

# Global Compact Progress Report 2007-2009



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## Global Compact

**United Nations Global Compact announced and put into force by United Nations in the year 2000 is a venture providing guidance for companies on the subject of sustainability and accountable business practices. Global Compact is an important pioneering initiative supporting local sustainable development in cooperation with business world, non-governmental organizations (NGOs) and local authorities. Zorlu Holding, which carries out its activities in accordance with these guidelines since its incorporation, has displayed its will and decisiveness on this subject in international platform by signing Global Compact in 2007.**

**This initiative progressed and improved on the basis of voluntary undertaking rule comprises 10 principles grouped under item heads human rights, labor standards, environment and anti-corruption. The item heads of “Global Compact” are as follows;**



# Global Compact

## Human Rights

**Rule 1:** Businesses should support and respect the protection of internationally proclaimed human rights: and

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

## Labor

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

**Rule 4:** the elimination of all forms of forced and compulsory labor:

**Rule 5:** the effective abolition of child labor: and

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

## Environment

**Rule 7:** Businesses are asked to support a precautionary approach to environmental challenges;

**Rule 8:** undertake initiatives to promote greater environmental responsibility: and

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

## Anti-Corruption

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

## Scope of Report

“Global Compact” which is recognized and adopted by all group companies since its first signing is valued as a determinant source highly emphasized by Zorlu Holding. In this context, the developments and stages achieved within the process are set forth in this report by focusing on 4 main items and 10 principles constituting the core values of global compact.

This report is the first progress report prepared by Zorlu Holding as of the signing date of Global Compact (2007) until now. The scope of this report covers Zorlu Holding, Vestel Electronics, Vestel White Goods, Korteks,

Zorluteks, Zorlu Energy Group companies. The major reason for consideration of these companies within the scope of the report is that they are the flagships of our group conducting variety of operations and providing the highest turn over. The sustainability practices of these companies are extensively included within the scope of this report; but since it is not possible to mention all ongoing or accomplished practices, only the most effective practices are covered in this report. Please visit our Web-site [www.zorlu.com](http://www.zorlu.com) for detailed information on the performances of Group Companies.

Company Name	Title	Group	Gross Sales	Sectoral Rate	Intragroup Rate	Total Assets	Sectoral Rate	Intragroup Rate
VESTEL ELEKTRONİK SANAYİ VE	TİCARET A.Ş.	Vestel	2,424,195,017	29.26	22.00	2,551,997,774	47.16	15.52
VESTEL BEYAZ EŞYA SANAYİ VE	TİCARET ANONİM ŞİRKETİ	Vestel	1,307,306,439	15.78	11.87	815,893,827	15.08	4.96
VESTEL DAYANIKLI TÜKETİM	MALLARI PAZARLAMA A.Ş.	Vestel	1,017,405,723	12.28	9.24	1,017,405,723	12.28	6.19
<b>Vestel Total</b>			<b>8,285,540,540</b>			<b>5,411,508,227</b>		
ZORLU ENDRÜSTRİYEL VE ENERJİ	TES. İNŞ. TİC. A.Ş.	Energy	324,348,029	29.35	2.94	189,117,963	5.94	1.15
ZORLU ENERJİ ELEKTRİK	ÜRETİM A.Ş.	Energy	528,379,538	47.82	4.80	1,749,854,564	54.95	10.64
<b>Energy Total</b>			<b>1,104,953,200</b>			<b>3,184,575,924</b>		
KORTEKS MENSUCAT SANAYİ VE	TİCARET ANONİM ŞİRKETİ	Textiles	481,792,264	33.82	4.37	951,792,769	52.16	5.79
ZORLUTEKS TEKSTİL TİCARET	VE SANAYİ A.Ş.	Textiles	501,237,258	35.21	4.55	690,001,693	37.81	4.20
<b>Textile Total</b>			<b>1,423,570,817</b>			<b>1,824,868,330</b>		
<b>Property Total</b>			<b>5,763,971</b>			<b>1,751,564,766</b>		
<b>Others Total</b>			<b>196,880,568</b>			<b>4,266,305,809</b>		
<b>Zorlu Group Total</b>			<b>11,016,709,096</b>			<b>16,438,823,057</b>		

The efforts spent to improve reporting process and to higher levels of effectiveness in each reporting period are continued intensely as of the signing date of Global Compact. Please forward us all your inquires, views and

suggestions regarding our report via our web address [www.zorlu.com](http://www.zorlu.com).

## About Zorlu Holding

**Zorlu Holding's success story goes back to early 1950s, opening up a whole new world of opportunity in Denizli Babadağ, and since then appears as one of Turkey's leading enterprises playing important role in nation's economy by achieving the highest growth figures in production, export and employment and promoting competition in global markets.**

**In 2000s, Zorlu Holding, which ranks among the largest companies in Turkey, expanded its activities into various fields, including textile, property, electronics, energy etc. Since the year 2006, Zorlu Holding operates in the following four main fields:**

- **Home textiles**
- **Electronic products, information technologies and durable consumer goods**
- **Property**
- **Energy generation**

By creating TAÇ brand within the framework of expansion policy in home textiles, in 1980s, Zorlu Holding became a leader in home textiles in Turkey under the name Zorlu Holding Textile Group. In the year 1994, Vestel Electronics is included within the group. In 1996, Zorlu Holding entered energy sector by founding Zorlu Energy, thereby increasing number of companies. This was followed by new initiatives in property sector in 2006.

In the year 1998, Group exports reached USD 600 M, in 1999 USD 680 M, in 2000 USD 852 M. Despite the

severe economic crises in 2001, there has been escalation in Zorlu Holding's export figure, climbing USD 879 M. In 2006, the exports reached USD 1.3 B and then USD 3,153 M in 2008.

Zorlu Holding, with nearly 57 companies and approximately 23,000 employees, works for Turkey's future and life-quality of Turkish people.

## Zorlu Group

Textiles Group	Vestel Group of Companies	Energy Group	Property Group
> Korteks	> Vestel Electronics	> Zorlu Energy	> Zorlu Construction & Investment
> Zorluteks	> Vestel White Goods	> Zorlu O&M	> Zorlu Property Development & Investment
> Linens Marketing	> Vestel Digital	> Zorlu Industrial	> Akmerkez (Passtel Shopping Center)
> Zorlu Foreign Trade	> Vestel Foreign Trade	> Rotor	> Intermar
	> Vestel Durable Goods Marketing	> Zorlu Hydroelectric	
	> Vestel CIS	> Zorlu Electricity	
	> Vestel Defense Industrials	> Zorlu Petrogas	
	> AYESAŞ	> Amity Oil International	
	> Birim	> Zorlu Natural Gas	
	> Vestel Germany	> Thrace Region Natural Gas Distribution	
	> Vestel France	> Gaziantep Natural Gas Distribution	
	> Vestel Iberia	> Rosmiks LLC (Russia)	
	> Vestel Italy SRL	> Zorlu Energy Pakistan	
	> Vestel Holland BV	> Dorad Energy (Israel)	
	> Vestel Trade	> Ashdod Energy (Israel)	
	> Vestel UK limited	> Ramat Negev Energy (Israel)	
	> Vestel Electronica SRL	> Solad Energy (Israel)	
	> OY Vestel Scandinavia AB	> Zorlu Natural Electricity Generation	
	> UTS-United Technical Services, SPOL S.R.O.	> Zorlu Geothermal Energy Electricity Generation	
	> Vestpro Electronics S.A.	> Zorlu Intergas GMBH (Austria)	
	> Dexar Multimedia & Telecommunications	> Zorlu Energy and Construction	
	> Vestel USA		
	> CABOT Communications Ltd.		
	> Vestel Electronic India		
	> Vestek Electronics Research & Development		
	> Deksarnet Telecommunications		
	> Intertechnika LLC (Russia)		

### Home Textiles, Polyester Yarn

Zorlu Group's main field of activity is manufacturing and marketing of yarn, curtains and home textiles (bed sheets, quilt cover sets, boarders, tablecloth, piquet).

According to fiber types, the manufacturing capacity is 580 tons/day in polymer, 400tons/day in POY (Partially oriented yarn) and 120 tons/day in FDY (Full drawn yarn). Korteks Yarn, the first company of Zorlu Group, is one of the largest companies in Middle East and Europe manufacturing polyester fiber and it also ranks first among European companies in integral curtain-manufacturing. In addition to the above, yarn texturing and twisting processes are undertaken in these plants, and manufacturing capacity for texture yarn is reported as 350 tons/day, for twisted, fancy and elastomeric yarn 25 tons/day and air textured yarn as 10 tons/day.

In the manufacturing facilities belonging to Zorluteks Textile, there are factories operating in the fields of home textile, curtain, woven-knitted textile, textile finishing and apparel industry. In the home textile manufacturing plants with an in-door area of 108,000 sq meters, various types of home textile products, such as quilt cover sets, piquet, pillowcase, bed sheet, flexible bed sheets, tablecloth,

cotton curtain fabric and towel are manufactured with annual output capacity of 96 million meters by using textile looms and machines that are for the first time advanced in world markets. 40% of the manufactured products are exported to different parts of the world, particularly to America, Europe, Japan and Russia; the rest of the production is reserved to meet the demand of leading brands in Turkey, like TAÇ and Linens.

Zorluteks Textile; engages in, besides national market, distribution and marketing of textile products in CIS and overseas countries through its Head Office in Istanbul.

Another important mission of Zorluteks Textile is to further develop market position of TAÇ label, a leader of home textiles sector and to ensure performance of manufacturing process in such a way to cope with current developments in the market and to meet the variable customer preferences. According to the results of research undertaken by Nielsen in 2009; the public awareness of TAÇ brand reached to 100%.Zorlu Textile Group, by setting up Turkey's first chain stores for latest and innovative ranges in home textile under the name Linens, became a pioneer in the sector.





In addition, Zorlu Textile Group holds world-wide licensing rights for manufacturing, distribution and marketing of home textile products under Italian Benetton and globally famous Pier Cardin brands. Also, Valeron brand created by Zorlu Textile Group continues to attract customers in Turkey following the strong interest in this brand by the European countries.

After several years of rapid growth Zorlu Holding's home textile activities deployed across four continents outside Turkey's borders. Presently Group owns 12 textile manufacturing, marketing and sales companies, including the ones in Turkey.

### **Electronic Products, Information Technologies and Durable Consumer Goods**

Vestel Group of Companies comprising 24 companies, 12 of them based abroad, mainly operates in electronic, white goods and information technology fields and is defined as flagship of Zorlu Holding. Vestel, as a strong player in Turkish and International markets in the relevant sector, ranks among world's largest manufacturers with successfully maintained technology, design and development competencies. Today, Vestel, which ranks

#6 among top 10 well-known and prestigious brands in Turkey, reorients the sector with its extensive product range and service quality aimed to meet customer expectations.

Vestel has widest sales and after-sales services network in Turkey comprising 1,050 sales points and 400 after-sales service stations. Vestel, with its multi-brand strategy and concept store approach, offers wide product portfolio to the customer all around the country.

Vestel, as one of the largest OEM and ODM manufacturers, promotes its position in Europe achieving the level of largest manufacturer in CRT and LCD televisions and digital TV receivers and the most rapidly growing manufacturer in white goods.

Vestel, which provides employment for more than 15,000 persons, undertakes manufacturing process in Manisa and Alexandrov, Russia. Vestel City located in Manisa is the largest industrial complex in Europe and the second largest in the world operating at a single location. The annual manufacturing capacity of Vestel City, with and indoor area of 600,000 sq meters, is more than 30 million.



Presently, Vestel exports to 127 different countries and offers high-tech products to the consumers all around the world. Vestel, which conducts its activities in EU countries on OEM/ODM basis, uses subsistence strategy by promoting its brand in the countries surrounding Turkey. To this end, it presents Vestel brand products to the consumers in the countries such as Turkey and Russia, CIS countries, Middle East, and North Africa in the same time zone.

Following the acquisition of rights to Finlux and Luxor trademarks in 2006, two well-known brands in Scandinavian and North European countries, Vestel moved to grow in the market by manufacturing products and accomplishing foreign sales under these trademarks. In the year 2008, Vestel acquired Vestfrost brand, one of the most prestigious white goods brands in Europe and Russia.

In 2007, Vestel, as a first brand admitted to Turquality program, the first state-supported branding program in the field of durable goods, once more certified its eligibility to compete with global brands in the sector and strengthened its profile as a champion for undertaking continuous export activities in Turkey.

### Energy:

Zorlu Energy, the first company of Zorlu Energy Group, was established in 1993 to meet electricity requirement of textile factories within Zorlu Group. The first two power plants of the company were constructed at Lüleburgaz and Bursa. In the meantime, as a result of the increase in energy demand by the Group and industrial plants outside the Group, it was required to construct new power plants, and Zorlu Energy built new natural gas plants in Yalova, Ankara and Kayseri.

The increase in investments paved the way for establishment of new companies to undertake construction and engineering works, operation and maintenance of the power plants. Zorlu Energy Group has achieved sustainable growth in energy sector. Parallel to the efforts to encourage wide use of natural gas in Turkey and gas distribution privatization process, the Group has undergone significant changes to its structure for natural gas distribution to residences and industrial zones. In order to create new energy generation and natural gas distribution resources, the Group invested in new companies for gas and oil exploration and obtained licenses for sale of energy and natural gas.



Zorlu Energy Group, different than other companies operating in energy sector, demonstrates a unique corporate structure, without a sample in energy sector, by its wide range of activities that can be summarized as energy generation/sale/distribution, natural gas production/distribution/sale “turn key” construction, long-term maintenance and operation of power plants at the project stage. Further to the initiatives in Turkey, Zorlu Energy Group made series of investments in Europe, Asia and Middle East markets by taking advantage of opportunities created by rapidly increasing energy consumption. The projects carried out in Russia, Pakistan and Israel are major steps taken by the Group to achieve this goal.

In order to enable use of global resource reserves economically efficient manner, Zorlu Energy Group have always taken product and service diversification rule as basis in its development, and to this end, gave priority to exploitation of renewal energy sources such as hydroelectric, wind and geothermal resources. In this context, the Group has added, to its portfolio, new power plants operating with hydraulic and geothermal sources by participating in privatization tenders.

Presently, Zorlu Energy Group owns, in different regions of Turkey, 5 natural gas, 7 hydraulic, 1 geothermal and 1

fuel oil thermal power plants with installed capacity 630 MW and steam capacity 192 tons/hour. The annual natural gas production in licensed regions is 320 million (average). The natural gas distribution infrastructures in Thrace and Gaziantep Regions are continued with full speed and maintenance and operation services are provided for the domestic and foreign power plants, and investments are made in order to complete the projects under construction within the shortest time.

**Property:**

Zorlu Property was established in 2006 within the body of Zorlu Holding with the purpose of developing genuine projects for construction and improvement of residences, offices, business centers, shopping malls, hospitals and hotels on valuable plots within and outside the country.

