



2019
Sustainability Report

A photograph of a family of four running through a field of tall grass at sunset. A woman on the left is holding the hand of a young girl in the center, who is holding the hand of a man on the right. The man is carrying a young boy on his shoulders. They are all smiling and appear to be enjoying their run. The background shows rolling hills under a bright, golden sky.

HAYAT
is all ours

ABOUT THE REPORT

We have determined our sustainability priorities as a result of a process in which all our stakeholders participated. We have held a workshop with our employees, and held one-to-one meetings with various functions. We have obtained the opinion of our external stakeholders via an online survey. We have obtained the opinion of total 67 internal and external stakeholders, and held one-to-one meetings with 23 functions of the organization. We hope you enjoy reading about how our priorities were determined under the heading "Our Sustainable Priorities".

We have prepared our Sustainability Report in Turkish and English on the basis of the data on the Turkey operations of Hayat Kimya between **1 January and 31 December 2019**. Please feel free to contact the Corporate Communications Department at hayat@hayat.com.tr to share your opinion and suggestions related to our sustainability efforts or the content of our report.



*hayat is
all ours*

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"We believe that everyone in the world has the right to access high-quality products."

ABOUT US

We introduce our innovative products in all geographical regions where we operate. We continue globalization in the FMCG sector with our 15 strong brands including Bingo, Molfix, Molped, Papia and Familia in baby diapers, sanitary pads, adult diapers, home-care and tissue categories.

Subsidiaries in
11 countries



21 plants
in the world



Our Product Range

Baby diapers, sanitary pads, adult diapers, liquid and powder laundry detergents, dishwasher detergents, surface cleaners, toilet paper, paper towels, facial tissue and handkerchief, wet wipes, away-from-home consumer goods



15 global brands such as
Bingo, Molfix, Molped, Papia and Familia



8.000 employees
around the world



HAYAT H

HAYAT KİMYA

Carrying out our operations with a focus on high quality and innovation since our establishment, we are now able to access millions of households in more than 100 countries with our brands originating from Turkey. We continue our globalization journey with 8,000 people around the world, our 21 plants meeting global standards in total 8 countries consisting of mainly Turkey, Egypt, Iran, Algeria, Russia, Nigeria, Pakistan and Vietnam, as well as our sales and distribution companies in Morocco, Bulgaria and Kenya.

Exports to more than

100+

100 countries in 5 continents



Turkey's

45th

largest exporter



Turkey's largest

39th

industrial organization



Total

8.000

people employed around the world



Subsidiaries in

11 countries

Turkey, Algeria, Bulgaria, Iran, Egypt, Morocco, Russia, Nigeria, Pakistan, Vietnam, Kenya



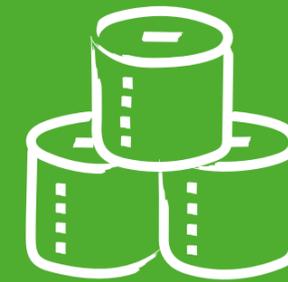
OUR BRANDS

We introduce the novel and high-quality products of Hayat in all regions where we operate through our strong brands.



The largest

tissue manufacturer of the Middle East, Eastern Europe and Africa



The world's

5th

largest

branded baby diaper manufacturer

OUR CORPORATE MEMBERSHIPS

In order to closely follow up with the developments of our sector and offer better products and services, we participate in significant local, national and sectoral platforms. As an important player in the FMCG sector, we assume decision-making positions in some of these platforms and associations, fulfilling our responsibility towards the sector. For example, we play a decisive role in the regulatory processes that may have an impact on the industry as we participate in the efforts of the Board of Advertisement of the Ministry of Trade and the Working Groups of the Advertising Council as the representative of the Association of Advertisers and serve as the "Vice President of the Executive Council of the Cosmetics and Cleaning Products Industry Association".

The platforms and associations where we are corporate members as of the end of 2019 are as follows:



OUR AWARDS

To us, the real award is the ability to provide our high-quality products to our consumers and creating an emotional bond with them into the future.

TURKEY

Capital



Hayat Kimya ranks 49th in the Capital Magazine's List of Turkey's Largest 500 Companies and 1st in its respective industry - 2019

Turkishtime

Hayat Kimya ranks 68th in the R&D 250 list of in the Turkishtime magazine listing the companies making the most investments in R&D in Turkey - 2019



The 3rd company that increased its exports in the detergent and washing category the most in the İKMİB Stars of Export Award - 2019



"Family-Friendly Product of the Year" award for Molfix Isotonic Water Wet Wipes series in İBS Mother, Baby and Child Awards - 2019



Platinum award in the "Healthy Individuals" category, which represents the 3rd Goal in the Sustainable Development Goals, for Molfix "Hayat Bağım" project in the 11th Corporate Social Responsibility Summit - 2019



Effie awards with Molfix, Bingo and Molped - 2019

"Bingo Oxygen Bleach - Hygiene that gives you a breath" campaign in Home Cleaning and Care Products Category, "Molped Pure & Soft: Your Skin Will Love It!" and "Molfix Right Steps" campaigns in Health and Personal Care Category



"The One Awards" award in the category of "The Brand That Increased Its Reputation the Most" in its sector with Bingo, according to the consumer survey held by Marketing Turkey Magazine in 2018 – 2019



The "Best Marketing Strategy of the Year" award with Familia detergent-paper towel in Tissue World Milan – 2019



"The Most Innovative Product of the Year" award for Bingo Oxygen Series with the votes of consumers according to the common survey of Wizsight Research Company and Marketing Turkey Magazine – 2019



Bronze award in Social Media Awards with Molped "Better Together" Youtube channel – 2018



Silver Creator Award for Molped Youtube channel - 2018



According to the Adwatch survey, Bingo Oxygen Series commercial film was one of the top 3 favorite and top 5 best-remembered campaigns of 2018



2 golden awards at the Stars and Crescents of Packaging Competition held by the Packaging Industrialists Association with Familia Winter and Summer Limited Edition Series -2018

RUSSIA



Papia and Familia were selected the "Best Product" in the test performed by the Russian Quality Systems (Roskachestvo) across Russia by testing all toilet papers. - 2019

EGYPT



"Top 10 Sustainable Organizations" award given by SGS, one of the leading auditing and certification institutions of the world, for the excellence of our quality management of our production campus in Egypt - 2019

NIGERIA



"Household Products and Personal Care Products Company of the Year" in Business Leadership Awards – 2019



"Global Leading Premium Quality Baby Diaper of the year 2018" award given by Global Quality Excellence Committee for Molfix – 2018



Total 5 awards with Molfix in the Advan Awards for Marketing Excellence West Africa awards – 2019 First prize in "Brand of the Year", "Experimental Marketing" and "Social Responsibility" categories, and second prize in "Digital Marketing" and "Social Media" categories

PAKISTAN



"Household Products and Personal Care Products Company of the Year" in Business Leadership Awards – 2019



Golden Stevie Award with Pakistan Launch in Pakistan – Turkey "Multi-Cultural PR Campaign of the Year" category – 2018

OUR SUSTAINABILITY APPROACH

*"We are working with
the passion of
developing and
offering products
to build prosperity for
next generations."*



OUR SUSTAINABILITY APPROACH

We continue our operations at Hayat with the passion of developing and offering products to build prosperity for next generations. We are working with a focus on efficient use of the world's scarce resources and the continuity of our business.

In line with this approach, we have prepared our Sustainability Policy taking into consideration the strategic targets of our company and the opinion of our stakeholders.

Out of the sustainability issues focused by the fast moving consumers' goods around the world, we have determined our sustainability priorities as a result of the workshops we held with our employees, managers, our Executive Committee and external stakeholders, as well as online surveys. **Accordingly, we continue our efforts in 10 categories which mainly include economic performance, product quality and safety, innovation and R&D efforts and occupational health and safety.**



OUR SUSTAINABILITY PRIORITIES

Economic Performance

Product Quality and Safety

Innovation and R&D Efforts

Occupational Health and Safety

Water Management

Attract & Retain Talented Employees

Socio-Economic Impact Management On Local Public Communities

Ethics and Compliance

Energy Management & Combating Climate Change

Employee Training and Development

Wastes and Recycling

Diversity & Equality

Fair Working Conditions

Packaging and Circular Economy

Responsible Purchasing Practices

Social Investment

Biodiversity

Responsible Marketing

OUR GLOBAL SUSTAINABILITY POLICY

As we continue our journey with the globalization vision, we carry out our operations in line with a management approach focusing on sustainable growth. In this connection,

We aim to sustain our financial and operational success by means of diversification of our products in accordance with consumer requirements and expectations. We consider all our stakeholders and mainly our employees as our friends who accompany us throughout our journey of business. We contribute to the development of our stakeholders and ensure that sustainable growth provides mutual benefits for both our stakeholders and our company.

We carry out our operations in the light of the principle that “everyone has the right to reach high-quality and safe products”, and offer high-quality in all geographical areas where we operate.

We embrace a culture of innovation to ensure the sustainability of our operations, as well as the prominent reputation of our company and brands, and give priority to the development of eco-friendly products.

Our main priority is to ensure occupational health and safety across all our operations. In this regard, we comply with the applicable local and international legislation, and ensure the improvement and sustainability of our management systems.

We manage our relationships with all our stakeholders in the light of fair competition and ethical values, comply with local and international laws and stand up for our business.

We respect the rights of our employees, and promote equal opportunities.

We integrate the efficient use of resources, recycling and waste management in our business culture as an environmentally-responsible producer.

We make social and economic contributions to the local communities in the geographical areas where we operate through employment opportunities, technology and production.

SUSTAINABILITY PRIORITIES IN ACCORDANCE WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The elements of our Company's sustainability priorities in common with the "Millennium Development Goals" published by the United Nations in 2000 are provided in the following table. We hope you enjoy reading about the concrete examples of how our existing operations serve these targets in the following pages of our report.



OUR SUSTAINABILITY PRIORITIES

1. Economic Performance
2. Innovation and R&D
3. Product Quality and Safety
4. Occupational Health and Safety

“Our job is not only a matter of knowledge, but also a matter of interest.”



1. ECONOMIC PERFORMANCE

In line with our globalization vision and sustainable growth approach, we continue our investments in Turkey and around the world at full speed. We carry out our operations with a focus on efficiency from the selection of raw materials and packaging to production technologies, and ensure that the systems increasing our efficiency are used widespread.

By making sales-marketing and plant investments in our countries of operation, we ensure local employment, focus on operations to maintain the success of our brands, and attach importance to ensuring growth adding value to economic development.

