2018

SUSTAINABILITY REPORT

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2018

SUSTAINABILITY REPORT

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— 28 DAYS OF CYCLING

Suat Yasa, father of our founder Murat Yasa, was studying in Liège, Belgium with a scholarship provided by Atatürk during the first years of the republic and he had to return to his home country when World War II broke out. He cycled for 28 days from Liège to İstanbul. A major support to Aromsa since the first day of the company, Suat Yasa wrote letters to his family during his cycling journey back then, which are currently exhibited at Aromsa along with his miraculous bicycle.

— ABOUT THE REPORT

Aromsa Besin, Aroma ve Katkı Maddeleri Sanayi Ticaret A.Ş. (Aromsa) hereby shares with its stakeholders the first Sustainability Report reflecting its environmental, social and corporate governance performance for the period of 1 January – 31 December 2018. The report provides trend data for the last three years when necessary, thereby transparently sharing changes in sustainability performance.

The report is drafted in line with the core option of the GRI Standards by the Global Reporting Initiative (GRI). The stakeholder analysis performed while setting sustainability priorities is based on the AccountAbility AA1000 Stakeholder Engagement Standard.

For questions and remarks on the report, please contact:
surdurulebilirlik@aromsa.com.tr

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Murat Yasa

Dear Stakeholders,

The world is currently going through a rapid transformation. Global trends shaped by changing conditions have a critical impact on all sectors. The sector we operate in is influenced by population increase, climate change, depletion of natural resources and technology. In addition to these comprehensive tendency, the change in customer expectations emerges as a factor that impacts on our business. We adapt to such changes throughout production processes based on R&D and innovation. We design products of the future. We meet our customers' expectations.

We had a challenging year in 2018 due to global competition and economic fluctuations. As it is the case for all other sectors, food industry is also affected by economic uncertainties and risks rlated to global trends. In order to resist such challenges, we take strength from our employees whom we develop simultaneously, our suppliers that provide us with the raw materials required for production, and our customers that we consider as our business partners. As Turkey's first and only local flavour producer, we do not only develop innovative products that respond to current changes but also create social value and attach importance to environment. Our greatest motivation on this journey is the prospect of leaving an economically and socially sustainable future to next generations. To that end, we enforced our business strategy by integrating sustainability. We use our strong management approach, which differentiates us from competitors, as a leverage to make us the leader of the flavour industry not only in Turkey but also globally.

In 2018, We are proud to have been awarded in "Best Managed Companies Turkey" program which has been implemented for the first time by Deloitte Private Turkey. It was an encouraging year when our economic success and sustainability steps are taken into account. From this point of view, while we continue to our production based on R&D and innovation, we consider growing stronger with our employees and our society, and to monitor our environmental performance as our responsilities.

I am truly glad and proud to share with you, esteemed stakeholders, our first sustainability report, a vital step in our future corporate sustainability efforts which reflects our environmental, social and corporate governance performance. I would like to thank all of our stakeholders, specifically to my colleagues, for their contribution to our work.

Sincerely,

Murat Yasa
CEO

Melis Yasa Aytaman

Dear Stakeholders,

We have recently left behind a year that exhibited political and economic uncertainties around the world. Even under those circumstances, it is a priority to show our stakeholders that we stood by them as a reliable business partner. From 1982, the year our company was established, until today, we have moved from a domestic to global scale company thanks to a sustainable and stable growth. As the first and only Turkish company in our sector exporting products to nearly 70 countries, we owe our success to the well-established values of our country and to our global vision.

As a second-generation member of Aromsa, I have completed 18 years in my career, comprised of 5 years abroad and 13 years at Aromsa, as of 2018. I combined the education and experience I had in various countries throughout my career with the long-established culture we inherited from Suat Yasa, my grandfather. We work in dedication and enthusiasm in order to build the future of Aromsa. Our greatest motivation in this endeavor is bring our values to next generations.

Our workforce is constituted from young employees. They drive us forward along with our innovative corporate culture which is a combination of our values and global vision. Therefore we care about investing in the development of our employees to take confident steps into the future. Since 2016, we have been involved in the platform of the United Nations Women's Empowerment Principles (UN WEPs) in Turkey. At Aromsa, 70% of executives and about 50% of employees are women.

