



BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

About the Report

Paşabahçe Cam Sanayii ve Ticaret A.Ş. (hereafter referred to as "Paşabahçe" or the "Company") presents its stakeholders with its sustainability performance for the period between January 1st and December 31st 2016, in this third Sustainability Report prepared in accordance to "core" option of GRI G4 Sustainability Reporting Guidelines.

The economic indicators included in the report involve all legal operations of Paşabahçe in Turkey and abroad in order to be compatible with the consolidate data in the financial reports, while all other indicators related to environmental and social impacts involve Paşabahçe's operations in Turkey. Data related to Camis Ambalaj Eskişehir Plant were not included within the scope of the report due to the sale of corrugated cardboard business line. Paşabahçe aims to expand the scope of its sustainability reporting to its overseas operations in the forthcoming periods.

Stakeholder feedbacks are vital for us in terms of improving both our operations and our reporting process. All views and suggestions received from our stakeholders are closely examined and used to improve our operations.

We invite our stakeholders to forward any opinions about the report, suggestions or complaints to:

Dr. Ali Yüksel Soykut
Development Manager
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In order to ensure the sustainability of the value we create for our stakeholders, we resolutely continue the evaluation of our processes from a sustainability perspective and the integration of prioritized components in our business strategies.

Message from the Chairman

I am glad to present you with our third Sustainability Report, which we, as Şişecam Group, prepared in line the principles of transparency and accountability. The Report was prepared based on the internationally acclaimed sustainability reporting guidelines (GRI G4) of the Global Reporting Initiative as part of the requirements of a responsible business understanding.

2030 Sustainable Development Agenda is a universal call to action to end poverty, protect our planet and ensure the peace and prosperity of all people through 17 Global Goals. As a global, reputable, financially stable company with a transparent understanding of governance, Şişecam Group adopts the United Nations Sustainable Development Goals (SDG) in accordance with its sustainable growth model, while supporting and adding value to goals of gender equality (SDG5), clean water (SDG6), clean energy (SDG7), innovation (SDG9), responsible production (SDG12), and climate action (SDG13).

Our pathway to become one of the top three in the Global Market, is through mainstreaming, evaluating and prioritizing our business strategy in line with sustainability principles while adding value we create for our stakeholders. Being listed on the Istanbul Stock Exchange Sustainability Index in the 2016-2017 period is regarded as an important indicator of our high performance in this scope.

Our Group, which successfully maintains its activities while sustaining its competitive advantages, produced 4.6 million tons of glass, increased consolidated net sales by 14% reaching to TRY 8.4 billion, domestic sales by 46% and international sales by 54% as of 2016 yearend. In the soda production, being the top producer globally, 2.3 million tons of soda and 3.8 million tons of industrial raw material was produced in the year of 2016.

Pursuing its investments with a view to reinforce both its operations and its market positions, our Group made TL 1.2 billion worth of investment as of yearend. In line with our value creating sustainable growth strategy were also reflected on our financial results in 2016. EBITDA volume was TL 2.1 billion, while our EBITDA margin was 25.2% with a 1.4-point increase. Our Group shares performed well above the averages of BIST Holding, BIST 100 and BIST 30 indexes gaining 34% in nominal value, while the share of corporate foreign investors among our publicly traded shares reached a high level of 46.5%.

As a Group operating in energy intense industries, the efficient use of energy, access to effectively continuous energy supply, and the continuous review of energy related risk and opportunities plays an important role for our sustainable operations.

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- INNOVATION

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- SUSTAINABLE ENERGY
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- SOCIAL RESPONSIBILITY

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On this basis, the energy consumption of our operations, which are managed according to the international energy management standards, is systematically monitored and energy efficiency projects are implemented to ensure a continuous energy consumption reduction. A total of 590,700 GJ of energy saving was achieved and 25,800 tCO₂ of GHG emission was prevented by means of the energy efficiency projects we carried out in the reporting period.

As part of renewable energy solutions, Şişecam installed 6 MW solar power panel for its flat glass plant in Mersin which is one of the seventh largest roof type solar power generators in the world.

Another development achieved by our Group in 2016 was the establishment of Şişecam Çevre Sistemleri A.Ş. (Şişecam Environmental Systems Inc.) in cooperation with the European Bank for Reconstruction and Development. This strong cooperation, which is a first in the world and aims to accelerate the modernization of the leading glass recollection and recovery companies of Turkey, seeks to provide know-how transfer support for the companies besides long-running financing opportunities on easy terms. Şişecam Çevre Sistemleri A.Ş., which aims to increase the rate of recycled glass from 19% to 45% within five years, pioneers the establishment of a sustainable glass recycling infrastructure, regarding both the mitigation of greenhouse gas emissions and contributing to the national economy by means of the energy savings achieved being also an important contributor of its social responsibilities.

A significant component of our global competitive power is value added innovative products and the research studies lead by Research and Technological Development Unit. Şişecam Research and Technology Development Center is ranked 8th among 127 R&D Centers according to the 2016 R&D Performance Index rating prepared by the Turkish Ministry of Science, Industry and Technology. As part of the studies in the reporting period, participation and applications to internationally and nationally supported projects were ensured, four patent registrations were realized and 29 patent applications were filed.

Şişecam Group internalizes integrated industry technologies and adopts information technology in all its processes and business models to conform to the age of innovation and virtual realities. In this regard, leading culture was adopted

to accelerate digital technologies in business processes; all the digital assets of our Group is being managed with a holistic and strategic approach through the Digital Transformation Project. Our digital assets were renewed with design and contents focused on user experience in parallel with current trends alongside our restructured brand architecture.

We continued promoting the transition to a recycling society by generating social behavioral change through one of the most comprehensive sustainability and social responsibility projects of Turkey, the "Glass and Glass Again" Project which we have been carrying out since 2011. Since the start of the project, trainings regarding recycling were provided to a total of 233,000 primary school students, 17,400 glass banks were donated and 740,000 tons of glass packaging waste was recycled.

Besides the social responsibility projects, we continued actualizing significant studies with the responsibility of sustaining our cultural heritage in the field of glass with Serçe Harbor Glass Wreck Documentary, Antique Glass Works Collection and History-Culture-Glass themed product portfolio.

Şişecam Group also maintained its pioneering position in the field of education, starting the first Glass Science and Technology Master's Program of Turkey with university cooperation in order to meet the qualified human resource need of the glass sector. We believe this program, which is exemplary in terms of Industry-University partnership, will make valuable contributions to the sustainability of human resource competence in the glass industry.

We are a global family among the most prominent industrial institutions of the world with our nearly 22,000 employees in 13 countries. We continue our practices aiming to create a safe working environment while respecting differences, respecting our employees to ensure their happiness, productivity and efficiency, which we regard as the most important component to sustain the global value we create.

On the occasion of this Report, let me take this opportunity to extend my thanks and pay my respects to all our shareholders who have greatly contributed to achievements and sustainability of the value we create as a global company in today's highly competitive business world.

Prof. Dr. Ahmet Kirman
Chairman

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- SUSTAINABLE ENERGY
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We strive to be a globally recognized and preferred leader glassware company in the future, as we are now, by creating above-industry value with our products that add value to life.

Message from Glassware Group President

Esteemed Stakeholders,

I am glad to present you our third Sustainability Report, containing an overview of our performance in 2016 and prepared in accordance with Global Reporting Initiative GRI G4 Sustainability Reporting Guidelines.

The fall in oil prices, China's economic slowdown, rising terror incidents, and political and economic uncertainties in 2016 have adversely affected the global economy. The slow growth in the economy has led to a decline in demand and has limited growth rates in the glassware market due to the fact that glassware products are not necessity goods. In 2016, global actors in the glassware market have focused on modernization and development of cost structures in order to increase profitability. Intense competition, especially in the European market, has negatively affected many glassware companies.

As a Glassware Group, a company of Şişecam Group, we effectively continued our investments that provide production processes with technological development in 2016, despite challenging and competitive conditions in global markets. In this context, we have made investments in superior machines that increase productivity in processes and provide flexibility in the product portfolio. During the period, we focused on activities that would increase our market share through decorative products with added value. In our factories, we have put into use a great number of new hi-tech printing lines with the aim of increasing capacity, efficiency and competence. Through these investments, we have strengthened the competitive capacity of the company while providing production flexibility. By reinforcing our hi-tech investments with a sustainable structure, we have maintained our pioneering position in the world glassware sector. We strive to be a globally recognized and preferred leader glassware company in the future, as we are now, by creating above-industry value with our products that add value to life.

We act with the responsibility of being a company of Şişecam Group and a global leader; we strive to constantly improve our business processes and performance by addressing our activities with social, environmental and economic dimensions. With the actions we take in line with our sustainability priorities, we continue to reinforce our success and contribute to the sustainable development of the society in which we live.

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- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

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We try to ensure the highest level of efficiency by providing a more flexible and solution-oriented structure in our business processes. We consider efficiency not only a core part of our processes but also an important component of our value chain. In this context, we continued efficiency projects in the supply chain during the reporting period. In addition, we undertake practices that will increase efficiency in our business methods and processes. Within the scope of the “Lean Transformation Program” of Şişecam Group, we started to apply Lean Management Techniques and the 6 Sigma methodology. In parallel with the digital transformation of the Group, we created state of the art business practices by internalizing the technology in all our processes, and we focused our attention on digital marketing activities. Within the scope of our innovation and R&D studies, we continued to expand our portfolio with decorative products with high added value.

Like all the companies of Şişecam Group, the production processes of our company require intensive energy use. For this reason, we pay special attention to climate change, particularly in the fields of environmental performance and energy consumption. In order to use energy in a sustainable way, we continued to focus on efficiency studies in all our business processes, from procurement to production, and from distribution to sales. In 2016, we significantly reduced our energy consumption, which we constantly monitor in line with the key performance indicators, compared to the previous year.

We carry out practices that will minimize the environmental impacts of our business processes. Accordingly, within the reporting period, we continued to carry out optimization and recycling projects for water consumption. We have undertaken numerous projects that will enable the recovery of packaging waste and the recycling of glass. Under our brand ZestGlass, with the “upcycling” method, we have transformed non-recyclable products into environmentally friendly products that can be reused.

Like all the companies of Şişecam Group, we, as a responsible company, contribute to the sustainable development of the community in which we operate. During the reporting period, we continued our social responsibility activities in education, health and environment, while participating in activities that would contribute to the diffusion of glass culture.

We strive to perform better in line with our goal of providing our employees with a participatory work environment that respects human rights, differences, and enables them to develop their competencies. We support the continuous development of our employees through education and career opportunities. In 2016, within the scope of the Talent Management System that was put into practice to uncover the potential of employees throughout the Group and to train future leaders, we conducted the potential assessment process. During the reporting period, we continued to enrich and expand the training and development opportunities we offer under the roof of Şişecam Academy.

In line with our goal of creating a more sustainable brand image, we continue to focus on marketing communication activities. Within the period, with our brands Paşabahçe and Nude, we continued to participate in international fairs for the catering and retail sectors. With the Nude brand, we participated in national and international design competitions, including prestigious ones such as Red Dot, IF Design Award and German Design Award, and we won eight awards.

We will continue to create value for our country and our stakeholders in the future. I extend my gratitude to all our employees, shareholders, suppliers, business partners and all other stakeholders, who support us in our sustainability journey and who play a major role in achieving our goals.

Sincerely,



Cemil Tokel
Glassware Group President

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- SUSTAINABLE ENERGY
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About Paşabahçe

Paşabahçe Cam Sanayi ve Ticaret A.Ş. (“Paşabahçe”) represents Şişecam Group in the field of glassware. The first company to be established by Şişecam Group in 1935, Paşabahçe first started manufacturing completely handmade household goods from soda glass at the factory established in Beykoz. Subsequently, in 1955 machine production, which is considered the first stage of the current manufacturing technology, and in 1974 heat-resistant glassware production were engaged. The company, which made its first export sale in 1961, adopted the strategy of export-oriented growth besides meeting the domestic demand between the years 1980 and 2000, thereby rapidly increasing its production capacity. Paşabahçe, which accelerated technological advancements aimed at quality and productivity enhancement in the same period, started production in Bulgaria and the Russian Federation in addition to its facilities in Turkey.

Paşabahçe ranks 3rd in the world and 2nd in Europe in its segment, as the largest glassware producer of Turkey with its strong structure of distribution chain, wide product range, production skills exemplary in its field, and customer oriented strategic approach. Today, international sales account for 65% of the sales of Paşabahçe, which exports to 140 countries nearly with its 7,000 employees.

Paşabahçe continues its glassware production operations at Kırklareli, Mersin, Eskişehir and Denizli plants in Turkey and in its facilities in Bulgaria and the Russian Federation abroad. Paşabahçe Mağazaları A.Ş., the leading establishment of our country in the field of tableware and kitchenware chain store retailing with its wide range of product, Camiş Ambalaj Sanayi A.Ş., one of the prominent companies of Turkey in the field of paper-cardboard packaging, and Denizli Cam Sanayi ve Tic. A.Ş. are other important companies incorporated within the body of the Group.

Paşabahçe, which carries out production, design and marketing operations aimed at three different segments, namely household, catering and industrial, offers its customers over 20 thousand different product choices. Paşabahçe aims to become a globally renowned and preferred leading glassware company with its products adding value to life, by enhancing its activity and brand power in new geographies with high market potential by means of its wide product range and production skill.

ŞİŞECAM GROUP MISSION

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

PAŞABAHÇE VISION

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

In light of its vision and values, Şişecam Group aims to become one of the top three globally, to expand its global presence, and to create sustainable value on a global scale with its individual and environment conscious approach in its operations as a global family.

Turquality

The Paşabahçe brand has been included within the scope of Turquality since 2008. Turquality is an incentive program whereby 50% of international promotion, publicity, advertisement (magazine, billboard, etc.), expo costs, market research, international units' warehouse rental costs, store rental costs, decoration expenses, SAP software maintenance expenses, advisory services, international registration, and similar expenses are reimbursed by the government. As of 2013, we have entered the second five-year support period.