We are Turkey's largest 39th industrial organization according to the list announced by Istanbul Chamber of Industry (ICI). Our global revenue is

1.8 billion dollars as of the end of 2019. With our exports made to more than 100 countries from the UK to Chile, we have been listed among the top 50 exporters of Turkey for 4 times in a row in the list of top exporters announced by the Turkish Exporters Assembly (TEA). According to the current data, we are Turkey's 45th largest exporter.

At our production campus in Kocaeli, Turkey, we have hygiene, detergent and tissue, non-woven & flexible packaging plant, and we have a tissue plant in Mersin. We have total 21 plants around the world in Algeria, Iran, Egypt, Russia, Nigeria, Pakistan and Vietnam.

With the technological and automation developments we made, we turned our production campus in Kocaeli into a campus that can carry out "end-to-end integrated production" activities.

Thanks to our automation systems, raw materials that enter our campus are first turned into semi-finished and then finished products, and are then packaged, stored and made ready for transportation to our customers. Thus, we increase our efficiency by working faster, more appropriately and efficiently at one time. We continued our investments both in Turkey and around the world in the last 4 years, and now maintain steady growth. In addition to our plants in Mersin and Russia, we invested in tissue plants to work with a capacity of 70 thousand tonnes each. Then, we brought our experience gained in the field of hygiene for 33 years into the surgical mask business. With our new plant in Kocaeli, we have won the title of the only surgical mask producer that carries out production activities using its own raw materials. We continue our growth in Asia with our hygiene plant investment in Vietnam.

We continue our investments in Turkey, Russia and Vietnam.

We have invested 2.1 billion TL in Turkey for the last five years.

Hayat in 2020

At the beginning of 2020, we announced that as Turkey's largest tissue producer, we would invest 450 million TL in a new tissue production plant in Mersin.

In July 2020, we announced that we had entered the surgical mask industry as the "Largest Turkish Manufacturer in the World". With more than 100 million TL investment, we will produce 7 million masks in a day, reaching an annual production capacity of 2.5 billion masks.

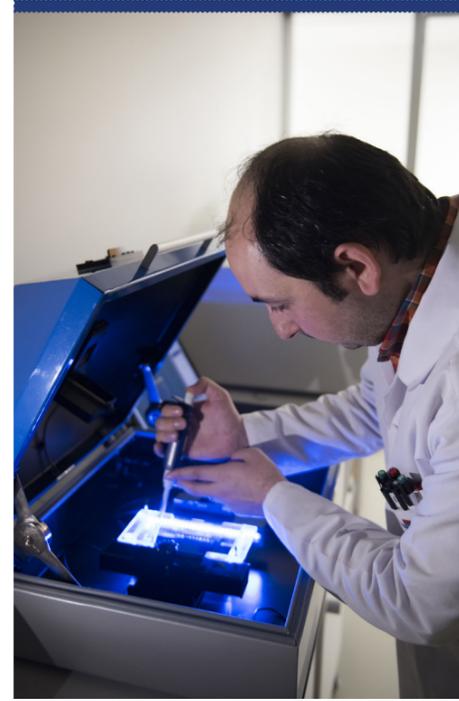
TURQUALITY

Turquality support program aims to support the development of companies with a branding potential in a manner to cover all their processes from production to marketing and from sales to after-sales services, and to ensure that they become a global player in international markets with their own brands. Hayat Kimya joined the Turquality program with its Bingo brand 13 years ago by means of meeting various criteria determined by the Minister of Trade such as strategic planning, brand management and financial performance. In 2010, we started receiving Turquality support with our Molfix brand.

Being the first and only government-supported incentive of the world, Turquality program has been a significant driving force during the global branding process of our Bingo and Molfix brands. We are able to access millions of people in more than 100 countries all over the world with our innovative Turkish brands. We do not export only products, but also knowledge, expertise and experience to the entire world. We continue to grow the country economy further with our highly competitive brands in the global arena, and add value to the perception of Turkey abroad.

We constantly focus on innovation and R&D in our operations. Our R&D approach is based on accessing consumers as a result of our efforts, rather than focusing on business in laboratories. In the light of this approach, we introduce our high-quality and innovative products in all geographical regions where we operate. In order to develop innovative products, we attach importance to understanding the requirements and expectations of various consumers in different geographical regions. In addition to our product development efforts, we also work with an inclusive R&D approach in all fields from raw materials to package development and efficiency-increasing processes in our production technologies.

OUR R&D CENTER



At our Global R&D Center, we carry out product development activities, consumer surveys, raw material and packaging, biochemistry and patent works in the categories of baby care, feminine care, adult care, home care and tissue. With its researchers who are experts in their own field, comprehensive projects and state-of-the-art equipment, our R&D Center

is Turkey's first and most comprehensive R&D Center in FMCG sector. We use equipment matching world standards at our R&D Center for conducting product tests. We carry out reverse engineering activities for new raw materials and intermediate products in our biochemistry research division.

OUR R&D AND INNOVATION EFFORTS

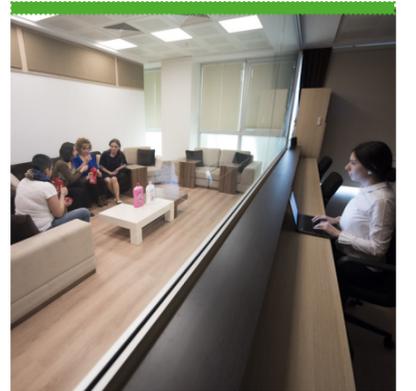
Competing with both international and local competitors in the global arena, we never compromise innovation and high-quality as a company competing with local competitors. We attach importance to understanding our consumers and following-up with the global developments in order to differentiate from others, and listening to each other to develop new ideas.

We focus on offering more healthy products to our consumers as a result of our efforts at R&D Center. In this connection, we create a significant synergy by adding all innovations we have introduced to all our products in various categories. For example, we have implemented the 0% concept of Molped Pure & Soft, which means 0% paraben, dye, chlorine and nylon, also for Molfix. We provided our consumers with the new 0% perfume, chlorine, paraben and nonylphenol Molfix Pure & Soft. We continued the 0% concept in our tissue category by means of producing Papia Pure & Soft, which is free from chlorine, dye, perfume and optical whitener.

In order to offer products meeting the requirements of our consumers, we closely follow-up with the local conditions of both Turkey and the other regions where we operate, as well as product usage trends all over the world, and perform consumer surveys accordingly. We conduct a part of our efforts aiming to understand consumer trends at our special consumer survey chambers in our R&D Center.



We efficiently conduct consumer researches by means of collecting direct feedback from our consumers about the products we developed. In 2019, we have conducted 22 researches in our special consumer research chambers at our R&D Center for 69 products and product ideas. Thanks to this system, we thus have become the unprecedented pioneer in FMCG sector.



Another first we have introduced is our odor chambers. At our R&D Center which contains the first and only odor chambers of Turkey, we test odors that we will offer to our consumers. We perform the first test production of new products again at our R&D Center. In 2019, we carried out 36 odor researches for 111 products in our odor chambers.

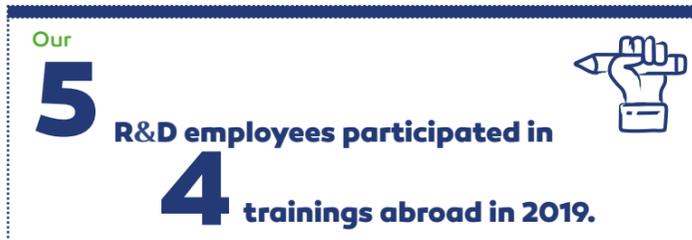


To us, innovation is not limited to product development only. For example, in the unit focusing on packaging R&D efforts only, we perform special activities for the packages of our baby diapers, adult diapers, hygienic pads and tissues, as well as the design of labels, bottles and caps of our detergents. We perform test production of our detergent bottles at our R&D Center with a 3-D printer. Thus, we carry out the tests in our own organization before major production activities, examine details, and ensure accurate and efficient production at one time.

Even though it is not a common practice in FMCG sector in Turkey, we really attach utmost importance to patent activities at Hayat. We carry out the patent process for our global R&D efforts. We currently have more than 50 patent applications. Total 7 patents of ours have been registered all around the world for the protection of the production methods and formulations of our products in tissue, hygiene and detergent categories, as well as various characteristics of our products, and these patents were registered in 68 countries. 2 of our patents were certified in Europe, and these 2 patents are still valid in 53 countries.



We attach importance to our R&D team's participation in conferences and trainings to ensure that they can follow up with innovations and ensure constant development.



ACADEMIC COLLABORATIONS AND SYNERGY

2244 INDUSTRIAL PHD PROGRAM

We do not restrict our innovation and R&D efforts with sectoral efforts only. We engage in various collaborations with various academic institutions and organizations on different platforms. We are one of the participant companies of TUBITAK (The Scientific and Technological Research Council of Turkey) 2244 Industrial PhD Program with the aim of raising human resources holding PhD degree with the cooperation of universities and the industry. With this program, total 18 PhD students from 6 different universities write their thesis on the subjects determined by our company together with Hayat Kimya R&D Center.

Within the scope of Industry – Academia collaboration, we engage in collaboration with leading and prestigious universities such as Sabancı University, Istanbul Technical University, Yıldız Technical University, Istanbul University, Kocaeli University and Gebze Technical University for our R&D efforts. In addition, we also perform joint studies in projects that fall into our areas of impact together with the most prestigious institutions and institutes of Europe through fund resources such as H2020, Era-Net, Eureka and Marie Curie.



We have been granted certificate of support in TUBITAK Industry PhD Program during the signature ceremony held with the participation of Minister of Industry & Technology of the Republic of Turkey, Mustafa Varank and President of TUBITAK, Prof. Hasan Mandal.

INOSUIT PROGRAM

The InoSuit program, one of the most important indicators of the value we attach to the industry and academic collaboration, aims to ensure the optimization of the entire process from the idea stage to the product delivery stage. We focused on creating an innovative system to regulate the entire process, rather than focusing on product development only.

We have ensured nearly 30% capacity increase with InoSuit, and translated 20% of 354 innovative ideas into product and process innovations.

With our efforts spent within the scope of the InoSuit program, we evaluated our project portfolio in terms of innovation, feasibility, capacity and technology and completed prioritization activities in this regard. We have not only simplified our existing process, but also made more efficient use of our resources for the most suitable projects. We have reached a point where we can create a 10-year technology map for our brands as the fruit of all these comprehensive efforts. We have achieved a 20% capacity increase in our existing business as a result of our efficiency projects we implemented for our product line. In addition, we have ensured a 10% increase in our production capacity as a result of product simplification efforts.

