



Setas
COLORCENTER

Sustainability
Report 2018



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About the Report

102-45, 102-50, 102-53

Setaş 2018 Sustainability Report reviews the performance of Setaş in the economic, social and environmental domains in terms of sustainability for an annual period that elapsed between 01.01.2018 – 31.12.2018. The report also stands as the 3rd progression report submitted by Setaş since 06.09.2016, when Setaş became signatory to the United Nations Global Compact. The report discloses the Setaş's approach to the Global Compact as well as the activities undertaken in this respect. The report covers operations performed at the production plant of Setaş at Çerkezköy and at the head office located in İstanbul. All production areas and the head office are included in the report. The data of subcontractors that provide logistics of the products produced and

subcontractor companies providing support services in production sites are not included in the report. The Report has been compiled in compliance with the "Basic" option of the GRI Standards. Said compliance is disclosed in more detail in the GRI Standards Content Index presented in the last chapter of the report. The Report is issued in two languages: Turkish and English.

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Message from the Chairman



MEHMET EMRE ŞENER
Chairman of the Executive Board

Dear Stakeholders, with this third Sustainability Report, we, as Setas, are much honored and happy for sharing the operations we have undertaken, and the endeavors we endured, with respect to development of the world and our country in economic, environmental and social aspects.

As Setas, we endeavor to improve the future of our country for 53 years, and maintain our presence in 34 cities of Turkey and 50 countries in the World. Sustainability represents one of the highest priority agenda items for all corporations as well as the world. The Sustainable Development Goals adopted by the United Nations in 2015 have set the priorities on economic, environmental and social domains for the entire world.

As Setas, we not only analyze the priorities for our business sector and the expectations of the stakeholders we also maintain our operations by integrating such goals into our business objectives. Our processes for compliance to the United Nations Global Compact, that we became signatory in 2016, can be monitored from this report

The increase in population induces an increase at the resource consumption, which in turn increases the amount of waste generated in line with such consumption. As in the case for all modern industries, the textile sector is

also endeavoring to come up with business strategies focused particularly on environment, as well as human rights, employee rights, responsible production and economic growth. As one of the prominent actors in chemical industry, Setas also prioritizes R&D and product development efforts in order to ensure most efficient use of water sources. We are allocating the resources of the company for increasing the diversity of the green products through improvements in processes from use of raw materials, to efficient use of energy and water sources. We are making significant investments for adopting environment friendly technologies at our environmental processes.

We're aiming to implement all best practices that will support the development of our country through social-benefit oriented investments, waste prevention and management of environmental impacts

We will continue to generate economic and social benefit in order to live in a better world, improve welfare of our nation and society and to fulfill our responsibilities towards future generations.

We would like to take this opportunity to offer our most gracious gratitude first to our employees, and to our customers, business partners, local communities and all other stakeholders.

Message from the General Manager

Dear Stakeholders, the awareness rising trend originated from the environment and zero waste concept is headed towards waste recycling and circular economy. The system to be maintained through strict input-output controls on the manufactured goods, transportation and packaging controls throughout production process and recovery of used products from end user will create living space for future generations.

On the one hand, the entire chemical input of all countries are placed under transparent and documented control through practices such as Turkey KKDİK, Eurasia-REACH (The Eurasian Economic Union (EEU) member states – Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) and Korean REACH; on the other hand local production in the countries are supported. The primary objective is to establish a transparent declaration of chemical product information at border checkpoints and to establish an information system in advance if it has an impact on the environment and human health.

In its journey towards sustainability, Setas not only committed to the global regulations, but also commits to the chemical regulations at this geography as it aims to supply services and products to all countries in the immediate area. In the mean time; by embracing circular economy, extensive chemical and technology-based R&D studies have been initiated concerning chemical recycling of polyester blends.

Just as we already promised, the e-ColorMaster online color management system will be put into operation by the end of 2020 in order to ensure that the brands' requirements such as color and ecology can be easily obtained digitally by the manufacturers.

Our goal is to respect to the current agenda and to be a implementer of it and to go beyond one step, serve the world and humanity with a multidisciplinary approach. We would like to acknowledge all of our employees and stakeholders for walking this path with us.



FATMA ŞENER
General Manager

Management Philosophy

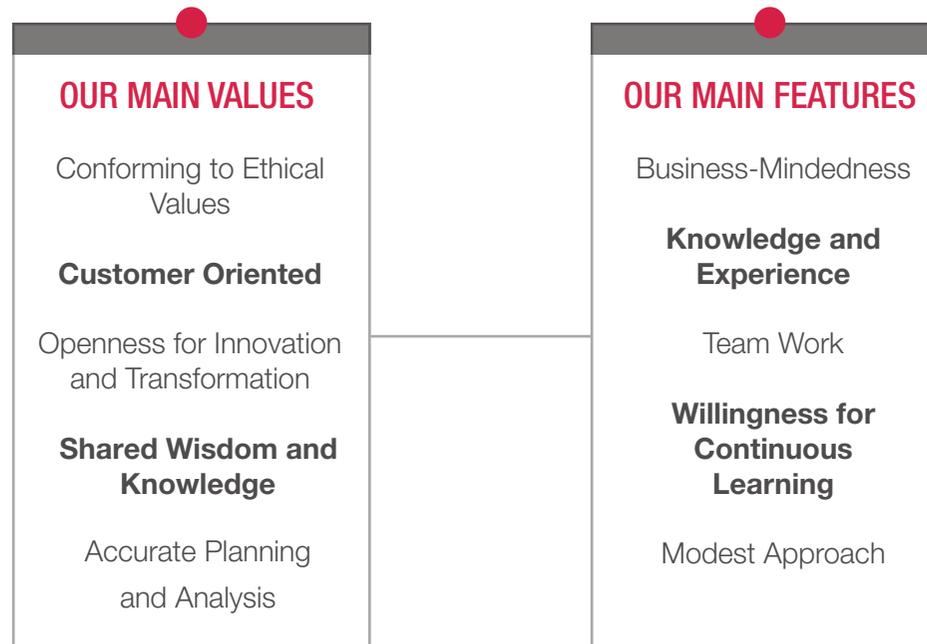
Who are we?

We stand as a chemical firm working for a sustainable future by supporting the customer-oriented principle with information and innovation and enhancing the competitive capacity of our brand and business partners.

Our future goals

Combining our color knowledge with technological advancements in the polymer, coating, textile, paper industry thus create higher chemistry in line with the Industry 4.0

102-16



Setas 2018 at a Glance

An adventure ongoing for 53 years,
Proudly since 1966...

3 Plants, **4** different industries

21%
Women employees

335
Employees

57 Thousand Tons
Production Capacity

34%
Women employees at
executive and higher positions

2.651 GJ
Energy saved in 2018

Export to **50 countries**
on **5 Continents**

92,2%
Satisfied employees

167 million \$
Turnover in 2018

14,3%
Reduction in water
consumption per 1 Ton product

54%
Reuse rate of packages
released to the market in 2018



About Setaş

Setaş is a chemical company founded in 1966 and specialized on color. Setting off with intentions to supply products to the textile sector, Setaş expanded its product range by manufacturing dyes, chemicals and special effects for the paper, plastic and metal industries. The company continues to operate with its highly qualified human resources, strong technical infrastructure and precise financial management skills by adopting a creative and dynamic business mentality and implementing strategic management concept in order to ensure smooth functioning of the organization and for planning a safe future. Acting swiftly by delivering solutions that require expertise, the company not only responds to questions and problems of the customers by supporting customer oriented principle with knowledge and innovation, but also engages with project collaborations with the customers to have an advantage against their rivals.

The company aims to inoculate the social and environmental responsibilities to its employees in order to create awareness on future.

Establishing accurate communication between cultures by benefiting the privilege of the strategic position linking Europe with Asia, Setaş has arisen to the top position in industries that the company operates in Turkey. The products are marketed also to Middle East, Asia, Europe, Africa and South America regions. The Logistics Center established and the "Direct Sale to the Customer from the Bonded Warehouse for Import Goods" and "Lean Supply System in Domestic Products" practices processed therein not only enhanced the competitive power on both national and international level, but also offered minimum stock cost and fast supply advantages for its customers.



R&D Center

Commissioned in 2011 with aims to achieve the benefit of sharing knowledge and opportunities. Setaş R&D Technology Center gathers all research and development related operations under one roof in order to endorse collaboration and synergy between various disciplines.



Basic Research Test Laboratory

Setaş Basic Research and Test Laboratory was founded to support ecological product management process, and for testing and dispatching products according to international standards and codes during all phases of production and sales process. All analytical tests in the process of establishing the identity of the products according to national regulations are carried out by Setaş expert teams.



Color Management

Setaş Color Center started its operations in 2014 within Setaş provides fast and high quality service by working in cooperation with brands.

About Setaş

Setaş represents 4 different industries by means of operations undertaken at **3** different production plants located in Tekirdağ Çerkezköy Organized Industrial Zone.

SETAŞ 1

Reaction Department: The department with 6.000 tons of annual production capacity produces liquid reactive, liquid basic, liquid sulphur and disperse dyestuffs.

Dispersion Department: The department with 10.000 tons of annual production capacity produces liquid pigment and vat dye dispersions and liquid disperse dyestuffs.

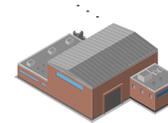
Chemicals Department: The department with 25.000 tons of annual production capacity produces optical brighteners and auxiliary chemicals for paper and textile sectors

SETAŞ 2

Electrostatic Powder Coating Department: The department with 6.000 tons of annual production capacity produces Epoxy, PES and Hybrid structured electrostatic powder coatings.

SETAŞ 3

Masterbatch Department: The department with 10.000 tons of annual production capacity produces PET, PE, PP, PA based colored, black and functional masterbatches for fiber, packaging and cable sectors.



3 Plants



4 Industries



335
Employees



Annual Production
Capacity of
57 Thousand Tons

Our Global Presence



Major Foreign Markets

Bangladesh, Pakistan, Uzbekistan, Egypt, Russia, Portugal, Poland, France, Bulgaria, Sri Lanka, Tunisia, England, Spain, Mexico

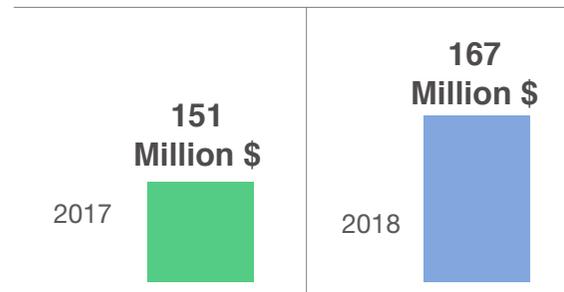
Share of Export in Total Sales



Total Sales



Total Turnover



Our Industries

TEXTILE

Setaş is a leading company in its industry possessing the capacity to develop multi-functional products by employing a great variety of production processes through the synergy created by the Technology Center founded for gathering distinct R&D disciplines together. The company offers product solutions in various forms such as liquid, powder and dispersion in the dyestuff and auxiliary products for adding value to all fiber varieties.

Setaş product range for the dyestuffs involves colorant and pigments from different groups that offer customized solutions for the customer in compliance with the intended purpose and conditions of use for textile dyeing and printing processes. These colorants are available in powder and liquid forms as disperse, reactive, acid, metal-complex, basic and vat dyes with diverse product range that would facilitate selection by the operators.

Setaş product range for the auxiliary chemicals involves all chemicals required during pre-treatment, dyeing, post-treatment and finishing operations for the textile dyeing, printing and washing processes. These high performance products can be produced with distinct characteristics and concentrations depending on the application.

They offer ease of operation as they are mostly manufactured as compliant with automation processes.

Pursuing the principle of continuous improvement in accordance with the ecologic and performance criteria of the brands and manufacturers, Setaş becomes solution partners for its customers by offering innovative products, and makes investments as required for minimizing the impact on the environment and human health, and observes and implements the national and international standards on this matter.