Presently, Zorlu Property has 3 active projects. These are Zorlu Center, Zorlu Konak Residence and Zorlu Level Project.



## A Message from Chairman



**Distinguished Stakeholders,**

**Our world is currently undergoing vertiginous changes. Globalization forces us to conform with world economic integration during the course of this change period; individuals, institutions and states are operating interactively within an apparent or non-apparent, sustainable development network. Today, when a change occurs in a country, it sometimes deeply affects the world, likewise the recent global crises.**

The global crises faced in international finance markets, within time, transformed into production crises, which is the cause of current world economic recession. Today, we take the signs of economic revitalization and believe that the growth curve will incline all over the world.

We, as Zorlu Group, are spending utmost efforts to fulfill our part of obligations to provide support to the community in achieving sustainable development goal. Today, by taking advantage of our social, environmental and economic values constituting the basis of our management policy, we, through 57 companies and approximately 23 thousand employees, focus on producing solutions which will give best results for Turkey's future and quality of life in Turkey. In addition to our outstanding achievements in business, we sign projects aimed to strengthen our position in the field of social liability and corporate citizenship.

Under the notion of "social accountability", we, as Zorlu Group perform all our activities in the fields of textile, electronics & white goods, information technologies, energy and property under a strategy seeking enhancement of environmental awareness and conservation of natural resources.

In the 21st century subject to rapid increase of energy consumption, we, with the support of Zorlu Energy Group, concentrated our activities on investments in domestic renewable sources by adopting strategies which foresee measured use of these sources. In this context, we signed Carbon Emission Sales Contract that serves as an incentive and accreditation mechanism for the first phase of wind power plant under construction at Bahçe District of Osmaniye. In this way, we plan to produce approximately 500 MWh electricity per year with zero CO2 emission.

We reflect our philosophy of "effective use of energy and natural resources" to our product range through Vestel and observe that all our production plants have these basic features. In order to contribute to resolution of Global Warming Problem, we undertake researches for minimization of energy and water consumption. As a result of these studies, we succeeded to achieve A and A4 energy class levels in 90% of our product range.

As Zorlu Property, it is our ambition to offer variety of services to the community through Zorlu Center project which we pursue with enthusiasm. We believe that Zorlu Center will be a pioneer among other investments with its innovative environmental approach, and green areas and Culture Center to be granted to Istanbul City. In this project, we plan to use waste water, so-called gray water, in irrigation of green areas following the purification process. This will save a substantial amount of water. The Culture Center to be constructed on an area of 95,000 sq. meters, with a seating capacity of 3500, will meet majority of urban requirement and it will be focal point for cultural and artistic performances. The green Recreation Area, as large as 80 thousand sq. meters, will give a new perspective to Istanbul with its parks and courts.

Likewise in all our activities, we continue our investments in the field of textile with an approach seeking environmental consciousness. Today, Zorluteks is the first company manufacturing organic home textile. In every stage of our production, we pay utmost attention to use material compatible with human health and nature and we work on the projects reflecting environmental consciousness.

As Zorlu Group, we plan activities, through our Foundation carrying the name of our promoter Hacı Mehmet Zorlu and under the light of our philosophy "investing for the future", towards the young generation, especially in the fields of training, culture and sports, and launch and implement projects to contribute to our nation's social and economic development. Our support to education will continue without interruption by awarded scholarships to the students and constructing new schools.

We will never give up acting with corporate citizenship consciousness, and to support long-winded projects which will contribute to social development.

Best Regards,



Ahmet Zorlu

Zorlu Holding  
Chairman of the Board of Directors

# Sustainability Of Our Business

The financial achievements gained through accountable corporate practices constitute the basis of our sustainability. In order to fulfill our obligations against our planet and community, we must assure a profitable business in future, more than today. We move in the direction of the vision, mission and strategies which we promoted for this purpose, and serve for the sustainable success of our company.

Based on this understanding, Zorlu Group is;

- Open to world. It has the capacity and distinctiveness to compete in the global market with the brands reflecting its vision, initiative spirit and courage.
- It is dynamic; it places high value on innovations and creativeness; invests in research-development projects: refuses opposition against transformation, bureaucracy and submission.
- It acts with the sense of responsibility against the society; works to generate material and moral values for all social stakeholders; it is sensitive to environmental variability.
- In path to future, it acts with the consciousness gained from past experiences and competence; it is attentive to family and moral values, and against fanaticism and conservatism.
- It believes that profitability, discipline and planning is the key to success.
- It adds value to its employees; creates training and improvement opportunities; motivates people to maximize success.
- It is a prestigious, well-established and powerful, honest and reliable institution.
- It endeavors to be the best in every field; focuses on the results; does not compromise on product and service quality.
- It owns a participatory, impartial and democratic management, and a progressive organization which believes institutionalization, and is tolerant and open to criticisms.
- While creating a peaceful working atmosphere, it gives importance to generation of team spirit, common synergy, and believes in effects of communication.
- It is a customer-oriented institution which considers market demand and expectations in production.
- It attaches high value on neatness and order; encourages frugality, but opposes dissipation.
- It attaches high value to human, supports participatory efforts: refuses selfishness and eagerness.

# Our Stakeholders

All individuals, institutions and corporations affecting the activities of Zorlu Holding, or directly or indirectly affected by its activities are deemed as our stakeholders. The stakeholders of our Group of Companies, at the same time, are defined as the stakeholders of Zorlu Holding. The existence of miscellaneous group of companies operating in different sectors leads Zorlu Holding to deal with different stakeholders. The establishment of relations with our stakeholders based on reciprocal interests, confidence and transparency constitutes the essence of Zorlu Holding's corporate communication strategy.

## Vestel Group

Vestel views the corporate communication as a fundamental element serving for protection and progress of the institution. As a basic corporate communication principle, Vestel is predicated on constancy of communication and gives equal importance to all its social stakeholders. Vestel furnishes information, regularly, constantly and accurately, to public opinion, investors and media. Vestel, through its regularly updated investor relations web-site, provides all kinds of information to the investors relating to the group, including Vestel Electronics and Vestel White Goods, the two companies offered to public.

### Stakeholders of Vestel Group

- Current and potential employees of Zorlu Group
- Business world/sector
- Public institutions and corporations
- Non-governmental organization
- Media
- Investors
- Distributors and suppliers
- Central and regional managers
- Academic communities and academicians
- Business and solution partners
- Bureaucracy and political authority

## Zorlu Energy Group

The principal components of corporate communication strategies adopted by Zorlu Energy Group are; to promote and enhance corporate reputation, to intensify and to sustain the activities which will shift the current public perception towards the target, to improve communication with all stakeholders, to ensure adoption of corporate values, to give weight to communication and participatory efforts, to undertake social liability on specific fields and to conduct consistent and planned communication activities.

Zorlu Energy Group has a trustworthy, powerful and ambitious profile before the public opinion by virtue of Zorlu name. The Group's main challenge is to further enhance its reputation by reflecting the social dimensions of energy in its operations and communication, and highlighting its position as an authority and reliable institution in national energy policies.

The final target in communication activities is to further enhance the current (positive) public perception and by this way, to promote Zorlu Energy Group as an Owner with;

- Specialization and experience
- A pioneer and an authority and reference source in the sector
- Highly preferable
- Transparent, appropriately managed, with corporate and social responsibility
- Sensitive to environment
- Trustworthy business partner in terms of global dimensions
- Greatly emphasizes business and private life of its employees, and contributes to their improvement and career.

### Stakeholders of Zorlu Energy Group

- Media
- Non-governmental organizations active in the fields of energy and environment
- Academic communities and academicians
- Suppliers
- Competitors
- Public institutions and corporations
- Local communities in geographic business areas

### Stakeholders of Textile Group

- Current and potential employees of Zorlu Group
- Business world/sector
- Public institutions and corporations
- Non-governmental organizations
- Media
- Distributors and suppliers
- Central and regional managers
- Academic communities and academicians
- Business and solution partners.

## Human Rights and Labor

**BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS; AND MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSE.**

**BUSINESSES SHOULD UPHOLD FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;**

**THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR; THE EFFECTIVE ABOLITION OF CHILD LABOR; THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.**





## LABOR

### Human Resources Policy of Zorlu Holding

The selection of human resources required by our Company is conducted by considering equal opportunity principle among the individuals who have high improvement potential, knowledge and skills required for the job, and who are capable of adopting and sustaining corporate and social values. Based on this understanding, the basic elements constituting our Human Resources Policy can be listed as follows:

- Human resource is a basic principle which raises competition superiority.
- Every employee is expected to possess the common values of our Group.
- We aim to promote our institution to the level of chiefly preferred workplace by the employees.
- Within the frame of the rule relating "Fundamentality of Corporate", we establish balance between employee expectations and corporate expectations.
- We observe fair and equal opportunity principle while recruiting our employees.
- We measure success and high performance and motivate our employees.
- We expect every employee to be the master of his/her job, and each executive to be the master of workplace.
- We primarily consider the alternatives offered by in-house Human Resources while meeting the requirements of the Group.
- We pursue innovations in Human Resources and undertake assessment and implementation of the same according to the Group requirements.
- We diligently consider inter-sector and inter-company differences.
- We support local employment in the geography where we are located and conduct our operations.

In addition to the components forming our Human Resources policy, there are other basic elements which we constantly observe and give great importance to relevant implementations while practicing our policies. These elements can be listed as follows:

• **Equal Opportunity-** Human Resources process may not include a prejudgment constituting discrimination. This applies from the very beginning of the employment, in the course of career, and continues until the termination of the employment contract. The applicable processes are assumed as a policy preventing discrimination and prejudgment that may be faced during employment. Till now, no action implying discrimination is observed in Zorlu Group of Companies.

• **Social Diversity-** Human Resources policy in Zorlu is based on the rule "equal opportunity" which denies race, language, religion, sex, age discrimination. In recruitments for Zorlu Group, discrimination is strictly disallowed. If we need to give minor examples; i.e. all employment announcements address to man/woman candidates, excluding job requirements. We, in general, refrain from bringing age limit in our employment announcements unless the position targets certain age group.

• **Positive Discrimination-** The most important field of application of our Group is the job opportunity offered to the disabled and handicapped persons.

There is no lawsuit filed against Zorlu Holding on the ground of non-performance of obligations in the field of Human Resources.

**Recruitment Process-** Generally the recruitment procedure operates as follows:

- **Tests:-** General Qualification Tests-Foreign Language Exams-Hogan Personality Test
- **Interview:-** It is conducted by HR and the executive of relevant department. According to the position, 2 or 3 interviews may be required. Competency-based interview is also undertaken by the executives.
- **Offer:** The candidates who are successful in the tests and interviews pass to offer stage. The formalities and procedure relating to employment contract are started with the candidate accepting the offer.

**Waging and Benefits-** Zorlu Holding implements performance-based waging system and Hay Grade system. In this system, a wage range is specified for each work level. It is a basic principle to pay employees within wage range identified for his/her position. The salaries exceeding the wage range are adjusted by scaling the employee's performance. Salary increases are realized by considering current inflation and work performance.

Within the scope of fringe benefits; free lunch, transportation and private health insurance (white color) is offered to the employees. A sports hall is available at Zorlu Head Office for sporting activities of the employees outside work hours.

If desired, the employees may also benefit from individual insurance policy providing special advantages to Zorlu Group personnel.

**Performance Rating-** Individual performance rating in Zorlu Holding is realized 1 time in a year. In the face-to-face meeting held with the attendance of the employee and his/her superior, the efforts, performance results recorded within the last 1 year period are assessed to determine the achieved progress. In addition, the training-improvement needs of the employee are noted and action plan is made by exchanging views with Human Resources Department. Performance forms are completed on the intranet. These forms are archived in safety by using personal codes of each employee.

- In terms of Human Resources, the purpose of performance rating system is the determination and sharing of work strategy and targets
- Assessment, communication and operation of feedback system
- Contribution to employee motivation.
- Orientation of Basic Functions of Human Resources (salary increase, promotion, position upgrading, career planning, training-development, transfer, rotation.....)
- Performance Rating covers assessment of individual credentials and accumulated knowledge
- Effort levels

- Performance results based on these efforts and offered advantages
- Compatibility of efforts and behaviors with corporate culture.

**Career Planning-** In order to promote multi-function working employees/executives, rotation system is adopted, generally within the same field of specialization, by providing training/orientation on different dimensions and specifications of job. The main principle in rotation decisions is the integration of employee career target/expectations into corporate performance target/requirements.

The personal and professional improvement of an individual is of great significance to Zorlu Holding. As a nation, we consider the necessity of specialization within the scope of our social responsibility. In this context, Zorlu Holding, in collaboration with universities, plans to effectuate a program in the year 2009 for education of "Energy Specialists". It is our ambition to further develop career planning, waging and rewarding systems supported by Performance management system in 2009, and to enable adoption of enhanced management system by Group employees to achieve the specified targets.

**Participation of Employees in Management-**

Zorluteks has built a proposals system to contribute to participation and improvement of employees, job motivation and to increase attentiveness, to promote quality and quality –oriented processes, to lower costs, to improve business relations, to develop products and to raise the level of employee satisfaction. All employees have access to this system. The proposals are evaluated by the Assessment Board and project study is undertaken on the basis of results. The proposals are categorized as measurable and non-measurable in terms of economic return. Those with economic return are awarded up to a certain percentage of annual return, whereas the others, with non-measurable economic return, are assessed within point scoring system.

One of the practices exercised by **Zorluteks** to increase employee participation and motivation is Advice and Complaints System. Our employees are encouraged to participate in the management by forwarding their advices and complaints through Advice and Complaints System. All advices and complaints are responded upon assessment.

The innovative thinking system, one of the significant components of Vestel's outstanding achievement, is a natural part of employee work-life. Vestel welcomes every employee who judges his/her proposal as contribution to corporate development. Vestel, through its Proposal Assessment System, accessible by all employees, gives rewards for all views which bring cost advantage in the course of business (production, work safety etc.) in proportion of their contribution to the company. Patent (Incentive) System is provided for rewarding of every design engineer who launches a new patent regularly and decisively to be included into Vestel patent pool.

On the other hand, arrangements are made regularly to bring top management and Vestel employees together in dialogue meetings. By this way, it is aimed to strengthen the communication link among the employees and also, between the employees and top management.

**Vestel Group** attaches great importance to company-oriented training activities aiming to develop employee knowledge and skills through professional training: in this context, besides the training on the spot, it conducts remote and interactive training activities by taking advantage of available technical facilities.

During the training period between February-December 2008, Vestel Group has provided training average 16 hours per employee. The application process involving those who are willing to participate in the trainings during the year by completing the application form published together with training catalogue is an important factor in

designation of trainings. Up to now, 1,384 employees have benefited from the trainings realized in the fields of Technical-Corporate/Personal Development and Managerial Development. This training program will also survive in 2009. To this end, we are engaged with more than 120 training companies carrying out joint training activities.

