corporate social responsibility and investing in local communities. Areas of focus within our approach include supporting the environment and education as explained in the following sections.

## ENVIRONMENT

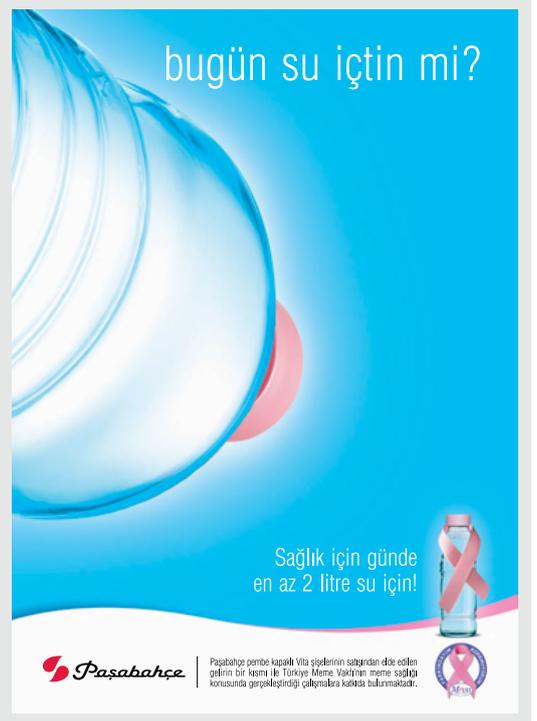
### FORESTATION

Thanks to the sapling planting activities launched in the Cankurtaran region, Denizli Cam Sanayii ve Ticaret A.Ş. created a mini forest with grown trees on an area of three thousand m2. In addition, approximately 6,000 trees and saplings have been planted in the plant site, 50% of which is covered by green areas.

On the marketing and sales side, Paşabahçe cooperated with MEVA, breast cancer foundation, produced pink capped bottles and promoted the concept to

encourage water consumption, endowing share of sales to the Foundation.

Similarly, to promote environmental awareness, Paşabahçe collaborated with Çekül Foundation (the Foundation for the Protection and Promotion of the Environment and Cultural Heritage). Percentage of revenues from 7 Ağaç Ormanları (7 Trees Forest) glasses were endowed to the Foundation.



## EDUCATION

In Denizli Cam Factory, since 1990, apprenticeship training system has been applied within the framework of Vocational Training Law numbered in 3308. For three years, students employed as an apprentice and recorded to the Center of Vocational Training have completed the education period of apprenticeship with both theoretical and practical lessons. Students awarded with the certificate are employed in the factory. In Denizli Cam, every year apprentices have received theoretical and practical education.

Because of the fact that manufacturing of glass is a job that requires handiness, ability, experience and proficiency, the young apprentices from the programmes are very important for us to sustain our workforce.

In our labour-intensive, handmade glass production facilities, groups of 8 to 10 people work in shifts. Almost seventy percent of their products are exported. Students who join the program work with masters and learn a profession which increases their chances of getting employed in the future.

In 2014, 27 apprentices graduated from the program and they were successfully transferred into various positions as blue collar employees.

Our apprenticeship program is regarded as a successful example for a socially responsible project that creates opportunities for less fortunate children.





## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Description	Reference	External Assurance (Yes / No)
<b>STRATEGY AND ANALYSIS</b>			
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Letter from Şişecam CEO, page 4; Letter from Glassware President, page 7	No
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	Name of the organization	Paşabahçe Cam San. ve Tic. A.Ş.	No
G4-4	Primary brands, products and services	Paşabahçe – an Introduction, page 8	No
G4-5	Location of HQ	Istanbul, Turkey	No
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Paşabahçe: an introduction, page 8	No
G4-7	Nature of ownership and legal form	Paşabahçe: an introduction, page 8	No
G4-8	Markets served	Paşabahçe: an introduction, page 8	No
G4-9	Report the scale of the organization, including:	Paşabahçe: an introduction, page 8	No
G4-10	Workforce breakdown	Human Resources, page 71	No
G4-11	Percentage of total employees covered by collective bargaining agreements	Occupational Health and Safety, page 62	No
G4-12	Organization's supply chain	Supply Chain, page 48	No
G4-13	Significant changes during the reporting period	Paşabahçe Srl was established on 24 November 2014 with the purpose of providing sales and marketing services to Paşabahçe.	No
G4-14	Precautionary approach principle	Our Environmental Approach, page 38	No
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Approach to Standards and Organizations, page 33	No
G4-16	Memberships of associations and national or international advocacy organizations maintained at the organizational level	Approach to Standards and Organizations, page 33	No
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	Scope of consolidated financial statements and omissions to the scope	Paşabahçe is not a publicly listed company so the consolidated financial statements are not publicly available. Only main economic indicators are published and they cover all Paşabahçe operations. Please refer to the Appendix 1 at page 83 for the details. The scope of sustainability information in this report is only the Turkish operations.	No
G4-18	Process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	Approach to Materiality, page 32	No
G4-19	Identified Material Aspects	Approach to Materiality, page 32	No
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Approach to Materiality, page 32	No
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	Approach to Materiality, page 32	No
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	This is Paşabahçe's first sustainability report	No
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	This is Paşabahçe's first sustainability report	No