To leave a better world to next generations, we adopt an environmentally-conscious approach in production. In the same vein, we develop projects to minimize the carbon footprint from our operations and ensure energy efficiency. We never compromise on quality, and we perform better than the requirements of international standards in all business processes from raw materials supply to product distribution, thus we deliver a superior quality performance.

Our past work was found eligible for the Best Managed Companies Award by Deloitte Private as well as the Environmental Incentive Award in Large Enterprises category by Kocaeli Chamber of Industry. We received the "Recognized for Excellence" 5 Star Award from the European Foundation for Quality Management (EFQM). Our sustainability efforts make us stronger and contribute to the United Nations Sustainable Development Goals. Thus, we bring Aromsa's vision to a global scale.

We are truly happy to share with you, esteemed stakeholders, our first ever sustainability report to provide you with an insight into the value we create in social, environmental and economic dimensions. As a second-generation member at Aromsa, I would like to thank all stakeholders that contributed to the delivery of a successful and sustainable performance and to the drafting of the first sustainability report. We will keep working and taking innovative steps towards a more sustainable future.

Sincerely,

Melis Yasa Aytaman
Executive Vice President for Sales, Marketing and R&D; Sustainability Lead; Second-Generation Family Member of the Company

ABOUT **AROMSA**

Our journey started in İstanbul back in 1982 following the initiatives launched by Murat Yasa, the founder of our company. In 1990, we moved to Gebze Organized Industrial Zone and increase our production capacity. In 2009, we inaugurated our production plant and R&D laboratory in Emmerich, Germany and moved part of our innovation activities and sales channels to Europe. We successfully maintain Aromsa culture at our facilities in Germany, implementing the adopted standards in R&D, quality and production. In 2017, we invested in new buildings and machinery to quintuple our production capacity in Germany.

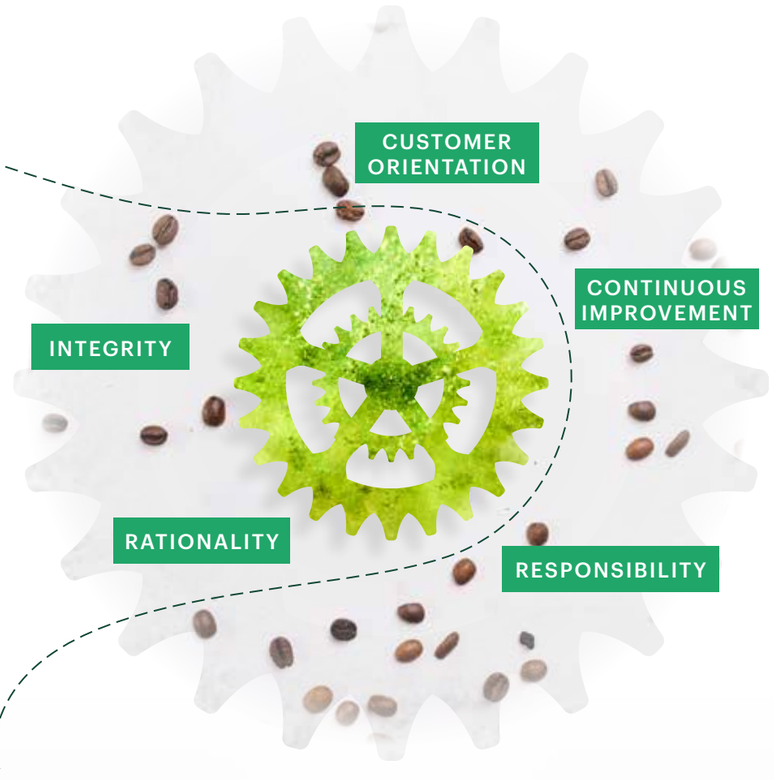
As a leading flavour company since 1982 and important exporter to about 70 countries , we have five factories in Turkey and one facility in Germany. Furthermore we have started the construction of our sixth factory.