All year long, **Korteks** provides Inter-Service and Foreign Source Trainings to White and Blue Color employees under the concept of "Continuous Learning Organization" so that the employees can perform their duties in the most effective and profitable manner, and the level of professional knowledge is upgraded. In addition to these efforts, the new employees are admitted to orientation program. We will continue to participate in domestic and foreign Fairs, Conventions and Seminars in order to help the executive staff to broaden their vision, and to enter into new markets and to attract new customers. In 2008, Korteks has provided training average 42.5 hours per employee.

In **Zorlu Energy Group**, as of January 2009, average training hours per employee for the first six months of the year is reported as 13.06 hrs.

During the year 2008, **Zorluteks** offered 17.3 hour training per employee for blue colors and 46.2 hour training per employee for white colors. The employee families are also rendered training services on the subject of nourishment habits and struggling with drugs.

**Employee-oriented Researches**-In Zorlu Group of companies, we apply "Expectation-Finding Questionnaire". The object of this questionnaire is to learn the job expectations of the employees and fulfillment rate of these expectations. This enables us to undertake due diligence study and to use the results in designation of human resources policies. Since our aim is to detect the problems and to produce solutions to these problems, we have designed the questionnaire with a realistic approach,

in such a way also to reflect the negative results. This questionnaire is applied to our employees in every two years.

Each year, Zorluteks implements Employee Satisfaction Questionnaire all over the organization. The questions in the questionnaire are prepared in compliance with EFQM Excellence Model. The questionnaire results enable us to determine the improvement-seeking fields. The detected gaps are evaluated jointly with Top Management and all Department Heads and necessary actions are taken for full implementation.

**Working Time-** Our Company acts in full compliance with the national laws and regulations on the subject of working hours, overtime work and weekly holiday period. Overtime work should base on the rule "voluntary performance".

**Child Labor-**Our Companies neither employ nor encourage employment of child labor and underage workers. There are no employees in our Company working under the age of 18.

**Forced Labor-**Our employees believe in voluntary work to contribute to achievement of common targets; forced and compulsory labor is not encouraged. Therefore, we refrain from including special terms in the employment contracts which will restrict employee's right to terminate employment contract or impede the lawful exercise thereof.. The employees are free to quit their jobs at the end of the legally prescribed period, as a vested right granted to the owner, by receiving all benefits arising out of applicable law.

**Employee's Right To Form Unions/Collective Bargaining (Labor) Agreements-** "According to the Constitution of Turkish Republic, it is constitutional right of an employee to become a member (positive liberty) or not to become a member (negative liberty) of a union." Zorlu Group of companies has always supported this

constitutional right. Our blue color employees engaged in textile branch are the members of Teksif Union linked to Turk-Is.

## HUMAN RESOURCES IN ZORLU HOLDING

Zorlu Group encourages protection of human rights and relevant international rules, and respects them in all aspects .To this end:

- We give credit to individual diversities such as race, gender, religion, social class, nation, age, physical disability and defectiveness, and disallow discriminative behaviors.
- We pay respect to individual dignity, privacy and constitutional right of freedom.
- Group employees are the observer of actions preventing infringement of human rights.
- The owner offers, regardless of gender, belief... diversities, equal opportunity to all employees as part of its commitments on the subjects of individual development and career.
- We respect customs, culture and history in the Company's operations geography.
- The mechanism relating to work discipline and workplace rules operates also in case of human rights violations.

## Human Health and Safety in Zorlu Holding

The performance shown by the companies all over the world on the subject of work safety and security is construed as the reflection of the respect dedicated to human rights. The work safety and security policies promoted by Zorlu Group are a good indication of the importance given to employee health and safety. Within the scope of these policies, we undertake continuous processes and studies to create a safe and secure work atmosphere and to raise awareness of the employees about the workplace dangers and assessment, control and elimination of risks.

In this context, Occupational Health and Safety (OHS) Board has been established pursuant to OHSAS 18001

Standard and the regulation on Occupational Health and Safety Directives. OHS Board convenes once in a month to discuss the measures required to be taken to promote the safety, security of the workplace, to strengthen environmental conformity, including the problems and inconsistencies on the subject of occupational safety and environment, occupational accidents and disease, emergency situations, environmental trainings, risks, impact of various changes on environment and occupational safety, promotion and revision of environment and occupational safety policies and targets, documents relating to environment and occupational safety management system, environment and occupational safety surveys conducted by foreign institutions and follow-up of decisions taken in the previous meeting.

By considering the workload of the personnel performing substantial part of their duties by use of computers, Zorlu Holding announces voluntary eye tracking tests through e-mail. These eye tracking tests are realized on annual basis in order enable the employees to work more efficiently and comfortably. Also, employees are continuously furnished information about epidemic disease. In this context, flu vaccination is injected to the employees who want to get it. Kitchen personnel are subject to porter tracking tests on quarterly basis and blue color employees are urged to take chest X-rays.

Another striking project among the activities carried out for promotion of employee health and safety is "Pandemic Plan" to be completed in 2009. All studies within the scope of this project aimed to take the disease under control in case of outbreak are undertaken according to WHO (World Health Organization) Standards. This voluntary project is also supported by Istanbul Chamber of Industry. The activities such as formation of workplace committees, provision of general information for employees, preparation of telephone directories and transportation plans are within the scope of this

project. The sustainability and updating of pandemic plan constitutes our target.

Occupational health and safety policies are due diligently implemented by all Group companies.

The activities carried out within the body of Zorluteks:

- Operation of environment and occupational safety management system is controlled at least once in a year by conducting in house inspections. Additionally, site surveys are organized in every 4 months on the subject of environment and occupational safety. The deficiencies determined at the end of the inspections and surveys are recovered (if any).
- Management Review Meeting is held at least once in a year, under the chairmanship of General Manager and with the participation of Management Representative and Department Executives to check compliance and effectiveness of Environment and OHS system.
- Environment and OHS systems are evaluated on the basis of Performance Reports prepared by the Management Representative and upon discussion of the problems, if any, and assessment of the possible causes, reasonable improvement steps are taken for effective implementation of these systems.

All employees are supplied protective equipment such as eyeglasses, gloves, earlap etc. to against the potential occupational risks. The employees are provided training on proper use of protective equipment and necessity to use such equipment.

Fire warning system with smoke detector is installed in the Factory. Also, evacuation plans are prepared for emergency situations specifying the gathering areas. The evacuation plans are posted on the billboards of each enterprise. Also, during periodic worksite trainings, the employees are informed about the escape channels and evacuation gathering areas. In order to check the adequacy of measures and organization, evacuation drills

are held once in a year and an emergency scenario is applied with the participation of fire, rescue, security and first aid teams.

The factory is fully equipped with fire extinguishing apparatus against all kinds of fires and periodical maintenance is performed to ensure operation of the equipment without failure at all times. Also, fire extinguishing teams are formed for each factory belonging to the enterprise.

Pursuant to Occupational Health and Safety regulation, the Occupational Health and Safety Board established within the body of Korteks meets regularly, at least once in a month, and upon call under requirement. The Board performs studies and takes decisions to prevent occupational accidents by reviewing preventive measures, causes of occupational accidents and means to avoid re-occurrence of such undesirable incidents. The decisions taken by the Board are submitted to the approval of the Owner and put into force according to Corrective and Preventive Action Procedure.

The employees submit their proposals relating to promotion of working conditions and occupational safety to Human Resources Department. The proposals pooled in the Human Resources Department are evaluated by the Proposal Evaluation Board and the person, whose proposal is approved and deemed applicable at the end of trials, receives award to the extent of advantage provided by the Proposal to the Company.

All year long, workplace medical service regularly provides trainings to the employees on the subject of individual health.

As Zorluteks and Korteks are participants of OHSAS 18001 Management System, each year, they undergo inspection by the independent auditors on the subject of Occupational Health and Safety Practices. In addition, pursuant to OHSAS 18001 Management System, they hold worksite inspections 3 times in a year and environment and risk assessment once in a year. The improper practices determined at the end of these inspections are corrected in the direction of action plans.

The Social Conformity Inspections requested by Zorluteks and Korteks customers are performed on annual basis by independent audit firms.

Vestel regards the Occupational Health and Safety as primary issue. Occupational Health and Safety Boards undertake inspection, supervision and warning duties within the stipulated order, by considering the applicable principles. The Board members are informed periodically and receive continuous training from Vestel Safety Management and performance partners on the following subject;

- a) Duties and powers of the Board,
- b) International laws and standards on the subject of Occupational Health and Safety,
- c) Causes of frequently encountered occupational accidents and dangerous occurrences,
- d) Basic Rules of Industrial Hygiene,
- e) Effective communication techniques,
- f) Emergency measures,
- g) Occupational disease,
- h) Special workplace risks.
- i) Since 2005, Vestel holds, in addition to ISO 9001 and 14001, OHSAS 18001 Occupational Health and Safety Certificate and believes in essentiality of total quality and positive approach to health and safety for effective and profitable management. Therefore, we place great importance to determination and management of potential affects of workplace risks on employees, sub-contractors, visitors and other personnel within the organization. Vestel aims to become a pilot with its occupational health and safety system compatible with world standards, by eliminating or minimizing occupational accidents and fire risks, creating a safe workplace in all Vestel plants and raising awareness of all employees about occupational health and safety.

For this purpose, Vestel;

- Fulfills its legal obligations, meets administrative conditions and requirements of institutions with which company has membership, achieves continuous progress by reflecting international standards, advance technologies and employee proposals to its implementations.

- Prepares and implements plans for prevention of occupational accidents and occupational disease by undertaking occupational health and safety risk analysis.
- Ensures practice of labor health and safety consciousness by employees in every level, and provides continuous training to the employees so that they acquire correct behavior and habits on the subject of potential health and safety risks.
- Adopts a work principle seeking elimination or lowering the level of unsafe conditions and actions for prevention or minimization of occupational accidents, frequent review of working conditions and enforcement of measures for recovery of deficiencies, provision of source for such measures, review of policies according to diversified conditions.
- Ensures that the employee should also considers the rule "job eligibility" for prevention or minimization of accidents.

Based on this understanding, the companies continuously hold labor health and safety, fire safety and security coordination meetings. Training Committee and Analysis Committee regularly performs studies to upgrade profitability and quality of the services, to promote safety culture of employees, to provide constant training to all personnel, to designate inter/intra-company training requirements within scope of operations and also on other fields, to implement training plans and to evaluate the results of training activities.

Vestel, in compliance with proactive safety concept, protects all in-door areas with fire detection and warning system, and controls the security system from one center by using CCTV and card entry systems. Under the understanding of social consciousness and Social Responsibility, Vestel applies an effective life-safety and property protection program for its employees, visitors and plants by providing fire extinguishing apparatus, internal fire closets, hydrants, emergency exits and emergency lighting signals, fire extinguishers, ambulances, traffic safety vehicles, and mobile security patrols officers within the scope of Emergency Intervention Plans, and uses its facilities and experience also for other companies operating in Manisa Organized Industrial Zone and in

this way contributes to safety of regional industry in emergency situations.

As a result of Vestel's proactive safety approach, no pause in production, financial loss and life damage, partially or wholly, was encountered between the years 2007-2009 caused by fire and other emergencies.

Zorlu Energy Group-The labor health and safety is one of the fundamental labor rights which are observed in priority in operations of Zorlu Energy Group. Zorlu Energy has accomplished, in all operational areas, both environment assessment, and hazard identification and risk assessment plans on the subject of environment and occupational safety. By considering the targets setting imposition of all kinds of measures to eliminate accidents, damage to human health and plants, the components of relevant policies are designated as follows;

- To predict hazards and to take necessary precautions against potential loss, accident or damage risk within the scope of health and safety principles.
- To minimize the negative affects of activities on human health, to raise awareness of employees, sub-contractors and contractors on the subject of occupational health and safety, to render training as supportive action, to cooperate with all institutions protecting public interest.
- To prevent re-occurrence of incidents and accidents and to submit realistic reports on the incidents and accidents in order to improve performance and to ensure that the employees benefit from the lessons derived from such occurrence.
- To reward those who contribute to improvement of health and safety policies.
- Where deemed necessary, to realize the Emergency Management Plant with highest performance.
- To comply with the laws and regulations applicable in our country in connection with these policies.
- To vest responsibility in all employees on the subject of maintenance of essential health and safety features in the power plants and other buildings, and increase in performance. In 2008, Zorlu Energy moved one step forward by making investments in all power plants targeting system safety enhancement, as reflection of its persistence in transforming policies into practice.

## Environment

**BUSINESSES ARE ASKED TO SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES; UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.**





Global warming and climate changes are biggest threat to our world. Our water is almost totally consumed. Our energy is rapidly diminishing; most predictions are that widely used fossil resources will soon disappear forever. Glaciers are melting, air is polluted, a great number of plant and animal species are threatened with extinction. As a consequence of this dramatic change, humans are on the brink of one of these dangerous passages.

While focusing our efforts on our survival, we must also respect to world's survival. The only solution for this is to choose a green life. Today, institutions regard environmental sensitivity studies as one of the fundamentals of success criteria. Conscious consumers punish the institutions failing to make a step towards green life and to contribute to environmental protection. The consumers who prefer to buy the products of environmentally sensitive and green-life oriented companies cause decline in sales of industries that pollute or extract natural resources. The institutions investing in environment economically become more lucrative and their profit rises considerably. Beside inclination in sale by virtue of positive image created by the companies in view of consumers, a marked increase is observed in the value of their shares transacted in the stock exchange.

Zorlu Group values the environment as a paradise to be transferred to future generations. Therefore, Zorlu Group carries out its activities within environmental management concept which focuses on raise of environmental awareness and protection of environment and natural resources to develop a more livable world.

To this end, Zorlu Group realizes the following fundamentals in all its activities;

- Compliance with national and international laws and regulations related with environment.
- Selection of equipment, technology and process which will minimize negative environmental impacts.
- Utilization of energy and natural resources in the most effective manner.

- Development of systems which will prevent pollution at its source, before it actually happens.
- Control and disposal of wastes without causing environmental damage.
- Training of employees and sub-contractor to raise environmental awareness.
- Realization of impact analysis in new investments by considering environmental factors.

Our Group targets green offices in order to mitigate the load imposed by offices upon the world. By integrating our sensitiveness on climate change into to corporate culture, we aimed to minimize paper and water consumption, and to make saving especially in the field of energy. The recycling processes are widely implemented in our Group. There is no lawsuit filed against Zorlu Group on the ground of non-performance of environmental obligations.

**Green information technologies-** Environmental pollution caused by information technologies that produce 2% of carbon-dioxide emission in the world is equal to the environmental pollution caused by all flying aircrafts. Therefore, the green-life oriented studies undertaken in information technologies sector play an important role in our achievements.

Zorlu Group Information Technologies Directorate, as an environmentally conscious management, fully observes the environmental impacts in its activities. The practices in the field of green-life also cover the efforts to avoid idle capacity utilization of resources, and to provide effective use of equipment, including elongation of their service life so that they can be re-used. In the new purchases, the new generation prefers environmentally friendly technologies. We believe that the visualization process initially used by Zorlu Property and planned to be shifted to Zorlu Group, will yield considerable amount of energy-saving.