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- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
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2016 PERFORMANCE



65

USD MILLION IN INVESTMENTS



609

THOUSAND TONS OF PRODUCTION CAPACITY



383

THOUSAND TONS OF PRODUCTION



EXPORTS TO **140**
COUNTRIES



EMPLOYMENT FOR **6,660**
PEOPLE

ŞİŞECAM VALUES



We derive strength from our traditions and support each other.



We thrive and develop together.



We display fair and transparent management approach.



We care for our environment.



We respect differences.

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- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
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CORPORATE MEMBERSHIPS

Adana Chamber of Commerce	İstanbul Chamber of Commerce (İTO)
Ankara Chamber of Commerce	İstanbul Chamber of Industry (İSO)
Association of Retailers	İstanbul Exporters' Association
Cardboard Packing Manufacturers Association (KASAD)	İstanbul Minerals and Metals Exporters Association (İMMB)
Central Anatolian Exporters Union (OAİB)	İTO Chamber of Glassworkers
Corrugated Cardboard Manufacturers Association (OMUD)	İzmir Chamber of Commerce
Eastern Anatolian Exporters' Association (DAİB)	İzmir Chamber of Industry
Eskişehir Chamber of Commerce	Kırklareli Chamber of Commerce
Eskişehir Chamber of Industry	Lüleburgaz Chamber of Commerce and Industry
European Container Glass Federation (FEVE) Glassware Committee	Mersin Chamber of Commerce and Industry (MTSO)
European Domestic Glass Association (EDG)	Technical Association of the Pulp and Paper Industry (TAPPI)
Gebze Chamber of Commerce	Trabzon Chamber of Commerce
Gebze Chamber of Industry (GTO)	Turkish Glassware Association (ZÜCDER)
International Chamber of Commerce (ICC)	Turkish Personnel Management Association
International Crystal Federation (ICF)	Turkish Quality Association Eskişehir Branch
	Turkish Union of Chambers and Commodities

Production Facilities in Turkey	Production Facilities Abroad	Brands
Paşabahçe Cam San. ve Tic. A.Ş.	Paşabahçe Glass Bulgaria EAD-Bulgaria	Paşabahçe
Kırklareli Plant-Kırklareli	OOO Posuda-Russia	Borcam
Mersin Plant-Mersin		NUDE
Eskişehir Plant-Eskişehir		Lara
Denizli Cam San. Ve Tic. A.Ş.-Denizli Camış Ambalaj Sanayii A.Ş.		Paşabahçe Mağazaları
Tuzla Plant-İstanbul		
Paşabahçe Mağazaları A.Ş. (49 retail stores)		

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- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
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Our Sustainability Approach

Our sustainability approach is based on generating value added for financial continuity, reducing our environmental impact, and creating lasting values for our stakeholders.

In this direction, ensuring the sustainability of the value we create for all our stakeholders, evaluating all the processes of our business from a sustainability perspective and improving relevant processes, and minimizing the environmental impact we generate are the key elements of our sustainability approach. In addition, we actively ensure the representation of sustainability management at the senior level and evaluate our sustainability approach together with our vision, business strategies and targets, thereby putting forth a robust governance approach.

Sustainability Management

At Paşabahçe, sustainability is managed within the body of the Şişecam Corporate Development and Sustainability Presidency in order to develop more swift and effective decision making capabilities in line with the vision and strategies of Şişecam Group and to govern the long-established structure of our Group more efficiently in the competitive landscape of our day. Contributing to and following up the strategies and policies of the Group in in line with sustainability principles and drawing the roadmap for and implementing sustainability solutions in the fields of energy, environment, human resources, procurement, processes, production, capacity building

and international relations, while designing and implementing procedures and standards for the central administration of quality systems are included within the scope of the sustainability function.

Şişecam Sustainability Committee, which was established in 2015, consists of the Chief Corporate Development and Sustainability Officer (CCDSO), Human Resources President, Production Vice-Presidents of Business Units, Sustainability Director, Corporate Communication Director, Industrial Relations Director and Innovation Manager. The working groups within the body of the committee are responsible for conducting activities related to the subjects of Environment, Energy, Occupational Health and Safety, Innovation and Social Responsibility.

Risks and opportunities regarding sustainability issues are essentially determined by the Sustainability Directorate and offered to review at the Sustainability Committee. CCDSO, who is also a member of Şişecam Executive Board, offers the issues to review at the monthly meetings of the Executive Board and ensures decisions are taken if necessary. A similar process is conducted by the Chief Executive Officer (CEO) at the monthly Board of Directors meetings.

Paşabahçe periodically reviews its priorities in the field of sustainability with the contribution of this strong sustainability management structure.

We present a powerful management approach by evaluating our sustainability approach along with vision, business strategies and targets while we ensure a high-level representation of sustainability management.

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- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
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OUR SUSTAINABILITY PRIORITIES



***Being a Pioneer
in the Global Market***

- R&D
- Innovative products
- Business ethics*
- Business continuity*
- Customer satisfaction*
- Marketing communication
- Risk management*
- Working conditions in the supply chain
- Product information*
- Product safety*
- Product responsibility*
- Product variety
- Increasing generated economic value*
- Legal compliance *
- Local procurement*
- Fight against Corruption*



Global Presence

- Waste management
- Environmentally friendly products*
- Emission management*
- Industrial collaborations*
- Energy management*
- Combating climate change*
- Efficient use of resources*
- Water management
- Environmental management in the supply chain
- Contribution to social development



One Global Family

- Fair working conditions*
- Employee rights*
- Employee engagement
- Equality at work
- Occupational health and safety*
- Talent management*

The aspects marked with asterisk () are material within and outside of (throughout various stages of business chain) our organization, while the other aspects are only material within our organization.*

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- SUSTAINABLE ENVIRONMENT
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Goals identified in relation to sustainability priorities and furthering its performance in relation to these targets are issues of significance for Paşabahçe. In this regard, sustainability performance is monitored in accordance with the determined key performance indicators, while relevant standards are closely followed, while the views of all stakeholder groups are actively taken into consideration. The realization in the reporting period of the targets set in this regard and the targets set for the forthcoming period are as follow:

Our Strategic Targets	Our 2016 Targets	Realization	Our 2017 Targets
Realize Profitable Growth	Improvements in systematic reporting and providing training on international trade	Works for SKU number optimization were maintained. Works aimed at reducing operation expenses were conducted.	Increasing market penetration through value added and premium products, switching production to low-cost locations
Strengthen HORECA Channel	Carrying out the Catering Growth Project	7 key countries, England, Italy, Spain, Portugal, China, USA, and Russia, were elected. A product portfolio composed of classic and trending products was determined. Activities to support sales, such as brand communication, promotion, publicity and fairs, were carried out. As part of the expansion of the project, contacts were made in Asia Pacific and Scandinavia as new regions.	Works aimed at increasing international catering penetration will be maintained.
Grow in Branded and Value Added Products	Structuring distribution in new regions as part of the Nude project and launching the global online e-commerce website	The sales revenue of the Nude brand was increased. Nude e-commerce website was launched.	Penetration increase will be maintained through branded products.
Increase Operational Efficiency	Conducting works for AEO status (Authorized Economic Operator) and ISO 27001. Subprojects and main projects were conducted as part of the Integrated Business Plan Transformation Project.	ISO 27001 certification was obtained. Conceptual design was performed in the second phase of the Integrated Business Plan Transformation Project.	AEO status application was made to the Ministry of Customs. SAP-ERP revision project works will be continued.
Enhance Customer Satisfaction and Engagement	The call center was put into use within the context of the CRM project. Permission-based marketing and call center software integrations were completed.	The website of Paşabahçe Mağazaları was updated. New products were added to the collection.	Works to open a second Paşabahçe store abroad are continuing. Paşabahçe Club Card will be offered to users.

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Stakeholder Engagement

We regularly share our performance regarding the sustainability priorities to our stakeholders through our sustainability report. The feedbacks we receive of are among the most important tools we rely on to further improve our performance. We maintain our dialogue with our stakeholders on different platforms and at varying frequencies as required by the communication type. In addition to these, all our stakeholders can communicate with us through all communication channels indicated on the corporate web site.

In consideration of our mutual interactions, our prioritized stakeholder groups are employees, suppliers, customers, and public institutions.

KEY STAKEHOLDER GROUPS AND ENGAGEMENT PLATFORMS

INTERNAL STAKEHOLDERS			
Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Senior management	• Executive Board Meetings • Email communication	Varies depending on the type of engagement	All relevant departments (Quality, Environmental and Technical Standards, HR, Finance, etc.) regularly met in the reporting period to tackle various sustainability opportunities and issues.
Employees	• Employee Satisfaction Survey • Suggestion and Idea Platforms • Employee Interviews • Announcements by email • Seniority Incentive Award • Recognition and Reward System	Varies depending on the type of engagement	The most important asset of Paşabahçe is its employees. Paşabahçe is a leading company in its industry with regards to training and supporting its human resource.
Shareholders, analysts and investors	• General Assembly Meetings • Meetings with analysts and investors • Phone calls/teleconferences and email communication with investors • Periodically published informative reports (e.g. Annual Reports, CDP reports, earning and interim reports) • Social media • Investor feedbacks	Varies depending on the type of engagement	The Company, who is in constant communication with its shareholders and investors, fulfilled all requirements of legal regulations during the reporting period.

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- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

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- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

KEY STAKEHOLDER GROUPS AND ENGAGEMENT PLATFORMS

EXTERNAL STAKEHOLDERS			
Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Customers	The main channels of customer engagement consist of customer satisfaction surveys, trade shows, social media, sector-based and general meetings and conferences, Paşabahçe Mağazaları, new product introduction and promotion activities, and feedbacks received by phone and email. Activities and communications within the scope of social responsibility projects are also opportunities for engagement. Examples for Engagement Platforms: Customer Care Line musterihizmetleri@pasabahce.com - www.pasabahce.com.tr www.sisecam.com www.nudeglass.com	Continuous interaction by email, social media and phone Casual meetings held as needed	Paşabahçe is in constant communication with its customers as part of its business activities. There are several channels for customers to provide feedback regarding the environmental and social performance of the Company. One of these channels is the Customer Care Line dedicated to customer complaints. Through this line, Paşabahçe assesses its customers' problems and implements improvements to better serve them.
Public institutions / Other regulatory institutions	• Regular reporting • Meetings, forums and conferences • Press releases • One-to-one meetings	Continuous within the general course of regular business (e.g. communication by email, phone, or in person) or as required specifically	Paşabahçe greatly emphasizes full compliance with laws and regulations in all its activities.
Suppliers	• Daily workflow • Meetings • Email communication	Continuous within the general course of regular business (e.g. by email) or as required specifically	In addition to the environmental impacts generated directly by its operations, Paşabahçe also assesses and addresses the environmental impacts of its suppliers. Besides these targets, Paşabahçe includes certain requirements in supplier contracts.
Nongovernmental organizations	• Strategic collaborations • Institutions • Regular Meetings	At least once a month	Nongovernmental organizations are supported through joint projects conducted in social, economic and environmental issues.
Media	• Press conferences • Press releases • Interviews	At least once a month	Paşabahçe maintains regular communication with national and international media in order to raise relevant awareness.
Society	• Media	Varies depending on the type of initiative	Paşabahçe announces all of its activities through the media.

The expectations of our stakeholders regarding our sustainability priorities for the reporting period are as follows:

CRITICAL CONCERN	STAKEHOLDER GROUP RAISING THE CONCERN	INFORMATION SOURCE REGARDING THE ACTION TAKEN
To report on our environmental impacts and performance	Customers, employees, investors	Sustainability Report, Reports offered to investors and financial institutions (IFC, EBRD)
To report on emissions generated by all our production facilities	Customers, NGOs, investors	CDP Report, Sustainability Report
To enhance employee motivation	Employees	Şimdi! Activities, Human Resources meetings
To have a Social Compliance System involving written policies, procedures, communications, and training and monitoring; To analyze the compliance of our plants with social, safety, and technical standards	Customers	Social Compliance Audits Report
To report on our human rights performance, good business practices, sustainable purchasing and environmental impact	Customers	Sustainability Report



Being a Pioneer in the Global Market



BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



In line with Şişecam Group's "The world is our market" vision, we manufacture products for overseas markets with international standards and we aim to reinforce our regional leadership by becoming one of the top three players in the global market.

Paşabahçe, a subsidiary of Şişecam Group, is the third largest glassware producer in the world and the second in Europe.

We maintain the sustainability of our success by combining robust corporate governance practices with modern systems. We ensure the efficiency of our operations by integrating our stakeholders in our operational geographies in our decision making processes. Additionally, we strive to further enhance our economical, social, and environmental performance on a global scale.

Operational excellence mainstreamed according with sustainability principles, constitutes the focal point of our business processes. Keeping our productivity at highest level by effectively managing our business processes with a flexible and solution oriented structure, constitutes the basis of our understanding of sustainable growth. With this approach, the most significant

requirements of today's business world and competitiveness, namely digitalization and innovation, are among the key managerial approaches upon which we base our goal of becoming one of the top three players in the global market as Şişecam Group. The importance we attach to research and technological advancement increases day by day with the awareness of the significance of developing value added products in the global race.

Dynamic Structure

At Paşabahçe, a corporation of Şişecam Group, our strong corporate management practices are reinforced with modern systems, our sustainability approach is supported with management practices, our processes are actively managed with our practices within the context of risk management. All our operations are conducted in light of our Code of Conduct. Expectations of our stakeholders are collected through various communication channels and internalized in our decision making processes. By doing so, we continuously monitor the economic, social and environmental sustainability of all Group operations and strive to enhance performance.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Transparent and Integrated Management

Transparency and accountability based management is among the most significant values adopted and implemented by our company, which also defines our business manner. At Paşabahçe, a corporation of Şişecam, developing and sustaining our activities within the framework of the core principles of abiding by the laws and regulations regarding honesty, transparency, fairness, and confidentiality is included among our immutable objectives.