We have many sectors in our direct and indirect sphere of influence thanks to the broad range of products we offer including flavours, sauces, fruit preparations and toppings, extracts, caramelized sugar, caramel colorants, fruit powders, enzyme modified dairy ingredients and seasoning, and spice mixes.

In line with our vision, we continuously improve our processes and performance since the foundation of our company. We serve without compromising on product and service quality, responding to changing customer needs within an awareness of our global responsibilities and a goal to expand our global market share.

Our values which are Integrity, Rationality, Continuous Improvement, Responsibility and Customer Orientation enable us to make progress each day. As a Turkish company, we are committed to acting as a solution partner in all locations around the world and contribute to economic, environmental and social development.

Our Values



Vision

To be the first solution partner to come to mind in all the regions and countries where we provide our services

Mission
Using our core competencies of flavour design and extraordinary customer service;

To design high technology value-added flavours that will meet the needs of our clients by encouraging employee satisfaction and participation, to provide punctual and effective services, to ensure growth without compromising from quality, to contribute to national economy and to be committed to our social responsibilities.

About Aromsa | Corporate Governance | Sustainability Approach | Sustainability in Value Chain | R&D and Innovation | Employees | Environmental Impact | Performance Indicators | GRI Content Index

Aromsa in **Figures**

100%
domestic capital

Turkey's first and only flavour company with 100% domestic capital

sector
leader

Sector leader in Turkey

35%
exports ratio

About 35% of sales volume from exports

70
countries

Exports to nearly 70 countries

70%
female executives

70% of executive positions occupied by female employees

7
factories

A total of 7 factories including 6 in Turkey and 1 in Germany

50%
female employee ratio

Total employee ratio is about 50% female since its establishment

Awards and **Achievements**

Deloitte Private, Best Managed Companies Award

Industry Performance Award in the Large Enterprises Category of Kocaeli Chamber of Industry

EFQM, Recognized for Excellence 5 Star Certificate

Star Supplier Award at the Customer Quality Day

Difference-Making Supplier Award at the Customer Quality Summit

Kocaeli Chamber of Industry, Environmental Incentive Award in Large Enterprises Category

Top Exporter in the İstanbul Chemicals and Chemical Products Exporters' Association (IKMIB) Food Chemicals Section, the winner of "Stars of Export"

United Nations, FAO Award

Stars of the Economy Award from Gebze Chamber of Commerce

Among the top 300 firms in the "Top 500 Industrial Enterprises of Turkey" rankings under the Gross Added Category in ISO 500

- The Best Managed Companies Program, launched by Deloitte Private for the first time in Turkey, allows successsful private companies to reveal their strengths and crown their success. The program identifies companies producing a high-standard management performance in line with the international best practices. Aromsa is selected as one of Turkey's Best Managed Companies.

- Since 2012, we have adopted the Excellence Model of the European Foundation for Quality Management (EFQM) as a management tool. Under this model, Aromsa received external assessment services from the Quality Association of Turkey (KalDer) in 2017, as a result of which it was found eligible for EFQM Recognized for Excellence 5 Star Certificate. We proved that we had attained a finalist level status on the award journey through the point we received in the self-assesment report in 2018 within the scope of MAP'19 (Aromsa Excellence Project).

CORPORATE **GOVERNANCE**

Our focus is to develop together with our employees and the regions that we operate in and to grow without comprimising on quality and food safety. We consider to work in accordance with our goals and ethical values beyond legal requirements as our basic responsibility. We adopt the "Professional service with amateur spirit" approach to pursue innovative corporate governance practices and improve them in line with our corporate culture. In addition, we take a resolute stance in implementing policies based on the principles of leadership, ethical values, sustainability and quality. Any matters falling within our sphere of influence are initially managed within the framework of comprehensive policies[1] such as the Quality and Food Safety Policy, Environmental Policy, Occupational Health and Safety Policy, Human Resources Policy and Information Security Policy. We also manage sustainability under corporate governance. These efforts are directed and continuously improved by our sustainability team which conducts regular meetings.