By expanding teleconference practices, as an alternative to business trips, it is expected to minimize CO2 emission produced during travels. The wastes belonging to information system are collected and disposed by the licensed companies.

## GREEN TECHNOLOGY

**Environment and global warming becomes increasingly more important issue in the world agenda. Almost every country and sector is engaged in lens review of the measures to be taken on this subject.**

Vestel's primary objective is to maintain health and safety of employees, customers and surrounding communities benefiting from its activities, products and services, and to protect environment and natural life.

Vestel, with the consciousness of responsibilities vested in the company as one of the world's leading enterprises operating in consumer electronics and white goods sectors, intensify its efforts to become a strong player in world league with all its employees, customers, distributors and supplies by designating and documenting quality, environment and occupational safety standards applicable to all its operations, product line and products. With this aim in mind, Vestel, by forming a common quality language and environment consciousness, and setting up work principles, Group policies and a management system which will support development in the direction of corporate rules and targets, as part of corporate sustainability endeavors, has achieved to a prestigious level. In this context, potential environment risk identification is specified for each division within the body of the Group, and the activities are carried out by considering these risks.

Vestel targets, by virtue of environmental policy, an approach safeguarding and promoting life quality of employees and customers. Under the light of applicable environmental policy, Vestel commits;

- Consideration of environment factor in assessment of new production projects and operations,

- Minimization of utilization of hazardous substances in product design and production stages and research of less pollutant substances,
- Initiation of activities to minimize, re-use, and recycling of wastes,
- Encouragement of efforts to increase efficiency and utilization of new technologies, including water-saving and natural resource conservation,
- Where deemed appropriate, utilization of recycled packaging material,
- Development of activities to raise environmental awareness,
- Compliance with the applicable laws and regulations and administrative adaptations relating to environment.

### Vestel White Goods

In brief, Vestel White Goods Quality System is based on; performance, safety, deserving of customer's confidence, customer satisfaction and customer loyalty.

Vestel White Goods obtained 1994 version of ISO 9001 Certificate in 2002, 2000 version of ISO 9001 Certificate in 2003. Vestel White Goods has finalized the studies relating to 18001 Occupational Health and Safety Management System Certificate and entitled to receive Certificate from TSI in 2008.

The studies on ISO 14001 Certificate shall be completed in 2009. Vestel White Goods, as an accountable corporate citizen, fulfills all its obligations on the subject of minimization of environmental impacts resulting from company's operations, presentation of nature-compatible products to market.



### **Vestel Electronics**

Vestel Electronics, as a holder of TS-EN ISO 9001 Standard certificate since 1993, targets to higher the customer satisfaction to top level by implementing a management system disciplining all processes and sub –processes which begin with customer and market research and range up to design, production and after-sale service.

Vestel Electronics holds ISO 14001 Environment Management Certificate since 1998. The company recently has undergone an inspection on the subject of environment impact of its activities in 2005 and at the end of this inspection no violation by the company with regard to environmental protection was reported.

Vestel Electronics received the 18001 Occupational Health and Safety Management System Certificate in 2008.

### **ENVIRONMENT –ORIENTED ACTIVITIES OF VESTEL FAMILY**

Some of the chemicals used in manufacturing of electronic products may have negative impact on environment and human health during utilization. When these products are discharged in nature at the end of service life, they directly reach to human beings through soil, water and plants, eventually creating variety of risks. Pursuant to European Union Directives published under the heading “20/20/20” against global warming, especially television and white goods are listed among 14 products which require environmental compatibility.

Vestel, which realizes majority of its sales to EU countries, closely follows the laws and regulations of EU member countries and legal requirements of EU markets, as an obligation to be fulfilled also in our company. In this way, Vestel can conduct its activities in the direction of environmental criteria and becomes ready before hand to any potential change.

Vestel, as a company applying lead-free welding for the first time in Turkey in manufacturing of products, and providing certification for the products manufacturing in conformity with RoHS Hazardous Chemicals Directive, plays a pioneering role in implementation of environment and health regulations. The positive results obtained from regular customer inspections are a marked indication of Vestel’s achievement on the subject of environment.

### **ENVIRONMENTALLY FRIENDLY IMPLEMENTATIONS IN THE FACTORIES AND OFFICES**

Vestel, besides reflecting the philosophy “efficient use of energy” in its products, at the same time, encourages its production plants to adopt the fundamentals of environmental consciousness in all their processes.

In this context, in addition to the activities carried out on the subjects of compressed air, cooling water supply and heating-cooling systems to promote efficient use of energy, series of studies are undertaken for cost reduction in electricity consumption. As the factories are operating with advance technologies, the electricity consumption and exploitation of natural resources are considerably less than those in the factories using old technologies. Moreover, energy efficiency is also included in the training programs. By virtue of these measures, we are able to take appropriate action against the global warming and to offer our products to the customers with more feasible and affordable prices by reducing the production cost.

#### **Achievements in compressed air**

- In air compressors we shifted to frequency control system. By using compressors with frequent control, it is possible to control the engine speed according to consumption quantity. In this way, overrun of the engine is prevented, and consequently electricity consumption is reduced.

- We established periodic control of air leakages and a warning mechanism for persons in charge.
- The air valves of the compressor is transferred to a location easy to access and the valve plug turns to close position when the machine is in off position.

#### **Achievements in cooling water systems**

- Thermostatic valve is installed on the machinery units requiring cooling water and in this way, consumption of water more than needed is prevented.
- Insulation of the cooling water pipelines is renewed.

#### **Achievements in reduction of electricity consumption**

- The machines stop between 17-22 hours when the electricity cost is higher.
- Electricity meter is installed to measure consumed quantity.
- In cooling water, utility water, hot water pumps, electricity consumption of pumps is reduced by an automation system with pressure and temperature control.
- By increasing capacity of the machines, production quantity is increased and production time is shortened.

Achievements in reduction of consumption in electricity used for lighting

- Neon (fluorescent) lamps with electronic ballast are used.
- Heat, light, movement detectors are installed at proper places.
- The lights are shut-down at production pause times.
- Luminaires at over-lighted places are cancelled by measuring with lux meter.

#### **Achievement in heating/cooling offices/factories**

- The offices far from cooling water source are heated/cooled by air conditioning system.
- Natural gas leakage test is regularly applied.
- The office doors are closed at all times.

#### **Training Activities**

- Energy efficiency trainings are included in work-site trainings.
- A person in charge of energy management is appointed and meetings are regularly hold by the committee formed to asses the relevant activities.
- The employees are informed regularly about environmental developments, such as wastes, recycling of batteries etc. through wall panels, circulation of brochures within the company.

#### **Activities carried in the Campus**

- In order to minimize water consumption in the offices, kits adjusting the water density are installed in the washbasins. In this way, almost 70% water saving is provided in the washbasins used by personnel and employees.
- The forklifts used in the campus are transformed from gas to electricity to minimize environmental impact.
- The service vehicles are modernized to minimize environmental impact.
- Chemicals which do not generate zinc phosphate cement are started to be used in Vestel White Goods-Cooking Devices Dye-House. In this way, zinc phosphate cement generation is reduced to nil. Consequently, production of phosphate cement is prevented by 1.7 tons per month.
- Bath operates with 24 tons cold water, which provides extra energy saving.
- Further energy saving is provided by stopping two circulation pumps.
- There is also saving in water derived from water supply network and nitric acid used in cleaning of bathrooms. For example, water saving from replacement of activation bath is 8 tons/week.
- In the campus holding Class A Emission Certificate, emission measurements are performed regularly in every 2 years.



## WASTE MANAGEMENT AND UTILIZATION OF HAZARDOUS SUBSTANCES

Vestel conducts activities on the subject of collection and recycling of electronic waste, which appears as a challenge now facing manufacturers parallel to increase in utilization of electronic equipment, in compliance with Waste Electrical and Electronic Equipment (WEEE) and international equipment utilization standard Restriction of The Use of Certain Hazardous Substances (ROHS) acceptable by all European and developed countries and limiting utilization of substances hazardous to human health.

Since June 2006, Vestel White Goods manufactures all its products in conformity with RoHS directives (Restriction of The Use of Certain Hazardous Substances Directive). Accordingly, utilization 6 heavy metals (lead, mercury, cadmium, Chromium+6, PB B, PBDE) in products is limited due to their hazardous effects on human beings and environment. Vestel White Goods, with the belief that human deserves healthier life, started to manufacture RoHS compatible products for the local market even before this directive is put into force in Turkey.

Parallel to RoHS implementations, further activities are carried out within the frame of EU standards (Waste Electrical and Electronic Equipment (WEEE)). Pursuant to this directive, each brand is responsible for collection and recycling of its product waste. Vestel White Goods, in coordination with competent state authorities, undertakes necessary preparations for implementation of WEEE directive.

UTS (United Technical Services), one of the establishments of Vestel Group of companies centered in Slovakia, was incorporated to provide recycling of electronic waste and re-use of electronic equipment as much as possible through processes which will positively contribute to living conditions, by showing concern for the environment and natural resources in

all aspects. The fundamentals, such as valuation of every recyclable equipment according to human health criteria, storage and preservation of wastes according to regulations, disposal of wastes by applying proper procedures, constitute the basis of our action targets.

Vestel, as a requirement of global environmental responsibilities, has always refrained from using ozone-depleting or global warming (by creating greenhouse effect) chemicals in its products and production lines. Based on this understanding, low-level gases such as ODP (ozone depletion potential) and GWP (global warming potential) are used in manufacturing of refrigerators and air conditions.

The battery wastes, among the other wastes created by the products launched to market-excluding electronic waste-, are collected and recycled by TAP (Portable Battery Manufacturers and Exporters Association), whereas packaging wastes by ÇEVKOV (Environmental Protection and Packaging Waste Evaluation Foundation) according to the quota. Vestel has membership in both associations. In house wastes, and other wastes created by the products launched to market are recycled and recovered, without negative (hazardous) effect of recycling on nature and human life. All in house wastes, solid or liquid, are transferred to "Vestel Waste Management Area", outside the operational premises. This Area is divided into sections and has closed roof and reinforced-concrete floor. The wastes are classified according to types or hazard level and delivered to respective locales for testing. Following all these procedures, they are transferred to licensed recycling firms in compliance with "Hazardous Wastes Control Regulation" and "Solid Wastes Control Regulation"

Vestel follows an environmentally friendly path also at the packaging stage. By using nature-compatible paper "biol" instead of styrofoam in packaging, the hazard caused to environment is minimized. Also, for the material delivered by Manisa side-industry/suppliers

is cut by 90% with “smart packaging” and “case packing” systems though manufacturing of bottom part of the package in the factory. In utilization of nylon and carton separators, “recovery” system is applied. On the other hand, utmost care is given to manufacture some of the products such as plastics, carton board etc. from recycled material.

In addition, utilization of higher quality and less heavier fabric instead of remnant in production is widely applied process. In this way, it is aimed to minimize generation of contaminated wastes by 80% until January 2010.

The scraps/refuses produced during processing of plastic inner housing of refrigerators are grinded in a crusher and 100% is recovered. 35% of the recovered material is added to the raw material providing 35% saving in raw material.

Waste water is purified by OIZ. In order to diminish waste water load on OIZ and to lower the bills, we encourage practices such as throwing used tissues into trashes in rest rooms, regular cleaning of waste water manholes and take necessary measures to prevent throwing of oil, kitchen refuses etc. into manholes.

## **ENVIRONMENTALLY FRIENDLY PRODUCTS FROM VESTEL**

**Vestel, which demonstrates outstanding achievement in all criteria, including social and environmental sensitivity, nature-oriented technologies, prefers to use environmentally friendly products in its production; today, this rate reached to 90%. Vestel perceives environmental sensitivity as a corporate responsibility which extends far beyond marketing tendency. To this end, Vestel uses environmentally less hazardous technologies during production and utilization stages.**

Vestel acts with consciousness for protection of the world and encourages adoption of green technology in the field of white goods and electronics, more sensitive

to environment. Vestel, with its products compatible with green life concept, plays an effective role in minimization of carbon dioxide emission and lowering of consumer electricity bills.

Presently, efforts are made to launch Class A++ and A+++ products to the market following Class A and A+ products in order to provide effective use of natural resources and electrical energy. Vestel White House intensely focused on research and development activities to manufacture products which require less utilization of resources such as electricity, water detergent, gas etc. The products labels contain information about energy and water consumption. The customer hotlines are developed to serve the customers willing to get detailed information about the products.

It becomes more and more important to insert two EU labels on the products. One of them is the compulsory EU Energy Label covering electronic devices, including washing machines, refrigerators, and the other one is EU Eco-Label (Euroflower), which is a voluntary application defining minimum environmental criteria required for product and services. Vestel reflects majority of EU Eco-Label criteria to its production line in all stages, including raw material supply, product manufacturing, distribution, consumption, and utilization, and even post-use scrap recycling.

**Superior Energy Saving-** Vestel Lorus 540 Simli HGE A+ No-Frost Refrigerator within Vestel product range appears as an outstanding achievement on the subject of superior energy saving. Vestel Platinum A series air conditions, with Class A energy consumption, special design, anti-allergic and antibacterial features, provides safe and healthy cooling and fresh fragrant atmosphere for the users by replaceable odor cartridges fitted to the vent.

**Water saving-** Intraton 1200 CSL washing machine, different than other washers with 7.5 kg capacity available in the market, provides 30% energy saving when compared with identical washers, with water consumption 63lts.

The Energy Class A dish washer Hera 7009 launched to market in 2008 conducts washing process according to the quantity of the dishes, thanks to "Ecowash" technology and helps us to save water, time and energy. This product, with a mechanism suitable for washing one basket half load by using an adjustable key, offers comfort and saving at the same time. Vestel Hera 7009, which provides 28% water saving according to a normal dish washer, 10 times more saving according to hand-wash, detects dirt level and quantity of particles and accordingly programs water and electricity consumption. The health-oriented features of this product offer great advantages and comfort to the consumers.

Environmentally friendly "green television" is introduced to market during 2009 summer following its exhibition in 2008 IFA-Berlin Fair. Vestel, with ECO TV concept developed in the field of electronics, helped the customers to get accustomed to a new technology aimed to reduce energy consumption when the television is in stand by position.

Vestel, which recently concentrated its efforts on products consuming less energy, targets to reduce stand by energy to 0 level and foresees higher reduction in operational energy. Under the light of current developments in Panel Technologies, 30%-40% energy saving is deemed optimistic. Against growing interest towards energy efficiency in televisions, EU took steps to encourage "Energy Star" practices in



all product ranges, including electronics, in addition to white goods.

Vestel uses newly developed LED technology in Pixellence series to minimize energy consumption. Consequently, these products acquire the features of "Dynamic Contrast".