The products are produced in compliance with bluesign® requirements and the limits set for priority chemicals in ZDHC MRSL. The products are fully compliant to restricted chemicals lists of brands (RSL's) and Oeko-tex® Standard 100 criterias as well as the legislations applicable on textile and clothing supply chain. Setaş products dont contain SVHC substances, restricted by REACH regulation and Annex 17

DYESTUFFS

Textile	Digital Printing	Denim
Nyloset®	Nyloset® Ink	Dyeage
Pigmaset®	Pigmaset® Ink	Dyefast
Setacryl®	Setactive® Ink	Dyeneon
Setactive®	Setapers® Ink	Dyewash
Setafor®		
Setanthren®		
Setapers®		
Setazol®		
Sulfoset		

AUXILIARIES

Pre-Treatment	Dyeing	Finishing Processes	Printing	Digital Printing	Technical Textile	Denim Chemicals
Setaantcrease	Setawet	Setacid®	Safoline	Setajet	Setacross	Kaya
Setaantioksidant	Migrasist	Setadeepener	Safolite	Setalan®	Setaflam	Setabicol
Setabicol	Setaalkali	Setafen	Setabinder®		Setaflex	Setafix®
Setacid®	Setaantimigrant	Setalan®	Setacross		Setapret	Setafor®
Setacrystal®	Setacarrier	Setasil®	Setagum		Seta-UV	Setalan®
Setalan®	Setacid®	Setasoft	Setalan®			Setasil®
Setalase	Setaclean	Setastat	Setalgine			Setasoft
Setalub®	Setacompact		Setaprint®			Setazym
Setamordant	Setafix®		Setawhite			Setenzim
Setapolymer®	Setafoam					
Setawash	Setalan®					
Setawet	Setalub®					
Setazym	Setarder					
Setenzim	Setastat					
	Setawash					
	Setenzim					
	Ultraclean					



MASTERBATCH

Setaş Masterbatch was established in 2004, primarily to meet the masterbatch production needs for polyester fiber for Turkey's market where a number of synthetic fibers and plastics industry operating. The masterbatch plant commissioned with an initial annual production capacity of 800 tons currently operates at the capacity of 10.000 tons in 2016 through investments. Setaş Masterbatch moved to its new facility in Çerkezköy Organized Industrial Zone in 2017 and aims to achieve sustainable growth, through increasing its production capacity, product range and customer portfolio in the coming years. Masterbatch department produces masterbatch and functional products for fiber and plastic sectors under the brand "Masterset®".



Sectors Served with Masterset® Brand

- Textile, carpet and upholstery
- Packaging and toys
- Home appliances
- Automotive
- Construction materials (pipe and hose, thermal insulation)
- Telecommunication and cable



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ELECTROSTATIC POWDER COATING

Setacoat® started electrostatic powder coating production in 2007 as a Setaş division moved to a new facility of 12 000 m2 in 2014 with its developing product range, growing production capacity and team. The plant currently manufactures epoxy, PES and hybrid electrostatic powder coating with capacity of 6.000 Ton/Year



Sectors Served with Setacoat® Brand

- Aluminum Exterior Systems
- City Furnitures
- Appliances
- Store Fixtures
- Fence Systems
- HVAC systems
- Automotive
- Lighting Systems
- Door and Window Systems

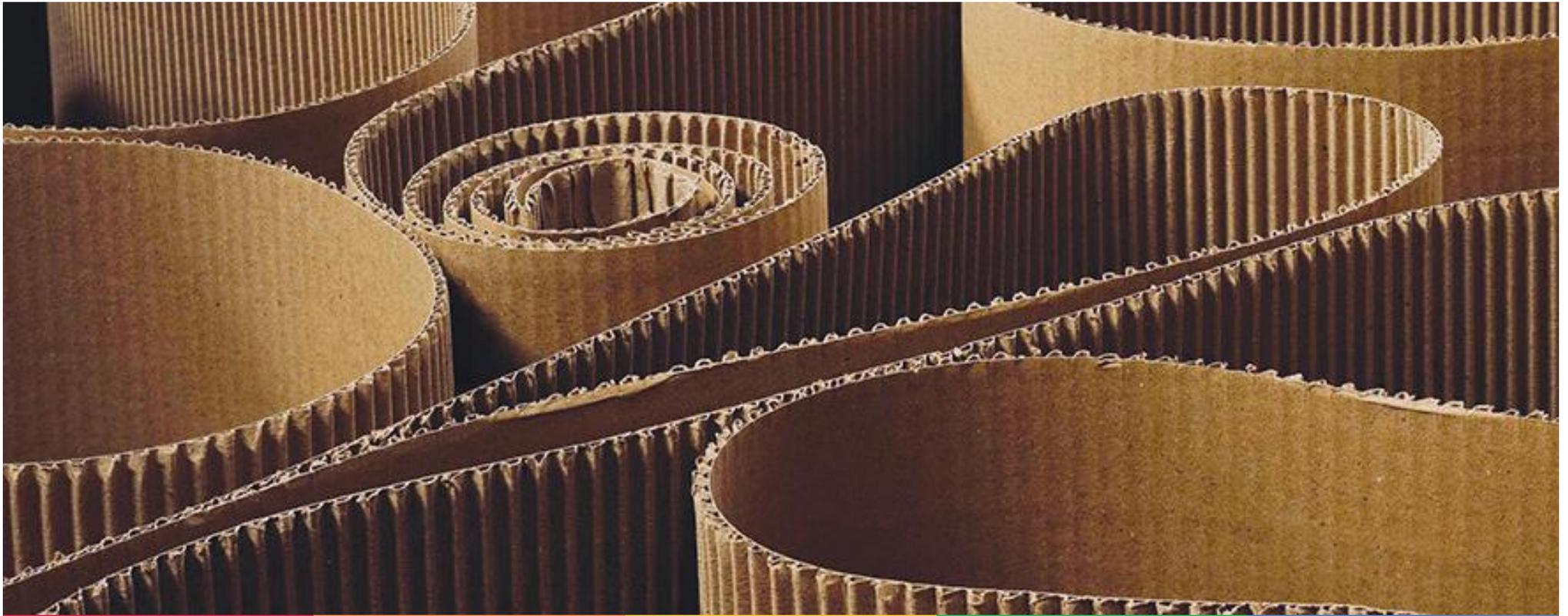
102-2



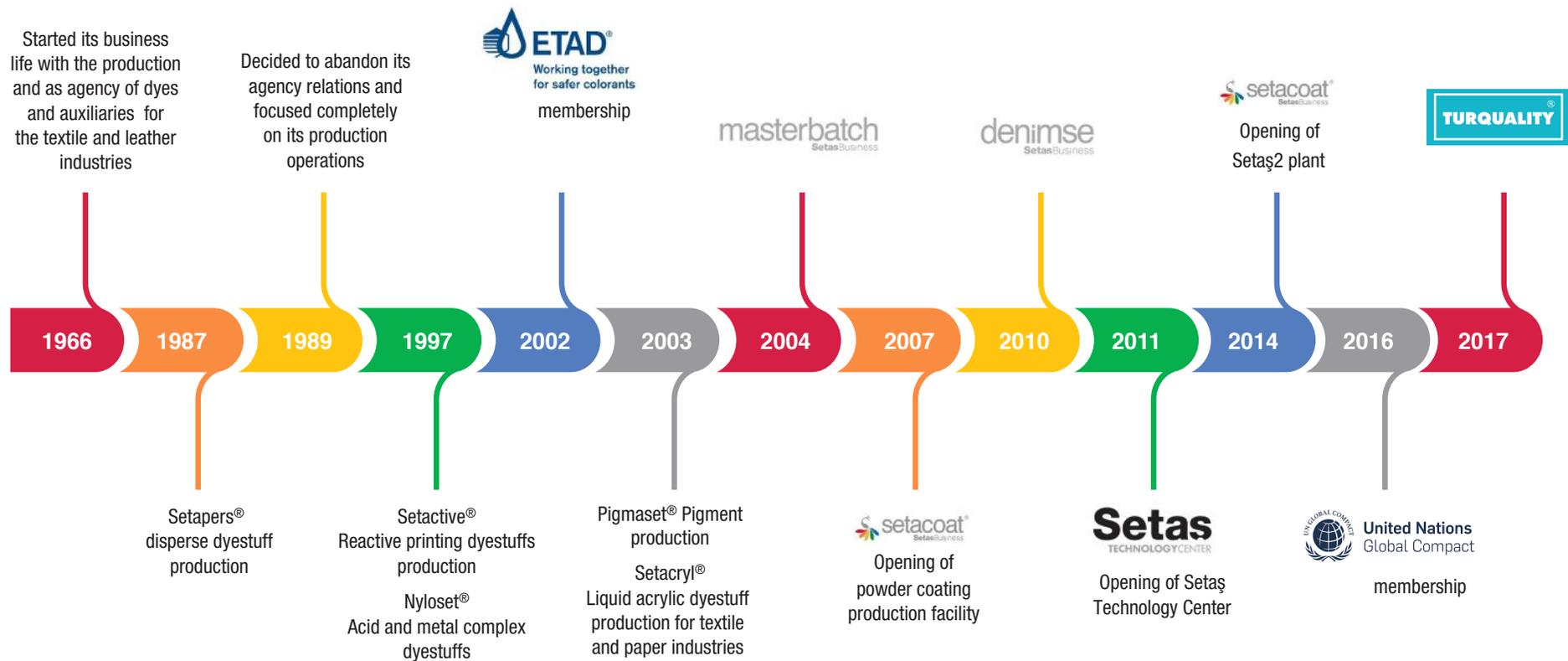
PAPER

Setas offers its 53 years of experience and knowledge on textile industry, its production capacity on chemistry and R&D skills to paper industry. For this purpose, the company started to produce dyestuffs, optical brighteners and performance chemicals for the packing paper, writing paper and cleaning paper industry since 2003. The company intends to maintain its leading position in Turkey especially on brown dyestuff and optical brightener ranges by offering new product ranges with eyeing for growth opportunities abroad.

Dyes	Auxiliaries
Paper	Paper
Setacryl®	Setafor®
Setadirect	Setamer
	Setapolymer®



Our Milestones



Product Management



Management Systems



Commitments



Certified products



185
Products



305
Products



6
Products



361
Products
49% Level 3
38% Level 1



22
CAS#

102-12, 102-13

Our Corporate Management System

A well managed today for a better future

Since its incorporation, Setas adopted to the dynamics of the industry it represents with its global governance perception and strong vision. Setas always prioritized environmentally responsible production by improving its production processes and product range through R&D operations that respond to the customer's demands. The company has positioned itself as a strong representative of chemicals industry in its region by pursuing a governance strategy that adds value to its employees and the society.

Setas is an incorporated company. The board of directors consists of three members with one woman member. The Executive Board comprises the top executives that represent all functions in execution. The General Manager acts as co-chair at the Executive Board. Other management bodies include Ethics Committee, OHS Board and Disciplinary Board.



102-18



Executive Board

The Executive Board is responsible from:

- Implementing the decisions of the Board of Directors,
- Discussing strategies for the business line of the company and seek approval of the Board of Directors for implementation thereof,
- Identifying the most adequate or- ganizational structure that would allow effective execution of the company operations and achievement of the goals,
- Exploring new products, services and markets in accordance with the objec- tives and policies set by the Board of Directors; review the operations in terms of quality, efficiency and performance in order to comply with the defined objec- tives and policies,
- Ensuring that operations are per- formed efficiently by staff with adequate qualifications,
- Paying attention to career develop- ment of the employees and encourag- ing them in this respect,
- Ensuring that the entire organization functions accordingly in order to ensure effective, efficient and responsible use of all resources for persistence of com- pany operations.



Ethics Committee

The Ethics Committee is formed by the General Man- ager, Strategic Planning and Financial Director, Marketing Director, and HR Director. The committee is responsible from reviewing all kinds of problems related to all stakeholders encoun- tered by the employees dur- ing the business life, from guaranteeing confidentiality of the complaints and feed- backs submitted pursuant to the codes of conduct and to keep the individuals safe after reporting, to ensure employment security of the reporting employees, and to guarantee investigation of the complaints and reports in due time in fair, consistent and sensitive manner and to take necessary actions as required after violations.



Occupational Health and Safety Board

The Occupational Health and Safety Board executes its functions pursuant to the tasks and liabilities set out in Republic of Turkey Ministry of Labor and Social Security, Regulation on Occupational Health and Safety Boards and in the chapter entitled duties and authorities of the OHS Board. The board con- venes on monthly basis.