The Board of Directors at Paşabahçe, which was formed in conformity with the Corporate Governance Principles, is composed of six members. The Board of Directors appropriately maintains the balance of risk, growth, and revenue, primarily looks after the long-termed interests of the company, and manages and represents the company with these principles. The majority of the members of the Board of Directors are non-executive members. The General Manager participates in the Board of Directors as Executive Member. The Board of Directors includes two independent members in compliance with the criteria of independency prescribed by the Capital Markets Board Corporate Governance Principles. Corporate Governance Committee, Audit Committee and Committee for Early Detection of Risks operate within the body of the Board of Directors in order to fulfill the duties and responsibilities of the Board.



You can access detailed information regarding the Board of Directors in the Investor Relations section on our corporate website.

At Paşabahçe, a corporation of Şişecam, developing and sustaining our activities within the framework of the core principles of abiding by the laws and regulations regarding honesty, transparency, fairness, and confidentiality is included among our immutable objectives.

Risk Management and Internal Audit

At Paşabahçe, a corporation of Şişecam, risk management activities are structured within the body of Şişecam Group. The activities are conducted under the Parent Company Board of Directors in coordination with CEOs who is responsible to manage the core operational areas of the Group; the results of the regular and planned meetings held by the “Committee for the Early Determination of Risk”, “Audit Committee”, and “Corporate Governance Committee” are reported to the Boards of Directors in line with corporate regulations. The meeting agendas of the “Committee for the Early Determination of Risk” covers matters related to “the early determination and management of internal and external risks that might endanger corporate operations and the revision of risk management systems” in minimum.

At Şişecam Group, preparedness for situations that might interrupt operations, minimization of the losses of customers, employees, suppliers, and other stakeholders, and protection of the tangible and intangible assets and reputation of the Group, as well as the environment are among fundamental priorities for risks analysis. Policies and procedures formed in line with the mentioned principles, aimed at maintaining the continuity of business processes, were announced across the Group.

At Şişecam Group, risk management activities are pursued based on corporate risk management principles and approached from a holistic and proactive perspective. In 2016, the Group intensively focused on enhancing the efficiency of its risk management processes, making human resource and technology investments, in order to effectively manage the uncertainties created by global developments, and extend the risk assurance for its stakeholders in the challenging domestic and international competition environments emerging in consequence of said developments. The scope of the integrated risk management platform MicroScope, was extended, allowing effective coordination between the risk management and insurance functions. Additional efforts on-site was implemented to improve effective management and to internalize of risk culture at corporate and field operations levels.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Business Ethics

Paşabahçe, a corporation of Şişecam, maintains its operations in compliance with Şişecam Code of Conduct, the Group's guideline for responsible business manner. The Code of Conduct was institutionalized in 2010 and evaluated in accordance with corporate needs and updated in 2013. The Code of Conduct structured within the framework of the main principles of honesty, transparency, impartiality, confidentiality, and compliance with laws and regulations, is the guideline that directs the relations of all Group employees with customers, suppliers, shareholders, and other stakeholders.

In 2014, an "Ethics Board" was established with the purpose of ensuring the compliance of Group operations with the Code of Conduct, evaluating practices inconsistent with the Code of Conduct, generalizing the culture of ethics across the Group, and enhancing the level of awareness and consciousness in this regard. The Ethics Board works under the Corporate Management Committee.

Responsibilities of the senior management, managers, and all employees in relation to the effective implementation of the code across the Group have been determined within the scope of Şişecam Group Code of Conduct. The Code of Conduct also sets forth principles regarding the use of the Group resources and information, conflicts of interest, and relations with other organizations. As part of the Code of Conduct, it details implementation modalities of the Group regulations, procedures, and instructions. The



You can access detailed information regarding the Code of Conduct under the Corporate Identity and Governance tab of the Investor Relations section of our corporate website.

Code of Conduct is essential to manage and providing guiding principles to administer the sanctions that may be imposed in cases of disorderly conduct, including cancellation of labor contract, etc.

The corporate governance practices of the company are structured to allow for all stakeholders, primarily employees, to convey their concerns regarding processes that are legally or ethically inappropriate to the management. Employees can communicate processes that are against the legislation and ethically inappropriate to the Audit Committee and the Internal Audit Unit. An ethics report line was formed for stakeholders to convey processes deemed to be conflicting with laws or the company's ethical values to the Audit Committee. Related complaints can also be emailed to etik@sisecam.com.

Fight Against Corruption

As a Şişecam Group company, Paşabahçe adopts the principles of Şişecam Group regarding anti-bribery and corruption. The "Anti-Bribery and Corruption Policy" aims at clearly and transparently presenting the commitments of Şişecam Group in combating bribery and corruption and its position on this subject, as well as protecting the corporate image. This policy, which is an integral part of the Group's Code of Conduct, is intended to provide the necessary information for the prevention of bribery and corruption in all Group operations and to determine responsibilities and rules in this subject.



You can access detailed information regarding our Anti-Bribery and Corruption Policy under the Corporate Identity and Governance tab of the Investor Relations section on our corporate website.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Operational Excellence

Operational excellence constitutes the focal point of our business processes. Keeping our productivity at the highest levels, by effectively managing our business processes with a flexible and solution oriented structure constitutes the basis of our understanding of sustainable growth.

In this regard, ensuring that our products and services meet the expectations of our stakeholders, acting with the awareness of our responsibilities across our value chain without sacrificing on quality, and

expanding the value we create throughout our value chain are the main components of our operational excellence approach.

Manufacturing our products according to national and international standards and ensuring to meet the expectations of our customers are the most important components of our operational excellence approach. In this scope, our products are offered to our customers in compliance with all relevant health and safety standards and labeled in accordance with legal regulations.

Management Systems

	ISO 9001	ISO 14001	ISO 50001	OHSAS 18001	ISO 27001	ISO 22001	BRC	ISO 12647-8
Paşabahçe Cam San. Tic. A.Ş. Kırklareli Plant	✓	✓	✓	✓	✓			
Paşabahçe Cam San. Tic. A.Ş. Mersin Plant	✓	✓	✓	✓	✓	✓		
Paşabahçe Cam San. Tic. A.Ş. Eskişehir Plant	✓	✓	✓	✓	✓	✓		
Denizli Cam San. Tic. A.Ş.	✓	✓		✓	✓			
Camış Ambalaj San. A.Ş. Tuzla Plant	✓	✓	✓	✓			✓	✓

ISO 9001: Quality Management System - ISO 14001: Environmental Management System - ISO 50001: Energy Management System - OHSAS 18001: Occupational Health and Safety Management System - ISO 27001: Information Security Management System - ISO 22001: Food Safety Management System - BRC: Global Standard for Food Safety Issue - ISO 12647-8: Graphic Technology Process Control Standard

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Product Safety and Product Responsibility

As Paşabahçe, we support and generalize the use of glass through kitchen glassware, the healthiest product. We produce all Paşabahçe products in compliance with national and international health and safety standards. Our staff at the Science and Technology Center of Şişecam and our engineers at production facilities continuously carry out works to improve the resistance of glass to thermal and physical conditions.

As per Paşabahçe procedures, the majority of our products require safe use standards and are reviewed within the company. In products for children, in line with the requirements of EN71-3:1994 and EN14350-2 standards, lead and cadmium free dye is used, while organic print technique is used in decorated products to eliminate adverse impacts on the environment and human health. Implementation Notes are published by the Paşabahçe Headquarters in order to ensure the uniform implementation of procedures in all plants. There are no cases of irregularity with legal regulation and voluntary principles and codes regarding the health and safety conditions of products sold and services offered at Paşabahçe Mağazaları. The fact that our products are healthy is shared with consumers through marketing and promotion tools. In order to protect customer health and ensure customer safety, we evaluate the feedbacks and complaints received from customers in the aftersales process in our SAP CRM system and answer them within the shortest time.

All products produced within Paşabahçe are labeled in compliance with legal regulations, product packages include symbols, warnings and barcodes as per 1935/20014/EC and 2023/2006/EC regulations. In addition, we put warning labels on products as needed or include user's manuals in the packaging to ensure the safe use of our products. We implement practices beyond legal requirements regarding labeling. All product labels include information, such as the product's definition, price, country of manufacture, whether it is suitable for food contact. All product packages include the company name, address, contact information, "product tracking" number in order to be able to call back the product, hygiene information, kitchen symbols, and symbols directing the user about the product's resistance to hot and cold contact. Product use information are shared through our printed product catalogues and on our website in order to raise awareness among our consumers. In addition, we provide user's manuals in 8 languages with our Borcam brand products, sold as ovenware, in order to ensure customer health and safety. Products equipped with accessories include warning



Accessibility

Paşabahçe products are supplied to sales channels aimed at retail and catering segments in 150 countries around the world, through our offices, authorized dealers and distributors operating domestically and abroad. Thanks to this extended distribution network, our products meet our consumers through national and international chain stores, glassware wholesalers, local glassware stores, department stores, local stores, and local district bazaars. Besides, we also carry out various practices aimed at increasing the accessibility and affordability of our products.

We offer our product portfolio to the view of consumers through the ecommerce website of Paşabahçe Mağazaları, www.pasabahcemagazalari.com. With the modifications made in 2016, www.pasabahcemagazalari.com acquired a more animated, colorful and user friendly interface. The e-store was made compatible with tablet and smartphone screens. In addition, online product catalogues and downloadable catalogues are made available on www.pasabahce.com. Visitors can also easily access through the website the contact information for the sales teams they need to contact to supply products, once they have identified products befitting their needs.

An agreement was made with one of the largest e-commerce websites of Turkey and an online store was opened on the store in 2016, in order to increase online accessibility. In this way, customers can quickly find Paşabahçe products they need. With this agreement, customers can easily access products promoted through digital channels and make purchases. The sales of Nude brand products through mobile and web was engaged with the e-commerce website of Nude, www.nudeglass.com, also launched in 2016. In this way, Nude brand products can be supplied to locations in the global market, where our traditional sales network cannot reach.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

information regarding accessory use. In the reporting period, there were no fines in relation to noncompliance with regard to product information. No fines were received in relation to noncompliance with laws and regulation regarding product use conditions, either.

As Paşabahçe, we know how much safety matters at our homes and workplaces in the busy pace of our daily lives. For this reason, we work to build a very large portfolio of hardened products. We achieve maximum safety and durability without sacrificing on aesthetics through rim tempering and full tempering technologies.

As Paşabahçe, we aim for high quality, wide range of product and accessory portfolio, responding to the special demands of customers, variety of quality standards to follow. At Paşabahçe, the quality organization is managed by the Paşabahçe Quality Directorate. Our activities at all our plants and our Headquarters are conducted in accordance with our Quality Policy. The Quality Management Systems implemented at our plants are TS-EN-ISO 9001 certified by the Turkish Standards Institute (TSE). Quality control devices are used during manufacture to ensure that our glassware products are not harmful to human health.

Quality control and faulty product elimination is carried out at nearly all the production lines at Paşabahçe facilities through automated processes with no room for error. Faulty products are easily identified and eliminated with the latest technology control devices and algorithms.

Product Information

We provide information regarding our products and specific matters about our products through various channels. Magazines, social media, digital channels, local and international fairs have an important position among our product information works.

In 2016, Ben Yaptım (I Made It) Turkish Coffee cups, Midas Tea Set, After Glow collection, Star Wars products, Kallavi Turkish Coffee Set product promotion videos, produced to be used in digital channels in parallel with the launch periods of new products in 2016, were shared with followers in parallel with the digital communication calendar.

Besides the regular posts on social media throughout the year, various campaigns, primarily “Look at Life Through Paşabahçe” (“Hayata Paşabahçe’den

Bak”), designed to reinforce the brand engagement of the target audience were also organized to support brand communication activities.

In 2016, communication campaigns were carried out in the three largest markets, Turkey, Italy and Russia, during the months of November and December, when shopping trends increase since it is Christmas and New Year’s season; brand promotion works were also carried out in Iran, Jordan and Russia, among the most significant target markets in the Middle East, as well as in Russia.

Paşabahçe maintained its emphasis on international expositions for the catering and retail sectors in 2016; in this regard, a total of 8 international expositions were attended with Paşabahçe and Nude brands. Besides, communication campaigns and sponsorship works were carried out and design events were attended in target countries, Italy and Britain, in order to enhance the brand recognition of Nude in parallel with its global design brand vision.

Paşabahçe, assuming the main sponsorship of Istanbul Coffee Festival this year as well, promoted and offered for sale its product portfolio for coffee. Paşabahçe’s stand was the center of attraction for third wave coffee enthusiasts with music shows, workshops and a 50 cm high giant coffee cup installation. Collaborations with the leading gastronomy schools of Turkey, MSA, USLA, Dream Academy, were also maintained.

Productivity

Global competition gives more emphasis on productivity each day. In this regard, as a Şişecam Group corporation, we work to implement practices that will increase the productivity of our businesses and processes to transform these practices into a business culture.

In the second half of the year 2016, we actualized the operational, cultural and managerial change program, “Lean Transformation Program”. Lean Transformation requires a continuous improvement approach in line with balanced targets aligned with human, quality, delivery speed and cost perspectives in all processes. In this context, Lean Management Techniques and 6 Sigma methodology were put into practice in order to identify the factors affecting the process, increase efficiency, ensure quick remedial, and carry customer satisfaction to the highest level in business processes. The works were started with two projects, both of which resulted in production meeting customer expectations and cost advantage.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



The gains achieved in consequence of the project works are projected to be shared with all plants to their benefit.

Another practice aimed at increasing productivity at Paşabahçe, which has a multi-geographical corporate structure and has extended more than five management systems across its organization, is the establishment of a QDMS - Integrated Management System in order to have a common software and build a corporate memory. Through the web interface specifically built for the QDMS system, all published documents can be easily accessed through quick search screens, while general and technical files, training notes, documents and information that employees might need can be accessed through Paşabahçe Introduction and Paşabahçe Tree of Knowledge menus. Action Management aims for planning all business activities, tracking meeting minutes, and ensuring task delegation.