**Vestel, within the frame of activities performed to minimize energy and water consumption, succeeded to reduce energy and water consumption by 30% when compared to previous four years. As a result of environment-oriented efforts, 90% of the product range comprises Energy Class A and A+ products which provide 25% energy saving according to Class B.**

Water Consumption	2003	2009	Saving
Washing Machines	12.6 L/kg	6.13 L/kg	51.30%
Water Consumption	2007	2009	Saving
Dish Washers	15L	13L	13.33%

Electricity Consumption	2003	2009	Saving
Washing Machines	1.21 kWh	1.05 kWh	13.22%
Electricity Consumption	2007	2009	Saving
Dish Washers	0.230 kWh/kg	0.124 kWh/kg	46.10%

Water Consumption	1999	2000	2001	2009	Saving
Under the Counter Refrigerators		1.05 kWh/24h		0.32 kWh/24h	69.50%
Single Door Refrigerators		1.77 kWh/24h		0.95 kWh/24h	46.30%
Deep Freezer			0.93 kWh/24h	0.47 kWh/24h	49.40%
Refrigerator with Deep Freeze	1.66 kWh/24h			0.69 kWh/24h	58.40%
Non-frost Refrigerators		1.87 kWh/24h		1.02 kWh/24h	45.40%
Bulaşık Makineleri			15L	13L	13.33%

Electricity Consumption	2000	2009	Saving
Air Condition 9000 BTU	0.97 kWh	0.77 kWh	21%
Air Condition 12000 BTU	1.3 kWh	1.0 kWh	23%
Air Condition 18000 BTU	1.95 kWh	1.6 kWh	18%
Air Condition 24000 BTU	2.7 kWh	2.2 kWh	18%

## GREEN ENERGY

**Zorlu Energy Group progresses through an environment strategy seeking sustainable utilization of resources and mitigating negative effects on nature. It is aware that conservation of nature is a path to long-term profit and competition. To this end, Zorlu Group spends every effort to take effective measures to minimize social and environmental impact of its investments by undertaking life-cycle assessment, natural resources management, protection of natural ecosystems, species and cultural inheritance, and creation of designs according to demand.**

With this objective in mind, Zorlu Energy Group:

- Complies with laws and regulations relating to environment.
- Spends efforts to minimize the impact of its investments and activities on natural resources.
- Gives emphasize to energy efficiency, recycling and waste management believing in the necessity to use limited nature resources with care.
- Monitors and manages greenhouse gas emission to mitigate the effects of global climate changes.

**The continued attentiveness of Zorlu Energy Group employees to assessments on Health, Safety and Environmental sensitivity plays an important role in Company's policies. These issues have precedence over other issues dealt by Energy Group management. Our target is: to take all kinds of measures to prevent occurrence of accidents, damages to human -life and plants and protection of environment.**



Zorlu Energy, as the principal company conducting Group activities, holds ISO 9001:2000, ISO 14991, OHS 18001 Management System certificates and conducts its activities within the frame of Integral Management System. Zorlu Energy is the first auto-producers company in Turkey awarded Quality Certificate. The Company's compliance with the criteria set forth by S&Q Mart-CERT is certified in Quality Management System Certificate TS/EN ISO 9001:2000 issued in 2001. Group has accomplished realization of ISO 1400 with Gazdaş Natural Gas Distribution and Zorlu O&M Companies.

Following commitments considerably helps Zorlu Energy Group in achievement to its targets:

- To predict potential risks, and to take measures against losses, accidents or hazard risks within the frame of health, safety and environment protection policies.
- To help utilization of natural resources and energy sources in the most efficient and economical manner, to control wastes (solid, liquid, gas) and noise pollution, to mitigate negative effects of activities on environment and human health, to raise awareness of all employees, sub-contractors, customers and contractors on the subject health, safety environment protection by trainings.
- To establish cooperation with customers, employees, suppliers, competitors, neighboring enterprises and other corporations observing public interest, to arrange meetings to hear their proposals and demands and by giving sincere answers to the questions to motivate performance.
- To issue realistic reports on the events and accidents to prevent reoccurrence of such incidents and to increase performance, to help them to derive lessons from these unfortunate events.



- To develop a proposal system to encourage participation to health, safety and environment protection programs.
- To promote HSE awareness through trainings.
- To realize Emergency Management Plan with highest performance, if required.
- To comply applicable national laws and regulations relating to these policies.

All Zorlu Energy Group employees are responsible for health, safety and environment protection. Zorlu Energy Group and executives undertaking duties in General Management are liable to higher company profile before the public opinion by encouraging adoption of these policies by their respective units and improving performance on these subjects.

In all Zorlu Energy Group Power Plants:

- In all production, maintenance, construction activities, we select equipment and technologies which will minimize their negative effect on environment.
- We use energy and natural resources in an optimum way, and try to reduce ecological footprints.
- Passing far beyond the principle "Who pollutes pays", we develop systems to prevent pollution at its source before occurrence.
- We give priority to public health and safety.
- We comply with national and international laws and regulations relating to environment.
- We help to raise environmental consciousness through trainings for all employees and sub-contractors.
- We undertake environmental impact assessment at the feasibility stage of investments.
- We realize all these activities within an environment management system which seeks continuous development and regard environmental consciousness as important part of our social responsibility.

Zorlu Energy reflects its concern on environmental sensitivity by the high tech infrastructure and efforts on the subject of energy efficiency. Respect for environment is substantial part of our products and services in our operations, maintenance, and construction activities. We deem environmental protection and natural resources conservation as a requirement of Total Quality philosophy and Integrated Management System. The object is to increase the efficiency, to encourage the employees to be the master of their own job, to fulfill social responsibilities and to ensure continuous development. Intranet and SAP (System Application Product) is widely used by our Group to provide participation of the employees in Integral Management System and enhancement of this system. In addition, we implement strategies, policies and systems which integrate social, ethical and environmental aspects of sustainable development and enable operation of life-cycle management.

In 2008, Zorlu Holding Group, keeping in mind the necessity to fulfill social responsibilities at all times, has broken entirely new ground in energy sector by holding shares in the first Environment Investment Fund formed by İşbank.

## RENEWABLE ENERGY

The world moves towards the energy bottleneck with each passing day. Turkey's electricity consumption in 2008 was reported as 198.3 billion kWh. Only 17.4 percent of this energy is generated from the renewable sources. Under the light of this information, Zorlu Energy Group launched a strategy for direction of investments towards the local and renewable sources.



Upon acquisition of hydroelectric and geothermal power plants within the scope of privatization, Zorlu Energy Group placed more importance to the assessment of geothermal areas and wind potential in Turkey. The target is to raise annual capacity 400 million kWh by two folds within two years in the said hydroelectric (7) and geothermal power plants (1) with total established capacity of 126 MW. Zorlu Energy Group has initiated several projects in the field of geothermal energy in three different regions, namely Denizli-Kızıldere, Kütahya-Simav and Manisa-Alaşehir. The production capacity of Kızıldere power plant in Denizli has increased to 14 MW from 6 MW since the days of its acquisition. Our target is to develop the power plant in Kızıldere as the largest geothermal power plant in Turkey operating with an established capacity of 60 MW.

One of the most striking achievements of Zorlu Energy Group within the frame of green life is the wind power plant presently under construction in Osmaniye, Bahçe District., which is referred to as building structure of energy sector. Zorlu Energy Group plans to commission first phase of this wind power plant, the largest built in Turkey over a single area, in the second half of 2009, with a capacity 135 MW. Presently, the first turbine is erected and the power plant is expected to produce 850-900 kWh million per year when the second phase, with 110 MW capacity, is completed.

In 2008, as an incentive and rating mechanism, Carbon Emission Sales Contract was signed with ECOSecurities Group for the first phase of the power plant, which will produce electrical energy without causing environmental pollution. Emission Trading Transactions are executed within the scope of incentive mechanisms introduced by Kyoto Protocol. Since Turkey is not a party to Kyoto protocol, such transactions are performed under Voluntary

Agreements through VER-based (Voluntary Emission Reduction) funding. Wind power plant project is registered under Gold Standard in "Voluntary Emission Reduction" (VERPA-Voluntary Emission Reduction Purchasing Agreement) market.

**Osmaniye Wind Energy Power Plant is one of the Turkey's and world's largest energy project awarded Gold Standard certificate.**

This projects foresees a production approximately 500 million MWh per year with zero CO<sub>2</sub> emission; in order words, spread of approximately 400,000 tons (annual) CO<sub>2</sub> throughout atmosphere will be avoided during production of electric energy.

Zorlu Energy power plants produces approximately 900 thousands CO<sub>2</sub> while generating 3.5 million kWh electricity per annum. There will be no increase in CO<sub>2</sub> emission even after the operation of Osmaniye Wind Energy Power Plant, which will supply 1 million kWh additional electricity. By virtue of efforts in the field of Emission Trading, it will be possible to fund the new investments.

In 2006, as a result of the tender invited by State Water Works Administration, a new project was launched for utilization of water released from two dams on Muğla-Dalaman Stream, respectively with a capacity of 120 MW and 84 M W. The studies on this project are still continued.

Zorlu Energy Group will actively take part in environment-oriented investments in the coming years. In this context, the projects involving solar energy and other alternative energies will be focal point of our research activities. The research and development activities also include, thermal solar energy, coal



gasification, production of electricity from biomass and wastes, production of clean energy using pressure differential, implementation of closed circuit power plant projects in Turkey.

### ANTI- CLIMATE CHANGE ACTIVITIES

Zorlu energy power plans are equipped with water injection systems warranting NOX emission under foreseen limit parameters. This system preventing warming of atmosphere by using waste heat in generation of steam provides production environmentally friendly energy. Although the parameter specified for gas turbines in the emission criteria regulations is 80 mg m<sup>-3</sup>, Zorlu energy plants has adequate infrastructure to reduce this limit to 20 mg m<sup>-3</sup>. In Zorlu energy power plants, besides maintaining all parameters at minimum thresholds, it is also possible to shift to significantly lower levels according to environmental conditions.

In Bursa power plant, by developing a project which provides recovery of the waste water by using steam generated in cooling system, an additional electric energy, more than 1.5-2 MW, is supplied from the heat discharged to atmosphere. This is a pilot project for Turkey. Measurement and monitoring of emission volume discharged to environment by Bursa power plant from any part of Turkey through internet is a facility which requires established technological infrastructure.

In Zorlu Energy Group plans to use online stack gas measurement and monitoring system in its power plants, which is a new environment-oriented technology implementation.

Our natural gas distribution company intensely continuous its activities to encourage use of natural gas as alternative fuel as its CO<sub>2</sub> emission is much less than coal. Our company actively uses almost all information channels to raise awareness of the consumers on this subject. In addition to distribution of brochures and display of details of natural gas on the website, our employees verbally furnish necessary information to the consumers during opening of the natural gas.

Further to our endeavors on this subject, Zorlu Energy Group actively follows environment-oriented technologies. In this context, by transforming Kızıldere Geothermal Power Plant-which was acquired through privatization in Sarayköy, Denizli- to closed circuit power plant, it is planned to cut Borax discharge to Büyük Menderes. This innovative implementation will pave the way to improvement of agricultural land in the lower basin and water quality of Büyük Menderes River. At the same time, release of high level of CO<sub>2</sub> emission to atmosphere from the power plant will be prevented. Also, in this region, pilot projects are initiated for generation of electricity using solar panels.



Emission Parameters	Ankara Power Plant	Bursa Power Plant	Kayseri Power Plant	L.burgaz Power Plant	Yalova Power Plant	Total
CO (ton/year)	14.19	257.04	59.13	50.81	72.50	453.63
SO <sub>2</sub> (ton/year)	2.27	0	0	1.48	0	3.75
Nox (ton/year)	262.80	863.25	285.55	217.16	166.91	1,795.66
Toz (ton/year)	4.73	0	0	2.29	2.54	9.56
CO <sub>2</sub> (ton/year)	194,900	266,619	246,377	187,428	62,608	957,932

## BIOLOGICAL DIVERSITY (BIODIVERSITY)

We are well aware that biological diversity is one of the most important sources of enrichment in Turkey. Biodiversity is construed within the scope of our policies as part of environment impact assessment feasibility. We realize our investments in regions where our activities will have less impact on biodiversity. We try not to make our investments in areas reflecting potential hazards to living species subject to extinction. We support activities carried out for protection of living species at risk of extinction in the investment regions and to raise public awareness on this subject. All our employees regularly participate in environmental-consciousness trainings on Anatolian Biodiversity. We consider to use local plant species in landscaping and forestation works at our power plants. Our objective is to protect and preserve the original flora. To this end, we take the advice of landscape architects.

Wind terminals are an alternative energy source and very useful for environment protection. However, there are cases where wind energy has negative impact on wild life, especially on bird population. With this concern, an Ornithology Report has been prepared within the scope of Osmaniye Wind Energy Power Plant Environmental and Social Impact Assessment .

In Ornithology (science of wild birds) Report, basic information about the present conditions as reference, including locations of sensitive areas and bird immigration years and potential impact of wind turbines and other premises on wild life. According to the results of this Report, the impact of wind turbine construction and operation activities on bird population is inconsiderably low.

(Please access to [http://www.zoren.com.tr/FILES/Ornithological%20Report\\_tr.pdf](http://www.zoren.com.tr/FILES/Ornithological%20Report_tr.pdf) for detailed information on the report)

## GREEN TEXTILE

**Parallel to increasing public concern towards the environment problems in the world, there is rapidly growing interest to environmentally friendly products. Zorlu Textile Group, with its striking efforts in the field of green life, encourages green –life-oriented projects and their implementation in all stages of processes from production to distribution.**

Therefore, integration of environmental sensitivity into products starting from selection of raw material, production, distribution up to consumption and utilization stages is very important for a development of sustainable environment policy.

### **Green-Life oriented Implementations in Zorlu Textile Group**

- In Zorlu Textile Group, post-consumption residual and industrial waste water in the factories is reasonably purified and discharged to receivers. Fish is raised in the pool generated from purified water. Also, there are recycling units in the machines and recycling process is performed in the most efficient manner.
- Systems are developed for monitoring of electricity, water, natural gas, steam and chemicals consumption of all machinery. These systems provide considerable saving. Especially, in the field of water consumption, a saving at the rate of 35% is reported.



- On natural gas basis, steam supplied by co-generation facilities is used in certain machines used in the factory. Pursuant to emission sources regulation, emission is controlled by taking measurement in every 3 years. Steam requirement is met Zorlu Energy Cogeneration unit.
- The solid wastes produced in the factories are classified according to their specifications and delivered to the accumulation areas for recycling and to be used in side-industry.
- Hazardous and sanitary wastes are delivered to waste area and disposed according to the regulations.
- As a result of efforts for reduction of cloth wastes in the factories, 5.8 percent decrease in cloth wastes volume is observed.
- Greening and forest expansion works are performed in 35% of the area surrounding the factory.
- In all stages of the production process, we show utmost attention to use human and nature-compatible material.
- Training activities are carried out to help our employees in developing environmental consciousness.
- The post-purification clay, within the scope of mostly hazard wastes, is disposed by licensed companies.
- In order to promote environmental awareness, we advice our employees to collect waste batteries at homes and bring them to company for mass disposal.