Disciplinary Board

The Disciplinary Board is responsible from acting in compliance with the rules set out in the regulation at the decision making processes and from confidentiality of the files received by the board.

The management approach implemented by Setas is an integral part to the ethical values.

ACCURACY

Setas pursues and is devoted to the principle of accuracy in all operations and relations with the customers, employees, shareholders, group companies and other agencies and institutions.

RELIABILITY

Setas offers open, comprehensible and accurate information during all services and operations with the mentality of mutual trust with the customers and the stakeholders.

COMPLIANCE WITH THE LAWS AND LEGISLATION

Setas executes its operations in compliance with the laws, bylaws and regulations of Republic of Turkey. Setas closely monitors all applicable legislations and laws, and adapts measures as required for compliance thereto.

Setas does not discriminate on the basis of age, gender, ethnic background, political thought, philosophical belief, religion, sexual preference, physical appearance, health, union membership or otherwise in the course of its business relations.

EQUALITY

Setas acts responsive towards conservation of environment. The company takes active part in the efforts for promoting conservation of the environment and aims to improve awareness of the society on environmental cases. The company considers the impact of its products and services on the environment in all processes. The company executes studies for more efficient use of the natural resources and minimization of the wastes arising from processes to the most possible extent.

RESPONSIBILITY TOWARDS ENVIRONMENT

Our Stakeholders

For identification of the value chain, Setas completes the definitions concerning all stakeholders involved in the value chain and updates such list regularly at annual periods. Any and all individuals, organizations and societies that have impact on Setas's operations or is/are affected from Setas's operations are considered as Setas stakeholder. In brief, the stakeholders at Setas are categorized as interior and exterior stakeholders.

The stakeholders of the companies might display a constant change as an outcome of the changing economic balances within a global market that experiences change constantly in the economic sense. Therefore, in accordance with the mentality of developing Sustainability Strategies, the expectations, anticipations of the respective stakeholders, and the justification thereof, are analyzed each year with participation of the units in contact with the stakeholders. These expectations are fulfilled based on its impact on Setas's operations and the extent of such impact. Furthermore, the communication methods with the stakeholders are reviewed. The opinion and expectations of the stakeholders are constantly monitored at Setas through most effective and active means of communication.

102-40, 102-42, 102-43

Stakeholders	Communication Channels	Frequency	Communication Channels	Frequency
 	Bulletin Boards	Continuous 	Employee Satisfaction Survey	Biannually 
	Portals – Setas academy	Continuous 	Employee Commitment Survey	Biannually 
	Electronic Communication	Continuous 	Subject Based Surveys	Once per Year 
	Quality Assurance Meetings	Quarterly 	Competence Assessment System	When Required 
	General Manager Briefing Meetings	Annually 	Performance Interviews	Once per Year 
	Marketing Meetings	4 times per Year 	Personal Recommendation System	Continuous 
	Acquaintance Meetings	When Required 	Boards	When Required 
	Meetings with Specific Agenda	When Required 	Department Meetings	When Required 
	Social-Sportive Events	When Required 	Orientation Program	When Required 
	Site Term Meetings	When Required 	Exit Interview	When Required 
	HR Zone Visits	When Required 	Sales Meetings	4 times per Year 
Employees		Management Review meetings	Minimum Once per Year 	

Stakeholders

102-40, 102-42, 102-43

Stakeholders	Communication Channels	Frequency
 Customers	Factory Visits	Continuous 
	Customer Visits	Continuous 
	Customer Satisfaction Survey	Once per Year 
	Corporation Brand Perception Research	Biannually 
	Telephone Calls	Continuous 
	Complaints	Continuous 

Stakeholders	Communication Channels	Frequency
Shareholders	Executive board Meetings	Once per Month 
	Activity Reports	Once per Year 
	Annual Budget Meetings	When Required 
	Strategic Plan Meetings	When Required 

Stakeholders	Communication Channels	Frequency
 Suppliers and Subcontractors	Supplier Visits	Continuous 
	Supplier Satisfaction Survey	Once per Year 
	Supplier Assessment Survey	When Required 
	Supplier Audits	Continuous 
	Telephone Calls	Continuous 

Stakeholders	Communication Channels	Frequency
Public Agencies and Institutions	Project Partnerships	Continuous 
	Audits	Continuous 
	Meetings	Continuous 

Stakeholders

Stakeholders	Communication Channels	Frequency
Non-Governmental Organizations	Project Partnerships	When Required
	Institutional Memberships	When Required
	Representation	When Required

Stakeholders	Communication Channels	Frequency
 Universities	Training Collaborations and Joint Projects	When Required
	Career Days	When Required
	Seminars and Meetings	When Required

102-40, 102-42, 102-43

Stakeholders	Communication Channels	Frequency
 Media	Press Bulletins	When Required
	Press Meetings	When Required
	Interviews	When Required
	Social responsibility Projects	When Required

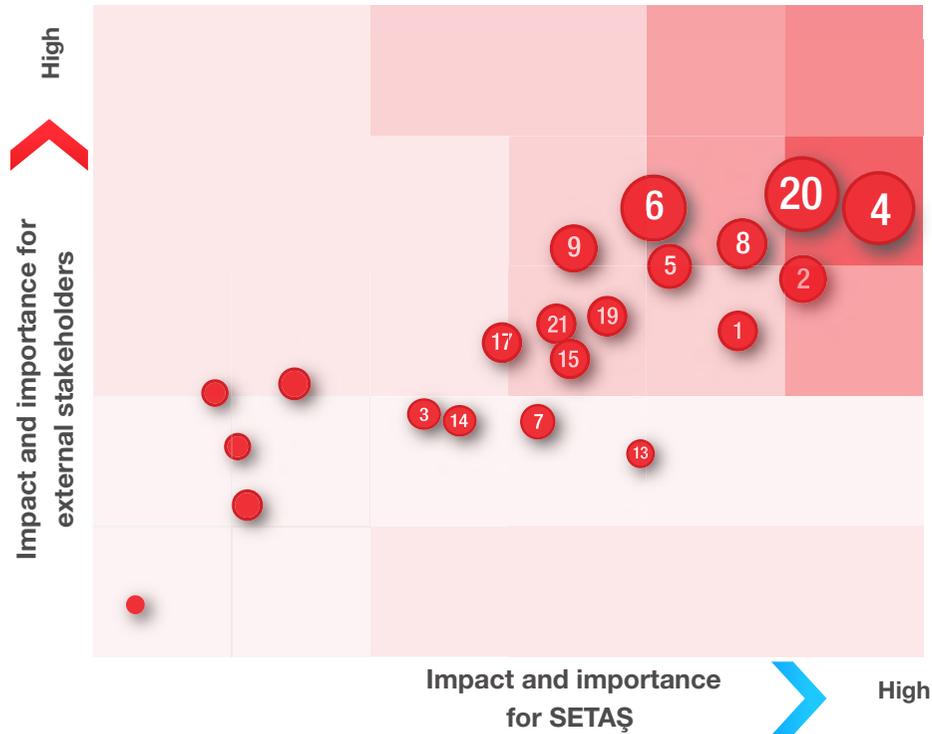
Stakeholders	Communication Channels	Frequency
Consultants	Top Management	When Required
	HR- Process Supervisors	When Required
	Joint Projects	When Required

Stakeholders	Communication Channels	Frequency
 Society	Awareness Campaigns	Continuous
	Social Responsibility Projects	Continuous
	Field Trips to Plants (based on the demand from the students)	When Required

Stakeholders	Communication Channels	Frequency
Measurement Firms	Top Management	When Required
	Quality & Environment & OHS	When Required
	HR- Process Supervisors	When Required

Sustainability Priorities in the Value Chain

102-44, 102-46, 102-47, 102-48, 102-49, 103-1, 103-2, 103-3



- 1- Economic Performance 2- Innovation and R&D 3- New Products 4- Customer Satisfaction
- 5- Sustainable Supply 6- Energy 7- Emission 8- Water 9- Waste Management
- 10- Climate Change 11- Renewable Raw Material 12- Biodiversity 13- Board Management
- 14- Anti-Corruption 15- Business Ethics 16- Social Investment 17- Equal Opportunity
- 18- Performance Management 19- Human Rights 20- OHS 21- Employee Commitment

5 major topics that have most positive/negative impact on both internal and external stakeholders of Setas have been identified as:



Customer Satisfaction



Occupational Health and Safety



Innovation & R&D



Water Use



Energy Efficiency

Setas;

- Water and energy efficiency with respect to the environmental performance,
- Occupational Health and Safety with respect to the business performance, and
- Innovation & R&D and customer satisfaction with respect to economic performance.

Our Sustainability Approach

Setaş works towards creating innovative coloring solutions for its customers in the textile, paper, metal and plastic industries by virtue of 50 years of knowledge on applications and color by employing constantly evolving technology and more sensitive ecologic criterias in accordance with the changing consumer trends. Creating value for the stakeholders during all processes forms the foundation of the sustainability approach prevailing in Setaş.

At Setaş, Sustainability is defined as the "Value Chain". Setaş makes a commitment to ensure sustainability throughout the value chain. The products and services are designed to meet the needs of all stakeholders including textile manufacturers, brands, retailers and end users.

Setaş has considered the opinion of all stakeholders (in particular, the key stakeholders) when identifying the sustainability strategy and, accordingly, the objectives. In this respect, a study for sustainability priorities has been conducted in early 2018 taking into consideration both employees and other stakeholders in relation with Setaş. The opinion and recommendations of 153 stakeholders in total, 127 Setaş employees and 26 national and international stakeholders, have been considered under the sustainability priorities study.

The opinion of the employees was sought through questionnaires and workshops, and personal interviews have been held with the external stakeholders and then their review has been asked through online survey application.

This assessment has been carried out on the basis of 21 major headlines. The sustainability priority matrix has been created using all input acquired during such assessments process. Based on this matrix, 5 major topics have been identified as having the most negative/positive impact on the operations concerning internal and external stakeholders of Setaş. These topics have been integrated with the Sustainability, Technology and Synergy headlines that form sustainability approach criteria adopted by Setaş.

Conducting its operations in consideration of the probable risks on human health, and the common objectives for welfare of the societies, **Setaş has adopted the United Nations Sustainable Development Goals (SDG) and harmoni-zed its sustainability approach and practices with the global goals.** The harmonization efforts undertaken are provided in the sustainability, synergy and technology sections of the report.

In addition to the Sustainable Development Goals, Setaş manages economic, social and environmental sustainability through its commitment to United Nations Global Compact since 2016.

Our Sustainability Approach

Sustainability

Considers itself an integral part of the economy, society and the environment and presents ecologic and technologic solutions for sustainable economy, sustainable environment and sustainable society.

-  Water Use
-  Energy Efficiency



Technology

Combines its 50-year knowledge on chemistry and color with the technology in order to create solutions that would add value for the customers from other industries.

-  Innovation & R&D



Synergy

Considers that the key to success is in line with the success of its customers and business partners, and maintains all dialogues on the basis of honesty, transparency and in solution oriented manner at all times.