Customer Satisfaction

We exhibit a proactive business manner emphasizing customer satisfaction from product design to the distribution stage, with our qualified staff. We aim to provide high quality products and service for our customers through

continuous improvement projects and advanced process control tools.

The Quality Management System, which was established to ensure production conforming with national and international standards at all our facilities under the same conditions and to enable the controlled management of our processes, is actively implemented. Şişecam makes use of Customer Relations Management (CRM) in order to consistently manage customer lifecycle in all channels and to manage, record, measure and improve the benefit generated by the process, by ensuring that group companies interact with their customers through e-mail, mobile environments, social media and web-based platforms.

At Paşabahçe, there are channels for our customers to convey their remarks, suggestions, and dissatisfactions. Customer demands and complaints are managed within Paşabahçe SAP CRM Customer Complaints System and corrective and preventive actions are carried out by analyzing the generated complaint data.

Paşabahçe representatives working at the Customer Care Call Center, which is managed jointly with Paşabahçe Mağazaları A.Ş., respond to questions,

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

suggestions, and complaints conveyed by mail or phone, in line with the training they received from Paşabahçe teams and they share these with relevant units when necessary. The quality of customer care activities is monitored through monthly KPI and evaluation reports and constantly improved.



Paşabahçe Social Compliance Management System

Paşabahçe established “Paşabahçe Social Compliance Management System” in 2015 in order to guarantee the conformity of social and physical working conditions with national and international laws, adopting the “people first” philosophy with the awareness of the significance of employee motivation for ensuring high quality products and services. In this process, “Paşabahçe Social Compliance Pledge” was shared with our customers and trainings were provided to our employees. The effectiveness of the system is controlled through cross checks with the participation of central units at the factories and the results are reported to the senior management. In addition to social compliance management system internal audits, “Social Compliance Audits” are conducted in our factories by third party audit companies on behalf of our customers. The Business Social Compliance Initiative (BSCI), aimed at improving social performance in the supply chain based in work safety standards and started by the Foreign Trade Association headquartered in Brussels, and Sedex Members Ethical Trade Audit (SMETA 4-PILLAR) reports of our factories, involving ethical, occupational health and safety and environmental issues, are shared with our customers following these audits.

Customer satisfaction is measured through focus group studies, site visits, customer visits, and expositions. Actions to be taken are determined at management meetings in accordance with the results of measurements. Social media accounts are channels that allow for one-on-one communication with the customer and for answering questions, criticisms, and suggestions.

Necessary evaluations are made in line with the feedbacks of our customers; new products are developed or current products are improved in line with

requirements. In this regard, in 2016, the beer collection Draft was revised as tempered in accordance with the demand and need in the British market, Storemax Feta Cheese container was developed and introduced to the market, 2 size oil & vinegar bottles were added to the Homemade series and our Lock&Store series was transferred to the pyrex line. The production of 3 size Ellipse jars, whose project was started in 2015 also on the basis of customer comments, was engaged in 2016.

Supply Chain Management

In order to create sustainable value, we evaluate productivity not just as part of our processes but also as an important component of our value chain, primarily supply chain. In this regard, we expect the Business Ethics values and sustainability understanding that we share as Group to be shared and adopted by our supply chain. We monitor the social, economic and environmental performances of our suppliers in this context and we expect them to further improve their performances through practices aimed at areas of development.

Paşabahçe maintains its glass production operations at its Kırklareli and Eskişehir plants. Denizli plant, where manual labor production is carried out, and Bulgaria and Russia plants abroad also contribute to Paşabahçe supply chain with their output. Besides production, domestic and international plants purchase infrastructural services for packaging and secondary processes. End products are delivered to customers from Paşabahçe plant warehouses or distribution warehouses abroad.

Paşabahçe aims to contribute to local economy through its supply expenditures. In this line, local suppliers are prioritized from among suppliers that meet the required norms, in purchasing operations. Raw materials for glass production, packaging, byproducts, supplementary products, equipment, spare parts, and services are supplied from many suppliers domestically and internationally. A total of 3,137 suppliers were cooperated with for the materials and services procured in 2016. 95% of raw material purchases and 55% of packaging purchases are realized from Group companies. Of the purchasing activities outside Group companies, 57% are realized from local suppliers. Internationally, 315 suppliers are cooperated with mostly in China and Europe. Services were purchased from 98 suppliers in 2016.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

In the reporting period, domestic and international purchases worth TL 990 million were made. The total number of purchasing files generated in this period is 9,800, while local supply accounts for 56% of purchasing operations on the basis of files.

As Paşabahçe, in addition to the environmental impacts generate by our own operations, we also monitor the environmental impacts of companies in our supply chain and work to reduce them. In this regard, we organize environmental trainings for the purpose of raising environmental awareness among supplier company employees. Besides, we determine areas open to improvement through periodical environmental audits aimed at supplier companies and we implement rehabilitative action plans.

Supply chain projects are centrally managed within the body of Şişecam Group and Paşabahçe takes active role in these projects. Supply chain projects aim to enhance financial transparency and traceability. By means of efficiency projects, the optimization of resources is ensured, while environmental impacts generated by supply processes are reduced.

Cockpit System

The Cockpit System allows for the analysis of the supply chain costs of Şişecam Production Group companies and for efficient and integrated corporate resource planning. As part of the system, the supply chain responsible for each group implement their SCOR (Supply Chain Operation References) based performance metrics on the Cockpit Platform. In this way, both cost advantages are ensured and logistics savings are achieved through centralization.

Integrated Business Planning Project

The Integrated Business Planning Project, which was launched in 2016, aims for enhancing productivity by optimizing operational processes. In the reporting period, the list of materials to be kept in stock was determined and order

management processes design works were conducted, within the context of the project. The 1st integration tests are planned to be completed by the end of 2017. With the completion of the project in 2018, it is expected to ensure more efficient use of production capacity, stock level optimization, and workforce.

Semi-Product Stock Management Project

The Semi-Product Stock Management Project, which was launched in 2015, was also continued in the reporting period. As part of the project, listed products are kept at the level of semi-product, enabling faster response to customer demands thereby enhancing the level of customer service.

Transport Planning and Ramp Reservation Project

With the project actualized in the reporting period, a transport planning portal will be formed ensuring the ramp-based management of delivery planning. The Transport Planning and Ramp Reservation Project allows for the measurement of key performance indicators, such as delivery, loading unloading times, and for traceability by sales and supply units, customers and transporters. In this way, it is aimed for operational efficiency to be increased by planning workload.

In the reporting period, technical support was provided for the trial production of frits used in colored glass production at Denizli Plant; frit production trials were performed with local suppliers. In this way, a workshop referring to the issues of product diversity, production efficiency and reducing stocking costs was conducted together with suppliers. Once the trial frit procured domestically is found adequate in result of laboratory tests, it will be tried under working conditions.

BEING A PIONEER IN THE GLOBAL MARKET

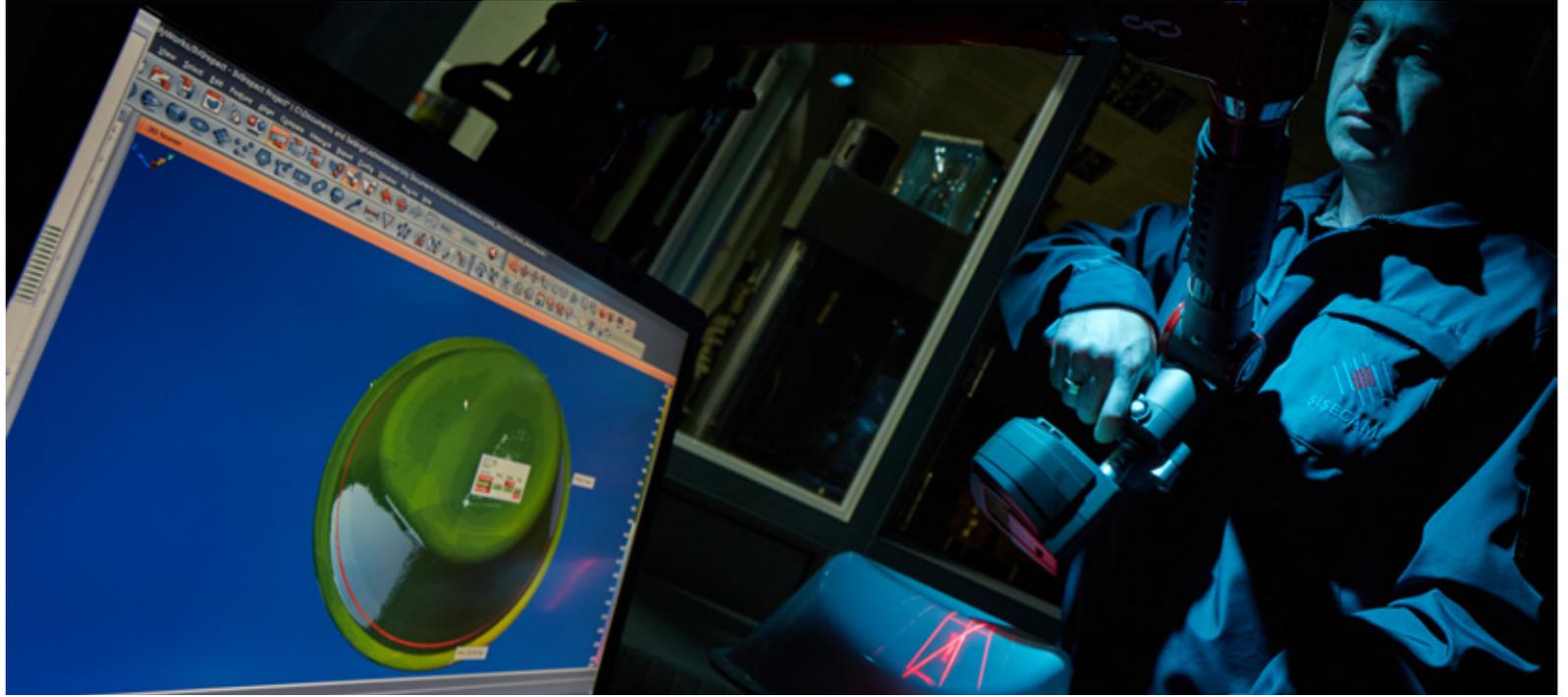
- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Digitalization

Şişecam Group, which defines its digital vision as transforming into a customer oriented company by adopting a pioneering culture for the use and constant advancement of digital technologies, has continued its digital transformation in 2016. Throughout Şişecam Group, digitalization and the adoption of digital visions and strategies was included among fundamental priorities in planning processes.

At Paşabahçe, as part of Şişecam Group, we internalize technology in all our processes and actualize business usages befitting the requirements of our age. Thus, we ensure the integration of industry and informational technologies, while taking robust steps in line with the understanding of continuous development.

The year 2016 was significant for Paşabahçe in terms of the formation of new digital assets that will significantly contribute to digital marketing activities

and the restructuring of existing ones. As part of the Şişecam Group Digital Transformation Project, the corporate website of Paşabahçe was renewed. It was restructured to be able to respond to changing marketing needs, focusing on the end user with both its design and content.

Information Technologies, which prioritizes the creation of value within the Group, identified its strategic focus areas and continued actualizing its portfolio befitting the expectations and requirements of Business Units and compatible with Şişecam and Information Technologies strategies, in 2016. In the reporting period, a work was engaged in order to determine the Technology Strategy of Şişecam Group. International technological trends, expectations and requirements of Groups were examined to outline the Şişecam Technology Strategy Roadmap. "Smart, Digital, Productive" and "IT 2.0" Technology Strategies were established for Şişecam Group and IT, respectively. They were shared with the executive management, and "Information Technologies 2017-2021 Strategies" were presented.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

The “Smart Şişecam” approach aims the collection, analysis and efficient storage of qualified data, whose ownership is identified, in the desired data pattern and for estimation and modelling for the future. Through the Group Strategic Performance Indicators work that was conducted in this context, Group Financial KPI performances are monitored on a single cockpit system. With the Generalization of Business Intelligence Practices, detailed reports were prepared to business units through a visual interface.

The “Digital Şişecam” approach aims the real-time digitalization of sales, supply, production, delivery, financial, and quality processes and Şişecam with the Industry 4.0 vision is realized. In the scope of the practice, a wide ranged roadmap, from driverless forklifts to smart robots, from augmented reality applications to preventive care, from Internet of Things to product simulations, was targeted. In 2016, works in this regard were engaged with the support of senior management, projects and processes selected according to resources and priorities were carried to the digital environment.

The “Productive Şişecam” approach aims for a value oriented productivity, where the needs of business units are more closely monitored, services are offered continuously, infrastructure and practices are consolidated through lean processes, and information is accessible through user friendly, flexible and easy to use interfaces. In this context, various projects were managed in production environment in 2016, while project developments in terms of innovation are continued. As part of “Productive Şişecam”, CRM infrastructure was developed at Paşabahçe Mağazaları A.Ş. for sales, marketing and customer services operations.

The “IT 2.0” strategy aims the expanding of the ‘possible’ culture, a second generation of Information Technologies that engages in Technology and IT communication through the IT Communication Program, which is more rapid and flexible, establishes closer relations with our stakeholders. It measures business unit satisfaction and user experience, emphasizes continuous service and business continuity through mobile solutions, ensures cybersecurity with its Bi-Modal IT approach, actualized for sharing technology and IT performance with business units which brings the contribution of IT to the group and creates value for business units. In this regard, various projects were actualized in 2016 and the IT 2.0 transition will be effectively evident within the context of the 2017-2021 Strategic Roadmap.