**KORTEKS-** Korteks, which construes environment as a primary issue, has achieved to an outstanding level by developing environment managements systems. Korteks, by adopting environmentally friendly approaches also in functional fields, successfully applies a sustainable environment policy. In every activity, which range from raw material and supplier selection, to production and support services, Korteks follows a path sensitive towards environment. By preferring environment-oriented technologies since the day of its incorporation, Korteks has established "Quality Management" and "Environment

Management" systems with the participation of all employees in order to manufacture high quality sustainable products in polyester yarn, Cipsin design, production, control and delivery processes. The aim is to minimize the negative effects of production and activities on environment.

#### **Korteks Environment Policies**

- To realize environmentally friendly, high added value production
- To meet the requirements of legal provisions and other directives
- To prevent pollution
- To minimize utilization of natural resources
- To support environment-oriented activities of the suppliers.

Pursuant to Environment Management System applied in Korteks, the developed policy is shared with all stakeholders and each year, annual objectives and targets are determined in line with this policy.

For realization of this policy, Korteks commits;

- To promote quality of products by following innovations in the sector,
- To provide sustainability and improvement of Quality and Environment Management System by working within a plan and discipline.
- To fulfill its obligations relating to product and environment according to the relevant laws and regulations,
- To prevent pollution to the extent permissible by processes and technological capabilities and to perform studies to reduce utilization of natural resources,
- To encourage suppliers' environment-oriented actions,
- To apply the directives of "Global Compact".



Korteks hold ISO 9001:2008 Quality Management System, ISO 14001:2004 Environment Management System Certificates and Oeko Tex Standard 100 Class 1 Certificate indicating that products are free from chemicals hazardous to human health.

Korteks undertakes special design studies to achieve economic and performance targets covering reduction of waste sources and volume, prevention of utilization of hazardous substances, minimization of utilization of natural resource, which will help to mitigate the effect of pollution encountered during processing and service life of the product. Korteks intensely continues its activities within the frame of sustainable environment policies seeking cleaner processes and products and sustainable source utilization.

**Cleaner processes-** Development of product processes and technologies aiming to lower the level of pollution and to reduce waste volume.

**Cleaner products-** Design and development of products by considering their service life and free of contamination which will cause extensive environmental pollution and produce wastes in bulks.

**Sustainable utilization of sources-** Modification of product range/production system in such a way to minimize utilization of material and energy per unit product basis, as implemented for entire project.

## ENERGY EFFICIENCY

**Inverter Project-** Korteks undertakes wide range of improvement activities for minimizing consumption of natural resources. One of the improvement activities which we conduct is "Energy Efficiency" project. In this context, Korteks is the second award-winning company y at EVUP Category 2 in "2006 Project and Implementations Contest on Increase of Energy Efficiency" organized by Ministry of Energy. **Korteks for the first time announced as the second award-winning company on 1 March 2007,**

**among 400 companies participating in the contest from all over Turkey. The object of our project is; to reduce energy consumption per unit product basis, but not the volume of energy consumed. Accordingly, we minimized utilization of natural resources by increasing production consuming same volume of energy, and strengthened our competition capacity**

As result of studies and measurements carried out for saving purposes on 800 motors among 20,000 motors available in Korteks, inverters are connected 382 motors. In selection of motors: we considered high-capacity motors, direct-drive motors, and motors suitable for automation.

At the end of the project:

- An investment with a total amount YTL 1,540,812 was made.
- Energy saving reached to 11,428,307 kwh within 1 year.
- This energy saving corresponds to TOE 2414
- Project-Return is gained within 1.08 years
- Saving rate according to systems applied within the scope project is 35%.
- Saving rate according to total consumption within the scope of project is 3%.

**WASTE MANAGEMENT-** Classification and separate collection of the wastes at the source constitutes the basis of our waste management system. Therefore, the wastes produced upon production and service activities are collected separately at the source and either disposed in compliance with the regulations or become available for recycling process. Korteks, which uses continuous development concept as guide for its activities, insistently works on improvement project involving minimization of waste volume and consumption

of natural resources, as committed in Company's policy. For a sustainable environment; our target is to smooth the negative effects of our production on environment as much as possible by taking advantage of technological innovations and to raise environmental consciousness with the participation of all employees and stakeholders.

To this end;

1- Environmental impact is highly considered as of design stage. Whenever it is required to manufacture a new product or to procure new raw material/auxiliary material, priority is given to environmental impact assessment. It is necessary to determine whether it contains restricted substances or not, what are the environmental impacts, is there a possibility for recycling? If not, what is the disposal procedure? etc.  
2- Full compliance is shown to national and international laws and regulations.

The wastes produced in our plants and premises can be categorized under 4 items; solid wastes, hazardous wastes, sanitary wastes and waste water.

The wastes are collected separately where they are originally produced (from source) and temporarily stored in Waste Area until they are delivered to final disposal/recycling plant. Pursuant to applicable Environment Management System, an Environment Coordinator is assigned to each section. Environment Coordinator is responsible for collection of wastes in each section, delivery of the same to waste area and performance of improvement activities on the subject of wastes. Accordingly, the waste types and quantities are defined in the following table.(2008 data is taken as reference)

**Hazardous Wastes-** Improvement activities are continuously accomplished for all wastes. The improvement activities aim to reduce the waste volume and to increase the recycling rate.

All hazardous wastes subject to disposal are delivered to Izaydas, a licensed disposal company, as per the signed contract. Waste transportation is made by licensed vehicles. Waste oils are listed by category 1 in Waste Oil Control Regulation. They are directly transferred to licensed recycling firm.

Electronic wastes are also delivered to licensed recycling firm, including all recyclable solid wastes. We cooperate with ÇEVKO (Environment Protection Foundation) for "Market Launcher's" responsibility set forth in Packaging Wastes Control Regulation.

Waste Type	Process	Waste Type	Process
Yarn oil	Recycling	Paper/Carton	Recycling
TEG	Recycling	Plastic Wastes	Recycling
Machine Lubricant	Recycling	Wood	Recycling
Chemical Solutions	Disposal	Metal	Recycling
Oligomer compositions	Disposal	Oligomer Powder	Disposal
Contaminated Wastes	Disposal	Polymer Powder	Disposal
Cartridge	Recycling	PTA Powder	Disposal
Cell	Recycling	Silica-gel	Disposal
Electronic Waste	Recycling	Air Filter	Disposal
Battery	Recycling	Glass	Recycling
Metal Sand Filter	Disposal	Label refuses	Disposal
Fluorescent lamps	Disposal	General garbage	Disposal
Spray Box	Recycling	Contaminated Packages	Recycling

**Yarn Oil-** By virtue of improvement efforts, a special filtering procedure is developed which brought extensive recycling options.

**TEG-** By virtue of improvement efforts, the service life of product is elongated. TEG quantity is reduced by approximately 10%.

**Contaminated Waste** (Cloth, Absorbents, Cups)-By virtue of improvement efforts, contaminated waste quantity is reduced by approx 50% during the last 5 years.

**Cartridge-** Upon participating in "Planet Partners" project of a cartridge company as of 2008, the waste cartridges started to be delivered to the relevant company for recycling. There has been 75% decrease in the cartridge waste volume as of 2008. Also, as of 2009, the cartridges brought by the employees from homes are included into waste management system.

**Battery (cell)-**As of 2008, waste batteries are transferred to Portable Battery Rechargeable Association. As a result of improvement efforts, the sections widely consuming batteries started to use rechargeable batteries. Also, the batteries brought by the employees from homes are included into waste management system.

According to 2008 input data, approximately 70% of hazardous wastes and approximately 99% of the solid wastes are delivered to recycling plants.

Pursuant to the Regulation on Control of Air Pollution Caused by Industrial Plants, Korteks has obtained acquired Group A Emission Permission Certificate. According to Radiation Safety Regulation, the licenses of radioactive sources are renewed in every 5 years and the results of monthly measurements are sent to Turkish Atomic Energy Institution at the end of each year. The waste water is analyzed according to the Regulation on Control of Water Pollution and is

conveyed to OIZ purification plant. The company holds Discharge Permission Certificated issued by OIZ.

**By virtue of improvement efforts, electricity consumption is reduced by approximately 10%, natural gas consumption by approximately 10%, and water consumption by approximately 20% during the past 5 years.**

**Trainings-** Korteks renders continuous training to the employees to raise environmental awareness. The trainings cover environment management system, waste management system, emergency situations (earthquake, fire etc.), MSDS, utilization and hazardous effects of chemicals etc. With the effect of these trainings, the employees started to adopt environmental practices also at home besides the office. The employees brought recyclable hazardous wastes such as cartridges and batteries to the factory and actively participated in improvement activities on the subject of reduction of waste volume, and prevention of over-utilization of natural resources by their proposals/recommendations.

#### **Environmental Management In Supply Chain-**

Korteks also encourages its suppliers to participate in environment-oriented activities. By granting extra point to the companies holding ISO 14001 in Supplier Selection and Evaluation system, it helps expansion of activities. The companies which do not implement environment management system are furnished remarks and the suppliers who are not willing to meet environmental requirements are disqualified. Additionally, in the surveys carried out relating to environment management system, besides enlightening the suppliers about expectations, training is given on legal obligations and waste management system.



## ENVIRONMENTALLY FRIENDLY YARNS

**Korteks, by adopting an integrated approach to product ecology as a fundamental of environmentally friendly production, otherwise, by encouraging development of a management system sensitive to environment and operating with the consciousness of environmental responsibilities, fulfills its part of duties with regard to resolution of environmental problems by giving place to environmentally friendly, high added value products in its product range.**

Korteks yarn, as a pioneer in the sector in developing and implementing environmentally sensitive policies, has re-evaluated and made the necessary revision its product range under environmentally friendly production concept. Development and production of dope-dyed products is important achievement in this context. TAÇ Antimicrobial yarns, TAÇ Flame Retardants yarns and dope-dyed yarns are the major environmentally friendly products launched as a result of research and development activities in this field.

In these products, the yarn gains its functional features during the production stage. While this process can be accomplished afterwards through chemical finishing process (aprêt), shifting it to yarn production stage is very important from the aspects of environmental impact, long-term cost, water and energy saving. The reason of this approach is that the process of adding chemicals to fabric to give functional features is no longer considered after adoption of environmentally friendly production concept. In the stages from raw material to finished-product, the textile products undergo many processes which closely concern human life and ecological balance and environment. Therefore production and utilization of textile products is very important for organic life and environment. Dope-dyed products, which are considered as alternative to dyeing and aprêt processes, provide considerable savings in time, energy and waste water purification costs.

**TAÇ Antimicrobial-** In the garments manufactured from TAÇ Antimicrobial yarns developed by Korteks, the spread of odor from the dead bacteria is prevented and in this way, the fabric remains odorless and smooth for a long time as if it is newly washed and the customer feels the notion of cleanliness. Also, the yarns which prevent odor in cloth enable us to reach the desired cleaning level by washing our cloths at lower temperatures. The fabric produced from TAÇ Antimicrobial yarns remain unworn and durable for a long time as they are rarely need washing, which is another factor leading to saving from washing cost. No deformation is observed in the cloths manufactured from these yarns maintains as they require machine-drying, or color protection washing.

**TAÇ Flame Retardant-** TAÇ Flame Retardant is a special kind of yarn developed by use of high technology, which functions as a natural flame retardant. By virtue of chemical structures of phosphor compounds in Polymer chain, the flame-retardant feature may not be affected by repeated washing or dry-cleaning processes.

The other features of the textile material manufactured from TAÇ Flame Retardant are the same as those manufactured from normal polyester. TAÇ Flame Retardant is suitable for flammability testing applied both in home texture and garments in the countries such as USA, Japan, Germany. TAÇ Flame Retardant certificate is obtained from national accreditation laboratories in France confirming compatibility of the products with the flammability standards of relevant countries.



**Dope-Dyed Polyester-** Polyester yarns in various colors can be produced through dope-dyeing process. In this process, as the yarn is colored during the production stage, there is no need for conventional polyester dyeing process. By using dope-dyed yarn under the "Clean production, clean product" concept, it became possible to accomplish environmentally friendly production. This provides saving in water and colorant consumption. It also enables waste management and control of industrial pollution, which paves the way to reduction of recycling and purification costs and energy/time saving.

**Korteks, in compliance with the pursued environmentally friendly production policy, creates new markets by developing new and different products and strengthens its image by accomplishing environment tally friendly production and at the same time, continuous its activities within the frame of sustainable environment-oriented policies.**

Korteks undertakes all tests relating to chemical and physical quality of the produced yarns in the laboratories developed within its organization. Here, most advanced technologies are applied in order to contribute to improvement of product quality and declination of production cost curve. By using automatic winding and packaging system for the finished products, the product quality is raised to higher levels parallel to increase in efficiency.

Zorlu Textile Group is subject to performance auditing from the aspect of product quality and social responsibility by its international customers (JC Penney, Target, Wal-Mart Stores Sears etc) in additional to independent certification institutions.



## **ZORLUTEKS**

Within the scope of Environment and Occupational Safety Policy, Zorluteks commits;

- To comply with legal provisions applicable to our activities,
- To prevent pollution and/or minimize its effect at the source,
- To use the global resources in the most efficient manner and to encourage re cycling,
- To raise awareness of all employees, suppliers and local community about Environmental, Health and Safety risks,
- To undertake risk analysis on environment, health and safety in all activities and to create a safe working atmosphere by taking risk-minimizing measures.

A team comprising division heads representing different divisions is formed within the Environment Management System. These persons function under the title of Division Management Representative and report to the Management Representative. It is planned to structure an environment management unit within the organization.

The permits and licenses obtained by the factory are pursued by the person in charge of environment. Environment Impact Assessment (EIR) Report is issued during the incorporation stage of the Company and necessary revisions are made within the legal procedure set forth relating to environment impact assessment.

**Environmental Risk Assessment-** Each year, Zorluteks, in cooperation with the relevant divisions, regularly accomplishes environmental risk assessment. Environmental risk assessments are hold at environment engineering directorate with the attendance of Division Management Representatives. In this assessment, the environmental risks are determined and a plan is prepared accordingly. Also,

every new process and equipment is evaluated by the Environment and OHS Engineers. MSDS forms are reviewed for the consumption chemicals in order to prevent use of products hazardous to environment and purification plant.

**Environment Meetings-** Monthly meetings are hold regularly under the chairmanship of Management Representative with the attendances of division management representatives. In this context, an environment management system is established within a plan. These meetings are continued to provide sustainability and effectiveness of the system and besides the efforts to raise environmental awareness, subjects such as waste management and natural resources conservation are also discussed in these meeting. Zorluteks integrates environment management understanding in to targets. Totally 399 targets are pursued by the top management and division heads and 50 of these targets is oriented to our environmental policies. These targets are divided in to 2 sub-categories as wastes and natural resources.