-  Customer Satisfaction
-  Occupational Health and Safety



102-46, 102-47, 102-48, 102-49

Goals



Sustainability



Technology



Synergy

Sustainability Priorities	2018 Goal Achievement Status	Future Goals
WATER USE	14.3% water saving by consuming 6.15 m ³ /ton of water during manufacture	The goal is to achieve savings at the rate of 5%
ENERGY EFFICIENCY	2.7% energy saving by consuming 2,57Gj/ton of energy during manufacture	The goal is to achieve savings at the rate of 5%
INNOVATION - R&D	The efforts for accreditation of chemicals listed under ZDHC in the waste water matrix are still in progress	Completion of Method Validation studies
	University-industry R&D project launched for identification of the Toxicological Effects of the Colorant using QSAR method	Toxicological calculations with QSAR method on the basis of products
	Endeavors for establishment of E-Learning system are still in progress	Completion of the Technical Training contents
	The process infrastructure efforts for establishment of Online Color Management System are still in progress	Completion of process infrastructure work
CHEMICAL MANAGEMENT SYSTEMS	Substance registries have been performed in line with the REACH directive	While the process shall be maintained as per the requirements under REACH directive, completion of preregistration compliance with KKDIK regulation
	Membership to ZDHC Gateway portal	Increasing the number of Level 3 products on ZDHC Gateway
HUMAN RESOURCES	The ratio of women executives has been increased to 34% from 30%	Increasing the number of women employees in the talent pool
		Initiating the modeling studies for improving the human resources processes
OHS		Increasing the number of OHS trainings per capita above 16 hours
		Restructuring of the OHS system

Sustainable Development Goals and Setas

SDG	Indicators
	The academic education for 13 personnel has been sponsored by the end of 2018 operating cycle, 4 of which are at postgraduate and 9 of which are at Master degree level.
	Total number of trainings organized in 2018 based on needs of the employees is equal to 16.312 hours.
	The ratio of women employees at executive and above tiers has been increased to 34% from 30% in 2018.
	The water consumption per 1 ton of production has been reduced by 14.3% in 2018.
	The total amount of water saved during the period of 2010-2018 has reached to 60.648 liters.
	Advanced oxidation treatment methods were employed for the waste waters from production operations and the R&D project for preventing waste water pollution at the source are still in progress.
	There are 335 permanent employees with contracts in 2018.
	Member of Lastik - İş Workers Union since 1998.
	Employment has been provided for 87 individuals in 2018.
	The total number of OHS trainings held in 2018 is equal to 6123 hours.
	The accident frequency in 2018 is 35, and the number of lost days is equal to 38.2.
	50 projects were executed in 2018. 32 projects were financed from equities and 18 projects were finances through national or international funds
	Equal opportunities are secured for each employee through performance and competency based wage system.
	Setas founded all HR policies on the principles of "Right person for the Right Work", "Performance and Competency Based Wages", "Achievement Based Assessment", and "Equal Opportunities for Everyone".

SDG	Indicators
	The total savings from electric energy was 350 GJ, and the total savings from natural gas energy was 2.301 GJ in 2018 through Energy Efficiency practices.
	The power consumed per 1 ton of production is 1.03 GJ, and the natural gas consumed per 1 ton of production is 40.09 sm ³ .
	The amount of waste generated per 1 ton of production is 49 kg.
	The amount of waste generated has been reduced by 11% in total.
	The amount of plastic waste generated has been reduced by 58%.
	54% of the paper packacing waste and 11% of the wooden packacing has been recovered from the product packacing marketed in 2018.
	By reusing the packaging wastes between years 2010-2018; 8.738 kwh of energy, 716.860 liters of fossil fuel and 5.558 m ³ of storage space were saved.
	By reusing the packaging wastes between years 2010-2018; 14.458 m ³ of oxygen was generated by 19.822 trees saved.
	While the production was increased by 21% in 2018 compared to the last year, the CO2 emission per unit production in the CO2 released to the atmosphere has been reduced by 1.6%.
	Comprehensive R&D and machinery overhauling operations are executed in order to control and diminish the emissions arising from production operations.
	By reusing the packaging wastes between years 2010-2018 19.822 trees was saved.
	Joint projects were implemented in collaboration with the Universities, Non-Governmental Organizations and Public Agencies and Institutions in order to achieve sustainability goals.



Sustainability

Environmental Sustainability

Setaş, with awareness of its responsibility undertaken due to leading position in its territory, has integrated the environmental sustainability approach into its both governance and operational processes and continues to operate by acting responsive for preserving the environmental integrity in during its production operations.

Based on such responsivity

Setaş makes a commitment for ensuring continuous development, preservation of the environment, compliance to the Environment and Occupational Health and Safety legislation, compliance to the ISO 14001 Environment Management System Standard, reduction of the risks on environmental accidents, prevention of wastage and pollution, and efficient use of energy.

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Water Management

Water Management Practices

Setas focuses on the practices to optimize the water consumption in production processes to be aligned with water projections of the region it operates. Due to diminishing water sources and in line with the technological advancements, the company executes improvement studies for reducing the water consumption.

In 2018 the amount of water consumption was reduced by 14.3% on the basis of the factors listed hereunder

- Method and process improvements intended for use of resources at the production processes
- Reducing resource consumption by employing closed circuit cooling water systems
- Reducing the amount of washing operations for cleaning purposes through planning for consecutive production of similar products
- Increasing the rate of production of the product range that doesn't require water consumption
- Dry cleaning operations using dedicated kits instead of cleaning with water in case of liquid spills
- Reducing the amount of boiler washing waters for reactive dye synthesis
- Reducing the amount of floor washing waters during dye production process
- Recycling the waste waters from osmosis instruments

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	2015	2016	2017	2018
Water consumption - m ³	 224.735	 218.740	 231.179	 239.242
Amount of water consumed per 1 ton of product -m ³ /ton	 7.52	 7.26	 7.18	 6.15

14,3%

In 2018, Setas managed to reduce the amount of water consumed per 1 ton of product by 14.3% through practices implemented in this respect.



Waste Water Management

Setaş transfers all household and industrial waste waters generated due to production operations to the preliminary treatment plant by means of the waste water ducts installed within the plant. The waste water treatment process comprises physical and chemical treatment stages. In the chemical treatment stage, the solids content of the waste water is precipitated by use of chemicals and the sludge so generated is disposed to the licensed disposal plants.

The waste waters subjected to the chemical treatment process is then transferred to Çerkezköy Organized Industrial Zone Industrial Waste Water Treatment Plant for the second treatment run.



Both treatment plants installed in Çerkezköy Organized Industrial Zone operate at the capacity of 40.000 m³/day, adding up to an overall mean treatment capacity of 80.000 m³/day. Such capacity rating makes the system one of the largest industrial waste water treatment plants in Turkey. The plant receives an average waste water amount of 78.000 m³ per day. The treated waste waters are discharge to the receiving body, and are evaluated on the basis of Water Pollution Control Regulation Table 19.

The studies for reducing the pollution load at the source of the waste water are still in progress.

The process wastewaters with high pollution load are treated with advanced oxidation treatment methods and the R&D process for reducing the pollution load at the source of the waste water is still in progress.

Energy Efficiency Practices

Setaş ensures energy management by employing the maximum savings maximum efficiency mentality but also avoiding any impact on the product quality in its production processes. Routine operational controls and maintenances:

- Regular emission measurements,
- Control and improvement efforts of equipment insulations,
- Periodical boiler overhauls

The projects and improvement studies undertaken in 2018, the energy savings reached up to the total amount of 2.651GJ on the basis of:

Electricity:

- Improvements at the raw material grinding process at Setaş3 production plants,
- Transition to motors with high Energy Efficiency,
- Improvements at the cooling phases at the production processes through commissioning of automation systems,
- Improvements at the compressor synchronization

Natural Gas:

- Improvements at the steam installation through comprehensive compressor and separator practices,
- Efficient combustion process by achieving ideal values for fuel and air mixture ratios at the combustion systems,
- Controlling leaks and efficiency through regular flue gas emission measurements,
- Improvements at the heating phases at the production processes through commissioning of automation systems,
- Improvements at the steam system efficiency

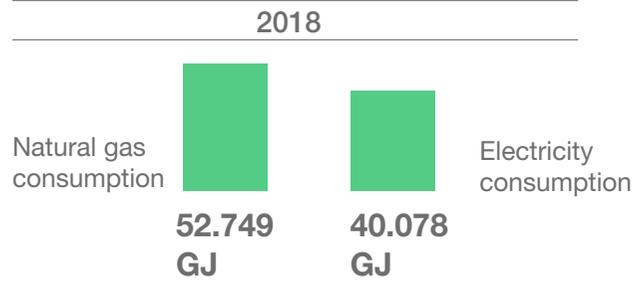
2.651 GJ

Setaş saved 350 GJ of electricity energy and 2.301 GJ of Natural gas energy by virtue of the Energy Efficiency practices undertaken in 2018.



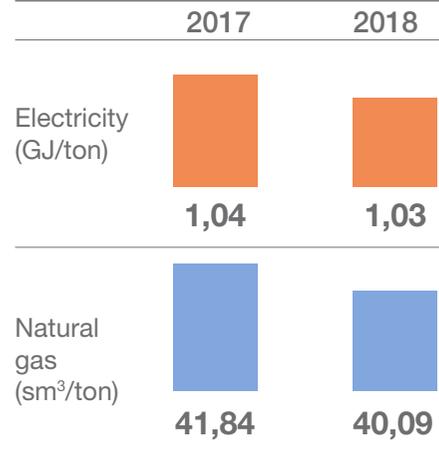
103-3

Total Power Consumption



Natural gas energy density calculation is given for Setaş1 plant where natural gas is consumed.

Energy Density



Waste Management

- Monitoring and reducing wastes at their source are pursued in conjunction with the Environment Management unit.
- When necessary the wastes are analyzed and measured in compliance with the applicable regulations.
- The employees receive periodical trainings on environment in order to allow accurate sorting of the wastes.
- The wastes are sorted and stockpiled at the waste yard based on their type.
- Records are kept and maintained for the wastes.
- The waste dumped at the waste site is labeled by the waste site officer with the tag that specifies dumping date, waste code and quantity.
- The data on the wastes is entered to the MOTAT system and forwarded to the firms licensed by the Ministry of Environment and Urban Planning with the legally required documentation.

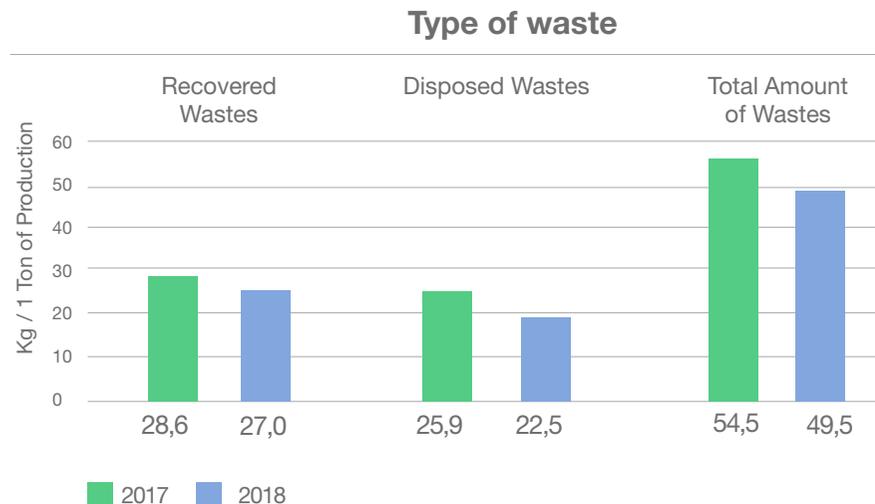
**In 2018, per unit production;
* The amount of total waste was reduced by 11%.**

Type of Waste Kg / 1 ton of production

Type of Waste	2017	2018
Hazardous Wastes Recovered	22,2	20,9
Non-Hazardous Wastes Recovered	6,4	6,1
Hazardous Wastes Disposed	20	21,9
Non-Hazardous Wastes Recovered	5,9	0,6



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58% plastic waste reduction in 2018

compared to the previous year

The plastic wastes generated at Setas 3 plant from production processes were reduced by 58% under the scope of the project implemented for reduction of plastic wastes.

In the course of this project, all employees received trainings on sorting the wastes depending on their types in the waste boxes placed throughout the enterprise.

The wastage arising from production processes were recovered and reprocessed. A licensed recovery firm has been contracted as a solution partner.



Recovery of Product Packaging Wastes Put to Market

During the decade between years 2010-2018



2.195.795 kg of cardboard has been recovered



69.576 kg of wooden packaging has been recovered

54% of the paper packaging waste and 11% of the wooden packaging has been recovered from the product packaging marketed in 2018.

By virtue of the project on recovery of the packaging wastes implemented under solution partnership of PAGÇEV and TUKÇEV in the decade elapsing between years 2010-2018, Setaş:



- Prevented chopping down of 19.822 trees and ensured generation of **14.458 m³ oxygen.**



- Saved **8.738 kwh of energy**, and supplied the monthly power demand of 37 families



- Saved **60.648 liters of water**, and supplied the monthly water demand of 450 families.



- Saved **716.860 liters of fossil fuel** and filled the fuel tank of 15.930 vehicles



- Saved **5.558 m³ of storage space.**

Climate Change

Carbon Footprint

Setas currently executes studies for the sake of monitoring the emissions arising from the production operations and reducing thereof in consideration of the climate change.