Another concept that needs to be managed actively together with the concept of digitalization is information confidentiality. Ensuring The security of both customer information and Group information are managed by Şişecam Group within the context of digitalization. As Paşabahçe, we continuously enhance our employees’ level of awareness and practice by organizing trainings aimed at protecting both corporate and customer information. In 2016, an informative meeting was organized for relevant personnel in our company through the Şişecam Group Legal Department and a Legal Consultancy Company and an informative document was prepared within the scope of compliance with the Privacy Act. In parallel with these works, the utmost precaution is taken to ensure data confidentiality at the highest level. Besides, studies in relation to 27001 Information Security Management System at our plants were completed in order to ensure the security of informational assets and the business continuity in our operations. In the reporting period, there was no complaints conveyed to us regarding any incidents of customer confidentiality violation.



Şişecam Group Digital Transformation Project

With the project, all assets within the body of the Group were managed with an integrated and strategic approach. In this regard, the first initiative to be managed in terms of customer reach out and user experience was the update of Group websites with user experience oriented designs and contents in parallel with current trends. As part of the 46-week project that was completed in 2016, 54 websites within the Group were consolidated under 15 websites and updated. Thus, it was ensured that the websites have the most appropriate content and an optimized interaction design. Websites achieved an innovative and functional structure with modern design styles keeping up with the trends and an SEO compatible development approach. As part of the program, 11 different language options were offered including Turkish, English, German, Russian, Italian, Bulgarian, Bosnian, Slovak, Georgian, Hungarian, and Chinese.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Innovation

We offer a wide range of product variety to our customers and we constantly add new products to our portfolio with our innovative works. We continued to expand our product portfolio through innovation works in the year 2016.

In addition to the experimental works on the laboratory scale regarding the manufacture of red colored glass from the forehearth by coloration in borosilicate glass, trial production was carried out within the context of Paşabahçe Kırklareli K-E3 line campaign. In parallel, marble effect red color and light/dark grey colors, also for pyrex, were achieved under laboratory conditions. It is projected for the aforementioned glasses to be produced in trial, in 2017. A patent application was filed for the "Snow visual effect borosilicate glass" that was introduced to the market. Besides experimental works for transparent ceramic glass that can be exposed to direct fire, works for the production of the determined compositions in the pilot furnace are continuing.

The special products in the After Glow series reflect the energy they store, when exposed to a light source for a certain period by means of the electrons in the dye pigments, as light in a dark environment thanks to its special

production technology. The series is composed of 10 different products, of which five green and five blue.

Research and Technological Development Activities

We continuously develop our technology with Şişecam Science and Technology Center. Our development groups carry out joint projects with companies and universities domestically and abroad in order to offer new and unique products to the market at the highest quality.

In 2016, new colours were added to the value added product portfolio in borosilicate glass. Activities to expand our portfolio with high value added decorated products are maintained. Technologies in this field are closely followed.

R&D works aimed at implementing innovative decorative effects and functional characteristics in glass products are maintained and new products to be introduced to the market are prepared. Innovative gains achieved in the field of technology and product are also protected through intellectual property rights applications. In 2016, a total of 19 applications were made, of which 16 patent and three utility model applications.



Global Presence



BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Şişecam Group is a Group of an international scale with its 44 production facilities in 13 countries and its sales reaching out to 150 countries. With every glass form we create, we touch the lives of millions around the world every day. We find life in people's touches every day.

Sustainable profitability is of critical importance for the increasing maintenance of the value we create with our products. For this reason, as Şişecam Group, we aim to continue implementing investor relations and corporate governance practices at international standards with the vision and responsibility of being a global company and to consistently increase share values. In this regard, we engage in transparent, proactive, rapid sharing with our investors and we organize activities to introduce our Group to relevant stakeholder groups.

As a global player, we act with the awareness of our share of the responsibility in relation to the common problems of our world. Since we operate in an energy intense industry, we give special emphasis on the issues of combating climate change and efficient use of natural resources. We manage our operations and carry out projects with the awareness of the environmental impacts generated in result of our processes and by actualizing practices to limit this impact and we carry out projects. In this context, we apply national and international environmental management standards, we maintain our operations with the understanding of full compliance with legal regulations.

As required by our understanding of corporate citizenship, we strive to extend the value we create by carrying out social responsibility projects in many fields in order to add value to social life in the geographies we operate globally.

- ABOUT THE REPORT
- MESSAGE FROM THE CHAIRMAN
- MESSAGE FROM GLASSWARE GROUP PRESIDENT
- ABOUT PAŞABAHÇE
- 2016 PERFORMANCE
- OUR SUSTAINABILITY APPROACH

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

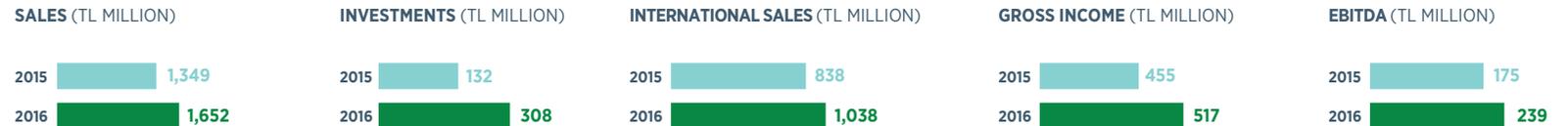
- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Financial Stability*

Paşabahçe backs its 81-year experience with financial results, rendering the economic value it creates sustainable. As a global player, Paşabahçe aims for the financial value it creates to increase sustainably and continuously through the robust corporate governance practices it conducts at international standards.

Paşabahçe balances its leading position in the global glassware industry with advanced technological investments ensuring cost reduction and productivity increase under the challenging and competitive conditions in the global markets, reinforcing it with a sustainable structure. Investments in 2016 amounted to TL 308 million.



**The numeric data shared in this section comprise Paşabahçe Glass, Paşabahçe Investment B.V, Paşabahçe Bulgaria EAD, Posuda Limited, Paşabahçe Mağazaları, Denizli Cam, Paşabahçe SRL, Paşabahçe (Shanghai) Trading Co. Ltd.*

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Sustainable Energy

Paşabahçe operates in energy intensive sectors. For this reason, the efficient use of energy, ensuring continuous energy supply in most effective manner, the constant review of energy related risks and opportunities, and the management of operations in this direction are of great significance.

In addition to the efficiency works we conduct in order to make sustainable use of energy in our operations, we also work to evaluate environmentalist energy resources and to integrate them in our operations.

Energy and Emission Management

We strive to achieve more efficient production levels by mitigating energy consumption and greenhouse gas emissions. As a company, where production is realized through energy intense processes, our essential concern effecting climate change are environmental performance and energy consumption.

Energy Consumption Values by Source (GJ)

	NATURAL GAS	ELECTRICITY	LPG	OTHER	TOTAL
2014	4,786,200	823,900	39,500	9,200	5,658,800
2015	4,766,200	806,500	43,500	10,700	5,626,800
2016	4,237,400	751,100	27,700	31,300	5,047,500

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

In this direction, the efficient use of the energy required for our operations, reducing energy consumption and limiting environmental impacts are among our priorities.

Our operations are constantly monitored in line with the key performance indicators we determine and improvement works are conducted in order to reduce energy consumption. In 2016, we have reduced our total direct energy consumption at our facilities affiliated with Paşabahçe group by 10% as against the previous year, to the level of 5,047,500 GJ.

We prioritize the issue of energy efficiency, which we managed in integration with our corporate strategy, in all our process from distribution to sales. As an energy intense production company, we constantly monitor energy consumption and energy efficiency and we carry out projects to achieve increase in efficiency. In this regard, we maintained our efficiency works in the reporting period as well.

Electricity savings were achieved in consequence of works such as air/ burning ratio optimizations in furnaces and reduction of the number of fans by combining several fans in specific areas, at Denizli Plant. The amount of natural gas consumed was reduced by 15-20% by means of insulations in the furnaces and works to enhance burning efficiency. In consequence, emission levels were also mitigated.

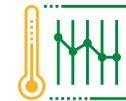
With the project developed for industrial cooling water circulation systems at Paşabahçe Kırklareli Plant, 60% energy savings was achieved. With the new project started in the industrial water cooling system, the electricity consumption which is around 185 kWh during the summer and 225 kWh during the winter is reduced to the level of 100 kWh. This result was achieved through a new flow control and pump automation system that ensure hydraulic balance, adequate flow and correct implementation of the principles of pressure. With the switch from the system that leaves water flow to the characteristics of the pump and the facility to the new circulation system where flow is managed according to the need of processes, over 50% of energy savings is ensured. 393 kWh of savings was achieved in the first three months of the project.

By means of the efficiency works conducted at Camış Ambalaj Tuzla Plant, in addition to reductions in raw material use and energy consumption, cost advantages were also achieved.

Insulating coating was applied to the external walls of the regenerator in order to increase energy efficiency at Paşabahçe Eskişehir Plant. In this way, it was aimed for unit energy consumption to be reduced by 25 Sm³/ton of glass. In consequence of the practice, a significant amount of natural gas saving was achieved.

Old technology gas operated dryers were switched with high technology and energy efficient equipment at Paşabahçe Eskişehir Plant, in an effort to reduce unit energy consumption and greenhouse gas emissions. In consequence of the work, 1,487,000 kWh of electricity was saved.

By replacing centrally pressurized air use for raw material loading at the harvest house with a screwed compressor at an appropriate capacity for the harvest house at Paşabahçe Eskişehir Plant, reducing the pressure of the air used at the plant from 2 bars to 1 bar.



Combating Climate Change

Şişecam's Glass Plants in Turkey, contributed to combat climate change by reducing its specific energy by five times more than the 2016 target, which was 1%. Therefore, specific greenhouse gas emissions are reduced by 5%. Therefore, specific greenhouse gas emissions are reduced by 5%. Additionally, we are also collaborate with Ministries and actively contributing in infrastructure projects in Turkey in order to manage and mitigate production sourced greenhouse gas emissions.

As Şişecam Group, we have been participating in CDP Climate Change program since 2011 and CDP Supply Chain program since 2012. Şişecam was one of the 50 companies joining the platform from Turkey in 2015. As part of the project, performance information and information including relevant strategies, risk and opportunity analyses in relation to the carbon emissions caused by the operations of Şişecam Group in Turkey and Bulgaria are transparently disclosed to the public.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

In addition to projects ensuring energy efficiency increase, we also prioritize new investments aimed at benefiting from waste heat.

In this regard, we have reduced specific natural gas consumption on the basis of net glass by 2.6% in 2016. During the period, Eskişehir A furnace was renewed and engaged. By means of the new insulation techniques and materials applied in design, it is estimated to achieve 3-4% of energy savings in specific fuel consumption.

Thanks to the savings projects we carried out in the reporting period, a total of 16,100 GJ of energy savings was achieved and 1,900 tCO₂ emission was prevented.

Energy, which is the main input of our production processes due to our area of operation, is also the source of greenhouse gas emissions causing climate change. For this reason, we carry out works aimed at achieving savings in energy consumption by reducing raw material and energy use in production processes at our plants. In the reporting period, the amount of emission (Scope I and Scope II) generated by our operations was realized as 382,300 ton CO₂e.

Scope I and II Emissions by Source (ton CO₂e)

	SCOPE I (RAW MATERIAL SOURCE)	SCOPE I (FOSSIL FUEL SOURCED)	SCOPE I TOTAL	SCOPE II (ELECTRICITY SOURCED)	TOTAL
2014	40,000	271,700	311,700	109,800	421,500
2015	47,000	270,900	317,900	107,500	425,400
2016	42,600	239,600	282,200	100,100	382,300



Energy Monitoring System

By means of the “Constant energy monitoring and measurement system (SEOIS)”, which was established in line with our global targets, main energy consumption entries at 16 Şişecam facilities can be instantaneously monitored and facilities can be compared to each other at the Headquarters. Thanks to instant measurements, a significant database is established in relation to the determination and monitoring of energy savings projects.

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BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Sustainable Environment

In accordance with our sustainable environment approach, we work for minimizing our environmental impacts and minimum environmental accident. Our operations are managed with the awareness of the environmental impacts generated by our business processes and practices aimed at reducing this impact are actualized.

At Paşabahçe, all operations are managed within the context of the Environmental Management System. At every operational plant, there is at least one environmental officer, mostly environmental engineers, working under the Quality Directorate. Environmental officers work in cooperation with the Environmental Committees consisting of supervisors from the production units of plants. Our environmental performance is constantly monitored and action plans are implemented in accordance with procedures formed within the scope of the Environmental Management System. Improvement opportunities are evaluated through periodically conducted in-house audits and subcontractor audits, suitable remedial measures are implemented.

The Environmental and Energy Policy of Şişecam is integrated to all our operations and implemented at all our production facilities. We abide by Şişecam standards and Şişecam environmental compliance regulations in all our operations. Full compliance with the environmental regulations in the countries where we operate is one of the basic principles our business approach. In this regard, we closely follow developments in EU environmental regulations, we share our relevant opinions through our memberships in institutions and foundations. In addition, we take active role in the environmental commissions of national and international industrial organizations.

Besides carrying out our operations with minimum environmental impact, we also monitor the environmental impacts generated by our operations and strive to curb these impacts. In this regard, ISO 14001 Environmental Management System is implemented at all Paşabahçe plants in Turkey. Also, our environmental performance is monitored by the Corporate Development and Sustainability Presidency and reported to the senior management.

- ABOUT THE REPORT
- MESSAGE FROM THE CHAIRMAN
- MESSAGE FROM GLASSWARE GROUP PRESIDENT
- ABOUT PAŞABAHÇE
- 2016 PERFORMANCE
- OUR SUSTAINABILITY APPROACH

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



We organize environmental trainings in order to enhance the environmental awareness of our employees and business partner employees. In this scope, 2,293 man*hour of environmental training was provided to 2,520 Paşabahçe and business partner employees, in 2016.

We allocate significant resources to works intended to consolidate our environmental performance in order to continuously improve and develop our environmental management. In the reporting period, resources worth approximately TL 3.5 million were allocated to environmental management works.