We evaluate all new ideas for the projects to increase our process efficiency and develop innovative products to exceed the expectations of our consumers. We have an "Innovation Board" consisting of 19 people. We have working groups involving units such as R&D, marketing, procurement, production and logistic units. We have collected 354 ideas in 2019, whose nearly 20% could be translated into innovative projects. This allowed us to launch product innovation and marketing innovation projects in detergent, tissue and baby diaper categories, as well as process innovation projects in our non-woven facility. As a result of these efforts, we have realized that widely-participated innovation processes and idea collection methods are what help us achieve success. We mainly consider cross-category suggestions, and support the development of innovative ideas through the lateral organization.

WE BELIEVE THAT EVERYONE HAS THE RIGHT TO ACCESS HIGH-QUALITY AND INNOVATIVE PRODUCTS.

Optik parlattıcı kalıntısı yok, hipoalerjenik
Şimdi çamaşırları da **oxyjen** liyoruz



BINGO OXYGEN HYPOALLERGENIC POWDER AND LIQUID DETERGENT WITH JASMINE AND WHITE TEA

Bingo Oxygen extends its product range by offering consumers Hypoallergenic Powder and Liquid Detergent with Jasmine and White Tea. Bingo Oxygen powder detergent that is free from chlorine, phosphate and dye does not leave optical brightener residue, and demonstrates a stain-removing capacity that is stronger up to 3-times. Scented with jasmine and white tea, the hypoallergenic product can be used safely for the entire family.

#HERŞEYİNBAŞISAĞLIKVEHİYEN

Parfüm yok, kalıntısı yok bitkisel içerik var
Şimdi çamaşırları doğal olarak **oxyjen** liyoruz



BINGO OXYGEN LIQUID DETERGENT WITH NATURAL CONTENT

Bingo Oxygen Liquid Detergent with Natural Content is nature-friendly with its 70% plant-based formula. It makes a difference offering the natural form of "oxygenation" with its stain removal capacity that is stronger up to 3 times compared to the other laundry detergents with natural content. The product that is free from optical brightener, chlorine, phosphate, LABSA, SLS, dye, paraben and perfume appeals to consumers with its vegan formula. Being an excellent choice for those with sensitive skin, the detergent is dermatologically tested in laboratory.

MOLFIX ISOTONIC WATER WET WIPES

Molfix introduced a technological and innovative reform for mothers who want the best for their baby's skin and the babies. Molfix Isotonic Water Wet Wipes recommended by the Cosmetology and Dermatology Academy Association prevents skin irritation with its formula containing "isotonic water", the safest water for skin, unlike the regular wet wipes causing skin irritation. Molfix Isotonic Water Wet Wipes are offered in three variants: newborn, sensitive skin and fresh&clean.



MOLFIX PURE & SOFT BABY DIAPERS

Molfix 0% perfume, chlorine, paraben and nonylphenol baby diapers will prevent anxiety from ruling your life and offer you 100% peace of mind. New Molfix Pure & Soft meets the expectations of mothers seeking cotton softness for their baby's skin without compromising performance. Thanks to the airtrough technology, the diaper's inner and outer surface offers softness and helps the skin breath. With skin-friendly Pure & Soft, babies are comfortable and mothers are worry-free.



EVONY SURGICAL MASK

Evony ensures bacteria filtration up to 99% with its 3-ply protection system. Inspired by the non-irritating raw material technology that prevents irritation of baby skin, the elastic and soft ear loops that do not hurt ears offer comfort and protection altogether. Thanks to its skin-friendly nature, it does not cause allergy, and is free from latex and paraben.




3. PRODUCT QUALITY AND SAFETY

Believing that everyone in the world has the right to access high-quality products, we follow-up with the national and international quality standards of all regions where we operate. We develop systems to ensure constant improvement of our products and production and service processes in line with "Hayat Quality Policy" and "Our Quality Vision and Mission". We create PQS (Perceivable Quality Standards) and monitor these standards. We establish our Quality Maintenance Organization, and perform our activities efficiently and effectively. All these activities are focused on understanding the perspective of our employees, business partners and consumers, determining any probable issues, and minimizing and avoiding any negative impact. We always strive to offer the best to all our stakeholders in line with Hayat's high quality standard.

In all countries where we manufacture tissue, we conduct manufacturing activities using cellulose sourced from plantation forests as an "FSC™ Certified Manufacturer".

WHAT DOES IT MEAN TO BE A "FSC™ CERTIFIED MANUFACTURER" IN TERMS OF TISSUE PAPER PRODUCTION?

It means being a producer which

- does not engage in illegal timber logging or trading activities;
- does not breach rights during forestry operations;
- does not damage forests with high conservation value during forestry operations;
- does not transform natural forestry areas into planted forests or non-forest fields;
- is a manufacturer working in compliance with the ILO's Fundamental Conventions as defined in the ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work.



The mark of responsible forestry

OUR QUALITY POLICY

We added "Quality Maintenance and Improvement" business model to the Constantly-Improving "Quality Management System" and "Hayat Excellence System", which are at the heart of our business model.

Our principle is to constantly improve the quality of our products under the guidance of our "Quality Vision" and business models, and to be the preferred brand and institution for our customers and consumers. We also aim to minimize our losses as a result of our "Quality Maintenance and Improvement" activities, and offer premium quality products to our stakeholders and minimize our environmental footprint.

Our "Quality Vision" is to ensure constant production of premium products and services that are widely popular in line with the customer and consumer expectations at sustainable costs for the company.

Accordingly, our main policy principles are:

- Complying with all applicable national and international laws, legislation, industrial requirements and quality standards, and implementing Hayat Global Standards;
- Assessing risks and opportunities that can affect our targets with corporate risk management approach and ensuring that necessary preparations are made and facilities are provided;
- Focusing on the requirements and expectations of our customers / consumers in all our operations and increasing satisfaction with a solution partner approach;
- Contributing to business continuity with the approach of mutual development together with all our stakeholders;
- Increasing the competitiveness of our brands in the global market with new technologies, new investments and innovative products;
- Increasing employee engagement and improving their competencies and thus ensuring that they own all processes with a team spirit and creating a global working culture; and
- Focusing on our values in all locations globally and respecting human and nature.

Our International Quality and Environmental Certificates	Turkey	Iran	Russia	Algeria	Algeria	Egypt	Pakistan
ISO 9001:2015 Quality Management System	✓	✓	✓	✓	✓	✓	✓
ISO 14001:2015 Environmental Management System	✓	✓	✓	✓	✓	✓	✓
OHSAS 18001 Occupational Health and Safety Management System	✓	✓		✓	✓		
ISO 45001 Occupational Health and Safety Management System Certificate		Detergents	✓			✓	✓
ISO 50001 Energy Management System	✓						
ISO 27001 Information Security Management System	✓						
FSC™ Certificate (Forestry Management Council)	Tissue		Tissue			Tissue	
FSSC 22000 Food Safety System Certificate			Napkins				
Halal certificate	✓	✓	✓	✓	✓	✓	

Our Certificates by Country	Turkey
European Union Vegan Product V-Label	Detergents, Hygienic Pads
ISO 22716 Cosmetic GMP	Wet Wipes
ISO 13485 Medical Device Quality Management	Adult Diapers, Urinary Incontinence Pads
Compliance with TSE Standards and Undertakings	Tissue, Detergents
Compliance with ISIRI Standards and Undertakings	Iran
SGS - Merit Integrated Management System Award	Egypt
Diamond Kenya Quality Standard - Baby Diapers	Kenya

We were the first company to be awarded "TSE COVID-19 Safe Production Certificate" in our industry by means of meeting hygiene conditions at all our production processes at our Kocaeli production campus during the pandemic.

We are the producers of the FIRST and ONLY surgical mask that has been approved by TSE and that holds TSE Covid-19 Safe Production Certificate.



OUR EXTERNAL AUDITS

Another factor that ensures constant development and improvement at all our subsidiaries is our regular technical visits with our stakeholders. Together with our customers, suppliers and certification institutions, we try to determine the areas of development for both ourselves and our stakeholders, try to ensure development in these areas and improve our processes and systems altogether.

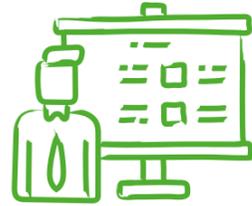
In addition, we are also subjected to SEDEX audits, perform improvements in the areas required, and declare that we perform production activities meeting world standards.

We have completed total

20 external audits at our Turkey facilities in 2019.



1.324 man/hours of quality trainings in Turkey in 2019



OPERATIONAL EFFICIENCY WITH CAMPUS STRUCTURE

Our Kocaeli campus is the first and only production campus performing end-to-end production, storage and shipment activities in its sector. We increase efficiency by means of performing production and storage activities at the same location.

With Europe's biggest automated warehouse, finished products are stored with zero touch, and we work with a storage efficiency of 75% compared to a conventional warehouse.

95% customer satisfaction in our supply chain



As a result of our operational excellence approach, we have increased our customer satisfaction level to 95% in our supply chain where we ship our products to our customers following production and storage.

RESPONSIBLE PROCUREMENT

We improve our procurement management strategies within the scope of our objective of meeting demand timely and in accordance with our quality standards. We classify our suppliers under two main categories of food, service and technical material suppliers and raw materials and packaging material suppliers, and subject them to assessment procedures. We always act in accordance with our selection criteria. We have approved supplier lists for both supplier categories. In our supplier selection process, we first test the quality and performance of suppliers. If their results are in line with our Hayat standard criteria, we add the supplier to our approved supplier list. In addition, we act in line with our sensitivity about compliance with legal legislation on environment and occupational safety when signing contracts. Supplier assessments are made systematically and every year according to the determined criteria. We continue our cooperation with the suppliers receiving sufficient scores as a result of the assessment. While assessing our suppliers, we consider criteria such as quality, affordability, legal compliance and delivery.

In addition to annual assessments, we also subject our suppliers to physical assessment. In line with our principle of ensuring development along with our stakeholders, we contribute to the development of our suppliers by sharing our knowledge and experience with them in the areas needed. We increase the efficiency of our processes by developing digitalization and active reporting projects aiming to increase the systematic and procedural efficiency of our procurement operations.