The carbon footprint is calculated annually on the basis of the product-process inputs and outputs. Production figures increased by 21% in 2018 compared to the previous year, while the CO₂ emission per unit production in the CO₂ released to the atmosphere was reduced by 1.6%.

Improvement practices undertaken against climate change:

- Endeavors on reducing the use of resources in production processes
- Selection of technological equipment that allows minimizing the environmental impacts
- VOC measurements under the scope of Industrial air pollution control regulation
- Carbon footprint calculations
- Assessment of products and production processes that prevent emission-odor under the scope of R&D studies.

	2017	2018
Carbon Footprint - Ton	Amount of Carbon Dioxide Released to Atmosphere - Ton 	Amount of Carbon Dioxide Released to Atmosphere - Ton 
	8.485	10.097



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Climate Change

Emissions

Natural gas is used as fuel at Setaş1 plant. This leads to emissions, such as CO₂, SO₂, NOx, and dust. Due to legal requirements, the emissions generated are measured by accredited laboratories and the measurement results are submitted to respective Provincial Environment Departments in written format. Comprehensive R&D and machinery overhauling operations are executed in all plants in order to control and diminish the emissions arising from production operations.

Based on the measurement results, the emission values are well below the limit values set in the Industrial Air Pollution Control Regulation.

Parameters

	Industrial Air Pollution Control Regulation limit value-kg /hour	Year 2018 Emission Measurement Results	Industrial Air Pollution Control Regulation limit value-kg /hour	Year 2018 Emission Measurement Results	
 VOC	30	0,03489	 NO ₂	40	1,79208
 VOC <small>In terms of total organic carbon</small>	10	0,02228	 TOZ	10	0,0122
 SO ₂	60	1,6526	 CO	500	0,92994
 NO	20	1,66207			



Raw Material Use

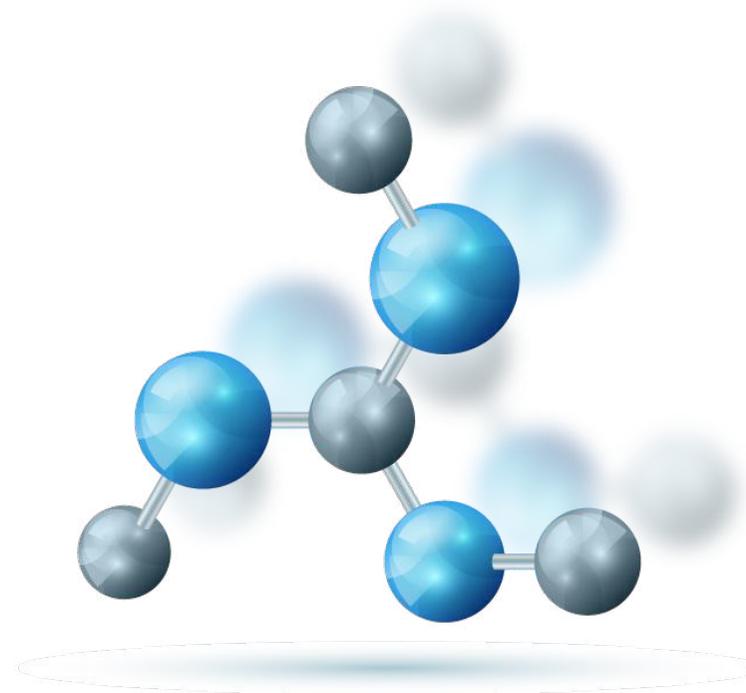
Setas has established procurement procedures in order to standardize supplier selection, assessment and information gathering processes on product in the chemical procurement operations. The most critical aspect of the procurement program is to ensure that the raw materials are procured from the firms that implement responsible chemical management systems.

Setas supplies its demand for raw materials from the suppliers that conform to all national and international standards and legislations. The approved suppliers are reviewed periodically in accordance with the criteria set out in the procurement procedure.

All raw materials are inserted to production processes after checking their respective product security, quality control documentation. If the laboratory results for any received raw material proves to be negative, then the CAPA (corrective, preventive action) proves is initiated for the concerned supplier.

The raw material selection is made on the basis of the product quality, environment and ecologic criteria at the R&D phase. The criteria considered in selection of the raw materials are as follows:

- Sustainable supply chain
- Relevant international certifications of the Suppliers (ISO 9001, ISO 14001, OHSAS 18001, SA 8000) of the Suppliers
- Compliance to the regulations and restrictions
- Low impurity rates
- Packaging/labeling standards
- Consistency in quality





Technology



Setas R&D Center

Setas R&D Center has set the high priority project themes as development of digital printing inks and auxiliaries, technical textile auxiliaries and premium products that conform to the synthetic fiber technologies in accordance with the future objectives and sustainable environment policies.

Pursuant to such objectives, 18 projects out of 50 projects executed in 2018 have provided innovative product and technology breakthroughs

32 projects implemented in 2018 were financed from equities and 18 projects were financed through national or international funds. Investing on R&D in belief that the innovative projects targeted by the company can be implemented through qualified personnel, Setas continued its operations with total of 55 R&D personnel during 2018 operating term. By the end of 2018, academic education for 13 employees has been sponsored, 4 of which are at doctorate and 9 of which are at postgraduate level.



Basic Research Test Laboratory

The actions disclosed hereunder have been undertaken at the Basic Research Test Laboratory, established under the structure of R&D Center for the purpose of validating innovation projects in execution and supporting the ecologic product management process, during 2018 operating term:

1-The studies required for transition to “TS EN ISO/IEC 17025:2017 General Requirements Standard on Accreditation of Test and Calibration Laboratories” version, published by the end of 2017 by Turk Accreditation Agency (TÜRKAK), desired by all stakeholders for replacing “TS EN ISO/IEC 17025:2012 General Requirements Standard on Accreditation of Test and Calibration Laboratories”, the quality standard required for ensuring validity of all current tests and experiments executed at the Basic Research laboratory throughout the world, have been completed. The competencies of 13 individual test methods under the competence and scope of the standard on supervision performed by Turk Accreditation Agency (TÜRKAK) have been approved. The tests falling under said scope are as follows;

- Methods for determination of the Aromatic Amines derived from Azo Colorants – Part 1: Detection of the use of certain azo colorants accessible without extraction (TS EN 14362-1)
- Determination of free and hydrolyzed formaldehyde (TS EN ISO 14184-1)
- Determination of Chlorinated Organic Carriers (DIN 54232)



- Determination of Polychlorophenol Content at the Textile Products: Pentachlorophenol (PCP), Tetrachlorophenol (TCP), Trichlorophenol (TriCP) Determination (TS EN ISO 17070)
- Determination of Poly Aromatic Hydrocarbons (PAHs) (AfPS GS 2014:01)
- Determination of Quinolone (Internal Method-LAK.SOP.01/ Rev No:3, AfPS GS 2014:01 based)
- Determination of Alkyl Phenol Ethylene Oxide (APEO) Compounds (Internal Method -LAK.SOP.08-Rev No:1 / ISO 18254-1:2016 based)

2-Test methods for anion – cation analyses on colorant and water samples using ion chromatography analysis system have been developed and put into service.

3-The endeavors for development of test methods for testing priority hazardous chemicals listed pursuant to the Program for Zero Discharge of Hazardous Chemicals (ZDHC) over the Waste Water have been initiated.

Masterbatch – PES 1106

Additive that contribute to dyeing of the polyester fiber under atmospheric conditions

PES 1106 is developed as an additive that allows dyeing under atmospheric conditions (Easy Dye) of PES at fiber production stage. By use of PES 1106 additive, the dyeing temperature of the standard yarn, which can be dyed at 130 C, is lowered to atmospheric conditions, in order to allow more sustainable and environment-friendly production process.

This method not only saves energy up to 40%, but also reduces the amount of waste dye that remains in the bath due to increased affinity of the dyestuff. Faster dyeing process and reduced carbon dioxide emission makes this an environmentally friendly product.

PES 1106 added PES yarn can be blended with cotton, wool, viscose, polyamide, and spandex fiber. No loss is experienced at the physical properties of the yarn during garment dyeing and printing operations. Moreover, it is possible to prevent damages to spandex fiber due to its low temperature dyeing conditions.



Fluorine-Free Water Repellent Finishing Technology

Fluorine-Free durable water repellent technology

Setapret PFF is an innovative, environmentally friendly, non-toxic product due to its fluorine-free structure, providing high performance and ease of use as good as fluorocarbon-based water-repellents.

- Free of Fluorocarbons
- Free of PFOA / PFOS
- Non-bioaccumulative
- Non-persistent in the environment
- Imparts as good water repellency as fluorocarbons
- Durable to wash
- No negative impact on breathability of fabric



Digital Inks

Setapers® LS Inks

Digital printing ink range developed with nano technology for printing on polyester fiber. Setapers® LS inks applied by transfer printing method ensuring high color yield and vivid and brilliant colors.

Setapers® HS Inks

Disperse digital printing inks with high light and washing fastnesses, specially produced for fast printing. Suitable for direct disperse printing. High washing fastness and color yield are obtained.

Setactive® RK Inks

Water based reactive digital printing inks developed with nano technology for printing on cellulose fibers. Reactive ink range produced from synthesis are environmentally friendly and innovative designed to produce brilliant and deep colors

Pigmaset® P Inks

Pigmaset® ink range is designed as water based, low viscosity and to work on piezo-head machines. Provides application advantage due to easy printing process as well as cost and time saving, also they are environmentally friendly inks. Pigmaset® inks can be applied to all kinds of fabrics which provides pro-longed life to the products used outdoors, due to UV rays durability features.



Sublimation

Setapers® LSE – Epson
Setapers® LSK – Kyocera
Setapers® LSR – RicohGen5
Setapers® LSF – Fuji



Reactive

Setactive® RK – Kyocera



Disperse

Setapers® HSF – Fuji
Setapers® HSK – Kyocera



Pigment

Pigmaset® RK – Kyocera
Pigmaset® RE – Epson

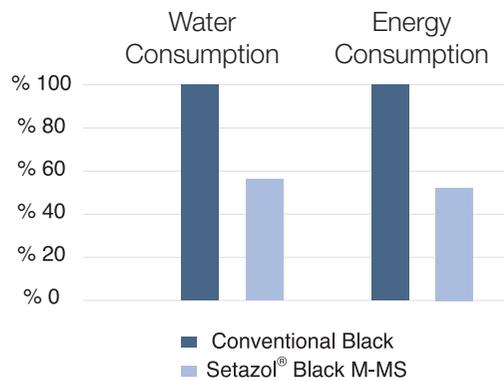


New Generation Ecologic Reactive Dyes

Setazol® Black M-MS

Ecological reactive black dye meeting market demands with its excellent color fastness and high color yield properties:

- Free of para-chloroaniline (PCA) and other restricted amines; completely ecologic
- Offers the permanent color shade in multiple house washes
- Thanks to its high fixation rate, reduces wash-off steps significantly, provides 40-50% water and energy savings during the process



Setazol® Black M-MS
Always Black



Fast Solution Suggestions for Textile Processes

Setalan® CB 40

Ecological washing agent for disperse printing. Prevents dye deposits by keeping unfixed disperse dyes in dispersion after printing process. Saves 40% in process time and 50% in water consumption. Liquid product, suitable for automatic dosing systems. Suitable for discontinuous and continuous methods.



Fast Solution Suggestions for Textile Processes

Setalan® BKF

Technological product with excellent levelling and dispersion properties for rapid dyeing of yarn and fabric in beam and package dyeing. Saves time and energy, increases production capacity by providing trouble-free dyeing without have to repeat it. It improves production capacity by saving time and energy and increases right first time rates.





Synergy



Human Resources Policy

Setaş believes that skilled human resources will offer permanent superiority in the global competition environment.

Accordingly, the company aims to establish dynamic human resources structure that believes in team work, always act honestly and transparently concerning the functions and responsibilities fulfilled through customer oriented behaviors, that aims continuous development, is innovative and creates innovative ideas, is bold and act responsive towards the environment and the society.