The highest body in our corporate governance structure is the Board of Directors. Decisions regarding economic, environmental and social impacts are taken by the Board of Directors (BoD); the Executive Board comprised of the Board Members and Executive Vice Presidents (EVP); and the Operations Board comprising EVPs and Directors.

— Ethical Principles

All anti-bribery and anti-corruption sanctions in Aromsa's business processes are set forth in Aromsa Ethics Procedure. We make sure the procedure is adopted and implemented by our employees and suppliers, thus pursuing an honest, ethical and transparent approach in all of our operations. All Aromsa employees write a letter of declaration that they accept the Declaration on Compliance with Ethical Rules. Our employees can report their ethics-related complaints to the whistleblowing and advisory hotline via ethics@aromsa.com.tr while our external stakeholders can report the same via gelisim@aromsa.com.tr which is available on all entrance doors of our buildings.

Ethical Trading Initiative (ETI) Base Code is shared with all suppliers and subcontractors. Any stakeholders that could have a direct or indirect impact on human rights are expected to sign and comply with the ETI Base Code following impact analysis.

— Risk Management

We know that an effective risk management plays a crucial role in financial planning and in making sure our company adapts to changing conditions. Trends such as food safety and sustainability, changing customer expectations, climate change and rapid population growth have serious impacts on the food sector in which we operate. Therefore, our risk management approach includes the effective management of both financial and non-financial risks.

We identify material issues that have an impact on our operations, and regularly track all potential financial and non-financial risks in our entire value chain from the supply chain to production. Our risk management approach focuses on material issues to identify potential risks and develop a strong and resilient management structure against such risks.

Risk management operations are run by the Business Continuity Team Members under the business continuity efforts based on ISO 22301. Cases that could pose a risk on the existence, development and continuity of our company and lead to reputation loss are analyzed via business continuity efforts, with measures being taken against potential risks. Crisis Management Team also takes part in the management of potential risks in cooperation with the Business Continuity Team Members. Each individual responsible takes charge in implementing risk approaches at international standards on issues including Quality, Food Safety, OHS, Customer Satisfaction, Environment, Information Security which are directly linked with our operations. In parallel, business continuity efforts include process risk management and risk management for strategic goals.

1 You can access our Policies here.

Sustainability Journey

2018

Deloitte Best Managed Companies Award
FAMI QS Feed Safety Management System

2017

EFQM, Recognized for Excellence 5 Star Certificate
FSSC 22000 Food Safety Management System for Aromsa, Germany
Authorized Economic Operator (AEO) Certificate
FDA FSMA Food Safety Modernization Act

2014

Opening of fifth factory
ISO 27001 Information Security Management System
ISO 14064-1 Corporate Greenhouse Gas Inventory Verification Report

2013

EFQM, Recognized for Excellence 4 Star Certificate
FSSC 22000 Food Safety Management System

2012

Joined National Quality Movement
American Institute of Baking (AIB) Food Safety Standard

2011

Environmental Incentive Award in Large Enterprises Category by Kocaeli Chamber of Industry

2009

Factory investment in Emmerich, Germany
SEDEX Social Responsibility Management

2007

ISO 22000 Food Safety Management System
BRC - British Retail Consortium Global Standard for Food Safety

2006

Production of new generation microencapsulated flavours and natural extracts started