HAYAT EXCELLENCE SYSTEM

Introduced in 2017 as a system focusing on operational excellence around the world, "Hayat Excellence System" ("HES") blends Hayat working culture with the best practices of our global operations, and allows all our subsidiaries to learn from, and be inspired by, each other, ensuring constant improvement. We continue to contribute to sustainability with all our production, supply chain and R&D units as a result of our efforts in the fields of Autonomous Maintenance, Focused Improvement and HSE within the scope of the Hayat Excellence System.

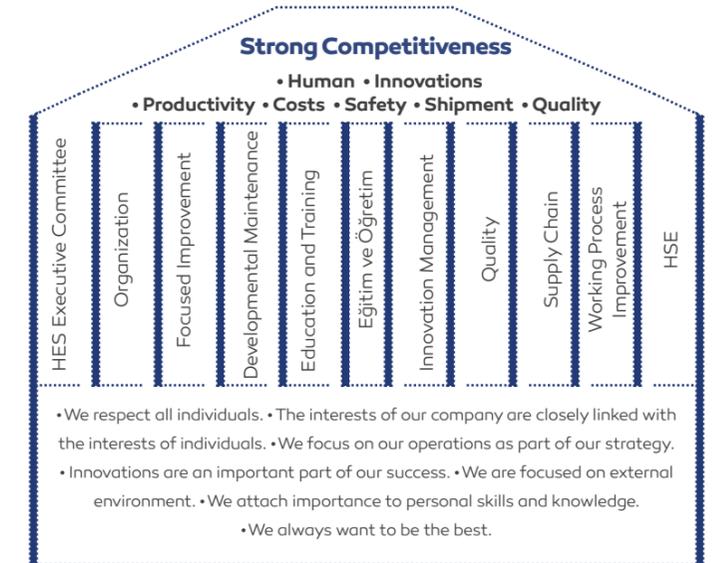
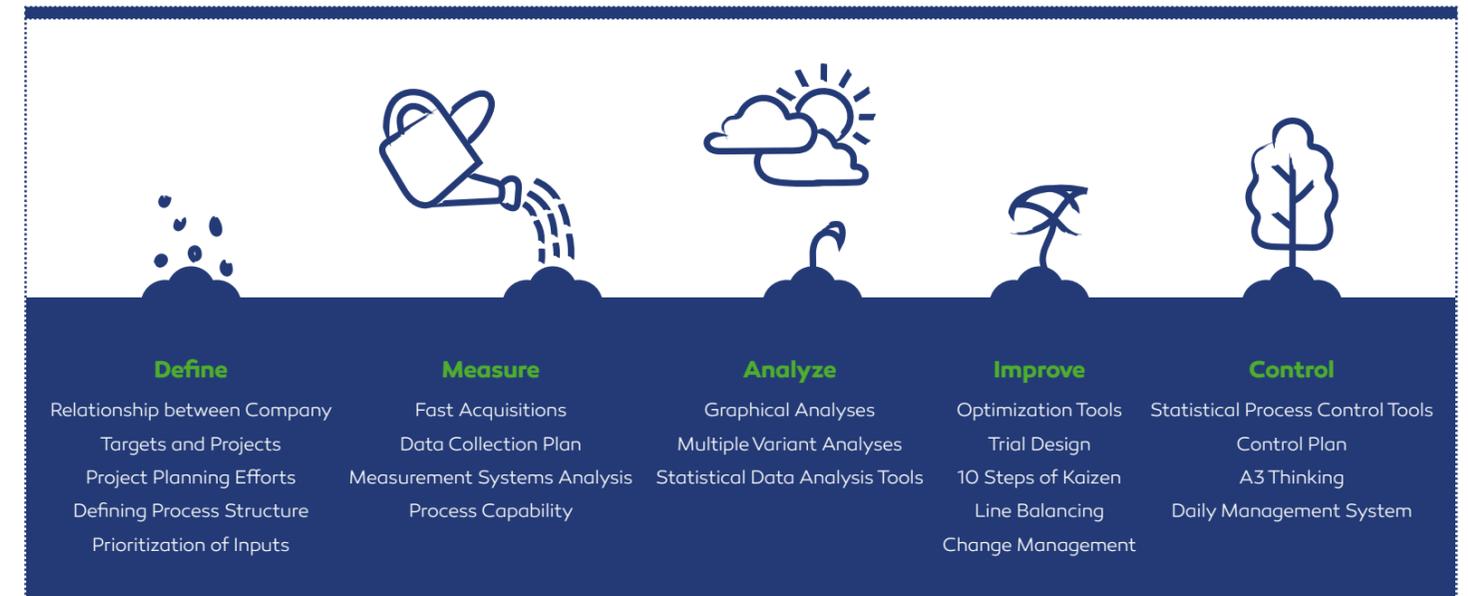
With Autonomous Maintenance practices, we ensured equipment ownership by the operators and reduced unscheduled downtime. We awarded stars at each stage in order to provide incentives to our teams who achieve their zero accident targets.

In 2019, we continued to successfully implement Kaizen suggestion and awarding system launched within the scope of Hayat Excellence System. We awarded our 272 employees in 2019 for the improvements and developments implemented out of the 2.137 Kaizen suggestions made in our Yeniköy and Mersin plants only.

Thanks to the improvements and development ensured by the Kaizen suggestions made, we also continued our efforts at full speed aiming to increase equipment efficiency and reduce loss ratio and ensure improvement in the field of occupational health and safety.

With 14 projects completed within the scope of the Lean 6 Sigma Certification Program launched in 2018, we continued to contribute to our Sustainability Program.

Lean Six Sigma Phases



2.137 Kaizen suggestions



AWARD FOR THOSE WHO MAKE HAYAT EXCELLENT

We recognized the successful practices of Hayat Excellence System by giving 2019 Stars of Hayat awards.

• We granted the **Best Plant of the Year Award** in 4 different categories.

Mersin Tissue Plant, Egypt Hygiene Plant, Kocaeli Detergent Plant, Kocaeli NW/FA Plant

• We granted **Quality** and **HSE Awards** for the contribution made by our employees in Yeniköy and Mersin plants during the year.

• We granted **Operational Excellence Best Project of the Year Award** to one team out of the 16 **Lean 6 Sigma** projects initiated in 3 different groups:

Black Belt, Green Belt (TR) and Green Belt (R&D).

Napkin-3 Preventing Speed Loss – Black Belt Project

Baby Diapers Conveyer No. 2 Preventing Losses caused by Adhesive Dirt – Green Belt Project

Improving Stain Performance Test Processes – R&D Green Belt Project

• We granted **Best Project Award** to the projects that received the most votes out of the 21 applicant projects in the categories of "Sustainability", "Add Value to Hayat" and "Add Innovation to Hayat".



ADD VALUE TO HAYAT CATEGORY

ON-THE-JOB TRAINING PROJECT

Project Leader: Sertaç Yalım

Project Members: Mine Örer, Yeliz Çelebi

Project Sponsor: Fatma Yılmaz

We created specific training booklets for 45 entry-level jobs on the basis of job descriptions in order to standardize the necessary main and machine orientation trainings with a view to ensuring that newly-recruited blue collar employees can adapt to the processes faster.

TIME MANAGEMENT AND ELECTRONIC OVERTIME PROJECT

Project Leader: Nilay Sevim

Project Members: Burcu Akben, Tuğba Altay, Erkan Ercan, Elif Yavuz, Tuba Eryiğit, Özlem Ceylan, Yakup İlkadlı, Halit Erdem Karacan, Hasan Kuş

Project Sponsor: Fatma Yılmaz

The HR processes prevailing during the times the employees were employed at different locations were collected in a single database, preventing manual transactions and ensuring improvement, simplification and process efficiency.



İK_ON 2ND PHASE PROJECT

Project Leader: Ayla Öçbe

Project Members: Nihal Yaşar, Dilara Çamdeviren, Hakan Önal, Sanlı Fidan, Erdoğan Demirtaş, Ayşenur İhtiyar, all HR Department and Compensation & Benefits Team Project Sponsor: Fatma Yılmaz

Leave, travel request and expense reporting processes of our blue-collar employees were moved to the digital environment, offering speed and ease of access.



ADD INNOVATION TO HAYAT CATEGORY

FOCUS XL PRODUCT GROUP PROJECT

Project Members: Ozan Türk, Serkan Küçük, Emre Baydan

With Focus XL product group, single-ply paper towels and toilet papers with high strength and high length were developed, offering higher length and more sheets in a single roll. This innovative product aimed to ensure savings up to 40% more for environmental sustainability.

E-COMMERCE AUTOMATION PROJECT

Project Members: Ersin Şendikici, Tanık Uymaz, Ebru Kaya

We have multiplied the number of units delivered as we started managing our e-commerce operations ourselves. We have automated the manual stock management and pallet transportation operations during the pre-parcel collection process, increasing labor efficiency and ensuring cost savings.

AS TÜKETİM E-COMMERCE OPERATIONS

Project Leader: Emre Şen

Project Members: Okan Doruk, İlayda Yazır, Cansu Kaya, Ersin Polat, Bayram Hatır, Celalettin Dizman, Murat Bulut, Saadetin Öztan, Melek Kaysın

Project Sponsor: Enes Çizmeci

A warehouse area was created in our Kocaeli plant in order to manage the entire e-commerce sales process within our control from order receipt to delivery to consumers and increase customer satisfaction and shipment speed. The entire process was planned in a manner to ensure that products are sent directly from the plant to the consumers. One of the pioneering projects was realized in Turkey, making contribution to the company in various areas such as increased customer satisfaction and financial growth.



SUSTAINABILITY CATEGORY

USE OF GAS FIRED ENGINE WASTE HEAT IN THE PRODUCTION OF POWDER DETERGENT

Project Leader: Erdem Özden

Project Members: Ceyda Şener Karadağ, Engin Tanrıverdi, İbrahim Bulut, Engin Albayrak, Kaan Haskırış, Özer Yıldırım, Hakan Küçüközer, Şahin Dede, Cihat Karabey

Project Sponsor: Selim Dumlu

Gas fired engine waste heat was used to meet the heat requirement of powder detergent production tower, ensuring contribution to environmental sustainability. Thus, an annual savings of 1.309,11 tCO₂ was targeted, ensuring a recovery equal to 3.925 trees. Energy efficiency was increased, reducing consumption of natural gas.