Adopting fairness and sincerity as the core of its relations with the employees, Setaş has founded all HR policies on the principles of "Right person for the Right Work", "Performance and Competency Based Wages", "Achievement Based Assessment", and "Equal Opportunities for Everyone". As one of the pioneers of its sector by virtue of the Human Resources Policy that conform to the working conditions of the modern day, that predicates on equal opportunities and that is respectful of the human rights and always aiming to create value, the sustainability priorities of Setaş include becoming an employer respectful of the employee rights.



Setaş Human Resources Department monitors the Labor Law and legislation closely. An anti-discriminative approach is presented in identification of the human resources processes. There is no discrimination at Setaş employees due to language, religion, race, gender, ethnical background, nationality, age, sexual preference, and political thoughts. The educational status, competencies and experience form basis of human resources processes such as promotion, appointment, etc., including recruitment.

Setaş adopts the principle on prevention of forced and mandatory labor and employment of child labor under its structure and under the structure of both domestic and foreign suppliers. Accordingly, Setaş requires its suppliers to submit written commitments in this respect.

Setaş wage policy aims to offer a practice where the employees can receive just treatment based on their work performances. The wages for the employees who are not member to any union are reviewed on annual basis and are determined taking into consideration the balance at the positions within the firm, the research on wages applicable in the market and in the territory, the conditions prevailing at the market, and the financial standing of the company. There is no gender based discrimination at Setaş concerning the wages.

Setaş employees deployed at the production processes are members to Lastik - İş Union since 1998. The wages and fringe benefits of the employees who are union members are determined pursuant to collective labor agreements.

Managed on the basis of ethical codes, Setaş publishes an Ethical Values Booklet available to the employees at all times. Setaş Ethical Values Booklet is offered as a guideline for written and oral communication between the employees as well as the stakeholders and solution partners outside the company.

Setaş designated the work hours such that the employees have balanced business and private life. The annual leaves are taken in accordance with a regular plan and fringe benefits are available for annual leaves. The employees are offered both general and complementary health policy.

Mission

Becoming the preferred company in the chemicals sector

Vision

Breaking down the objectives of the company down to departmental and individual objectives in order to improve employee satisfaction and loyalty to the company through effective human resources planning, educating the executives of the future, producing career development plans and implementing correct policy for wages and fringe benefits.

Strategy

Believing that **skilled labor force** highly loyal to the firm is an important asset for perpetuity of the company, Setas adopts the philosophy “**Right Person for the right Work**” for securing permanent success. The company offers **equal opportunities for each employee** through **performance and competency based wage system**.

Contributing to both professional and personal development of the employees from all tiers through internal and external training organizations, Setas **aims to establish human resources structure presenting high performance**.

Planning **OHS operations** and adopting measures that would protect the health and wellbeing of the employees and ensure safety thereof, ensuring that the zero accident and zero hazard mentality is adopted by all employees and generalizing the **environment awareness** throughout the company are aspects that contribute to the sustainable **company strategy** and Social Responsibility policy at Setas.



Prevention of
Child Labor
and Forced
Employment



Prevention of
Discrimination



Determination of
Work Hours



Compliance with
the Applicable
Legislation with
respect to Wages
and Payments



Right to Labor
Organization



Ensuring
Occupational
Health and Safety



Discipline/
Prevention of
Maltreatment and
Harassment



Customs
Legislation and
Relations with
the Suppliers

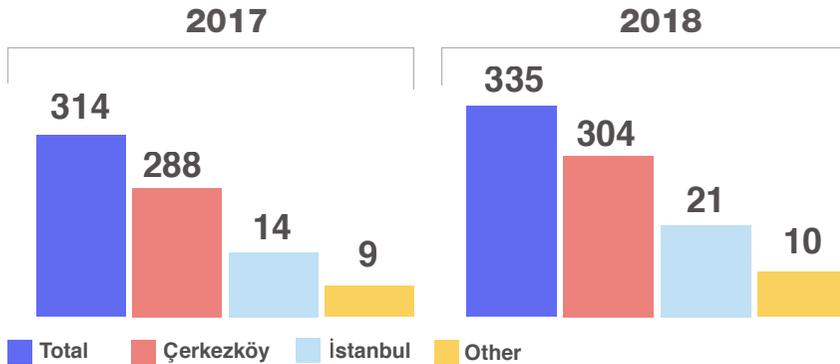


Management
Systems

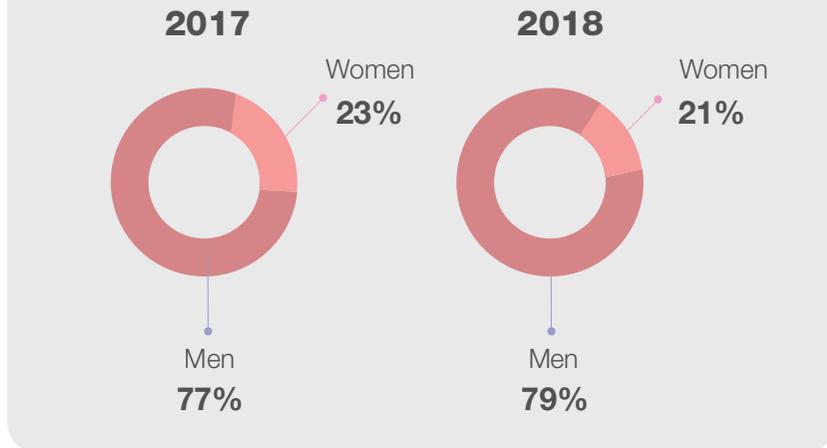


Employee Profile

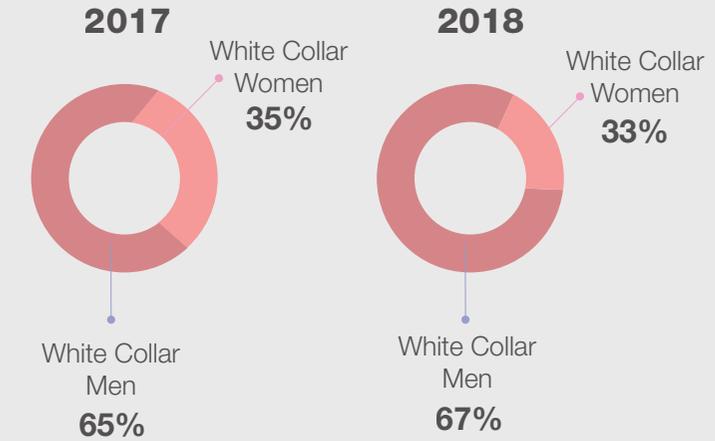
Number of Employees



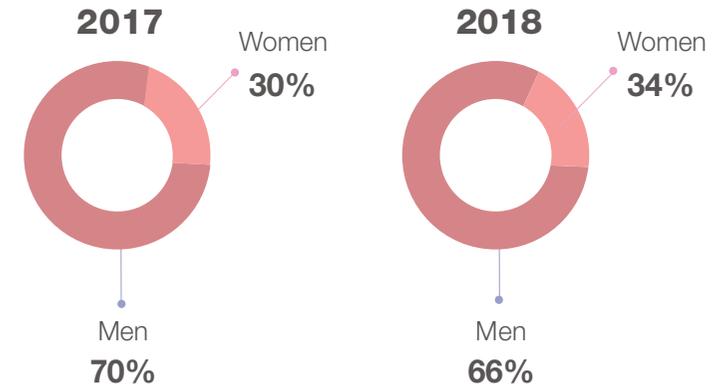
Distribution by gender



Gender Distribution by Type of Work



Women Employees at Executive and Higher Tiers

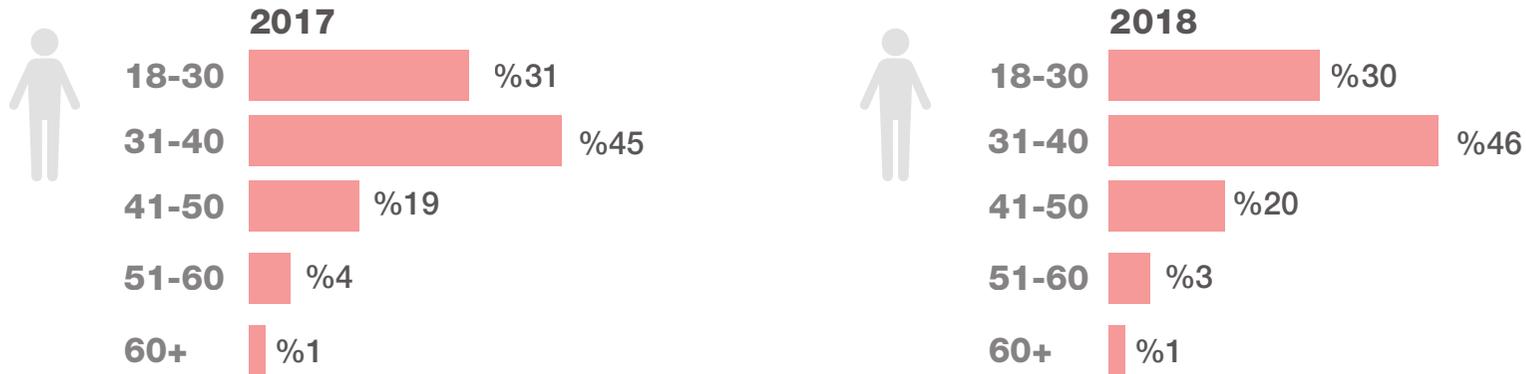


The ratio of women employees at executive and higher tiers is increased to

34% from 30% in the last year.



Distribution by Age



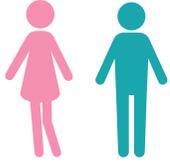
Maternity Leave Data

2017	Woman	2018	Woman
Number of Employees on taking Maternity Leave	1	Number of Employees on taking Maternity Leave	8
Number of employees start to work after maternity leave	1	Number of employees start to work after maternity leave	7
Number of Employees on returning after Maternity Leave working for at least 12 months	1	Number of Employees on returning after Maternity Leave working for at least 12 months	7

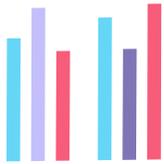
Education Level

	2017	2018
 Elementary School	67	70
 High School	94	104
 Graduate School	27	30
 University	97	95
 Graduate	23	29
 Post-Graduate	5	6
Total	314	335