EFFICIENT USE OF RESOURCES

We carry out efficiency works in accordance with the responsible approach we adopt in relation to the efficient use of natural resources. We strive to conduct our production processes with less water and raw material use and we implement practices to reduce the amount of waste generated by our processes.

As Paşabahçe, we secure the water resource that we need for the continuity of our operations, while also aiming to ensure the sustainability of water resources. Though the majority of our water consumption consists of underground water, municipal water also has a small share in total consumption. In the reporting period, a total of 1,554,800 m³ of water consumption was realized. At the same time, efficiency is ensured through the recovery of used water. The amount of water recovered during the period is at the level of 82,200 m³.

There are water treatment facilities on the industrial sites of Paşabahçe. Through these systems, it is aimed to achieve the limit values determined by local and national regulations. Wastewater is reused wherever it is possible, after being treated at treatment facilities.

The issue of wastewater is a significant component of our water management understanding due to its potential negative impacts on biodiversity. In 2016, a total 1,076,400 m³ of wastewater was discharged, of which 56% in natural receiving environment and 44% in sewers.

In the reporting period, there were no legal violations of Turkish regulations regarding wastewater, all legal parameters relating to the discharge of industrial and household wastewaters were complied with. Neither the used water nor the discharged wastewater generated any negative impact on the biodiversity quality of natural water resources.

WATER RECOVERY TREND (m³)



BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Paşabahçe Kırklareli Plant Wastewater Discharge

In 2016, the aqueous system used to settle the dye in the full organic paint machine was replaced with a filtered dry system. In this way, 10 tons of dyed wastewater and sludge, generated in the old system and categorized as hazardous waste, was eliminated.

As Paşabahçe, our waste management approach is recycling oriented. In this direction, we fully support the recycling of glass, which can be infinitely recycled. We conduct joint works with our stakeholders, develop various projects and provide sponsorship support for the purpose of producing effective solutions in relation to glass recycling.

Our total amount of waste in the reporting period was realized as 29,880 tons, of which 28,660 tons of non-hazardous waste and 1,220 tons of hazardous waste. All recyclable wastes were processed in recycling facilities and reintroduced to the production line. The remaining wastes were transparently and responsibly delivered to facilities with the required certificates and licenses.

Paşabahçe ensures the recycling of packaging wastes in the local market and fully complies with relevant regulations in all the markets where it operates. In 2016, the recollection and recovery of 52% of the packaging materials that were put on the market in the previous year were ensured. In this regard, a total of 7,500 tons of paper, cardboard, plastic and wood was recycled. For this purpose, besides the recycling projects realized by the authorized institution (ÇEVKO) that is contracted, training, support, and awareness activities aimed at students were maintained.

As part of packaging saving works, recyclable paper is use at the rate of 80% in production at Camiş Packaging, which produces paper and cardboard based packaging. Besides, water based and environmentally friendly products are opted for in the machine cleaning solutions used at the plant. At most plants, water- based dye is used, thereby eliminating the consumption of environmentally harmful chemicals. With the switch to the use of machines capable of UV organic print, the recovery of cullet scraped due to print error that cannot be used in glasswork since it is dyed is ensured.



Denizli Plant Raw Material and Packaging Saving

Cullet feedback rates were increased at Denizli Plant, thereby reducing the amount of cullet sent to recycling and the amount of raw material consumed as a side effect. Besides, external packaging use for the delivery of certain products was cancelled, ensuring a reduction in the amount of packaging.

At the plant, it is asked that palletized raw materials and packaging received from outside by negotiating with packaging suppliers have similar characteristics with the pallets used in the plant. In this way, it is ensured that the received pallets are reused.



Upcycling

We reevaluate existing glass products from a different perspective with our ZestGlass brand. We turn non-recyclable products into reusable and environmentally friendly products with the approach called Upcycling. With ZestGlass, existing products in Paşabahçe's range are brought together with innovative accessories, acquiring brand new functions. For instance, the function of a glass bowl is doubled by mounting a filter on the bowl or herb tea can be prepared with strainer added tea glass. Accessories attached to a simple water carafe convert the carafe to an elegant milk bottle. In 2016, 22 products were offered for sales under ZestGlass brand.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Social Responsibility

As a corporation of Şişecam Group, we carry out corporate social responsibility projects aimed at various fields and needs in accordance with our approach of creating value by contributing to social development in our operational geographies. In this regard, we conduct corporate social responsibility activities in the fields of environment, education, and health. In addition, we contribute to the generalization of glass culture through events we organize and our sponsorship activities.

Apprenticeship Education

Apprenticeship education is provided at Denizli Cam Plant since 1990. Students hired as apprentices and registered at the Vocational Education Center complete their three-year apprenticeship education that involves both theoretical and practical training, receive their journeyman's certificate and are hired as labors. Hired apprentice students are trained by master trainers

at designated benches according to the traditional master-apprentice system to acquire the profession of handmade glass manufacture in the future. The apprenticeship education system helps children from families with a low level of welfare acquire a profession and get reintroduced to the society.

“Did You Drink Water Today?” Project

We continued the project “Did you drink water today?” which we are conducting in cooperation with the Breast Foundation of Turkey (MEVA), in 2016 as well. The project aims to contribute to the enhancement of breast health awareness and the generalization of early diagnosis opportunities and to draw attention to the benefits of water for healthy living. Special pink lidded Vita bottles are produced within the context of the project and part of the revenue obtained from bottle sales is donated to MEVA.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Omnia Talks

Paşabahçe Mağazaları brought together the most important designers of Turkey at the Omnia Talks event it organized as part of its special project sponsorship for the 3rd Istanbul design biennial. At the interview, 13 designers interpreted the products they designed for the Omnia Collection of Paşabahçe Mağazaları in the previous year, their design processes, and the future of glass.

Sapling Planting Activities

As part of the sapling planting activities carried out in Cankurtaran region, a small scaled forest was created with trees growing on a three-decare field by Denizli Cam Sanayii ve Ticaret A.Ş. In addition, there are 6,300 saplings on the plant site, 50% of which is surrounded by trees.

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One Global Family



BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Our employees are the key players and enable of our global value and our sustainable success to maintain and empower employees, we are dedicated to continually increase and improve working environment, which allows social cohesion, respect for diversity, facilitate inclusivity and foster productivity, competence and satisfaction. Hence, we strive to become a preferred workplace by incorporating the most competent, successful and productive professionals.

The value we create together with our employees is based on equality of opportunity. We focus on our successes and reject all kinds of discrimination with the awareness that differences and diverse perspectives enrich us. We create various platforms to listen to our employees' opinions and include them in our decision making processes. We promote the culture of innovation and actualize incentivizing practices in this area. We ensure that competences are enriched through training opportunities. We regard the culture of occupational health and safety as part of our business manner and we consider providing our employees with a safe working environment to be among our greatest responsibilities..



Şişecam Constitution

Şişecam Constitution, which brings Group mission, vision, and values under a single roof, is thus characterized as a guideline for all Şişecam employees. "Şişecam Constitution", which was prepared in Turkish and English, was translated into the languages of our countries of operation globally and was made accessible to all employees through "Camport", the intranet page of Şişecam Group.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

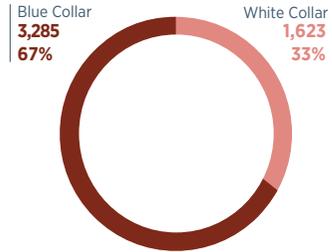
- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

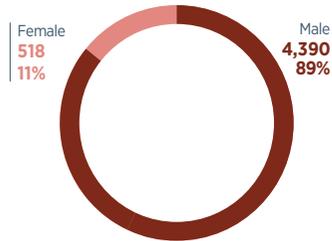
- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
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Paşabahçe Workforce Statistics

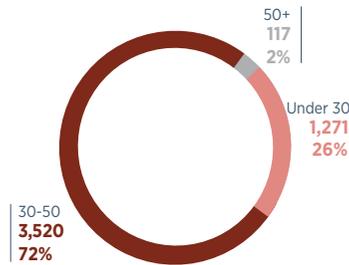
EMPLOYEE BREAKDOWN BY CATEGORY



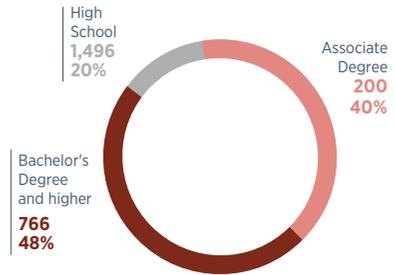
EMPLOYEE BREAKDOWN BY GENDER



EMPLOYEE BREAKDOWN BY AGE GROUP



EMPLOYEE BREAKDOWN BY LEVEL OF EDUCATION



Occupational Health and Safety

At Paşabahçe, employee health and safety related issues are managed under the responsibility of Şişecam Industrial Relations Directorate. The performance of Group companies is constantly monitored by means of the OHS measurement and observations conducted annually by the Directorate and support is provided as needed. The results obtained are shared with Risk Management, Internal Audit and relevant Human Resources departments. In order for the best standards in occupational health and safety to be implemented and for practices to be consistent throughout the Group, occupational health and safety issues are managed within the framework of OHSAS 180001 Standard in line with the Occupational Health and Safety Policy published by the Group.

As in all subsidiary companies of Şişecam Group, there is an OHS Unit composed of the occupational safety expert, workplace doctor and medical personnel, as well as an OHS Committee having with representative from the management of each plant as members at Paşabahçe. 58 members, of which 23 employee representatives, participate in the seven OHS committees at Paşabahçe. The minimum number of representatives required to participate in the committees are determined in compliance with legal regulations and all Paşabahçe employees are represented at OHS Committees.

As Paşabahçe, we believe in the critical importance of constantly improving working environments in reducing the rate of work accidents. In this regard, we design our business processes in order to minimize risks and we invest in innovative technologies in order to form accident-free workplaces. By means of the Corrective and Preventive Activities (CAPA) system, the systematic monitoring of workplace accidents is ensured while instantaneous risks are identified through daily site visits. In addition, the root-causes of work accidents are analyzed through the agency of the Work Accidents Evaluation Commission, composed of Occupational Safety Experts employed at Group workplaces.

We organize trainings aimed at enhancing employee awareness, which we regard as an another significant component in reducing work accidents. We inform our employees and business partner employees in order to promote the culture of health and safety. In this regard, 66,750 man*hour of training was provided to 4,356 employees and business partner employees, in 2016.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
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The protection of our employees against occupational and common diseases is among our foremost objectives. For this purpose, we provide employees with trainings regarding the causes of occupational diseases, principles of protection against diseases and practice of protection techniques, biological and psychosocial risk elements, and first aid. In addition, employees are subjected to periodical health controls and employees diagnosed with any problem are immediately removed from the hazardous working area to be subjected to the necessary controls.

Accidents with glass frequently happen at Paşabahçe plants. Cuts and burns are the most encountered type of injury in both hot and cold process. Injuries are limited by increasing the use of PPEs (personal protective equipment) in these processes.

As they constitute an important part of our employees' work life, occupational health and safety issues are included within the scope of the collective labor agreements we make with unions.

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BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

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- RESPECTING DIFFERENCES
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Respecting Differences

As a corporation of Şişecam Group, at Paşabahçe, a fair and transparent approach respecting differences is adopted. In light of these principles, employees are offered equal opportunities in all human resources processes. No factors that can result in discrimination, such as race, religion, language, gender or physical disability, are used as criteria in human resources processes. Differences among employees are regarded as a richness that diversifies the corporate culture and helps us become an innovative company.

As a corporation of Şişecam Group, at Paşabahçe, the Group's commitment to offering equal opportunities is adopted; objective and systematic approaches are embraced in all processes and practices in order to offer a fair working environment to employees. In this direction, all human

resources processes, including recruitment, remuneration, career and performance management, training and development, are based on equality of opportunity. Issues, such as overtime work and working conditions are regulated within the framework of legal rights. No discrimination is made among male and female employees; remuneration is task-based and equal rights are provided.

At Paşabahçe, women's employment and the involvement of women employees in the management is supported. In 2016, the share of female employees among our blue-collar workforce reached 47%, while the share of female managers among all managers reached 45%. One of our practices promoting the women's employment is to ensure their return to work following parental leave.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



Decent Work

We act with the awareness that our employees are the most decisive factor in the successes we achieve; we make a superior effort to provide a participatory working environment, where human and employee rights are respected, employee satisfaction is pursued and which allows for the development of their competences. In this regard, we observe basic rights and freedoms in all our processes, design training programs to support the professional and individual developments of our employees, encourage their participation on corporate decision making mechanisms through efficient and transparent communication channels that we form.

EMPLOYEE RIGHTS

As Paşabahçe, we aim to incorporate the most talented employees. For this purpose, we work to offer a satisfactory working environment to our employees. Our employees are offered annual leave, marriage leave, birth and parental leave besides several vested benefits, such as training allowance, success allowance, and premiums.

The wage levels of employees are determined across Şişecam Group. With regard to wage raises, wage ranges are determined according to the average level based on information obtained from market researches.



In the reporting period, 3 projects, which positively contributed to business processes and results and created difference by showing improvement, were rewarded as part of the "Stars' Parade Award Ceremony".

Flexible Vested Benefits Project

As part of the Flexible Benefits Program, which is being implemented since beginning of 2015, employees are offered flexible options. Flexible choices allow Paşabahçe employees to choose one of the vested benefits packages offered by Şişecam. Our flexible vested benefits package includes different health and life insurance choices for employees and their families. The aim of the project is to meet the changing needs of employees, to support them in managing their personal budget in the most productive way, and to allow them to gain maximum benefit from vested benefits by means of tax advantages and discounted prices. It is aimed for the scope of the project to be expanded every year, by adding new applications and increasing the rate of participation.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Flexible Working Project

In 2015, the Flexible Working Hours Project was actualized to contribute to the work-life balance of employees, enhance their motivation and support the sustainability of their success. Employees can determine their work start and end times in agreement with their managers within the context of the practice. It is aimed for flexible working hours to be expanded and for the project to be improved.