OPTIMIZATION IN MCC VENTILATION SYSTEM IN MERSIN PAPER PLANT

Project Leader: M. Şahin Kuru

Project Members: Yusuf Büyükdere, Şeref Toygun, Kenan Önder, Mehmet Gündüz, Mustafa Sarıçam

Project Sponsor: Ergun Güngelen

Optimization was ensured using new technologies in the main electricity distribution and motor control chamber (MCC) ventilation system of Mersin paper plant. It is now possible to monitor room temperature constantly online. Minimum and maximum heat values were defined for circumstances including the cases where data cannot be collected, and alarm sets were created. This allowed increase in monitoring capacity and traceability and improvement in business processes. The project ensured electrical energy efficiency worth to 1.2 MWh per day during the summer and 0.4 MWh per day during the winter period.

SAVINGS IN WATER CONSUMPTION PER TON IN THE PRODUCTION OF LIQUID DETERGENT

Project Leader: Gökçen Sonkurt

Team Members: Yenay Özmen, Fikriye Kaya, Burak Gökhecan, Nimet Apaydın, Cemal Taşçı, Muharrem Öncü, Oğuz Konuk

Project Sponsor: Selim Dumlu

Efficient use of water was targeted for the entire operations of liquid detergent production plants. In order to achieve this target,

- It became possible to monitor the waste water amounts in our operations.
- Optimization efforts were spent in cooperation with the Production Planning Department to ensure optimization for decreasing product rejections in our production mixers.

- Optimization was ensured in our CIP/washing processes according to our product groups.
- Our electrodeionization system waste water was made reusable in our system in our water deionization facility.
- The washwater of active carbon filters was made reusable again.
- A prototype facility was established in cooperation with Gebze Technical University's Environment Department in order to examine the recovery of our anionic and cationic waste water with the Waste Water Recovery project. Tests were performed, and a feasibility study was conducted. Water consumption per ton was reduced to 1.07 m³/tonne from 1.35 m³/tonne in 2019 as a result of these efforts.



4. OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety are one of the important constituents of our working culture at Hayat. The sustainability of our business and human resources is among our priorities and the areas to which we attach importance for all our operations.

OUR ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY POLICY

- Developing environment-friendly products reliable for users in accordance with customers' expectations and requests
- Training our employees and suppliers with a sense of awareness on constant development and improvement
- Ensuring that all our stakeholders are informed about our Environmental and Occupational Health and Safety Policy and communicate their opinion on the issue freely
- Selecting environment-friendly technologies that are advanced in their field, ensuring a healthy and safe working environment for employees and carrying the products we manufacture to the global market
- Assessing environmental aspects and risks, occupational health and safety hazards and risks with a preventive approach, and taking necessary measures to prevent work accidents, occupational diseases and environmental accidents
- Complying with all applicable local and international legislation on environmental and occupational health and safety management, and ensuring the improvement and sustainability of management systems
- Using our natural resources effectively and efficiently, aiming to prevent environmental pollution at resource and taking highest-level measures



OUR OHS SYSTEMS

We have developed our occupational health and safety management systems on the basis of legal requirements, globally-recognized standards and our Environmental and Occupational Health and Safety policy, which is a part of our Hayat culture.

We perform systematic process analyses by means of methods such as periodic reviews, performance monitoring and internal audits in order to ensure constant improvement of these systems.

In our "Management Review" meetings held annually, we assess all our business systems including our business policies, objectives, compliance obligations, customers' expectations and complaints, changes that may affect our occupational health and safety management system, our investments and our ongoing and future projects.



OUR OHS PRACTICES

Our headquarters in Turkey and all our production facilities hold OHSAS 18001:2007 Occupational Health and Safety Management Systems certificate. In terms of occupational health and safety, we adopt a proactive approach focused on prevention of hazards and work accidents. Thanks to our "Authority to Work Permit Procedure", we take into consideration and record all foreseeable hazards related to critical activities performed on the field.

All our locations have an Occupational Health and Safety Committee in place. Our Occupational Health and Safety Committee, which also includes employee representatives, holds regular meetings every two months as per the legislation. We publish and follow-up the decisions issued in committee meetings via our integrated management system (QDMS). We announce our meeting minutes to our employees via announcement boards at all locations.

Our campus leaders, managers and teams in charge conduct a "Hazards Tour and Internal Audit Program" regularly. Thanks to this site inspection performed at all our locations, we proactively determine potential hazards and non-conformities, and take corrective and preventive actions.

To ensure that our occupational health and safety approach is made a part of our culture, we attach importance to the training of employees, efficiency of working environment, efficient management of resources, constant improvement of processes, and analysis of potential risks and opportunities.

We implement our HSE Procedure for contractors and visitors to ensure a safe working environment for the employees of our sub-employers. We implement our Risk Assessment Procedure for assessing hazards and risks, and completing necessary controls and measures. All our employees at all our locations (Hayat employees, sub-employers, contractor companies, suppliers, customers, interns and visitors) are covered by the scope of our processes. While making risk assessments, we take into consideration international standards such as EN 12100, EN 13849, EN 13857 and EN 13855. We again fulfill the requirements of the applicable legislation within the scope of SEVESO Regulation (Regulation on the Prevention of Major Industrial Accidents and Minimizing Their Impact). While planning preventive actions as a result of risk assessment, we make use of Risk Management Hierarchy.

RISK MANAGEMENT HIERARCHY

Most Effective

Elimination

Eliminating the hazard physically

Relocation

Relocating the hazard

Engineering Controls

Isolating hazards from people

Administrative Sections

Changing the way of working of people

Least Effective

PPD

Protecting employees with personal equipment

OHS PAINTING CONTEST

The paintings of the children participating in the painting contest with the theme of "Occupational Health and Safety" organized in 2019 with the aim of raising awareness on Occupational Health and Safety have added different spice and zest to Hayat!



EXCELLENCE IN HSE PROCESSES PROGRAM

As part of Hayat Excellence System, we aim to ensure that occupational health and safety are turned into a value and are reflected in our conduct with Excellence in HSE Processes Program. We ensure that the processes are owned, implemented and inspected together with the Leadership Committee, HSE Committee and HSE Teams with a view to ensuring that this value is adopted at all levels from the management to the field.

As of July 2018, we started implementing Excellence in HSE Processes Program in our non-woven and tissue production facilities in Kocaeli, tissue production facility in Mersin and all our supply chain in the same order as specified.

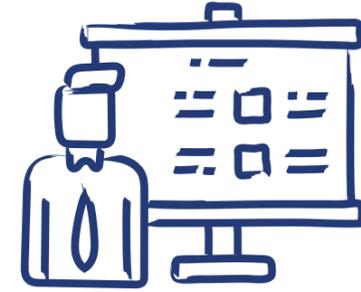
With HSE Teams we founded, our employees observe compliance with occupational health and safety requirements on the field for a given period every week. Awareness is raised on HSE processes among our employees thanks to these teams.

OUR OHS TRAININGS

We provide occupational health and safety trainings at all our locations. We provide our HSE Teams with special trainings on risk assessment, case analysis and hazard awareness. We share our learnings from our experiences with all our employees through "Single Point Trainings". Within the scope of emergency management, we organize trainings on firefighting, and research & rescue and evacuation. We also provide our field sales teams with informative trainings on road safety.

OHS trainings of total

14.476
man/hours at all our locations in 2019



OUR OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

We follow up our occupational health and safety performance with daily, weekly and monthly performance tracking reports in a transparent and systematic manner. We closely follow up criteria such as accident frequency rate, number of accidents, number of near-losses, completion rate of corrective/preventive actions, distribution of incidents, number and hours of trainings and rate of completion of drills.



OUR ENVIRONMENTAL APPROACH

As a company responsible to our environment, nature and consumers, we act with a sense of environmental responsibility in all our operations.

Reduction of **0.9%** in greenhouse gas emissions in 2019 

“Hayat is all ours.”



OUR ENVIRONMENTAL APPROACH

First of all, we attach utmost importance to ensuring strict compliance with legal requirements. As part of Hayat culture, we act in a manner to ensure efficient use of natural resources, reduce our wastes, support recycling and ensure constant improvement in terms of our environmental responsibilities.

All our facilities in Turkey carry out their operations in line with ISO 14001 Environmental Management System Standard. In this connection, we perform our job paying particular attention to ensuring compliance of all our activities with legislation, environmental impact and risk analyses and technological integration.

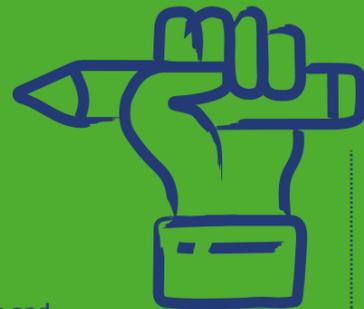
We perform environmental risk assessments for all our processes in accordance with our Environmental and Occupational Health and Safety Policy, and take measures for areas of operation we found risky.

Our teams consisting of environmental engineers work at all our locations to monitor our environmental performance and ensure compliance with the legislation. We are among the first 10 companies sharing information with the Provincial Directorate of Environment through the digital system as we share the outputs of our Kocaeli production facility with them through this means.

We regularly assess the efficiency of our environmental management system, take necessary measures thanks to our strong internal audit system and implement the required actions fast.

We organize trainings to raise the environmental awareness of our employees and all our suppliers. We regularly hold trainings on our environmental management system for our suppliers.

Environmental trainings of
1.994
man/hours
across Kocaeli, Mersin facilities and
our headquarters in 2019



OUR WATER MANAGEMENT

Recognizing the fact that water is one of the most important and scarce resources of the world, we focus on minimizing the amount of water used for our production facilities, and reusing water in accordance with our quality standards.

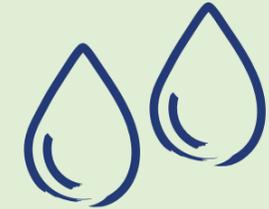
Water is not only an important natural resource, but also an essential ingredient for the production of home care products and tissue. At Hayat, we have made special engineering investments to ensure the efficiency of our water usage, with a view to ensuring long-term provision of water resources and allowing the local communities to make better use of the water resources in our areas of production.

Thanks to our special "Desalination Facility" in our Kocaeli campus, we have obtained water of permissible quality to be used for our production processes from sea water through reverse osmosis and ultra-filtration systems in 2016.

Thus, we have reduced our usage of underground and well-water, allowing production with lesser consumption of the regional underground resources.

With the commissioning of this facility, we have reduced our yearly usage of underground waters from

13% to 6%



Savings of more than

50%

in the consumption of underground water



We have extracted total 3.573 mega liters of water, and used 1,371 mega liters of water at our production facilities in Turkey by the end of 2019. We continue to expand our efficiency efforts for water saving.