New Hires



	2017	2018
Women	13	18
Men	62	69
Total	75	87

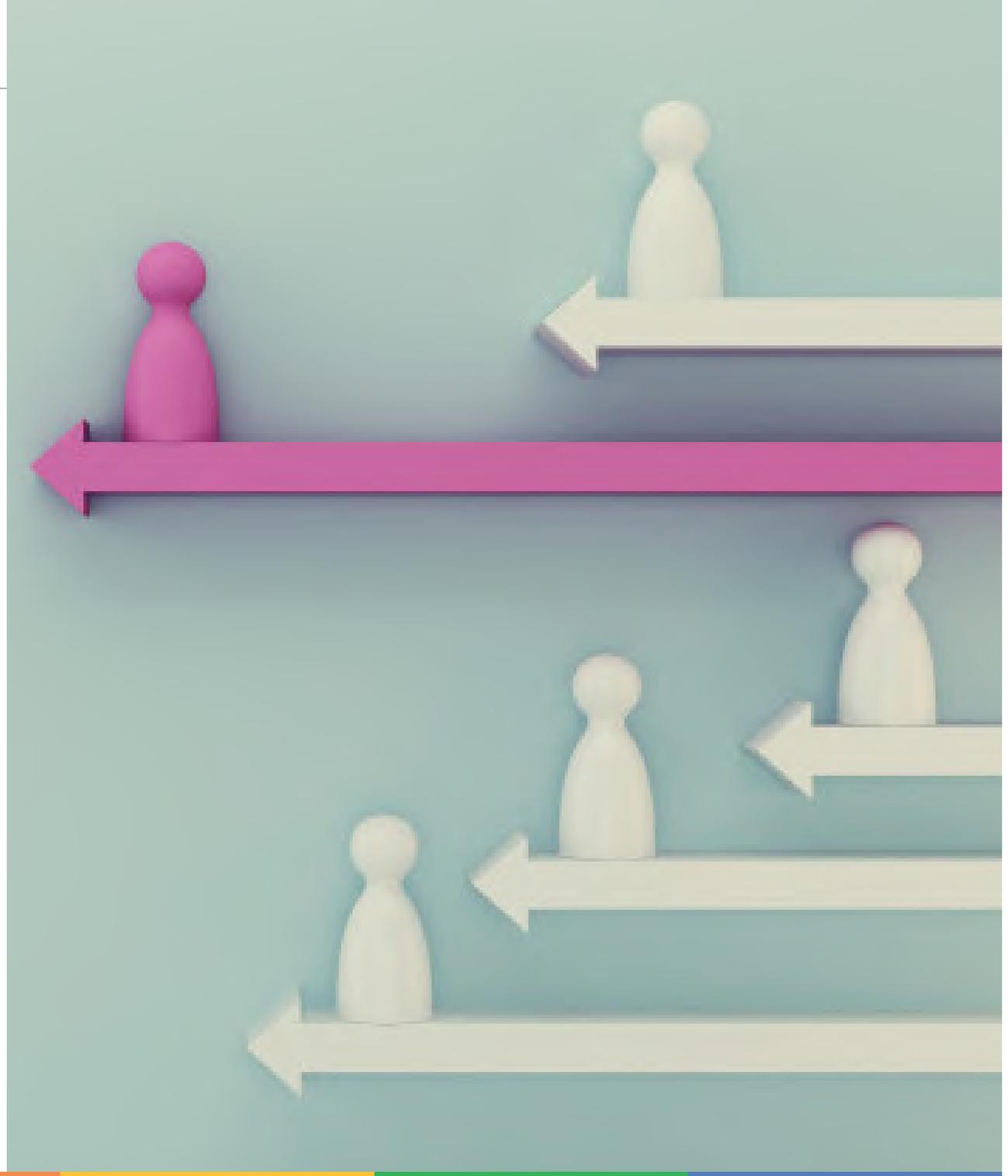


By Age	2017	2018
18-30	35	53
31-40	33	30
41-51	7	4
51-60	0	0
60+	0	0
Total	75	87



Based on Regions	2017	2018
Çerkezköy	73	81
İstanbul	0	2
Bursa	2	2
Ankara	0	1
Gaziantep	0	1
Total	75	87

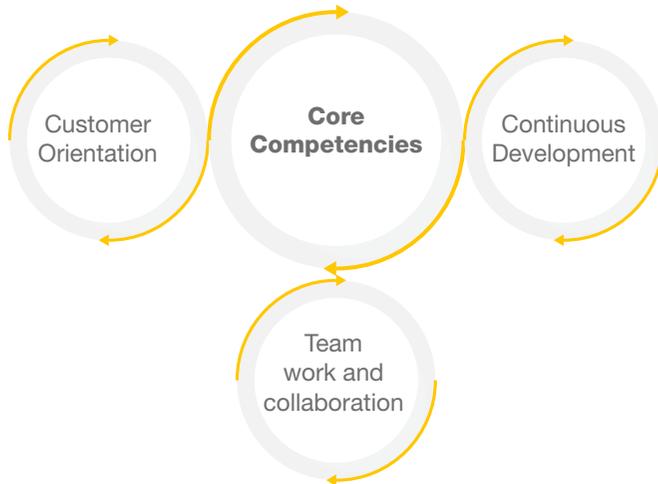
During the reporting period, 87 people started to work in Setaş.



Setas Competence Model

Core Competency

The competencies that the employees must possess and that form the company culture.



“The knowledge, skills and actions demonstrated and employed by the individual when working and finalizing the task at hand indicates his/her competency. **The competence possessed by the employee and the competencies that the position requires should be in balance.**”

Functional Competency

This model is developed in accordance with the needs of the units and departments at the enterprise. The human resources department conducts reviews for all positions on annual basis in collaboration with the unit managers and executives.



Setas Competence Model

Core Competencies

With **Customer Orientation** competency, Setas employee aims to establish sustainable relations with the internal and external customers and to manage the operations in due time and at the quality expected from him/her in accordance with the requirements by keeping the internal and external customers at the forefront at all activities he/she performs. **Team work and collaboration** allows working with team members in harmony and participative manner in order to achieve common goals. **Continuous development** competency concerns possessing the will and capacity to enhance knowledge and skills related to the work, having inquisitive nature, implementing the recently acquired knowledge and skills at work and sharing his/her experience to allow development of others.

Functional Competencies

Communication skills relates to the ability to convey the knowledge and ideas in written or orally in an explicit and persuasive manner; ensure mutual conciliation through questioning, discussion and feedbacks, and **Planning and Organizing skills** relates to the ability to identify the activities where time and resources will be used efficiency by identifying the requirements for achieving the objectives that the work necessitates, and to develop plans taking into consideration the priorities and coordination required with third parties. **Delegation of Tasks and Authorities** involves distribution of responsibilities on assignments and the authority to decide on suitable personnel in order to improve the organizational efficiency and motivation. **Coaching Skills** indicates the ability to offer educational and developmental guidance in order to allow the employees to fulfill their current and future responsibilities or resolve any problem they might experience, to provide feedback and to plan and support the development process for the personal skills and abilities and monitor, measure and review performances thereof and to take action in due time accordingly. **Analytic Thinking** aims to allow Setas employee to breakdown any critical situation encountered down to its elements, and make mathematical and statistical analyses from the data available in order to make correct deductions, and to subdivide complex problems and organize such subdivisions in a systematic manner. **Problem Solving and Effective Decision Making** allows understanding and revealing opportunities and problems; using data from distinct resources and making inductions therefrom; adopting effective approaches to achieve adequate solution, and taking action considering the data available, restrictions and probable outcomes. **Commercial Prudence** requires possessing all core knowledge and competencies concerning respective field, foreseeing opportunities and threats by embracing the long term perspective for the future of the enterprise in accordance with such knowledge, and acting sensitive with respect to financing and costs.



Employee Development at Setas

Skill and Performance Management

When planning the career development of Setas employees, it is aimed to identify the competencies required for the position of the employee and the development steps required for his/her role on the career map.

Setas employees review their competencies together with their executives and determine their development plans. Considering the corporate vision, strategies and objectives, roles with common features are grouped to create business families so that an employee can move to a similar hierarchal position through lateral movement without any wage change, but also the employee can move to next higher tier hierarchy with increased wage. Moreover, a backup plan that represents the knowledge, skills and trainings developed for development towards critical positions is also created. The “Career Map” that contain all horizontal and vertical career opportunities for all business families and the “Career Path” which represents the steps to be taken by the employee in career development are produced.

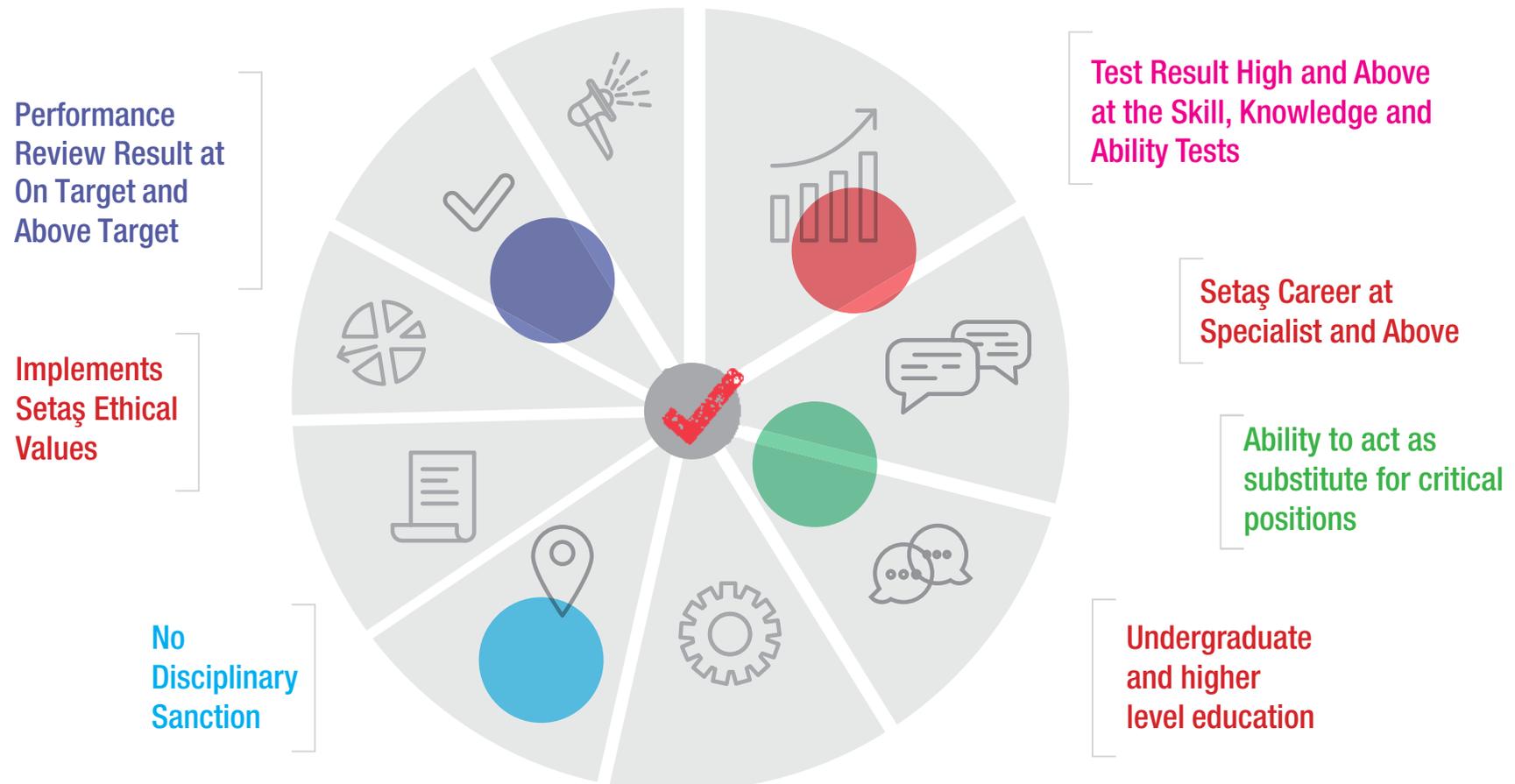
Setas conducts interviews and implements assessment center practices in order to determine the skills of the employees when creating the skill pool for the human resources. The Skill Pool aims to develop a systematic approach and to introduce sustainable development perspective to the potential executive candidates.

Setas skill pool supports graduate and postgraduate studies of the employees; furthermore, MBA protocols are executed with the universities.



The core of our presence is not our capital, but our human resources. With Skill Management, we aim to secure employee continuity at key positions. We intend to spot and select the candidates that would make significant contribution to the company strategies either now or in the future in accordance with the career planning of the available employees and to introduce competencies anticipated from them.

Talent Pool Criteria



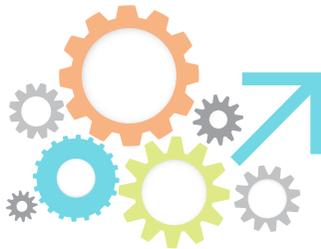
Performance Management

In addition to skill management, Setas will start to implement the performance management system as of 2019. By virtue of the performance management system, wherein the objectives and competencies will be reviewed at certain periods, it is aimed to;

- Disseminate the corporate strategy to all departments and down to each employee on individual basis;
- Motivate the employees through objective assessment during performance reviews;
- Secure succession, loyalty and educate potential executives;
- Identify inadequacies and establish infrastructure for training planning.

Setas Academy

Setas organizes training programs that aim to create in-house resource pool for the positions considered to be key positions, by giving pre-defined knowledge, skills and abilities required for fulfillment of any task by the employees to the employees considered to be running for that function in the future.



Lean Leadership

Setas initiated kaizen studies for the sake of continuous improvement on the quest for achieving operational excellence, which is one of the objectives of the company. Through implementation of Setas Lean Leadership approach, the company planned to manage the daily affairs of the company by using the operational excellence tools, to concentrate on losses and to highlight firm-specific practices through use of the best practices experienced at Setas. Setas planned the lean leadership certification program that would aim to generalize the continuous improvement efforts in all departments, and to designate the operational excellence as the ordinary business manner. This program to be implemented throughout Setas aims to develop the employees not only in the professional business sense, but also as the in-house instructors that impact on personal development.