2005

Opening of fourth factory

2003

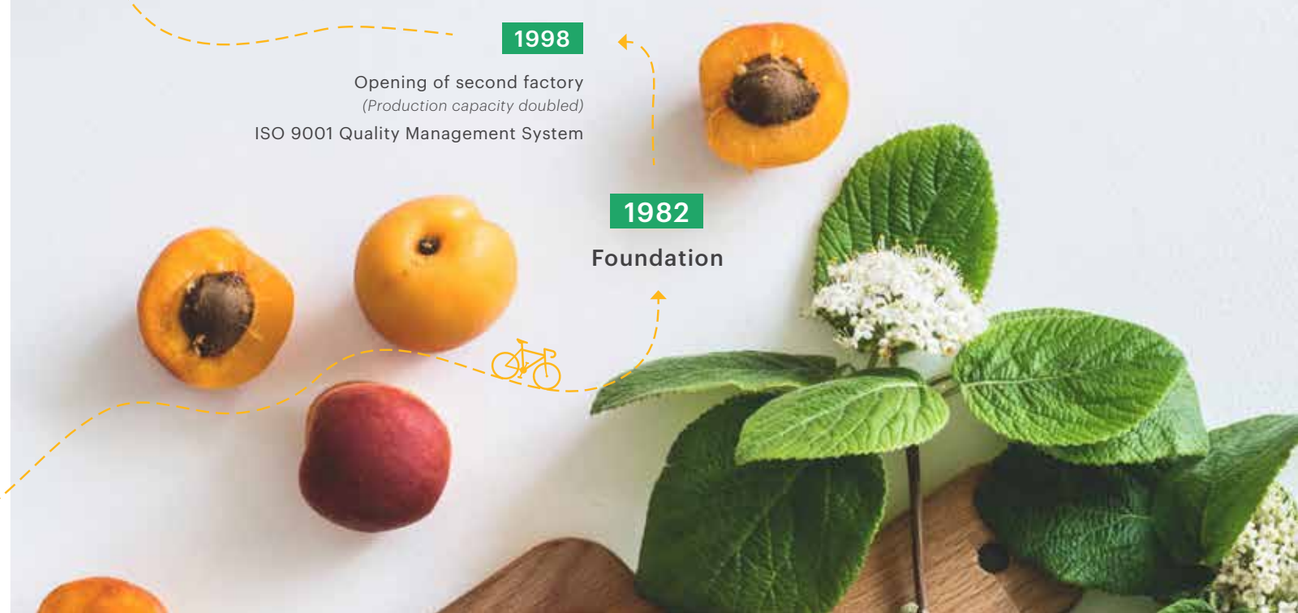
Opening of third factory
ISO 14001 Environmental Management System
OHSAS 18001 Occupational Health and Safety Management System

1998

Opening of second factory
(Production capacity doubled)
ISO 9001 Quality Management System

1982

Foundation



SUSTAINABILITY **APPROACH**

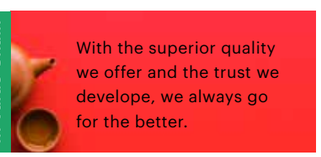
Climate change, rapid population growth and depletion of natural resources lead to risks which are of particular concern to many sectors. The private sector has key responsibilities for converting these risks into opportunities through effective and proactive management and resolving global problems. As Aromsa, we develop different approaches and business models in parallel with the changing world and attaches great importance to sustainability management.

Since 2017, our sustainability team has been conducting regular meetings in order to direct our sustainability efforts. The team is comprised of employees and executives from various departments. Executive vice presidents represent the senior management in the team. During the meetings held in 2018, efforts are carried out in order to identify strategic issues that we will focus on sustainability area within the scope of our corporate goals, our stakeholder's expectations and global trends affecting our sector. Furthermore, internal communication efforts aimed at sharing our sustainability efforts.

2023 Sustainability Goals

- To establish a Supply Chain Policy including social and environmental criteria
- To receive the Turkish Grand Award of Excellence and make this permanent

Sustainability in Value Chain



With the superior quality we offer and the trust we develope, we always go for the better.

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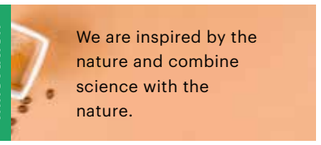
- To increase new product diversity by 30% in the natural products and extraction section with the R&D efforts
- To increase the area of the R&D facilities by 60%
- To increase product diversity in dairy products by 50% through R&D efforts

R&D and Innovation



We are inspired by the nature and combine science with the nature.

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- To exceed the average of employee commitment rate in Turkey by a minimum of 20%
- To maintain the total employee ratio permanently which is about 50% female
- To provide a leadership training to each leader for 16 employee.hour on average in order to improve their leadership competencies
- To ensure one of of every four employees is voluntarily involved in social responsibility projects delivered in cooperation with NGOs

Employees

We value people and develop together with our employees.