According to OECD country reports, the amount of water usage for production of 1 ton of tissue is between nearly 10 and 50 tonnes. Thanks to the special systems we developed as Hayat, we have managed to reduce the amount of water used for tissue production to levels of 3.5 tonnes. As a result of these improvements,

Turkey's lowest and Europe's 3rd least water user in tissue production.

OUR WASTEWATER MANAGEMENT

All our production facilities are equipped with chemical and biological treatment facilities. We discharge and treat industrial and domestic waste water produced by our facilities in line with the legislation. We constantly monitor and control the performance of our treatment facilities.

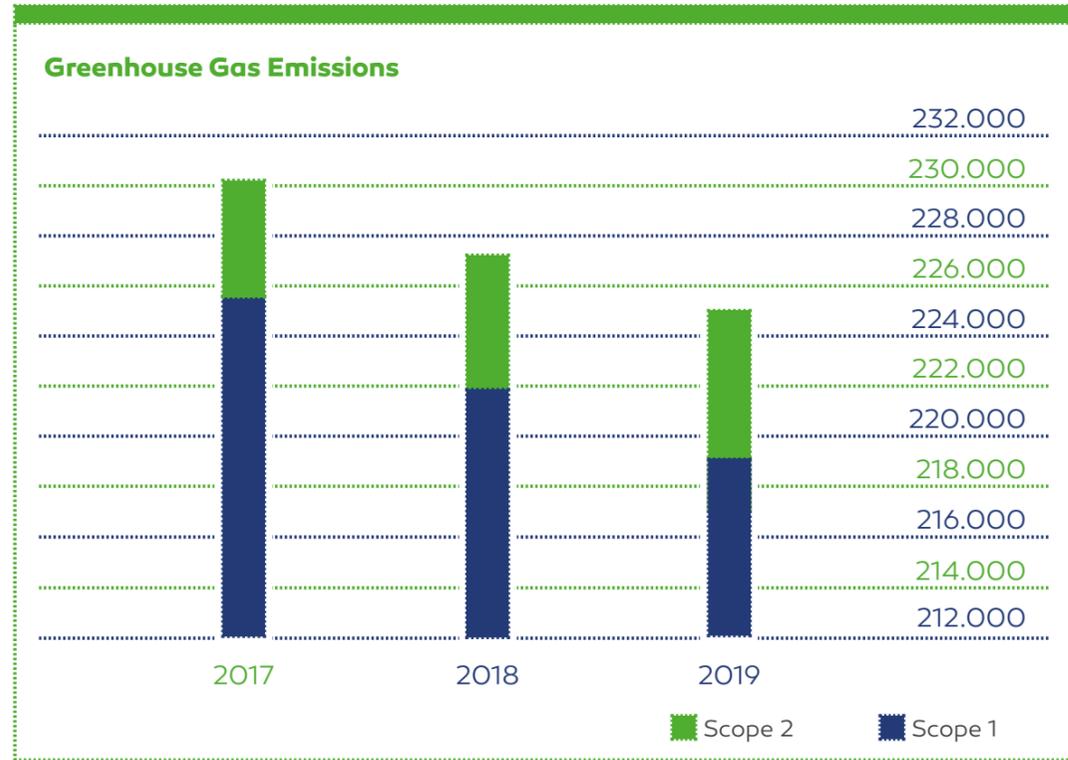
By the end of 2018, we have discharged total 2.063 mega liters of waste

water from our production facilities in Turkey. Our domestic waste water is discharged directly into Kocaeli Water and Sewerage Administration sewage system at our Kocaeli facility, while it is discharged to the sewage system of Mersin Industrial Zone directorate at our Mersin facility. We discharge all our domestic waste water in accordance with the "Regulation on the Discharge of Waste Water into Sewage System".

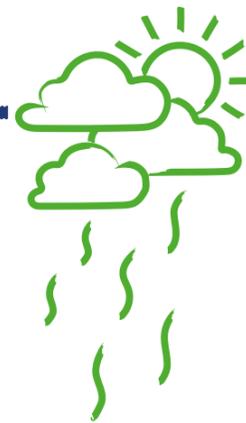
Thanks to our special filtering and treatment systems, we discharge our waste waters produced by Kocaeli facilities in a manner to reach 8 times lesser values than those required by the laws.

OUR CARBON FOOTPRINT

We measure our carbon footprint in order to observe direct and indirect impact of our operations on climate change, and perform necessary improvements. In line with our sustainability strategy, we increase the efficiency of our operations, and conduct projects to reduce our greenhouse gas emissions and the energy we consume for each unit of production.



Reduction by
0.9%
in Scope 1 and Scope 2
GHG emissions in 2019



Reduction by
2.1%
in Scope 1 and Scope 2
GHG emissions in 2017-2019

OUR ENERGY EFFICIENCY

We carry out all our operations being aware of our responsibility against global resources, environment and consumers. In this respect, we spend efforts designed specifically for our own production equipment and processes in order to increase energy efficiency. We conduct and follow up our energy efficiency works in a manner to meet international standards. We lead exemplary efforts in our industry in line with our innovative strategy.

We generate the electricity, heating and cooling energies required for our 6 production campuses in 5 countries on our own.

In addition, we work on special projects to recycle the waste energy in our production processes, and focus on increasing our energy and operation efficiency by means of renewing our equipment and updating the technological infrastructure.

OUR ENERGY POLICY

- Increasing performance values including energy efficiency and energy density in all processes;
- Ensuring developments in line with energy efficiency in all processes and reducing costs;
- Constantly following up with the latest technologies, increasing energy management quality through this means, and thus becoming the company that makes most efficient use of energy in the industry;
- Ensuring constant development with employees whose experience and competencies are increased in the field of energy efficiency, and a management approach that is open for communication;
- Complying with the national and international legal requirements in terms of energy management;
- Decreasing emission values and respecting the environment while producing and consuming energy;
- Diversifying our fuels and supply resources and ensuring energy sustainability;
- Being traceable by means of performing our energy measurement, assessment and reporting procedures in the healthiest manner;
- Ensuring that energy-efficient products, services and designs are procured for improving our energy performance and allocating sufficient budget for necessary improvements; and
- Increasing possibilities for production with renewable energy resources and reducing fossil fuel consumption.

We are the first company to have ISO 50001 Energy Management System certification in Turkey.

WE ENSURE APPROXIMATELY 80% ENERGY EFFICIENCY IN OUR GLOBAL FACILITIES

We have spent special efforts aiming to make more efficient use of unit energy we derived from the natural gas consumed for production. With the technique called "Cogeneration", we convert natural gas into 3 different resources: heat, steam and power, and thus can meet the energy required for our production processes.

Thus, with only one energy input (natural gas), we can meet the entire energy requirements of our smart plants for their production processes

and administrative operations, and can ensure approximately 80% energy efficiency in all facilities around the world.

By converting natural gas to energy in special energy systems of Hayat, we ensure more efficient use of energy in order to meet our requirements for the power in production operation, heat and steam used for drying tissue, and the water used for cooling and heating the air inside our facilities in summer and winter, respectively.

Our tissue production facility in Mersin has increased its energy efficiency to around 88% in an unprecedented manner, and was shown as an example of the best practices of the industry by the Turkey Cogeneration and Clean Energy Technologies Association.

88%
energy efficiency
in Mersin tissue plant



OUR WASTE MANAGEMENT

Thanks to our waste management approach supporting circular economy, we focus on minimizing wastes at source, segregating, collecting, storing, eliminating wastes and recycling them to the extent possible.

We dispose the wastes that cannot be minimized, reused or recycled in line with the environmental legislation with a view to protecting the human and

environmental health. We take necessary measures at all our facilities for prevention of spills and leakages in terms of soil and water health. We have emergency management plans available for potential leakages and spills. We provide all our employees with trainings on waste management within the scope of our "Environmental Management System".

All wastes of our Non-woven and Flexible Packaging production facility in our Kocaeli campus are recycled, and are restored back to production activities and economy.



We have added special recycling machines to our non-woven and flexible packaging production facility in line with our principle of production respecting environment and mankind. With this recycling machine, we produce raw materials using the materials discharged from this plant, and restore them back to our production activities. With the inline recycle system available in the non-woven machine, we use the lost materials in roll form in our new production activities up to 6% in a manner not to compromise our quality processes. We break down the production losses in bottle blowing plant and use them as raw materials again.

We ensure coordination with the relevant units in the other plants for equipment and materials that may be reused again or that may need minor repair before reuse across the campus, and encourage these units to reuse these equipment before we discard them as scrap.

One of our waste minimization projects designed specifically for Hayat's production processes: Use of canvas we produced from film wastes in logistics operations

To ensure that the ground is hygienic before our products produced at world standards are loaded into semi-trailer trucks or lorries for shipment, we recycle the film wastes of our packaging facility using special machines, and use them instead of polyethylene film. This is how we make use of wastes again, and restore them to our logistic processes.



"Our business involves also a moral responsibility."

OUR CONTRIBUTION TO THE SOCIETY

In addition to doing our job at Hayat in the best manner, we also assume the obligation to add value to the societies we are in touch with.



With "Molfix Bond with Love" project, training sessions were provided to

5.000 mothers and **350** midwives and nurses

on secure attachment and baby development

incubators, ventilators and hepatitis equipment were provided to new-born intensive care units



total **250** tonnes of products were donated

in Asia including mainly Turkey and Africa and Middle East within the scope of the fight against Coronavirus



7 social responsibility projects were held with nearly 200 Hayat volunteers.

hayat is all ours



SOCIAL INVESTMENTS

"MOLFİX BOND WITH LOVE" PROJECT



With Molfix Bond with Love Project, we set out with the aim of ensuring that premature and unhealthy babies can survive with love, that secure attachment develops between babies and mothers and that baby deaths are reduced. Within the scope of our project during which we initiated the field practices in 2019, we held trainings in state hospitals in 10 provinces in order to raise awareness among both mothers and midwives and nurses on secure attachment and babies' development. We helped babies survive by means of providing incubators, ventilators and hepatitis equipment to new-born intensive care units.

We accessed exactly 5.000 mothers and 350 midwives and nurses in 10 provinces in Turkey in the first year of the project. We increased the

general knowledge of mothers by 22% as a result of our trainings held for mothers. We increased the knowledge of midwives and nurses on child development by 22%, and on babies' mental health by 17%.

Our project offers a sustainable business model for its own sector because of the method it has developed for the resolution of the problem and its field of activity, stakeholder structure and area of impact. Combining the private sector advantage with public stakeholders and academic collaborations, we aimed to generalize the use of social benefit-focused solution across the country.

