

Internal Social & Environmental Management System

Social and Environmental Responsibility Mission statement

We recognise that we must integrate our business values and operations to meet the expectations of our stakeholders. They include customers, employees, investors, suppliers, the community and the environment.

- We recognise that our social, economic and environmental responsibilities to these stakeholders are integral to our business. We aim to demonstrate these responsibilities through our actions and within our corporate policies.
- We take seriously all feedback that we receive from our stakeholders and, where possible, maintain open dialogue to ensure that we fulfil the requirements outlined within this policy.
- We shall be open and honest in communicating our strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development.
- The Managing Director is responsible for the implementation of this policy and will make the necessary resources available to realise our corporate responsibilities. The responsibility for our performance on this policy rests with all employees throughout the company.

HEALTH, SAFETY AND ENVIRONMENTAL POLICY

Klassis is committed to managing health, safety and environmental (HS&E) matters as an integral part of our business. In particular, it is our policy to assure the HS&E integrity of our processes and facilities at all times and at all places. We will do so by adhering to the following principles:

Compliance

We will comply with applicable laws and regulations and will implement programs and procedures to assure compliance. Compliance with HS&E standards will be a key ingredient in training, performance reviews, and incentives for all employees.

Risk Reduction, Prevention, and Resource Management

We will seek opportunities, beyond compliance requirements, for reducing risk to human health and the environment, and we will establish and meet our own HS&E quality standards where appropriate.

We will employ management systems and procedures specifically designed to prevent activities and/or conditions that pose a threat to human health, safety, or the environment. We will look for ways to minimize risk and protect our employees and the communities in which we operate by employing clean technology, including safe technologies and operating procedures, as well as being prepared for emergencies.

We will strive to minimize releases to the air, land, or water through use of cleaner technologies and the safer use of chemicals. We will minimize the amount and toxicity of waste generated and will ensure the safe treatment and disposal of waste. We strive to avoid potentially hazardous materials in our products, thus creating healthier working environments.

We will manage scarce resources, such as water, energy, land, and forests in an environmentally sensitive manner.

KLASSIS HALI SAN. VE TİC. A. Ş.

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Communication

We will communicate our commitment to HS&E quality to our employees, vendors, and customers. We will solicit their input in meeting our HS&E goals and in turn will offer assistance to meet their goals.

Continuous Improvement

We will measure our progress as best we can. We will review our progress at least on an annual basis. We will continuously seek opportunities to improve our adherence to these.

To adhere to above set goals we have developed and implemented the following plan.

1. Code Of Conduct:

Our company defined and deployed social responsibility and environmental management system.

Klassis Compliance: The fulfillment of requirements 2-8 as described in this document will satisfy the need for an environmental management system. Additionally, Klassis will post our environmental goals & results/progress on our website as noted below.

The Klassis Code of Ethics for our employees is attached to this response. It can also be found on our website at <http://www.klassis.com/en/about-us/code-of-conduct>

2. Environmental management system (EMS):

Klassis Compliance: Klassis has programs (defined by its management system) that control its operations, and services as they intersect with the environment in support of its policy commitment to environmental leadership, and that also confirms Klassis's compliance with applicable law, regulation and contractual requirements.

The Klassis Code of Environmental management system attached to this response. It can also be found on our website at <http://www.klassis.com/en/about-us/sustainability-policy>

3. Energy consumption measurement and Waste management:

Klassis Compliance: ABC Company has established an accurate baseline for usage in a 12-month period in order to address seasonal trending. The baseline period is defined as January 2014 to December 2014. Results against goals (requirement #4 below) are as follows:

A.) Energy Consumption:

i. Electric Usage:

- 1. Year 2013:** 1730 kWh consumed
- 2. Year 2014:** 1671 kWh consumed

3,6% Reduction by year 2014

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B.) Calculate Scope 1 greenhouse gas emmissions: **"NOT APPLICABLE"**

C.) Calculate Scope 2 greenhouse gas emissions:

i. Electric Usage:

The calculation is given below according to the emission factor announced by Turkish Electric Agency. (0,64 kg CO₂ / kWh – 2013 / 0,62 kg CO₂ / kWh – 2014)

1. **Year 2013:** 1730 kWh consumed x 0,64 kg CO₂ = **1.107,20 kg CO₂**

2. **Year 2014:** 1671 kWh consumed x 0,62 kg CO₂ = **1.036,02 kg CO₂**

6,7% Reduction by year 2014

D.) Waste management and/or Recycling: **"LEASE LOCATION DATA NOT AVAILIABLE"**

4. Energy consumption measurement and Waste management:

Klassis Compliance: Working off the baseline established in requirement #3a,b, Klassis has set at least one goal in each category. The goal measuring period is 12 months. Goals are determined in conjunction with Klassis senior management, and follow the format below as an example only:

A.) Energy Consumption:

i. Electric Usage: Reduce company office energy use 4% by year end 2016 defined as in Sustainability Policy

B.) Calculate Scope 2 greenhouse gas emissions:

i. Electric Usage: Reduce scope 2 GHG emissions 9% by year end 2016

5. Public Disclosure:

Klassis Compliance: Klassis has publicly disclosed our goals and our progress against the goals as of May 22, 2015 date. This information is publicly disclosed on our company website: <http://www.klassis.com/en/about-us/Soc-env-commitment>

We have not received any fines or penalties of a material nature. Should we ever receive any regulatory fines or penalties of a material nature, they will be publicly disclosed on our web page.

6. Education:

Klassis Compliance: Employees are trained on our EMS as they are hired. They receive training of our Ethical code of conduct, Health & Safety Regulations, Labor Law, usage of safety equipment.

7. Management Reviews:

Klassis Compliance: Klassis has a committee that meets on annual basis. This committee reviews the progress of reduction initiatives against the EMS goals and ensures that Klassis is compliant with our ethical code.

8. Suppliers:

Klassis Compliance: Klassis notified the suppliers via language added to all purchase orders listing all 8 requirements. Klassis Company actively monitors compliance by auditing a selected number of suppliers annually.

Klassis A.S.

Evren Kurtböke

CEO