The divisions' targets are re-considered in the monthly target review meetings. The divisions are required to submit their action plans to the top management for realization of their targets. In these meetings, decisions are taken to communicate environment awareness to suppliers and employees and to develop co-operation with the suppliers.

In the Management Review meetings hold on annual basis, the subjects such as waste volume, and savings in the previous year, budget allocated for environment and environment policies are discussed as major items of the agenda and decisions are taken for action. The decisions passed in these meetings are pursued by Management Systems Division within an annual plan.

Another occasion to discuss the environmental problems is the meetings monthly organized by OHS Board. The person in charge of environment regularly

follows the laws and regulations and submits the amended provisions to the attention of the attendees in OHS meetings.

**Trainings-** Zorluteks Textile targets, as a requirement of established environment policies, efficient use of global resources. In this context, it regards the efforts aimed to improve consciousness of employees, suppliers and community as a focal point of its activities. A team comprising 20 person is formed to render consultancy services to the divisions on the subject of Management Systems, and they operate in collaboration with division heads in the employee-consciousness improvement activities.

The environment-oriented activities carried out in the factory are displayed in the Environment and OHS billboards for information to employees. In the site surveys periodically organized by the management Systems and Environment representative, the deficiencies are determined and the results are conveyed to the division heads for taking recovery actions. During this survey, face-to-face interviews are made with the employees to exchange views.

One of the most important activities carried out on the subject of improvement of environmental-consciousness is the environment-oriented training. The trainings are planned by training chief's office and conducted by management representatives, person in charge of environment and management systems division.

	2008 (Person)	2008 (Training Hours)
Already Employed Personnel	1,721	379
Newly Recruited Personnel	264	134



At the preparation stage of certification, the division heads consisting of 208 persons are rendered foreign-source training on the subject of environment management system and internal audit.

The chemical suppliers, sub-contractors, visitors and the customers, upon demand, are regularly informed and advised, verbally and/or in writing, by the person in charge of environment about the potential risks.

**ENVIRONMENT-ORIENTED PRACTICES**

In Zorluteks, saving and rational utilization of natural resources is a primary issue observed by the top management and an indication of concern on this subject. The activities carried out in this context;

**Waste Management-**In the operational premises, it is possible to find Metal, Paper, Plastic, hazardous wastes and battery (cell) boxes in various sections. The hazardous wastes separately collected from these boxes are either disposed or delivered to the recycling plants according to hazardous wastes control regulation. Non-hazardous wastes are transferred to the recycling plants for re-use as raw material.

In this context, effective activities are carried out in the factory on collection of hazardous wastes. The personnel in charge of waste batteries and organic waste oils are continuously notified about the developments through circulation of brochures and within the frame of environmental consciousness improvement actions, the employees are encouraged to bring the wastes produced out side the company to the factory.

Volume of waste battery (cell) accumulated in the Factory

	2007	2008	
CELL	19 kg	63 kg	63 kg waste cell equals to approximately 4,543 units, which means 18,170 tons of water is prevented from pollution.
OIL	6,580 kg	7,238 kg	By assuming an increase around 650kg/year in waste vegetable oil, it is aimed to prevent 65 million m <sup>3</sup> water from pollution.

**Chemicals-** There is a purification plant operating with a capacity of 7200 m<sup>3</sup>/day for the waste water produced by the Factory. All the waste chemicals are delivered to this purification plant. Following the completion of chemical and biological purification process, they are discharged according to the standard procedure set forth in the relevant regulation.

Waste chemicals which are likely to cause hazard to purification are delivered to the disposal plants. It is tried to minimize consumption of chemicals by making improvements in the existing chemical prescriptions. Annually 20,000 kg paint is recycled in print –dyeing.

**Energy-** Zorluteks, with “Water Management and Waste Water Purification Plant Rehabilitation Project” launched in 2005, has intensified its activities in the filed of energy saving and reduced the daily water consumption to 6,500 m3 from 9,500 m3. By considering 35% saving achieved in water consumption, it is planned to reflect this to energy (electricity, natural gas, steam) and presently, studies are progressing.

Achievements on saving:

- In addition to existing waste water recycling units, flash-steam condense heat recycling projects are developed for continuous machines with heat exchanger and adverse-current washing mechanism.
- Saving in compressed air consumption is provided by shortening straight blowing process and without causing decrease of performance in over-locking (leno) process, which are major functions of air jet textile machines.
- In the textile air conditioning stations, air-cycle number is reduced and inventor- automation system is applied in the moisture pumps.
- Inventor-automation system is adopted also in purification process according to oxygen requirement.

- Inventor-automation system is installed on the cooling tower which will provide operation of the system according to heat and pressure.
- Inventor-automation system is installed on soft and hard water pumps in the hydrophore chamber which will provide operation of the system according to the pressure.
- Rotation speed of the circulation fan motors is decreased in ram and drying machines.
- As a result of the measurements and tests, harmonic filter system is installed in the fining plant, which enabled us to eliminate many failures in electricity and electronic devices not likely to be resolved until now.
- Energy monitoring system is established on per machine basis for tracking of production and consumption levels.

Energy Saving	2005	2006	2007
Saving Rate According To Years	2.16%	6.46%	11.51%

Zorluteks allocates a budget for the activities insistently performed on the subject of environment.

Within the scope of scientific researches, Zorluteks Textile has undertaken studies within the body of Istanbul Technical University for stabilization of purifying slurry discharged from the purification plant and the results are reported to Zorluteks.

- Annual carbon and natural gas emission of Zorluteks is measured. By considering measurement results, it is planned to realize forestation works in order to minimize the effect of hazardous gas discharged to nature.
- While average annual inlet COD was 3,500 mg/lit in 2008, COD was reduced to 250mg/lit in the discharged water in compliance with the standards.

- While the volume of purifying slurry was 1,100,000 in 2008, studies are carried out to reduce the volume of purifying slurry to 750ton/year in 2009. This refers to 30% reduction.
- An Agreement was signed with ÇEVKOV (Environment Protection) Foundation for recycling of packages belonging to the products sold by the Company. In this way, 36% of 3,150,000 kg will be collected from the market for recycling.
- The waste volumes are monthly reported to the division heads by the Environment Engineers to enable them to take necessary action.

2008 waste volumes;

Waste Type	Process	2008 TOTAL
Waste paper-carton (kg)	Recycling	719,020
Waste Metal (kg)	Recycling	97,180
Nickel Gauge (kg)	Recycling	12,320
Plastics-General (kg)	Recycling	121,088
Sanitary Wastes (kg)	Disposal	247
Cable (kg)	Recycling	1,960
Contaminated waste (kg)	Disposal	4,198
Fluorescent lamp (kg)	Disposal	4,198
Electronic wastes	Recycling/Constant Storage	866
Cell (kg)	Recycling/Constant Storage	3,320
Cartridge-Toner (unit)	Recycling	53
Waste oil (kg)	Recycling	250
Waste vegetable oil waste (kg)	Recycling	11,620
Waste battery (kg)	Recycling/Constant Storage	6,580
	<b>IN HOUSE RECYCLING</b>	
Black paint (kg)	Recycling	15,800



Additionally, chemicals compatible with REACH directives of European Chemicals Association are purchased and necessary measures are taken in corporation with our stakeholders.

**Activities Oriented to Raise Public Awareness-**

There are approximately 500 trees in the area within the factory boundaries. Each year, arrangements are made with the kinder garden children on the occasion of World Environment Day. In 2008, about "100 trees were planted by Zorluteks at Çorlu High School. Additionally, Zorluteks Also, Zorluteks planted 1,000 trees in Lüleburgaz County.

Another activity carried out to raise public awareness is the utilization of handbags manufactured from waste cloth in the factory outlet store instead of plastic handbags. The object of this project is to encourage the consumers to use fabric bags and to develop their consciousness towards nature. In 2008, 240,000 fabric handbags are used instead of plastic handbags.

**Environmentally Friendly Products-** Zorluteks, in its Quality Policy, commits to place importance to innovation and creativeness. In this context, environmentally friendly products are included in the production line.

R&D Department within the body of company focused its activities on development of environmentally friendly products, prolongation of product service life and service life and prevention of over-use of natural resources.

**Activities Oriented to Prolongation of Product Service Life;**

**By practicing different apret and yarn**

**applications** we achieved outstanding results in post-wash appearance of fabric according to standard products. The shrinking, pilling, pre-ironing bunching of fabric is considerably minimized, resistance loss remained at lower levels and better results are obtained in touch/appearance. Finally, prolongation of product life had positive effects on utilization of natural resources.

As result of researches on non-iron natural fiber fabric, bunching resistance of fabric is increased by using fiber instead of chemicals. Consequently, there is no need to iron fabric after washing. By minimizing use of chemicals increasing performance and eliminating post-wash ironing, energy saving is provided.

In the project developed by **nano technology**, it is aimed to eliminate post-wash ironing requirement in 100% cotton fabric through apret process.

### **Activities Oriented to Minimization of Consumption of Nature Resources**

**The recycled cotton** is used in the yarns produced from recycled waste cloth as part of innovative product practices. In this way, it is aimed to minimize consumption of cotton and reduce the utilization rate of natural resources.

**By use of Dope** -Dye-polyester yarn, considerable saving is provided in consumption of water and colorant items when compared to normal bobbin yarn dyeing. This process is very important for preservation of water quality and optimization of water consumption.

By manufacturing products from organic cotton it is aimed to encourage organic agriculture, to reduce environmental damage, and to contribute to development of organic product market. All organic activities are controlled under GOTS certificate. The production is physically started in May 2003. The compliance of organic cotton with GOTS standards is controlled in all stages from raw cotton to dyeing and apparel process, including social criteria.

Advantages of Organic Cotton Production;

- In the normal cotton agriculture, generally, synthetic fertilizers and drugs are used more than labor force which causes water intoxication and biologic balance disorder.
- In processing of normal cotton, the people work in carding and threading machines encounters risk of damage from chemicals remaining on cotton.
- In production of organic cotton, use of synthetic resins (easycare apret, non -iron apret) is not allowed.

Zorluteks, by expanding its product range, tries to attract its customers and to promote sale of organic products.

**Another development in the field of ecological products is the production of product with Eco-Text certificate.** Eco-Text certificate is a human health and environment-oriented certification system. Zorluteks, is a holder of Eco-Text certificate since 1998. It holds 4 different certificates due to diversity of products. Eco-Text is focused on chemicals and colorants and encourages use of dyes and chemicals free of cancerogenic substances, sensitive to human health and environment.

## Anti- Corruption

**BUSINESSES SHOULD  
WORK AGAINST  
CORRUPTION IN ALL  
ITS FORMS,  
INCLUDING  
EXTORTION  
AND BRIBERY.**





## ANTI-CORRUPTION AND BRIBERY

Zorlu Group, which shelters Turkey's leading companies, highly respects to ethical trading and ethical competition principle. Absolute loyalty to laws, respect to social rules and conformity to ethic code constitutes the basis of our activities. Within the ethic code applied in all Group companies;

- Zorlu Group ensures top-level conformity with applicable laws and regulations, national and international rules and intra-company policies.
- Zorlu Group ensures keeping of all reports, financial tables or records according to national and international accounting principles.
- Zorlu Group refrains from offering unjust or financial advantage, directly or indirectly, to a public and/or private sector official to receive special service or to affect the result of an activity conducted by the Group.
- Zorlu Group, besides the competition laws and regulations in force, acts in compliance with all competition provisions, adaptations and contracts in force regulating its operations.
- Zorlu Groups and associated companies refrain from supporting a political party, granting donations or financial aid to political parties and performing lobbying activities.
- Zorlu Group works only with the reputable customers and suppliers conducting lawful transactions, and uses the funds acquired from legal sources.
- Zorlu Groups takes all necessary actions to prevent conflicts of interest and does not misuse Group sources and exercise undue influence.
- Zorlu Group ensures that the information belonging to employees, customers and suppliers is treated according to the confidentiality rules and only authorized personnel should have access to such

information to the extent of his/her responsibilities.

- Zorlu Holding refuses to accept any gift, hospitality and personal favor contrary to the law and standard corporate policies.
- Zorlu Group employees are responsible for exploitation, development and protection of the intellectual properties of the Group, and show the same respect to the intellectual property of third-parties.
- Zorlu Holding ensures that all information disclosed to public is comprehensible, correct, transparent, punctual and complete.

The importance placed to corporate governance, independent auditing services and effective internal auditing practices are the marked indications of our decisiveness on anti-corruption and bribery.

## CORPORATE GOVERNANCE

The aim of Corporate Governance exercised by Zorlu Group is to gain the confidence of especially investors and the community. Ethical, transparent and accountable management is a fundamental principle of Zorlu Group. Zorlu Group encourages a management concept which creates value to all stakeholders, and acts with the consciousness of vested responsibilities. Our executives, by diligently observing decision-making mechanisms attentive to our social, environment and economic responsibilities, play an exemplary role in guidance of our employees. Corporate Governance is applied also in the Group companies not quoted in stock exchange.

The shares of Vestel Electronics, Vestel White Goods and Zorlu Energy within Zorlu Group are offered to public and transacted in ISE. Vestel Electronics has access also to Corporate Management Index and London Stock Exchange.

Since 2 years, Vestel's implementations in the field of Corporate Governance are audited by an independent firm. The information on accreditation reports, relation with shareholders, company information policies, duties of board of directors and other details are accessible on the website <http://www.vestelyatirimciiliskileri.com/>. Under the feedback provided, continuous improvements are achieved on the subject of corporate governance practices. In 2008 Vestel Electronics awarded the highest grade in the field of corporate governance under "stakeholders" title, an indication of importance given to furnishing of information to other stakeholders besides the investors within the scope of corporate governance practices. Through regularly updated investor relations website, all stakeholders are supplied accurate and complete information. In Another important point considered in corporate governance practices of Zorlu group is the observation of rights of small-scale investors.

The international Accountability Rating research evaluating ethical and social accountability of companies is realized for the first time in Turkey in 2007 with the contribution of **Accountability**, a British initiative on "creative thinking" and **csnetwork**. In another research carried out in Russia, South America, Hungary and Greece since 2006, Fortune 100Global assesses and ranks the largest companies with highest turnover from the aspects of fulfillment of social, economic and environmental responsibilities and their performance in disclosing these practices to the stakeholders in transparency. **In this research where more than 50 leading Turkish companies**

**were assessed, Vestel White Goods and Vestel Electronics ranked among the top 15 companies in 2008 and received an award.**

## INTERNAL AUDITING

Zorlu Group Internal Auditing Department was established in 2000 to function as an independent auditing authority in assessment of financial, administrative and technical activities of all companies. An Internal Auditing Regulation regulating the duties, limits of authority and responsibilities of Internal Auditing Department is presently in force. In companies with shares offered to public, Internal Auditing Department works in cooperation with Auditing Committee. **The basic principles of Internal Auditing system are; objectivism, honesty, confidentiality, professional competency and independency.**

Effectiveness and profitability is assessed at reasonable intervals in terms of structuring, Internal Auditing Department is responsible for review of Group companies' effectiveness and profitability in terms of structuring, organizational developments, orientation and control functions at reasonable occasions and to assess compliance of these functions with the management directives, procedures, corporate policies, company targets and general management standards.