Even though the project targeted directly the mothers whose babies are in new-born intensive



care unit and the midwives and nurses working in new-born intensive care unit, this training was provided also to psychologists engaged within the scope of the project and the hospitals' management teams and employees, as well as every single person involved in the project. We were awarded the Platinum award in the category of "Healthy Individuals" at 11. Corporate Social Responsibility Summit. We collected more than 1.000 new-born equipment with the support of our employees within the scope of our Volunteering Project we conducted at the company, and delivered these equipment to the needy babies and mothers in various provinces. In the second year of the project, we increased the number of project provinces to 15 across Turkey, and will implement the project also in Nigeria and Algeria, to which Molfix exports.

With "Molfix Bond with Love" project, training sessions were provided to **5.000** mothers and **350** midwives and nurses in 10 provinces on secure attachment and baby development.



OUR CORPORATE VOLUNTEER PLATFORM: HAYAT VOLUNTEERS

"Employee volunteerism" is one of the areas to which we attach importance within the scope of sustainability framework. Our corporate volunteerism platform "Hayat Volunteers" consists of nearly 200 Hayat employees from our executive committee and executives at various levels to our employees. As Hayat Volunteers, we conduct social sensitivity projects in collaboration with various non-governmental organizations. With each project, we focus on contributing to the society and adding value. The elements of our social and environmental projects in common with the "Millennium Development Goals" published by the United Nations in 2019 are provided in the following table.



WE STARTED THE VOLUNTEER PROGRAM WITH A DISH OF SOUP PROJECT!

We initiated our corporate volunteer efforts by distributing soup to the homeless in Beyoğlu along with 70 Hayat Volunteers. We conducted this project in cooperation with Çorbada Tuzun Olsun Association 3 times in 5 months as per the wishes of our employees.



WE MET DISABLED YOUNG PEOPLE AS HAYAT VOLUNTEERS!

We received training on "Right Approach towards Disabled" with 150 Hayat Volunteers in Mersin, Kocaeli and Altunizade locations in cooperation with Alternative Life Association (AYDER). We increased our awareness on our behavior against the disabled and communication with them. We carried out a simulation under the leadership of visually-disabled trainers in order to empathize with the visually-disabled. Then, we also held kitchen and mockup workshops along with 20 Hayat Volunteers by coming together with disabled young people at the Academy of Dreams. We have increased our awareness further with the information we received on being disabled.



WE SPENT A DAY WITH PARALYSED CHILDREN, DURING WHICH WE DISCOVERED VARIOUS OCCUPATIONS!

We ensured that our paralysed children discovered various occupations at Kidzania in cooperation with the Spinal Cord Paralytics Association of Turkey. With this project, 20 Hayat Volunteers took care of with children. Children had a funny and informative day with Hayat Volunteers.



Esra Kuku Food Engineer

"I had thought that I would spend a beautiful and beneficial day the moment I joined, and this is what happened. It felt so good to make a positive impact on some people's lives."

Ekin Yazıcı Turkey Assistant General Manager

"It was a fantastic day. I may have thrown a glance at a disabled individual unknowingly as I was walking on the way or in my social surroundings wondering what's wrong with them. I now realized how this makes them uncomfortable. We marginalize people sometimes inadvertently. The biggest contribution of this project was to underline once again that we should not do this. I was so touched and happy to see that the children were so happy as they left."

Elif Nebioğlu Assistant for Senior Vice President, Finance

"It is great to contribute to putting a smile on the faces of the children we were together with. I told to myself that I was at the right place."

Seher Çözer Laboratory Technician

"All projects have a different place. It was the most successful and most meaningful project in which I ever participated."

WE CONTRIBUTED TO ENVIRONMENTAL SUSTAINABILITY IN MERSİN!

We conducted coastal cleaning at Mersin coast. We planted 2,500 new saplings with "Breath for the Future" project.



hayat is
all ours

WE CELEBRATED APRIL 23 BY PLAYING GAMES WITH PARALYSED CHILDREN!

As Hayat Volunteers who are dedicated to spread the good, we continued our volunteer efforts from home also during the Corona period. We celebrated April 23 by meeting 14 paralysed children via video conference and playing taboo. We carried fun and hope to the world of our children from our homes, and shared this joy with them.



Gökhan Kesen
Sales Inspection Expert

"Life is beautiful when it is shared. It gives me moral peace to touch different lives and spend time with them."

Dilek Şeker
Turquality Manager

"Being involved in this kind of projects has a healing impact not only for the person involved but also for the other party. It reminds people of their humanistic feelings, to what extent they are overwhelmed by their daily routines and what other duties we have against others."

Yıldız Cankup
Information Technologies Project Manager

"First of all, thank you very much for making us feel this way on such a special day. I was excited as much as children. The smile on their faces makes me feel so different that I cannot describe it in words. I would participate in such projects actively at any time again".

RESPONSIBLE MARKETING

One of our most important responsibilities Hayat assumed against our society is offering high-quality and healthy products to our consumers at affordable prices. We give priority to ensuring transparent communication with our consumers on the basis of technical data. We are a member of Association of Advertisers, and always ensure 100% compliance with the rules established by the association. Participating in Gender Equality in Advertising Platform, we attach importance to ensuring that an inclusive style that empowers women and is suitable for gender equality is used in advertisements and communication materials. Recognizing in the communication messages of our institution and brands that everyone is equal, we employ a tone that strengthens social values. We support all brand promises with advertising, digital platform, PR, outdoor and POP activities that are suitable for the brand's identity and personality, as well as all product development processes. We owe our strong competitiveness and success in all geographical regions where we operate to our brand strategy that has been determined correctly, and our communication activities that make brand identity stand out, as well as our valuable team force. At Hayat Kimya, we always observe the interests of our consumers during all our processes. Lending an ear to our consumers and meeting their requests, requirements and expectations, we strive to ensure that everyone has access to high-quality and healthy products in both Turkey and all markets where we operate.

- 124 reseraches held with 10.340 consumers in the home care category in the world
- 25 reseraches held with 13.324 consumers in the tissue category in the world
- 572 reseraches held with 22.805 consumers in the baby care category in the world
- 42 reseraches held with 7.361 consumers in the feminine care category in the world
- 2 reseraches held with 217 people in adult care category in Turkey

Thanks to our investments in innovation and our excitement of offering our consumers products that exceed their expectations, Molfix, which was born in this country, is now used by the babies in Madagascar. Bingo and Papia products are used in the houses in Kenya, Ghana and Kazakhstan. We compete with local and global brands in the markets where we operate, and become one of the top 2 players of the market in a short period of time such as 2 years starting from the date of entry. Our leading position in baby diapers category in Nigeria, Algeria, Iran, Cameroon and Madagascar is a clear proof of our success. Hayat Kimya owes this success to its innovative approach, deep understanding of local requirements and offering high-quality with reliable brands produced with state-of-the-art technology. Being the actor behind the brands that put a smile on the faces of the families in the world is encouraging and promising for the future. We subject all product claims to technical conformity testing processes. We ensure that the product, product content and product packages comply with the legislation, that products are manufactured, packaged and introduced to the market in accordance with local legislation, and that product claims are checked as regards technical conformity. The processes we carry out in this direction briefly consist of the following:

- Coordinating compliance activities for all kinds of marketing/sales communication materials for consumers, as well as the content of formulas/recipes of Hayat Kimya brands;
- Performing checks on the labels of product packages;
- Ensuring that notification, reporting procedures, etc. are followed up and completed for introduction of finished products into the market;
- Inspecting and approving the compliance of the claims to be used on product packages and promotional materials;
- Ensuring coordination with Marketing, R&D and Legal departments during the activities related to compliance of finished products and claim supporting.

CUSTOMER SATISFACTION

The feedback of our consumers and customers makes significant contributions to our constant development. Thus, we address the feedback we receive from both our consumers and our customers carefully.

We enter into records the notifications made by our consumers and customers via Consumer Relations Center (CRC) channel, assess them carefully and try to respond to them as soon as possible.

83.2% customer satisfaction on

sikayetvar platform



Molfix ranks second in terms of satisfaction in baby diaper category

OUR FIGHT AGAINST THE 2020 CORONAVIRUS OUTBREAK

As a corporate global citizen, we are aware of our responsibility against the society. We supported all countries with product and monetary donations during the fight against the Coronavirus outbreak, that had a deep global impact. We provided aids to the needy individuals, hospitals and care houses.

First of all, we provided lockdown hospitals in Turkey with nearly 200 tons of Bingo Oxygen bleach, Papia, Familia, Focus toilet paper, paper towel, napkins, facial tissue and handkerchief and adult diapers.

We donated 7 million TL

to the National Solidary Campaign initiated by the Presidency in order to help Turkey overcome this process with the least damage possible thanks to a spirit of solidarity and cooperation.

With the same sense of responsibility, we provided aid to the official institutions and the needy also in Egypt, Algeria, Russia, Nigeria, Morocco and Pakistan. Hayat strived to do its best to make sure it did its full share of work.

ALGERIA



MOROCCO



EGYPT



NIGERIA



IRAN



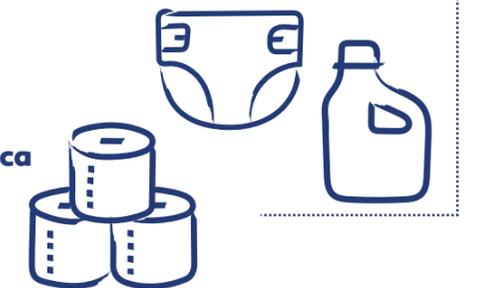
PAKISTAN



RUSSIA



Total **250** tonnes of products donated in Asia including mainly Turkey and Africa and Middle East



"Our employees are unique: They are determined, courageous and entrepreneur."

HAYAT CULTURE

The most important component of our success is our human resources consisting of 8,000 people, who allow us to introduce Hayat quality and innovation to millions of households in more than 100 countries.

Total
8.000
employees in the world



familia

Total
3.400
employees in Turkey

43% women employees
in Turkey (White Collar)



hayat hepimizin



BENEFITS

- Maternity Leave
- Seniority Incentive
- Food, Cleaning and Hygiene Allowance
- Education Allowance
- Fuel Allowance
- Diaper Support
- Shuttle Facility
- Cafeteria Service
- Workplace Physician
- Feast Support

OUR PROFILE

	Blue Collar		White Collar	
	Women	Men	Women	Men
Number of Employees	110	2105	505	673
Percentage (%)	5	95	43	57

In the top 100 companies in **Capital's List of Women-Friendly Companies** in 2019,

we rank **78th** among the top 100 women-friendly companies, and

rank **38th** among the top 100 women executive-friendly companies.