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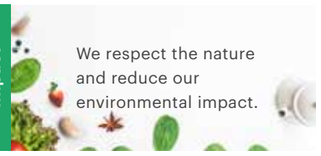
- Reduce CO_2 emissions by 10% in the next 5 years
- Obtain LEED v4 Platinum Certificate for Aromsa 6 Building
- Reduce energy consumption by 10% in the next 5 years

Environmental Impact



We respect the nature and reduce our environmental impact.

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Your Creative Flavour Partner

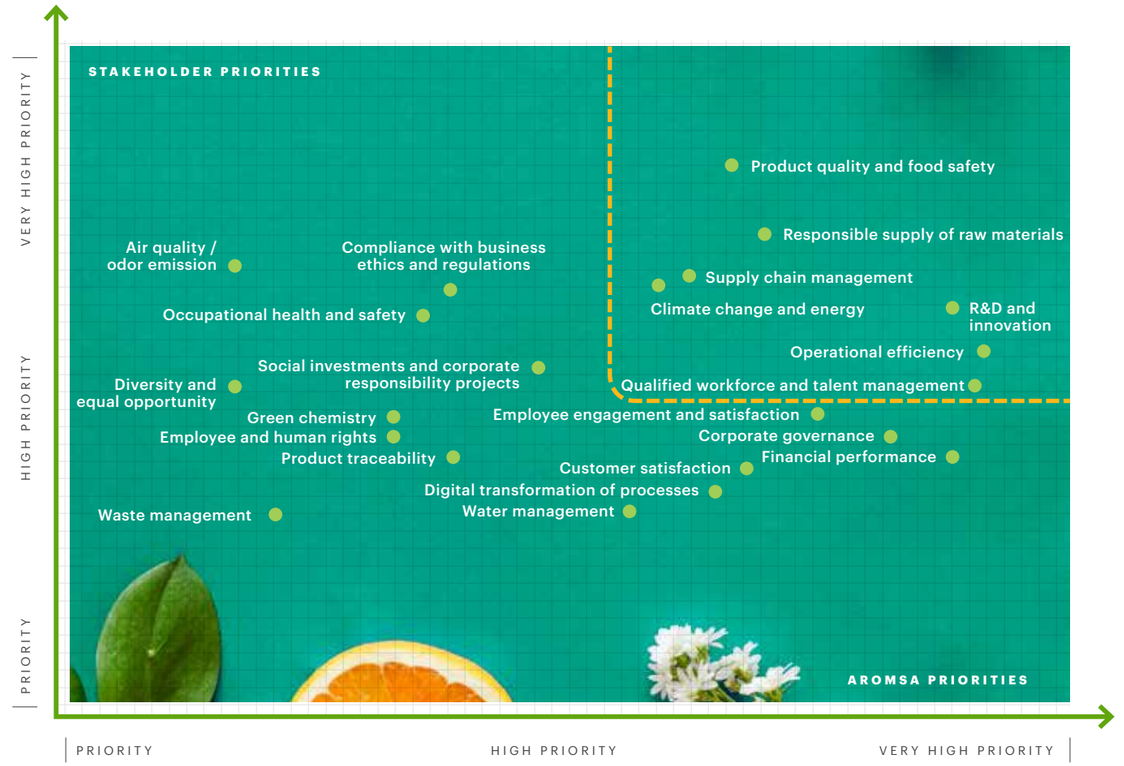
— Material Issues

We carried out a materiality analysis to identify our material issues in parallel with the global trends affecting our sector and the changing stakeholder expectations. We held an internal sustainability workshop and set down the strategically important matters for Aromsa.

As Aromsa, we attach great importance to all of our stakeholder's opinions in the scope of identifying our material issues. Accordingly, we integrated our stakeholder's opinions into our work in line with the AccountAbility AA1000SE Standard, the international stakeholder engagement standard. We reached out our broad stakeholder network consisting of our employees, customers, dealers and representative offices abroad, suppliers, business partners, NGOs and associations, media, international organizations, initiatives and universities via a questionnaire and compiled their opinions.