Operational Excellence System



Under the scope of 5S studies of the operational excellence system, a fault card system has been established in order to raise awareness on abnormalities and to prevent accidents in order to allow Setas employees to operate in safer and more secure environment.

0 occupational accident, 0 fault, 0 defective product is aimed through Operational Excellence practices.

Training at Setas

Setas considers training process as one of the key processes of human resources practices in terms of improving the competency and responsibilities of the employees, allowing the employee qualities to adapt to the modern conditions and for employee development.

The work related training offered to all employees at Setas considers the training programs that the employees need pursuant to personal development requirements and legal obligations. The training support is offered as required in order to allow the employees to conduct their assignments in the best manner available by overseeing the needs and resources of the company.

The training demands are collected from all departments at certain periods on annual basis, and such demands are used for compiling the training plan, and then the training sessions are organized on the basis of said plan. At the end of the training process, the attendants and the instructors are subjected to event review.

Both in-house and external training sessions are organized at Setas. The ratios of in-house and external training sessions vary each year depending on the training needs analysis.



	2017	2018	
	10.486	Total Training Hours	16.312
4853	Total External Training Hours	8736	
5633	Total In-House Training Hours	7576	
16.01	Mean External Training Hours Per Participant	22.75	
18.59	Mean In-House Training Hours Per Participant	19.73	
34.6	Mean Training Hours Per Participant	42.48	

Employee Loyalty and Communication with Employees at Setas

The in-house intranet portal is used at Setas for communication with the employees. The Portal, available through both computer and mobile phone application, allows the employees to access updated knowledge through in-house social communication anytime desired.

The intranet portal broadcasts all social events, private days of the employees, announcements and news. Library service is available with the book catalog, and Have Your Say tab allows receiving of feedbacks on work environment and all business processes with swift responses. Setas conducts an employee satisfaction survey each year, which is developed and applied by independent firms. The employee contentment surveys aim to monitor the satisfaction level of the employees on regular basis and to identify opportunities for improvement. Then, the objectives are set each year from the results and actions plans are compiled accordingly. Playing a major role in in-house communication, Setas Contentment Survey elaborates the headlines set forth hereunder in order to ensure sustainable future and working environment.

- Employee commitment
- Work environment and conditions
- Occupational health and safety
- Information flow
- Communication and collaboration
- Personal and professional career development
- Performance management
- Wage
- Executive - Company management
- Company image

Based on the results obtained from 2018 Employee Satisfaction Survey:

- **The general contentment level of Setas employees is 81.4%.**
- **92.2% of the employees are satisfied with their work at Setas.**
- **83.8% of the employees consider themselves as an individual of Setas.**
- **92.2% of the employees indicated that they would apply for the job at Setas if they were looking for a job**



Occupational Health and Safety at Setas

OHS Policy

Setas implements contemporary policies and practices on Occupational Health and Safety through active engagement of the employees and elaborates to maintain people-oriented systems effectively.

For all business processes, Setas acts on the principle of “Human first” and performs its operations in accordance with the Management Systems and product standards with international validity such as Quality, Environment, Process Safety, Occupational Health and Safety (OHS), Social Responsibility, etc.

Since 2016, the “Occupational Health and Safety Manual” is shared with all employees, wherein all details are communicated on occupational safety and occupational health.

When delivering high quality products and services, Setas identifies its responsibilities on environment, human health and preservation of natural resources, and continues its improvement operations and sets this course of action as company policy. Measureable goals are established and the performance of the system formed for quality, environment and occupational health and safety are monitored regularly. Occupational Health and Safety and environmental accident risks are considered when production processes and systems are set.

Aiming to create a healthy and safe working environment for its employees, Setas adopts an occupational health and safety management mentality where operational risks are analyzed on certain intervals, preventive measures are adopted and action plans are created for possible emergencies.

Setas ensures that environment, quality and occupational health and safety systems are continuously improved and implemented in an integrated manner in prevention of wastage and pollution. Aware of the fact that integrated management systems can be established through full engagement of employees, Setas management supports the employees and allocates resources in this respect.

Setas defines all operations that might lead to any kind of accident and fulfills its obligations on prevention of such accidents;

In this respect, Setas;

- Identifies the assignments and responsibilities on management of the accident risks and inform respective persons
- Assesses the risks for major accidents arising from ordinary and extraordinary operations and accident probabilities
- Compiles and implements regulations and procedures that involve maintenance, repair and temporary shutdown processes
- Plans the changes or makes necessary arrangements for designing new plant, process or storage facilities.



OHS Practices

Occupational Health and Safety Risk Assessment

At Setas, the OHS risks are assessed by employing Finne - Kinney Risk Assessment methodology and the corrective/preventive actions are implemented in order to eliminate or minimize the risks at its source. Moreover, HAZOP risk assessments are made and action plans are created with respect to process safety under the scope of SEVESO, and respective studies are monitored accordingly.

Actions of the Occupational Health and Safety Board

The OHS board meetings are organized regularly on monthly basis chaired by any member of the top management. The board functions within an order that envisages reviewing, monitoring and warning as required. The decisions adopted at the meeting are then notified to the employees of the concerned department and the board members for taking necessary action.

Systematic annual and monthly awareness trainings are organized on matters related to OHS. The employees failing to score adequately at the technical exams held at the end of the training repeat such training.

Occupational Health and Safety Site Inspections

OHS site inspections contribute to establishment of a safety culture by identifying the nonconforming acts and conditions on site. The on-the-job training sessions are held with endeavors to remedy the misconceived practices, and corrective/preventive actions are developed in conjunction with the concerned process supervisors for correcting nonconforming conditions.

The plan for the forthcoming 3-year period will cover the following topics under restructuring of the OHS system (intended for reducing and preventing accidents);

- Risk prioritization efforts and structuring of the change management system
- Structuring of the OHS training system
- Establishment of OHS Performance management system
- Structuring of the work environment measurement and monitoring system
- Structuring of the system on subcontractor safety
- Supporting OHS Record data with software

103-3



Occupational Health and Safety Trainings

2018

Total OHS Training Hours	6123
Mean Training Hours per Participant	15,94

Occupational Health and Safety Statistics

2018

Accident Frequency Rate	15
Accident Weight Ratio	182,4
Number of Lost Days	16,7
Days Lost as a Result of Occupational Disease	0

Setas Sustainability Report 2018

GRI Standards Content Index - Core

GRI Standart		Disclosures and Explanations	Answers & Page Numbers
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of organization	Setas Kimya Sanayi A.Ş	-
102-2	Activities, brands, products, and services	Our Sectors	9-13
102-3	Location of headquarters	About Setas	7
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	Our Global Presence	8
102-5	Ownership and legal form	https://www.setas.com.tr/tr/kurumsal/bilgi-toplumu-hizmetleri	
102-6	Markets served	Our Global Presence	8
102-7	Scale of the organization	Setas 2018 at a Glance, Our Global Presence	5, 8
102-8	Information on employees and other workers	Employee Profile	51-52
102-9	Supply chain	Raw Material Use	38
102-10	Significant changes to the organization and its supply chain	No significant change in supplier classification and policies	-
102-11	Precautionary Principle or approach	Our Corporate Management System	17-19, 29
102-12	External initiatives	Our Certificates and Memberships	15, 16
102-13	Membership of associations	Our Certificates and Memberships	15, 16

GRI Standart		Disclosures and Explanations	Answers & Page Numbers
Strategy			
102-14	Statement from senior decision-maker	Message from the Chairman, Message from the General Manager	2, 3
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Management Philosophy, Our Corporate Management System	4, 19
Governance			
102-18	Governance structure	Our Corporate Management System	17-19
Stakeholder Engagement			
102-40	List of stakeholder groups	Our Stakeholders	20-22
102-41	Collective bargaining agreements	Human Resources Policy	49
102-42	Identifying and selecting stakeholders	Our Stakeholders	20-22
102-43	Approach to stakeholder engagement	Our Stakeholders	20-22
102-44	Key topics and concerns raised	Sustainability Priorities in the Value Chain	23
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About Report	1, 5, 8
102-46	Defining report content and topic framework	Sustainability Priorities in the Value Chain	23-25
102-47	List of material topics	Sustainability Priorities in the Value Chain	23-25
102-48	Restatements of information	Sustainability Priorities in the Value Chain	23-25
102-49	Changes in reporting	Sustainability Priorities in the Value Chain	23-25
102-50	Reporting period	About Report	1
102-51	Date of most recent report	2018	-

GRI Standart		Disclosures and Explanations	Answers & Page Numbers
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	About Report	1
102-54	Claims of reporting in accordance with the GRI Standards	Core	-
102-55	GRI content index	GRI Standards Content Index	63
102-56	External assurance	There is no external assurance	-

Topic-Specific Standards

GRI 200 ECONOMIC STANDARDS 2016

GRI 201 Economic Performance

GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Sustainability Priorities in the Value Chain	23-25
	103-3	Evaluation of the management approach	Sustainability Priorities in the Value Chain	23-26
	201-1	Direct economic value generated and distributed	Our Global Presence	8

GRI 300 ENVIRONMENTAL STANDARDS 2016

GRI 301 Materials 2016

GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Sustainability	26,29
	103-3	Evaluation of the management approach	Sustainability	35
	301-2	Recycled input materials used	Sustainability	35
	301-3	Reclaimed products and their packaging	Sustainability	35

	GRI Standart		Disclosures and Explanations	Answers & Page Numbers
GRI 302 Energy 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Sustainability	26,29
	103-3	Evaluation of the management approach	Sustainability	32
	302-1	Energy consumption within the organization	Sustainability	32
	302-3	Energy intensity	Sustainability	32
	302-4	Reduction of energy consumption	Sustainability	32
	302-5	Reductions in energy requirements of products and services	Sustainability	32
GRI 303 Water 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Sustainability	29
	103-3	Evaluation of the management approach	Sustainability	30
	303-1	Water withdrawal by source	Sustainability	30
	303-3	Water recycled and reused	Sustainability	30
GRI 305 Emisyonlar 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Sustainability	26,29
	103-3	Evaluation of the management approach	Sustainability	36-37
	305-1	Direct (Scope 1) GHG emissions	Sustainability	36-37
	305-4	GHG emissions intensity	Sustainability	36-37
	305-5	Reduction of GHG emissions	Sustainability	36-37
GRI 306 Effluents and Waste 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Sustainability	26,29
	103-3	Evaluation of the management approach	Sustainability	31,33
	306-1	Water discharge by quality and destination	Sustainability	31
	306-2	Waste by type and disposal method	Sustainability	33

	GRI Standart		Disclosures and Explanations	Answers & Page Numbers
GRI 400 SOCIAL STANDARDS 2016				
GRI 401 Employment 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Synergy	26,49-50
	103-3	Evaluation of the management approach	Synergy	49-50
	401-1	New employee hires and employee turnover	Synergy	53
	401-3	Parental leave	Synergy	52
GRI 403 Occupational Health and Safety 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Synergy	26,49-50
	103-3	Evaluation of the management approach	Synergy	61-62
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Synergy	62
GRI 404 Training and Education 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Synergy	26,49-50
	103-3	Evaluation of the management approach	Synergy	58, 59
	404-1	Average hours of training per year per employee	Synergy	59
	404-2	Programs for upgrading employee skills and transition assistance programs	Synergy	59
GRI 405 Eşitlik ve Fırsat Eşitliği 2016				
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Synergy	49-50
	103-3	Evaluation of the management approach	Synergy	49-50
	405-1	Diversity of governance bodies and employees	Synergy	52

	GRI Standart		Disclosures and Explanations	Answers & Page Numbers
	GRI 406 Non-Discrimination 2016			
GRI 103 MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Priorities in the Value Chain	23-25
	103-2	The management approach and its components	Synergy	49-50
	103-3	Evaluation of the management approach	Synergy	49-50
	302-1	Incidents of discrimination and corrective actions taken	Synergy	49-50

Setas UN Global Compact Communication on Progress - 2018

UNGC Principles	Page Numbers
HUMAN RIGHTS	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	18, 19, 49, 50
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	
LABOR	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	49-62
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	
Principle 5: Businesses should uphold the effective abolition of child labor.	
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
ENVIRONMENT	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	25-26, 29-38
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	
ANTI-CORRUPTION	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	18, 19



Setas
COLORCENTER