Breakdown of the Number of Employees by Location

	Women	Men
Headquarters (Altunizade / İstanbul)	412	493
Yeniköy	195	1980
Mersin	8	305

EXPLORE HAYAT

We have received 5,500 applications for "Explore Hayat" internship program in 2019 through various application channels. We have selected total 44 interns, with 23 interns to work at Turkey organization and 21 to work at the headquarters and the Holding.

Total 44 students from 22 different universities and 16 different departments worked as interns for 2 months during the summer at our Kocaeli, Mersin and Istanbul organizations in various functions such as Marketing, Finance, Export, Production, Information Technologies, Procurement, Supply Chain and Human Resources. During the orientation program, our interns had the chance to learn the way of working of various departments and observe on the field the production process by attending plant tours. They worked on, and completed, their internship projects related to business life together with their internship consultants at their respective departments.

We won the first place in the Top 100 Talent program organized by Top Talent company in our category with Explore Hayat.



OUR WORKING ENVIRONMENT

We have breakfast with all our office employees in the cafeteria on the first Monday of each month with the concept of **"Mondays without Syndrome"**.



We serve fresh fruits to our employees as refreshments two days a week with a **"Healthy Life"** concept.

We provide sports and dietitian support for improving the health of our employees with our **"Dietitian at the Office"** and **"Pilates at the Office"** practices.



OUR SOCIAL CLUBS



Food Club



Music Club



Yachting Club



Tennis Club



Basketball Club



Diving Club



Nature Sports Club



Running Club



Our Food Club held a workshop in cooperation with MSA.



Our Music Club took the stage on Seniority Incentive Ceremony.

Our Yachting Club held a yachting training for those who are new in this sports field.



OUR TRAININGS



To ensure that we become a constantly-learning organization, we provide our employees with trainings that support their occupational and personal development. We make training and development plans for our employees at all levels. The trainings we offer via "Akademi Hayat" online platform are available for access by all our employees irrespective of their location.

We implement 4 main developmental programs for our employees, which are designed in accordance with Competency Model.

1 LEADERSHIP

Our developmental programs available for all white-collar and blue-collar managers, focusing on the development of leadership competencies

By supporting the development of our employees in these 4 categories, we not only ensure their development in their existing roles, but also help them to prepare for their future roles.

2 SKILLS DEVELOPMENT

Our developmental programs available for all white-collar and blue-collar employees in sub-managerial positions, focusing on the development of fundamental competencies

3 CAREER DEVELOPMENT

Our developmental programs available for all white-collar and blue-collar employees, focusing on the development of skills and occupational knowledge required by the job functions

4 MANDATORY

Our mandatory trainings for all white-collar and blue-collar employees as required by the legal requirements or quality systems

Duration of trainings per employee (hours)	White Collar 	Blue Collar 
	16,74	15,63
Duration of trainings per employee (hours)	Women 	Men 
	11,21	15,53

PERFORMANCE AND CAREER MANAGEMENT

Starting from the recruitment process, the most important tool we use for assessing the development of all our employees and their contribution to our company in a transparent manner is performance management. All our blue-collar and white-collar employees are included in our performance assessment process. We have held career development plan interviews with 70% of our total white collar employees in 2019. 35% of these employees are women white collars, while 65% of them are men white collars. (HQ + TR included)

We subjected 100% of the blue-collar employees to the performance system.

Internal Mentoring Program

We implement Internal Mentoring Program to foster the culture of learning from each other. All white-collar employees working in Turkey participate in this process on a volunteer basis. Our employees who choose a "mentor" for themselves in the field in which they want to develop themselves file an application as a mentee, and reach an agreement with their mentors and hold dialogue meetings with their mentor that last for 1 year. All mentors and mentees participate in 1 day's Mentorship Skills training. We have had the second period of the Internal Mentoring Program in 2019.

Internal Trainer's Training Program

With this program, we ensure that our employees share the dynamic Hayat culture, their experience, skills and knowledge with the other employees in a professional manner. We also support the development of our internal trainers.

Skill and Career Management

Starting from the recruitment process, one of the most important tools we use for assessing the development of all our employees and their contribution to our company in a transparent manner is skill management process. All departments and country GMs held skill management meetings in 2019, creating skill matrices for each department.

Global E-learning Project

We opened the LinkedIn Learning platform, which is an e-learning platform, as a pilot platform for our employees in Turkey and other subsidiaries on volunteer basis. The program was participated by more than 183 managers and employees, as well as 221 global employees.

Industry 4.0 School

We developed this program for the Industry 4.0 board members and the relevant teams of our company. The program aims to shape the Industry 4.00 roadmap and strategies and raise awareness and foster knowledge on the issue.

On-the-Job Trainings

This is a learning and development program we designed with the aim of ensuring that our blue-collar employees can go through their orientation processes smoothly in accordance with a structured development process when they start working.

Maintenance Training Laboratory

This is the training laboratory established with fully-equipped training sets and materials with the aim of holding the core technical trainings within the scope of the HES (Hayat Excellence System) and the Maintenance School's core trainings in our own organization and using our internal resources.

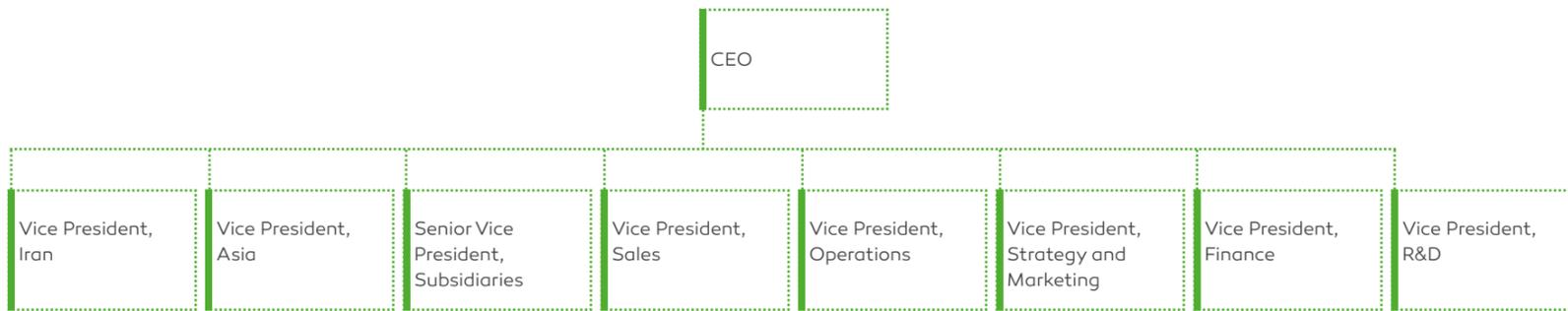


RESPONSIBLE GOVERNANCE

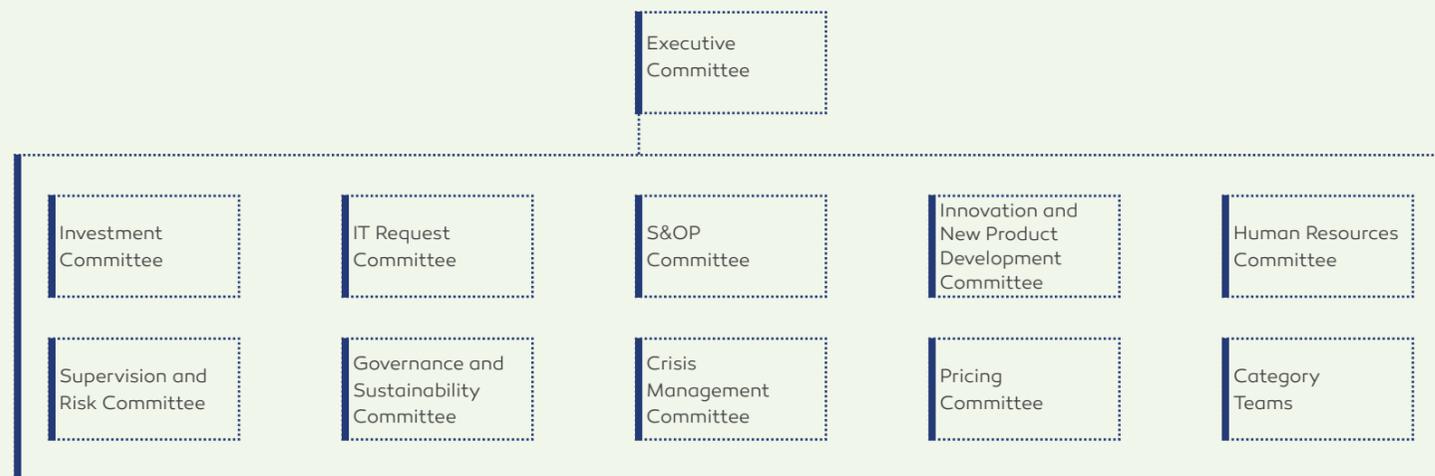
With our corporate governance approach, we ensure that our global operations are carried out at "Hayat" standards, efficiently, competitively and in a growth-oriented manner. In the light of this approach, we manage all our business activities with business processes defined by total 6 vice presidents consisting of global operations, strategy and marketing, subsidiaries, sales, finance and R&D.

10 different committees shown in the graphic and managed by the team work of different functions support the standardization of our global business processes and decision-making mechanism of our Executive Committee.

GLOBAL GOVERNANCE ORGANIZATIONAL CHART OF HAYAT KİMYA



CORPORATE GOVERNANCE COMMITTEES OF HAYAT KİMYA



ETHICS AND COMPLIANCE

In line with Hayat Culture, we carry our job operations on the basis of ethical, reputational and responsible working principles. We attach importance to ensuring compliance of all our subsidiaries with the laws and regulations of the countries where we operate.

We initiated efforts for improving the existing Ethical Code document. We have created an Ethics Line infrastructure for communicating the ethical non-compliances to the relevant units.

SUPERVISION AND RISK MANAGEMENT

Our Internal Supervision unit conducts its activities on the issue independently, and reports directly to the Board of Directors. The purpose is to improve the activities of Holding companies and conduct independently and objectively value-added assurance and consultancy activities.

Corporate Risk Management strives to early detect the strategic, financial, operational and compliance risks for the purpose of ensuring sustainability, and take measures to eliminate such risks. Risks are determined, their impact and probability are assessed, and the relevant responses and controls are defined. The risks are addressed in the categories of Operational, Financial, Compliance and Strategic Risks.





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