Employees stressed the importance of employee satisfaction and commitment and occupational health and safety while customers highlighted the significance of product quality, safety and traceability as well as R&D and innovation. As expected, suppliers named responsible supply of raw materials and value chain as priority areas that Aromsa needs to focus on. Moreover, media, NGOs and universities underlined the great importance of energy and environment as well as water and waste management.
We considered not only the views of our stakeholders that we are directly connected with but also the global and sectoral trends while conducting our materiality analysis and created our materiality matrix.

Various operations in environmental, social and economic domains such as product quality and food safety, responsible supply of raw materials, R&D and innovation, supply chain management, operational efficiency, qualified workforce and talent management, climate change and energy constitute the framework of our sustainability efforts.



Material Issue	Relevant Section of the Report	Sustainable Development Goals
Product quality and food safety	Sustainability in Value Chain	2, 12
Responsible supply of raw materials	Sustainability in Value Chain	2, 12
R&D and Innovation	R&D and Innovation	2, 9, 12
Supply chain management	Sustainability in Value Chain	2, 12
Operational efficiency	Sustainability in Value Chain, Environmental Impact, R&D Innovation	9, 12, 13
Qualified workforce and talent management	Employees	5, 8
Climate change and energy	Environmental Impact	13

Material issues will be highly important in the future while setting our corporate strategy. We plan to shape our efforts under the guidance of our material issues to attain our corporate goals and fulfill the expectations of all of our stakeholders.

Stakeholder Communication

We have a diverse range of stakeholder groups that we interact with directly and indirectly through our operations. We care about keeping a continuous communication with each stakeholder group via different communication channels and receiving their feedback to improve ourselves. Thus, we aim to meet expectations of all of our stakeholders. In the upcoming period, we will continue to use different communication channels, specifically our sustainability report, as a means of sharing our sustainability performance and efforts with all of our stakeholders.

Stakeholder Group	Method of Communication	Frequency of Communication
Employees	Internal information e-mails, meetings, workshops, surveys	Always
Customers	Official web site, product promotion, fairs, customer visits, information e-mails, meetings, surveys, social media	Always
Dealers and foreign representation offices	Information e-mails, online communication lines, field visits and meetings, surveys, social media	At least once a month
Suppliers	Meetings, audits, surveys, social media	At least once a month
Business partners	Meetings, surveys, social media	At least once a month
Non-governmental organizations and associations	Project cooperation, congresses, conferences, seminars, surveys, social media	At least once a year
Media	Interviews, press releases, surveys, social media	Always
International organizations and initiatives	Congresses, conferences, seminars, surveys, social media	At least once a year
Universities	Joint projects, conferences, surveys, social media	At least once a year

Corporate Memberships

- TAIDER - Family Business Association
- Association of Packaged Milk and Milk Products Manufacturers
- EFFA - European Flavour Association
- Gebze Organized Industrial Zone
- Gebze Chamber of Commerce
- AREP - Association of Food Flavour and Essential Oil Manufacturers
- Association of Food Ingredients & Additives Manufacturers
- Institute of Food Technologists
- National Codex Committee on Food - Ministry of Food, Agriculture and Livestock
- International Organization of Flavour Industry
- İstanbul Chemicals and Chemical Products Exporters' Association
- Kocaeli Chamber of Industry
- Leatherhead Food Research
- Materials Marketplace
- Fruit Juice Industry Association
- Sustainable Food Platform
- Union of Chambers of Turkish Engineers and Architects - Chamber of Food Engineers
- Turkish Food & Beverage Industry Association
- Turkish Human Resources Management Association
- Quality Association of Turkey
- Union of Chambers and Commodity Exchanges of Turkey - Global Standards Center Turkey
- ZDS - Zentralfachschule der Deutschen SüBwarenwirtschaft e.V.

- We attended the Sustainable Food Conference, which was organized by the Sustainable Food Platform, brought together all stakeholders from the sector and kept the pulse of the food sector on a national and global scale. Our CEO delivered a speech on Changing Food Systems Through Innovation in the conference. Furthermore, we hosted our stakeholders in our booth.