Union Rights

Protecting the union rights of employees is among the primary issues we rigorously monitor. The representation of employees within the framework of a healthy structure in their relations with company management is emphasized; our employees' free use of their collective agreement and organization rights is ensured. As of 2016, the rate of unionization across the company reached the level of 67%. Constructive relations based on trust and dialogue are established with unions. Thanks to our positive approach towards unionization, there were no production or workforce losses due to industrial relations in the reporting period.

Both Paşabahçe and fulltime employees are liable to give notice to the opposite party once they decide on the ending of the employment period; this issue is regulated within the scope of collective labor agreements made with unions.



Privacy Act Group HR Compliance Process

The Privacy Act Law numbered 6698 came into force on April 7th, 2016; in accordance with the process of harmonization with the Law, a work was started within the body of the Group Human Resources Directorate. As part of this work, conducted under the coordination of the Organizational Development Directorate and Legal Consultancy Department, a working plan, including all the actions that need to be taken within the context of the business processes of HR units, was prepared and prioritized actions were completed as of December. It is projected for the long term actions included within the working plan to be completed by end of 2017 .

EMPLOYEE ENGAGEMENT

Şişecam Group actualizes various practices and projects in order to create a participatory corporate culture whereby our employees can share their ideas and suggestions, be informed about developments in our company, and communicate with each other more easily.

Employee Engagement Survey

Employee engagement is one of the most rigorously followed issues across Şişecam Group. We act with the belief that enhancing employee engagement and motivation contribute to business success. An Employee Engagement Survey is conducted across Şişecam Group every two years and survey results guide the design of new projects.

Based on the results of the Employee Engagement Survey conducted across Şişecam Group at the end of 2015, "Employee Engagement Action Development Workshops" were organized in all regions together with employees and managers representing different groups and units, in the reporting period. During the course of the workshops, which were realized in 14 sessions with 388 participants in total, Şişecam Group's strengths and areas of improvement were determined through detailed analysis works. Prioritized employee engagement development actions were identified by evaluating the results of different fundamental groups.

Idea Factory

Idea Factory, which is a platform constituted for our employees to convey their suggestions, is a practice facilitating the evaluation and rewarding of creative ideas that allow employees to add value to the company, increase productivity, aim to improve business climate and corporate culture, and embrace innovation. Through the Idea Factory platform, the contribution of employees to the development of the company is promoted.

Camport

Camport is the corporate intranet system widely used across Şişecam Group. The system, which was renewed in 2015 acquiring a more user-friendly, easier to access and interactive structure, was enriched with new social features in 2016. Camport's structure, which simplifies communication was emphasized with the slogan "All Depends on a Click" and it has won recognition among employees with its features facilitating the life of Şişecam members and its simpler and catchy aspects.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK



“ŞİMDİ!” Social Activity Club

Our employees participate in Şişecam Social Activity Club that was established for them to enjoy the time they spend at the workplace, strengthen social relationships and synergy amongst themselves, and transform employee happiness into productivity. Within the context of the club, a wide range of activities and projects, such as tours, theater, sports tournaments, and aid campaigns, are realized with the participation of volunteering employees. In 2016, over 100 social activities were organized at Turkey operations.

Şişecam is Moving

As part of the process of moving Şişecam Headquarters to Tuzla in 2016, the internal communication project “Şişecam is Moving” was formed in order to maintain internal communication focusing on employee happiness and productivity. The project aims at establishing effective communication in the process of change, providing timely and accurate guidance for employees, preventing informal communication and disinformation, minimizing possible decreases in engagement, motivation and performance in this process. Throughout the project, employees were regularly provided several contents, such as the characteristics of our new Headquarters, new opportunities offered to employees, senior management messages, facilitating information regarding the moving and settling process, through various methods and channels.

Common Language Program

The Common Language Program was started to constitute a common management culture throughout Şişecam Group. The program was designed to enhance the interaction of management teams at different levels.

“We Are Şişecam” Meetings

Şişecam Group organizes “We Are Şişecam” workshops in order to ensure the dissemination of corporate culture and values among all employees.



Work-Life Balance

As Paşabahçe, we offer our employees social opportunities in view of work-life balance. In the reporting period, Academy Seminars open to the attendance of employee families were periodically organized both at plants and at the Headquarters. In this context, seminars were offered in the issues of parent-child relations, healthy living, stress management, which also relate to employees’ private lives.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

EMPLOYEE DEVELOPMENT

We aim for incorporating, developing, and retaining the best talents, as well as ensuring that employees reach their full potential and sustaining high performance and continuous development. In this direction, regular performance evaluations, career planning and training practices are implemented in order to assist our employees with the development of their competences.

Şişecam Performance Management System was designed and launched in 2016 in order to enhance sustainable corporate success and the value generated through employees. The objective of the Performance Management System is to attract talented employees required for sustainable success to Şişecam Group, to retain talents within the body of the Group by allowing them to realize their potential, and to raise the leaders of the future. In the context of the talent management system, employees exhibiting behavior befitting the corporate culture and values, who constantly develop themselves, are open and eager to take on different responsibilities, create value for Şişecam and are role models, are perceived as high potential. The promotion of this potential to carry the organization into the future is considered to be the main purpose of the system. In 2016, a potential evaluation process was performed for the first time within the body of the Group. In 2017, it is aimed to form Şişecam Group Talent Pool based on performance evaluation results, characteristic evaluation process, talent committee assessments and additional research method results.

With the Performance Management System that we conduct in relation with the vision, mission and strategies of Şişecam Group, we aim to generalize success oriented performance culture, promote the translation of individual success into corporate success, and to ensure corporate preparedness. The needs of employees are evaluated and development plans are designed for individual needs with career meetings organized within the scope of the Career Development Module we implement under the Performance Management System. Performance and career development evaluations are performed -twice a year for white collar employees- and employees are provided with feedback. In 2016, all white-collar employees have received performance feedbacks.

As part of the practice actualized in the reporting period, the technical and personal development trainings that employees need to receive based on position were determined in accordance with the needs every business group with training catalogues prepared on the basis of business groups.

Employees and manager were offered the opportunity to request trainings through the catalogue.

Within the scope of our training programs aimed at helping employees acquire the required skills and professional competences to realize the strategic targets of the corporation, 193,079 man*hour of training was provided to 13,730 Paşabahçe employees in 2016. In addition, the attendance of employees to conferences, seminars and summits, domestically and abroad, and their foreign language or graduate studies are supported by the corporation at determined rates.

Education	2016
Number of Participants in Trainings	13,730
By Category	
<i>Blue Collar</i>	13,040
<i>White Collar</i>	690
By Gender	
<i>Female</i>	470
<i>Male</i>	13,260
Total Training Hours (man*hour)	193,079
By Category	
<i>Blue Collar</i>	156,507
<i>White Collar</i>	36,573
By Gender	
<i>Female</i>	7,759
<i>Male</i>	185,321

Şişecam Academy

The objective of Şişecam Academy, where all the trainings in Şişecam Group are organized through several schools, is to equip our employees with the competences and skills necessary for Şişecam Group to achieve its strategic targets. As part of the program, in which Paşabahçe also takes part, it is aimed to contribute to corporate objectives, to develop employee competences, and to reinforce corporate image and employee engagement. Special programs are designed for focus areas determined in relation to the career development of employees under the roof of Şişecam Academy. Şişecam Academy, which was founded in 2015 and operates with the understanding of a business partner, maintained the training and development opportunities it offers on the basis

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

of business groups and positions by further enriching and expanding them in 2016. In 2016, Leadership School, Sales and Marketing School, Glass School continued their activities and HR Certificate Program was organized. Besides, the preparation stages of the “Supply Chain School”, “Marketing School”, and “Financial Affairs Certificate Program” projects were also completed and they are projected to launch in 2017.

In the reporting period, alternative training methods were engaged within the body of Şişecam Academy. Alternative Education Technologies are aimed to develop the learning range of employees, support in-class trainings and improve schools with the mixed training method. For this purpose, at first the “Information Security Authority Agent (BGO) 4141 At Work” simulation was applied inside the corporation for all monthly-waged employees within the context of “ISO 27001 Information Security Management System” and 853 employees actively participated in the simulation. In addition, e-learning modules were developed by the Academy Education Technologies Department with internal production. In 2016, 38 e-learning modules were opened for white-collar employees and the total attendance was 15,783.

In 2016, an e-learning module regarding our Ethical principles and our competences within the context of the Global Leadership Model was prepared. Training planning was performed by Şişecam Academy for legal/required certifications for duty (PMP, Occupational Safety, First Aid, 6 Sigma, Vocational Competence, ISO certifications, IT certifications, etc.).

Global Leadership Model

In 2015, the Global Leadership Model “ATLAS” was designed and a common leadership strategy was defined for Şişecam Group in order to raise and develop the leaders of the future, thereby sustaining high corporate performance and contributing to the success of the Group. The needed employee and leadership competence were redefined with the “ATLAS” Project, aiming for increasing applicability and extending areas of usage. The Global Leadership Model plays an important role in every stage from the selection of employees to their evaluation, to development to raising the leaders of the Group.

SuccessFactors

The in-class trainings of white-collar employees are planned through SuccessFactors and employees track their training calendar throughout the year with this program.

e-Learning Programs

e-Learning modules were formed within the body of the Group with investments made in the area of education technologies. In this context,

several training tools were developed, such as development resources, book summaries, videos supporting in-class trainings and the employees’ areas of interest, and shared through the “Academy Portal”.

Orientation Project

The orientation e-module and electronic handbook for employees are used to ensure that recently recruited employees at Şişecam Group adapt to their new positions more easily by closely acquainting themselves with our corporate culture, field of activity, organizational structure, and practices.

Employer Brand

Şişecam employees organize events, such as case studies, interview simulations, technical visits and career meetings with managers, on college campuses every year in order to enhance brand image. Students are evaluated by managers as part of case studies and those deemed successful are provided with internship opportunities. Interview simulations aim for students to gain experience.

Long Term Internship Programs

In the program employment priority provided to successful students. In this way, interns joining the team are trained about corporate culture and evaluated by their managers with regard to their performance.

Internal Trainer Certification Program

Internal Trainer Certification Program aims to transfer the Group’s accumulation to employees; in this context, some trainings are projected to be conducted by internal trainers.

Recent Graduate Training Program

Recent graduates are provided with career and development opportunities in the field of finance with the Recent Graduate Training Program that was engaged in the reporting period.

Onboarding Project

Onboarding works are conducted in order to enhance adaptation to the job and reinforce engagement during the period following recruitment until the candidate starts work. In this way, the period until the start of work is productively used, speeding up adaptation.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
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Performance Indicators

Economic Performance Indicators

	2014	2015	2016
Economic Value Created-Net Sales Income (TL) (Paşabahçe)	1,320,842,878	1,349,223,085	1,803,118,386
Economic Value Created-Net Sales Income (TL) (Camiş Ambalaj)	258,806,326	257,542,704	263,067,286
Economic Value Distributed (TL)	2014	2015	2016
Operating Costs (Paşabahçe)	543,530,258	798,604,779	1,077,340,917
Operating Costs (Camiş Ambalaj)	195,472,831	200,355,805	214,926,858
Employee Wages and Benefits (Paşabahçe)	117,153,089	144,218,639	171,379,792
Employee Wages and Benefits (Camiş Ambalaj)	38,012,162	41,471,653	44,680,871
Government Taxes (Paşabahçe)	75,856,129	89,612,657	11,921,145
Government Taxes (Camiş Ambalaj)	17,851,100	15,209,402	17,239,134
Dividends Paid to Shareholders (Paşabahçe)	-	-	9,000,000
Dividends Paid to Shareholders (Camiş Ambalaj)	-	-	4,000,000
Social Investments (Paşabahçe)	-	-	508,393
Social Investments (Camiş Ambalaj)	-	-	114,096

Environmental Performance Indicators

	2014	2015	2016
Total Recycled/Recovered Raw Material Consumed (ton)	176,500	180,200	112,500
Total Energy Consumption (GJ)	5,658,800	5,626,900	5,047,500
Natural Gas	4,786,200	4,766,200	4,237,400
Diesel	9,200	10,700	31,300
Electricity	823,900	806,500	751,100
Other	39,500	43,500	27,700
Total Water Withdrawal (m ³)	1,521,580	1,682,600	1,554,800
Recovered/Reused Water (m ³)	53,500	92,200	82,200
Greenhouse Gas Emissions (ton CO₂)	421,500	425,400	382,300
Scope 1 Emission (ton)	311,700	317,900	282,200
Scope 2 Emission (ton)	109,800	107,500	100,100
Total Wastewater Discharge by Environment (m ³)	1,112,960	1,243,800	1,076,400
Natural Receiving Environment	909,190	1,024,900	473,500
Sewer	203,770	218,900	602,900
Total Hazardous Waste by Disposal Method (ton)	1,000	1,100	1,220
Recovery	260	270	830
Disposal	740	830	390
Total Nonhazardous Waste by Disposal Method (ton)	37,780	36,100	28,660
Recovery	36,280	34,500	27,260
Disposal	1,500	1,600	1,400
The Amount of Recovered Package Released Previous Year (ton)	6,400	7,000	7,500
Packaging Waste Recycling Rate (%)	44%	48%	52%
Total Environmental Investment Costs (TL)	119,000	141,500	484,600
Total Environmental Management Costs (TL)	1,663,700	2,297,970	3,489,650

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Social Performance Indicators