**STAKEHOLDER ENGAGEMENT**

G4-24	List of stakeholder groups engaged by the organization	Approach to Stakeholders, page 28	No
G4-25	Basis for identification and selection of stakeholders with whom to engage	Approach to Stakeholders, page 28	No
G4-26	Approach to stakeholder engagement	Approach to Stakeholders, page 28	No
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Approach to Stakeholders, page 28	No

**REPORT PROFILE**

G4-28	Reporting period	1 January 2014 – 31 December 2014	
G4-29	Date of most recent previous report	This is Paşabahçe's first sustainability report	
G4-30	Reporting cycle	Annual	
G4-31	Contact point for questions regarding the report or its contents	Dr. Ali Yüksel Soykut Development Manager ysoykut@sisecam.com + 90 (212) 350 3197	
G4-32	"In accordance" option, GRI content index, external assurance report	This year's report is prepared in accordance with GRI G4 reporting standards to "Core" level. The GRI content index can be found in pages 76 to 82. We haven't obtained external assurance for this year's report.	
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	We have not obtained external assurance for our first G4 report. However, we prepared all our data accordingly and with the vision to obtain external assurance in the future	

**GOVERNANCE**

G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Risk Management and Internal Audit Activities, page 22	No
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**ETHICS AND INTEGRITY**

G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Ethics and Code of Conduct, page 23	No
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## SPECIFIC STANDARD DISCLOSURES

Standard Disclosure	Description	Page	Omissions	External Assurance (Yes / No)
<b>CATEGORY: ECONOMIC</b>				
<b>ASPECT: ECONOMIC PERFORMANCE</b>				
G4-DMA	Generic Disclosures on Management Approach	Paşabahçe - an Introduction, page 8	-	No
G4-EC1	Direct economic value generated and distributed	Financial Performance, page 13	-	No
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Energy Management and Performance, page 42	-	No
G4-EC4	Financial assistance received from government	Financial Performance, page 13	-	No
<b>ASPECT: MARKET PRESENCE</b>				
G4-DMA	Generic Disclosures on Management Approach	Organizational Structure, page 18	-	No
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	100%. Local is defined as Turkey. Total number of senior management at significant locations of operation as of December 31, 2014: 8	-	No
<b>ASPECT: PROCUREMENT PRACTICES</b>				
G4-DMA	Generic Disclosures on Management Approach	Supply Chain, page 48	-	No
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Supply Chain, page 48	-	No
<b>CATEGORY: ENVIRONMENTAL</b>				
<b>ASPECT: ENERGY</b>				
G4-DMA	Generic Disclosures on Management Approach	Our Environmental Approach, page 37	-	No
G4-EN3	Energy consumption within the organization	Energy Management and Performance, page 42	-	No
G4-EN6	Reduction of energy consumption	Energy Management and Performance, page 42	-	No
G4-EN7	Reductions in energy requirements of products and services	Energy Management and Performance, page 42	-	No
<b>ASPECT: WATER</b>				
G4-DMA	Generic Disclosures on Management Approach	Water Management, page 47	-	No
G4-EN8	Total water withdrawal by source	Water Management, page 47	-	No
G4-EN10	Percentage and total volume of water recycled and reused	Water Management, page 47	-	No
<b>ASPECT: EMISSIONS</b>				
G4-DMA	Generic Disclosures on Management Approach	Greenhouse Gas (GHG) Emissions, page 44	-	No
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Greenhouse Gas (GHG) Emissions, page 45	-	No
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Greenhouse Gas (GHG) Emissions, page 45	-	No

G4-EN19	Reduction of greenhouse gas (GHG) emissions	Energy Performance, page 41	-	No
<b>ASPECT: EFFLUENTS AND WASTE</b>				
G4-DMA	Generic Disclosures on Management Approach	Waste Management, page 46	-	No
G4-EN22	Total water discharge by quality and destination	Waste Management, page 46	-	No
G4-EN23	Total weight of waste by type and disposal method	Waste Management, page 46	-	No
<b>ASPECT: PRODUCTS AND SERVICES</b>				
G4-DMA	Generic Disclosures on Management Approach	Product Responsibility, page 55	-	No
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Product Responsibility, page 55	-	No
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Waste Management, Page 46	-	No
<b>ASPECT: COMPLIANCE</b>				
G4-DMA	Generic Disclosures on Management Approach	Environmental and Energy Policy, page 38	-	No
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2014.	-	No
<b>CATEGORY: SOCIAL</b>				
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>				
<b>ASPECT: EMPLOYMENT</b>				
G4-DMA	Generic Disclosures on Management Approach	Human Resources, page 64	-	No
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Human Resources, page 72	-	No
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Personal Retirement Funds are only available to white collar and full time employees.	-	No
G4-LA3	Return to work and retention rates after parental leave, by gender	Human Resources, page 72	-	No
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>				
G4-DMA	Generic Disclosures on Management Approach	Occupational Health and Safety, page 56	-	No
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational Health and Safety, page 56	-	No
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational Health and Safety, page 61	-	No