By performing an internal audit on Companies' operational and accounting practices, the accuracy and reliability of the measurement, classification and reporting procedures are reviewed. Another function of this Department is to review the established systems in order to provide compliance with the policies, procedures, plans, rules and laws that may have substantial effect on activities and reporting practices and to submit compliance recommendations. Also,

review of fundamental elements for safeguarding Company assets, search and determination of improper or unlawful transactions are among the major tasks of the Internal Auditing Department. The auditing activity covers financial effects of risks, occupational health, environment and corruption. The subjects such as human rights abuses and discriminative inhuman tendencies are closely tracked during the auditing.

The audit activity is planned at the beginning of each year. In the meetings hold with each department, a risk table is created in the direction of the data provided by the department heads. Risk matrix is assessed on impact and potentiality axis.

All personnel employed in Internal Auditing Department perform their duties according to international standards, and do their best to improve their knowledge and skills by obtaining various title certificates. At the same time, they are granted the opportunity to pursue successful world-wide implementations. In the Internal Auditing Department, there are 3 personnel holding CIA (Certified Internal Auditor) certificate issued by IIA (The Institute of Internal Auditors), and 1 personnel holding CFE (Certified Fraud Examiner ) and 1 personnel CPA (Certified Public Accountant) certificate. The target is to ensure acquisition of at least one of these certificates by every personnel employed in this department within 3 years.

## INFORMATION SAFETY

Safety of available information is one of the top issues dealt in priority by Zorlu Group. In formation Technologies Department is established to take most effective measures and to ensure utilization of new technologies developed by Zorlu Group in safety. All information belonging to Zorlu Group and its affiliates are used over the SAP system. SAP system provides

transparency and accountability on the subjects of production, human resources, CRM, logistics and finance. Also, in SAP system, hierarchical access grants further information safety. The trainings offered to users enable use of the system in a more effective manner.

In order to provide information safety;

- Data back-up implementations are adopted in safe areas for safeguarding of information against natural disasters.
- The information is recorded on different media or location.
- Entire group is equipped with fire-wallers and virus servers for safeguarding of information against the viruses and information theft.
- All users are informed about the new virus types and problem solving methods.
- The safety deficiencies are recovered by updating continuously on Windows update system.
- Necessary measures are taken to prevent access to the information by unauthorized persons outside the Company.

The business partners associated with in the field of information technologies are liable to warrant information safety.

## COMMUNITY

Zorlu Group, since the day of its establishment, is the leading supporter of social development. The emerging communal participations are the reflection of Zorlu Group's social responsibility understanding. Zorlu Group, with the tendency to transfer a sustainable future to young generation, launches long-term projects as part of communal investment to future. Mehmet Zorlu Foundation is the main platform for performance of activities in this field.

## **Mehmet Zorlu Foundation**

**Mehmet Zorlu Foundation-** Mehmet Zorlu Education, Health, Culture and Charity Foundation is a family foundation established on 25 April 1999 in the name of Mehmet Zorlu, who is the father of Chairman Ahmet Zorlu and Co-chairman Zeki Zorlu. The Foundation, under the light of philosophy "Investing in Your Future", increasingly continuous its activities in the fields of education, culture and sports.

### **Fundamental Principles of Mehmet Zorlu Foundation**

- To be strictly loyal to rules and principles of Atatürk,
- To be transparent and honest,
- To work non-stop for enhancement of education of Turkish young generation in the path of Atatürk
- To safeguard international values open too Turkish culture and changes.

**Object of Mehmet Zorlu Foundation-** The object of MZF is to support the successful young people who hardly continuous his/her education due to financial difficulties and who are eligible to contribute to Turkey and the world on behalf of mankind, as well as the organizations which will help us to gain such people.

For realization of this objective, MZF:

- Grants gratuitous scholarships to the young people lack of financial facilities, in order to enable them to continue education and training.
- Supports opening of new schools and similar education centers.
- Encourages and directly pursues the contests and projects in the field of education.
- Participates in social activities in the field of education.

### **Activities of Mehmet Zorlu Foundation**

**Education-** Mehmet Zorlu Foundation offers scholarships to hundreds of students in each education term within the scope of education encouragement activities. The scholars, who are selected according to success and requirement criteria, are granted scholarships for a period of 9 months, between October-June.

Foundation granted scholarships to:

- 630 students during 2004-2005 education term,
- 650 students during 2005-2006 education term
- 670 students during 2006-2007 education term,
- 950 students during 2007-2008 education term,
- 1060 students during 2008-2007 education term.

The Foundation, under the philosophy "Investing in Your Future", will insistently continue its contributions in the field of education.

Mehmet Zorlu Foundation; in order to mitigate the burden resting upon the educational institutions on the subject of raising people beneficial and profitable for his/her family and country/nation, extensively offers scholarships and opens new schools.

Mehmet Zorlu Foundation has always supported and will continue to support construction of educational institutions for transfer of skills to young generation, who are Turkey's future.

Before the initiation of activities by Mehmet Zorlu Group, Zorlu Group, by completing the construction of;

- 1991- Hacı Mehmet Zorlu Multi-Program High School- Babadağ/Denizli
- 1998-Saide Zorlu Anatolia Trade Tech High School- Avcılar/Istanbul

opened these schools for education.

Following the operation of the Foundation;

- Hakkı Dereköylü Anatolia Fine Arts High School is constructed in Denizli and donated to Ministry of National Education.(2003)
- The construction of Serdivan Mehmet Zorlu Elementary School/Adapazarı was started in 2004 and the school opened during 2005-2006 education term. On 31 December 2005, the school is officially transferred to Regional Management of Ministry of Education.

In September 2008, construction of "İnce Ahmet Nazif Zorlu Elementary School" is completed and opened for education.

**Charities-** Various donations are made by Mehmet Zorlu Foundation to many institutions and corporations involving in education, culture and sports. The Foundation continues to grant donation upon demand.

**Culture-** The Foundation has established "Zorlu Children and Youth Theater" in 2003. The theater group travels all over Turkey, and performs plays and puppet shows especially to the children in destitute. Up today, we reached to 60,000 children in Turkey with this activity.

"Zorlu Children and Youth Theater", which was first started by Mehmet Zorlu Foundation to attract attention and sympathy of employees' children, later on expanded its performances and introduced the theater to ten thousands of children. Within the scope of this project, two plays are on stage in Theater's Sixth Season, in 2008-2009.

While "Zorlu Children and Youth Theater" performing "Cat and Mouse Kitchen" on one hand, on the other prepares to address the audience with "Bremen Town Musicians".

"Zorlu Children and Youth Theater", will continue to perform the "Cat and Mouse Kitchen", which was first staged in 2006-2007, in the provinces not yet reached during the country-wide tour in the previous years. Until now, this play is staged 81 times in 34 cities and reached to 50,000 people representing audience. "Cat and Mouse Kitchen" will be performed in 20 cities this year and is assumed to be highly appreciated by children. "Cat and Mouse Kitchen" play, initially created to attract the children and young people, especially the children of employees in Zorlu Group, in 2008-2009 Theater Season, will be displayed in many cities, including Mersin, Tarsus, İskenderun, Antakya, Kilis, Şanlıurfa, Viranşehir, Mardin, Batman, Diyarbakır, Ardahan, Kars, Ağrı, Iğdır, Van, Erzincan, Bayburt, Gümüşhane, Giresun and Ordu.

The second play planned to be performed this season is "Bremen Town Musicians", based on the famous fable written by Grimm Brothers. This play will take stage in Istanbul, Bursa and Manisa.

### **Create Your Own Design**

The "Create Your Own Design" contest organized by Zorlu Textile Group to provide participation of young and skilled designers in textile sector and to encourage their creative thinking comprises two categories as quilt cover design and product design. It is oriented to the students in the universities, Fine Art and Engineering Faculties.

Every year, the students ranking top in this contest are granted "Mehmet Zorlu Foundation Special Scholarship Award".

**Sports-** Vestel, as a reflection of corporate consciousness concept, places great importance to health and safety of its employees, customers and neighboring inhabitants, and considers conservation of environment and natural resources as an obligation against the future next generations.

Vestel successfully carries out "Vestel Stands by Turkish Athletics" project since 2003 as an expansion of its social responsibilities. This projects aims to promotion of athleticism both in Turkey and international arena and to attract the attention of Turkey's young generation towards the athleticism.

By virtue of integral sponsorship arrangements, and supplementary projects, this project will expand to include considerable part of society. The activities planned within the scope of the project are performed in five main groups:

- Individual sponsorships
- Education
- Student athleticism activities
- Competition sponsorships
- Information, Communication

In this context, besides the individual sporting and coaching sponsorships, miscellaneous activities are carried out in all fields from student athleticism activities to development of website [www.vestelatletizm.com](http://www.vestelatletizm.com) and publication of annual athleticism statistics book.

Thanks to uninterrupted support rendered within the scope of the project, until now, Vestel has provided sponsorship for 26 different athletes and 24 different coaches. The athletes supported by Vestel won totally 197 medals, including 87 gold medals, in the international tournaments and championships. Further to these outstanding achievements in the field of athleticism, in the tournaments where more than one athlete race in different age categories, they beat 131 records.

Vestel has accomplished many projects in the field of athleticism since 2008. In order to recover the deficiencies in competition capacity of the athletes in all short and middle distances races, which is very popular in Turkey, and improve their performance, Vestel organized Grand Prix competition as contribution to Turkish athleticism. At the end of 3-stage Vestel Grand Prix competition organized in May 2008 in Istanbul, Ankara and Izmir and participated by athletes from all over the country, the athletes who gained the best score are rewarded with a price.

On the other hand, by launching "Vestel Record Award", it is aimed to encourage the athletes to participate in national and international competitions by demonstrating the physical performance shown

while beating record in Turkey. Within the scope of this project, in 2008, Vestel rewarded 18 athletes and couches beating record in their field in Turkey.

Vestel, for the memory of athlete Cüneyt Koryürek who passed away during a car accident, has contributed to publication of the book "100 meters of Brother Cüneyt", a biography produced by his fellow friends.

In the website [www.vestelatletizm.com](http://www.vestelatletizm.com) which functions as an application source in athlethism, daily developments in sports and interesting information about the athletes are regularly furnished to the readers.

**Employee Willingness-** Vestel is included in the "Culture Ants" project launched by Cultural Awareness Foundation and Private Sectors Volunteers. In 2007, and 2008, from spring to winter, many employees from Vestel have voluntarily participated in Culture Ants projects which create a good occasion for meeting of employees working in private sector and non-governmental organizations.

During the period between spring-winter 2008, an activity oriented to children at the stage of elementary school is initiated under the concept "Istanbul: European Capital of Culture" in order to increase cultural sensitiveness and to create an urban culture. In the quarters of Istanbul demonstrating low socio-economic level and high immigration level, more than 1,000 students from 7 Elementary School have benefited from this project. Vestel Culture Volunteers became a role model for all the students.

Within the scope of "KOZA (Interim) Project" organized by YASED, Energy Group provided 8 students coming from South-East Anatolia the facility of working 1 month as interim under the moderatorship of the employees.

**Vestel Academy-** Vestel, with the cooperation of Bahçeşehir University, students are granted the opportunity to apply for master degree in the field of video technologies and to work in Vestel as engineer or as assistant professor in Bahçeşehir University following the completion of post-graduate training.

15 students will benefit from post-graduate training which will last 2 years. 5 students will receive 100% scholarship from Vestel and 5 students from Bahçeşehir, and remaining 5 student will be granted 60% scholarship. By allowing participation of Vestel top management and senior engineers in the lectures, it is aimed to transfer the knowledge and experience acquired in the sector to students.

Following the completion of the program, the students will have the chance to work full time or part time in Vestel or as assistant professor in Bahçeşehir University. At the end of the program, job opportunities will be created for the students in USA, Europe and Turkey. Some of the students may go to USA as research assistant within the scope of the project jointly developed

The social responsibility practices exercised in other Groups companies are generally accomplished under the parasol Mehmet Zorlu Foundation.

**Osmaniye Social Responsibility Project-** Zorlu Energy Group, in the direction of its targets seeking strengthening of communication with the stakeholders and undertaking of social responsibilities, presently works on a project-construction of a wind power plant in Osmaniye- which highlights importance of renewable energy in our country. This pilot project will create a model for other institutions in terms of advantages provided by wind power plant for the community.

The requirement of being in close contact with the local citizens during course of construction, passing far beyond the efforts oriented to transfer of information, leads us to establish reciprocal and long-term communication with these people. In this context, in June 2008, a meeting is organized with the participation of local citizens, local administrators and relevant public institutions and our stakeholders to furnish information about RES project in Osmaniye and to discuss its social, economic and environmental effects.

Through implementation of development projects, it is planned to record developments in the region on the subject of agriculture, improvement of personal skills, energy solutions etc. With the aim of structuring beneficial and sustainable projects meeting communal requirements, it is tried to determine the needs and priorities of the local inhabitants. At the first stage, emphasize will be given to the researches for determination of prevailing conditions and requirements in Gökmustafa, Savranlı and Kızlaç villages located at Bahçe and Hasanbeyli districts.

Following this research activities, it is planned to hold an exclusive meeting with the participation of academicians, non-governmental organizations, and local administrators and local citizens to negotiate the results and to assess the projects. Finally, the projects jointly selected by the local citizens shall be supported and put into force by Zorlu Energy Group.

It is projected to start at least two rural projects in 2009 upon submission of results.

Zorlu Energy's final target is to contribute to education of young generation, improvement of technical skills and to create job opportunity to the local citizens in the long run.

There are also other specific projects carried out on different axis to raise public awareness about environment.

- Forestation activities jointly carried out with Forestry Directorate covering plantation of three thousand trees on an area of 2 hectares.
- Preparation of books for the children between the ages 7-12 furnishing information about importance of renewable energy, wind energy and turbines. These books will be distributed to the elementary schools in the region with the permission of Osmaniye Governorship.



## Awards Won During the Reporting Period

- Zorlu Energy Gökçedağ Wind Power Plant-in May 2009  
**Gold Standard Award**
- Zorlu Energy KAR-Management  
**Business and Economy Awards**
- Zorlu Energy ICCI Organization and Consultancy Committee  
**Appreciation Award for 5 years support.**
- Vestel White Goods Accountability- Ethical Accountability  
**2008 Success Award-Ranking for Turkey**
- Vestel Electronics Accountability- Ethical Accountability  
**2008 Success Award-Ranking for Turkey**

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