	2014	2015	2016
Total Workforce (number)			
Direct Employees	5,250	5,321	4,908
Female	513	546	518
Male	4,737	4,775	4,390
Employees by Contract Type (number)			
Permanent	5,246	5,311	4,895
Female	512	541	512
Male	4,734	4,770	4,383
Temporary	4	10	13
Female	1	5	6
Male	3	5	7
Employees by Category (number)			
Blue Collar	3,619	3,576	3,285
Female	0	2	2
Male	3,619	3,574	3,283
White Collar	1,631	1,745	1,623
Female	513	544	516
Male	1,118	1,201	1,107
Employees by Employment Type (number)			
Full-Time	5,249	5,320	4,906
Female	513	546	517
Male	4,736	4,774	4,389
Part-Time	1	1	2
Female	0	0	1
Male	1	1	1
Employees by Education Level (number)			
White Collar	1,631	1,745	1,623
High School and Below	689	731	647
Associate Degree	168	193	200
University and Above	774	821	776
Blue Collar	3,619	3,576	3,285
High School and Below	3,238	3,161	2,842
Associate Degree	355	385	415
University and Above	26	30	28

	2014	2015	2016
Employees by Age Group (number)			
Below 30	1,459	1,400	1,271
30 - 50	3,689	3,731	3,520
50+	102	190	117
Senior Management Structure (number)			
by Gender	15	16	16
Female	3	3	5
Male	12	13	11
by Age Group	16	16	16
Below 30	0	0	0
30 - 50	5	6	9
50+	10	10	7
by Nationality	15	16	16
Turkish Citizen	15	16	16
Expat	0	0	0
Mid-Level Management Structure (number)			
by Gender	72	80	72
Female	24	30	27
Male	48	50	45
by Age Group	72	80	72
Below 30	0	0	0
30 - 50	45	54	54
50+	27	26	18
New Hires (number)			
by Gender	796	624	83
Female	135	128	41
Male	661	496	42
by Age Group	796	624	83
Below 30	578	472	45
30 - 50	212	149	38
50+	6	3	0
Quitting Employees (number)			
by Gender	593	678	186
Female	102	104	61
Male	491	574	125

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
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	2014	2015	2016
by Age Group	593	678	186
Below 30	250	298	61
30 - 50	259	351	109
50+	84	29	16
Number of Employees on Parental Leave			
Female	17	19	27
Employees Returning to Work Following Parental Leave			
Female	17	18	16
Employees Returning to Work Following Parental Leave and Still Employed 12 Months After Their Return			
Female	13	16	16
Employees Covered by Collective Bargaining Agreement (number)			
Direct Employees	3,514	3,312	3,285
Employee Trainings - Number of Participants	39,030	36,381	15,805
Blue Collar	36,302	35,037	13,040
White Collar	2,728	1,344	690
Female	1,509	457	15,115
Male	37,521	35,924	10,884
Employee Trainings - Total Hours (man*hour)	122,814	93,561	193,079
Blue Collar	42,479	73,634	156,507
White Collar	18,928	19,928	36,573
Female	9,162	6,335	7,759
Male	52,245	87,226	185,321
Injury Rate*			
Direct Employees	28	38	35
Contractor Employees	26	20	2
Total	28	35	34

	2014	2015	2016
Lost Day Rate (LDR)*			
Direct Employees	354	428	453
Absence Rate (%)			
Direct Employees	6.18%	6.59%	10%
Blue Collar	6.42%	6.46%	10%
White Collar	5.31%	7.05%	10%
Work Related Fatalities			
Direct Employees	0	0	0
Female	0	0	0
Male	0	0	0
OHS Trainings Offered to Employees - Number of Participants	5,578	5,557	4,356
Direct Employees	5,422	5,355	4,126
Subcontractor Employees	156	202	230
OHS Trainings Offered to Employees - Total Hours (man*hour)	19,907	70,376	66,750
Direct Employees	19,705	68,664	62,413
Subcontractor Employees	202	1,712	4,337
Number of OHS Committees	28	8	7
Total Number of Members in OHS Committees	177	88	58
Number of Employee Representatives in OHS Committees	56	62	23
Environmental Trainings Offered to Employees - Number of Participants	655	939	2,293
Direct Employees	617	869	1,026
Subcontractor Employees	38	70	841
Environmental Trainings Offered to Employees - Total Hours (man*hour)	1,511	1,845	2,530

*The data is revised retrospectively due to scope change.

GRI Content Index

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Indicators	Description
GENERAL DISCLOSURES	
G4-1	Message from Chairman (pp.3-4); Message from Glassware Group President (pp.5-6)
G4-2	Message from Chairman (pp.3-4); Message from Glassware Group President (pp.5-6)About
G4-3	the Report (p.2)
G4-4	About Paşabahçe (pp.7-8); Corporate Website: http://www.pasabahce.com.tr/en/products/product-catalog
G4-5	Corporate Website: http://www.pasabahce.com/en/contact-us/contact
G4-6	About Paşabahçe (pp.7-8)
G4-7	Corporate Website: http://www.pasabahce.com.tr/en/investor-relations/corporate-identity-and-management/shareholder-structure
G4-8	About Paşabahçe (pp.7-8)
G4-9	Financial Stability (p.30); One Global Family (pp.40-48); Performance Data (p.49)
G4-10	One Global Family (pp.40-48)
G4-11	Union Rights (p.45); Performance Data (p.49)
G4-12	Supply Chain Management (p.23)
G4-13	Türkiye Şişe ve Cam Fabrikaları A.Ş. 2016 Annual Report (p.32)
G4-14	Risk Management and Internal Audit (p.17); Business Ethics (p.18); Employee Health and Safety (p.33); Combating Climate Change (p.41)
G4-15	Corporate Memberships (p.9)
G4-16	Corporate Memberships (p.9)
G4-17	About the Report (p.2)
G4-18	About the Report (p.2); Sustainability Management (p.10)
G4-19	Sustainability Management (p.10)
G4-20	Sustainability Management (p.10)
G4-21	Sustainability Management (p.10)
G4-22	The report does not have any restatements of information provided in the previous report. GRI G4 Content Index (p.52)
G4-23	About the Report (p.2); Sustainability Management (p.10)
G4-24	Stakeholder Engagement (pp.13-14)
G4-25	We define all individuals and institutions, who either are impacted by our operations or have an impact on them, as our stakeholders.
G4-26	Stakeholder Engagement (pp.13-14)
G4-27	Stakeholder Engagement (pp.13-14)
G4-28	About the Report (p.2)



Indicators	Description
G4-29	About the Report (p.2)
G4-30	About the Report (p.2)
G4-31	About the Report (p.2)
G4-32	About the Report (p.2); GRI G4 Content Index (p.52)
G4-33	The report was not subjected to external assurance. GRI G4 Content Index (p.52)
G4-34	Transparent and Integrated Management (p.17)
G4-56	Business Ethics (p.18)
STANDARD DISCLOSURES	
Material Aspect: Economic Performance	
G4-DMA	Global Presence (pp.29-38); Financial Stability (p.30); Supply Chain Management (p.23)
G4-EC1	Global Presence (pp.29-38); Financial Stability (p.30); Supply Chain Management (p.23); Performance Data (p.49)
G4-EC2	Combating Climate Change (p.33)
Material Aspect: Market Presence	
G4-DMA	Not material
G4-EC6	Performance Data (p.49)
Material Aspect: Indirect Economic Impacts	
G4-DMA	Innovation (p.27); Employee Development (p.47); Social Responsibility (pp.37-38)
G4-EC7	Innovation (p.27); Social Responsibility (pp.37-38)
G4-EC8	Innovation (p.27); Employee Development (p.47); Social Responsibility (pp.37-38)
Material Aspect: Procurement Practices	
G4-DMA	Supply Chain Management (p.23)
G4-EC9	Supply Chain Management (p.23)
Material Aspect: Energy	
G4-DMA	Energy and Emission Management (pp.31-32)
G4-EN3	Energy and Emission Management (pp.31-32); Performance
Material Aspect: Water	
G4-DMA	Efficient Use of Resources (p.35)
G4-EN8	Efficient Use of Resources (p.35); Performance Data (p.49)
G4-EN9	No stress caused by water consumption within Paşabahçe operations was found on resource consistency.

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Indicators	Description
G4-EN10	Efficient Use of Resources (p.35); Performance Data (p.49)
Material Aspect: Emissions	
G4-DMA	Energy and Emission Management (pp.31-32)
G4-EN15	Energy and Emission Management (pp.31-32); Performance Data (p.49)
G4-EN16	Energy and Emission Management (pp.31-32); Performance Data (p.49)
Material Aspect: Effluents and Waste	
G4-DMA	Efficient Use of Resources (p.35)
G4-EN22	Efficient Use of Resources (p.35); Performance Data (s.49)
G4-EN23	Efficient Use of Resources (p.35)
G4-EN26	Efficient Use of Resources (p.35)
Material Aspect: Products and Services	
G4-DMA	Efficient Use of Resources (p.35)
G4-EN27	Efficient Use of Resources (p.35)
G4-EN28	Efficient Use of Resources (p.35)
Material Aspect: Compliance	
G4-DMA	Sustainable Environment (p.34)
G4-EN29	There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period.
Material Aspect: Overall	
G4-DMA	Sustainable Environment (p.34)
G4-EN31	Sustainable Environment (p.34)
Material Aspect: Employment	
G4-DMA	One Global Family (pp.40-48)
G4-LA1	Performance Data (pp.49-50)
G4-LA2	Pension funds are provided only for white-collar and fulltime employees.
G4-LA3	Respecting Differences (p.43)
Material Aspect: Occupational Health and Safety	
G4-DMA	Employee Health and Safety (p.41)
G4-LA4	Union Rights (p.45)
G4-LA5	Employee Health and Safety (p.41); Performance Data (p.50)
G4-LA6	Performance Data (p.50)
G4-LA8	Employee Health and Safety (p.41)
Material Aspect: Training and Education	
G4-DMA	Employee Development (p.47)
G4-LA9	Employee Development (p.46); Performance Data (p.50)

Indicators	Description
G4-LA10	Employee Development (p.47)
G4-LA11	Employee Development (p.47)
Material Aspect: Diversity and Equal Opportunity	
G4-DMA	Respecting Differences (p.43)
G4-LA12	Respecting Differences (p.43); Performance Data (p.50)
Material Aspect: Equal Remuneration for Women and Men	
G4-DMA	Respecting Differences (p.43)
G4-LA13	Respecting Differences (p.43)
Material Aspect: Non-Discrimination	
G4-DMA	Respecting Differences (p.43)
G4-HR3	During the reporting period, no case of discrimination has occurred.
Material Aspect: Freedom of Association and Collective Bargaining	
G4-DMA	Union Rights (p.45)
G4-HR4	In all Paşabahçe operations, exercise of the freedom of association and collective bargaining is ensured. Business partners are also expected to adopt same principle. During the reporting period, no breach or significant risk is identified regarding exercise of these rights.
Material Aspect: Child Labor	
G4-DMA	GRI G4 Content Index (p.53)
G4-HR5	In all Paşabahçe operations, exercise of the freedom of association and collective bargaining is ensured. Business partners are also expected to adopt same principle. During the reporting period, no breach or significant risk is identified regarding exercise of these rights.
Material Aspect: Forced and Compulsory Labor	
G4-DMA	GRI G4 Content Index (p.53)
G4-HR6	Paşabahçe does not permit forced and compulsory labor within its operations. Business partners are also expected to adopt same principle. During the reporting period, no breach or significant risk is identified regarding this principle.
Material Aspect: Anti-Corruption	
G4-DMA	Fight against Corruption (p.18)
G4-SO3	All Paşabahçe operations are assessed for risks related to corruption.
G4-SO5	No such case occurred during the reporting period.
Material Aspect: Anticompetitive Behavior	
G4-DMA	Not material
G4-SO7	There are no ongoing lawsuits against Paşabahçe for anticompetitive behavior or antitrust in the reporting period.
Material Aspect: Compliance	
G4-DMA	Transparent and Integrated Management (p.17)

- ABOUT THE REPORT
- MESSAGE FROM THE CHAIRMAN
- MESSAGE FROM GLASSWARE GROUP PRESIDENT
- ABOUT PAŞABAHÇE
- 2016 PERFORMANCE
- OUR SUSTAINABILITY APPROACH

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
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ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

Indicators	Description
G4-SO8	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.
Material Aspect: Customer Health and Safety	
G4-DMA	Product Safety and Product Responsibility (p.20)
G4-PR1	All products and services are evaluated with regards to health and safety impacts.
G4-PR2	During the reporting period, no case of non-compliance to regulations has occurred.
Material Aspect: Product and Service Labeling	
G4-DMA	Product Safety and Product Responsibility (p.20)
G4-PR3	Product Safety and Product Responsibility (p.20)
G4-PR4	During the reporting period, no case of non-compliance to regulations has occurred regarding customer information practices and product labeling.

Indicators	Description
Material Aspect: Marketing Communications	
G4-DMA	Product Information (p.21)
G4-PR7	During the reporting period, no case of non-compliance to regulations has occurred regarding marketing communication aspects.
Material Aspect: Customer Privacy	
G4-DMA	Digitalization (pp.25-26)
G4-PR8	During the reporting period, no complaints were received concerning breaches of customer privacy.
Material Aspect: Compliance	
G4-DMA	Product Safety and Product Responsibility (p.20)
G4-PR9	Product Safety and Product Responsibility (p.20)

ABOUT THE REPORT
MESSAGE FROM THE CHAIRMAN
MESSAGE FROM GLASSWARE GROUP PRESIDENT
ABOUT PAŞABAĞÇE
2016 PERFORMANCE
OUR SUSTAINABILITY APPROACH

BEING A PIONEER IN THE GLOBAL MARKET

- DYNAMIC STRUCTURE
- OPERATIONAL EXCELLENCE
- DIGITALIZATION
- INNOVATION

GLOBAL PRESENCE

- FINANCIAL STABILITY
- SUSTAINABLE ENERGY
- SUSTAINABLE ENVIRONMENT
- SOCIAL RESPONSIBILITY

ONE GLOBAL FAMILY

- EMPLOYEE HEALTH AND SAFETY
- RESPECTING DIFFERENCES
- PROVIDING DECENT WORK

PAŞABAĞÇE CAM SANAYİ VE TİCARET A.Ş.

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