**ASPECT: TRAINING AND EDUCATION**

G4-DMA	Generic Disclosures on Management Approach	Learning and Development Programs, page 66	-	No
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Learning and Development Programs, page 67	-	No
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<p>Şişecam offers the following learning programs to its employees:</p> <ul style="list-style-type: none"> <li>• Competence Based T&amp;D Programs</li> <li>• Professional Development Programs</li> <li>• Development Programs for Computer Skills</li> <li>• Language Courses</li> <li>• Long-term training and development programs for Glass School/Sales &amp; Marketing School</li> <li>• Distant learning through e-learning platform</li> <li>• Obligatory/Legal trainings (Trainings for Health&amp;Safety, First-Aid, Emergency etc.)</li> </ul>	-	No
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Policies and Career Advancement Programs, page 66	-	No

**ASPECT: DIVERSITY AND EQUAL OPPORTUNITY**

G4-DMA	Generic Disclosures on Management Approach	Human Resources, page 64	-	No
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Human Resources, page 71	-	No

**ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN**

G4-DMA	Generic Disclosures on Management Approach	In Paşabahçe, allocation of salaries and benefits only differ in relation to the scope, experience and skills related to the requirements of the job and job related criteria. There is no discrimination against gender, religion, language, race/ ethnicity or disability.	-	No
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	1/1 In Paşabahçe, management of pay and vested benefits are independent of any subjects like gender, religion, language, and race, and are carried out only within the framework of size of job, information, ability, experience based on job necessities. Therefore employees who have the same job, information, ability and experience within this context receive no segregation.	-	No

**SUB-CATEGORY: HUMAN RIGHTS****ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

G4-DMA	Generic Disclosures on Management Approach	Strong Industrial Relations, page 62	-	No
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Strong Industrial Relations, page 62	-	No

**SUB-CATEGORY: SOCIETY****ASPECT: ANTI-CORRUPTION**

G4-DMA	Generic Disclosures on Management Approach	Compliance with the Law and Legislation, page 23	-	No
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Compliance with the Law and Legislation, page 23	-	No
G4-SO4	Communication and training on anti-corruption policies and procedures	Compliance with the Law and Legislation, page 23	-	No
G4-SO5	Confirmed incidents of corruption and actions taken	In 2014, there were no incidents of corruption	-	No

**ASPECT: COMPLIANCE**

G4-DMA	Generic Disclosures on Management Approach	Compliance with the Law and Legislation, page 23	-	No
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in 2014.	-	No

**SUB-CATEGORY: PRODUCT RESPONSIBILITY****ASPECT: CUSTOMER HEALTH AND SAFETY**

G4-DMA	Generic Disclosures on Management Approach	Product Responsibility, page 55	-	No
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Product Responsibility, page 55	-	No

**ASPECT: PRODUCT AND SERVICE LABELING**

G4-DMA	Generic Disclosures on Management Approach	Product Responsibility, page 55	-	No
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Product Responsibility, page 55	-	No
G4-PR5	Results of surveys measuring customer satisfaction	Product Responsibility, page 55	-	No

**ASPECT: MARKETING COMMUNICATIONS**

G4-DMA	Generic Disclosures on Management Approach	Brands, page 14	-	No
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	The marketing communication activities of Paşabahçe have no record of any kind of non-compliance with regulations and voluntary codes so far.	-	No

**ASPECT: COMPLIANCE**

G4-DMA	Generic Disclosures on Management Approach	Product Responsibility, page 55	-	No
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In 2014, there were no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	No

Appendix 1 - List of all entities included in the organization's consolidated financial statements or equivalent documents.

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Country of registration</b>
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş.	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Srl <sup>1</sup>	Sales and marketing services	Italy

<sup>1</sup> The company was established on 24 November 2014 with the purpose of providing sales and marketing services to Paşabahçe.



**Reporting Consultancy**  
EY Turkey / ey.com/tr

**Graphic Design & Layout**  
DENK / denkdesign.net

By using CyclusPrint rather than a non-recycled paper, the environmental impact was reduced by:

**93** KG OF LANDFILL

**2,880** LITRES OF WATER

**186** KM TRAVEL IN THE AVERAGE EUROPEAN CAR

**19** KG CO<sub>2</sub> AND GREENHOUSE GASES

**270** kWh OF ENERGY

**151** KG OF WOOD

**Source:** Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available. Results are obtained according to technical information and subject to modification.