Aromsa has been a member of the Association of Flavours and Essential Oils Producers (AREP) since its establishment. We make a significant contribution to the association's activites by taking part in AREP Board of Directors. AREP is a trailblazer in facilitating the regulation of legal amendments required in order to defend rights in flavour and extract sector in Turkey, improve legislation, and enable the food sector to use flavours on favorable and advantageous costs. AREP is a member of EFFA (European Flavour Association), which has a voice in the sector and monitors the health impacts of all components used in flavours as well as legislation. Aromsa represents Turkey and AREP in EFFA meetings attended by the sector representatives of the EU member states. Thus, we have a voice in the flavour sector and closely follow the publications, notifications and opinions of EFFA. We take quick action in line with the legal amendments in Europe regarding flavours. We implement such amendments even if they have not entered into force in Turkey and inform our stakeholders on the matter. In 2018, we became a member of the Sustainable Food Platform. We now contribute to the transition of Turkish food sector to a sustainable and inclusive development model.

— Highlights

Deloitte Private - Best Managed Companies Award	Projects supported by TUBITAK (The Scientific and Technological Research Council of Turkey) - TEYDEB (Presidency of Technology and Innovation Support Programs), aiming at delivering longer-term, process-oriented R&D studies
Authorized Economic Operator Certificate	At Aromsa, 70% of executives are women. Equal number of male and female employees since our establishment. 49% of our total workforce is comprised of women and 51% is male.
ISO 9001: Quality Management System, ISO 14001: Environmental Management System, ISO 14064-1: Corporate Greenhouse Gas Inventory Report Validation Statement, OHSAS 18001: Occupational Health and Safety Management System, ISO 27001: Information Security Management System certificates	Participating the efforts of Women's Empowerment Principles (WEPs) Turkey Platform since 2016
BRC: Global Standard for Food Safety, FSSC 22000: Food Safety Management System, AIB: American Institute for Safety of Baking and Fami QS Certificates	From 2016 to 2018, 32% of all investments, except the bulding constructions, were allocated for OHS and environmental activities.
10% of our employees work at the Quality Department	Attended the Climate Change Program by the Carbon Disclosure Project (CDP) in 2016 and 2017
6% of our turnover allocated to R&D	Aromsa 6, the new management building, is a candidate for LEED v4 Platinum Certificate of the U.S. Green Building Council (USGBC)
20% of our employees work at the R&D Center	
Efforts to develop products with reduced fat, sugar and salt contents according to our Health and Wellness approach	

SUSTAINABILITY IN **VALUE CHAIN**

With the superior quality we offer and the trust we develope, we always go for the better.

SUSTAINABILITY IN **VALUE CHAIN**

At any given sector, particularly food, and wherever we offer our products and services, we create quality, healthy and reliable solutions as the "creative flavour partner". From the selection of raw materials to consumption of the products, we pursue a holistic approach based on responsibility and mutual trust at every link of our value chain.

- As Turkey's leading company in flavour and sauce production, we produce innovative flavours for the world's most loved brands and reach millions of consumers nearly in 70 countries.

As in our operations, we act with the awareness of our impact on our supply chain and strive to improve our sustainability performance. In our supply chain, we aim to create positive value within an approach that encourages respect for human and employee rights, occupational health and safety, food safety, reduction of environmental risks and transparency. Furthermore, we develop best practices in product safety, responsible supply of raw materials and traceability to contribute to Sustainable Development Goals.

— Supply Chain Management

Supply chain management and responsible supply of raw materials are among our material issues in order to always uphold the quality and safety of the rich product range we offer, particularly on flavours and sauces. Our supply chain management approach based on systematic processes is particularly important in terms of both the management of environmental and social risks. It is also important making progress in line with our strategy to achieve competitive costs. We take measures against potential risks by delivering supply chain management within the framework of our Procurement, Production, Quality and Food Safety policies and in accordance with the international management standards as well as the relevant legislation of the countries we operate in.

Although we depend on foreign-based raw materials for more than 80% due to the sector we operate in, we procure from domestic companies, which constitute 52% of our purchasing turnover and 72% of our suppliers. Thus, we not only increase our logistics efficiency but also add value to the Turkish economy and producers. In our procurement processes from European suppliers, we purchase raw materials through our factory in Germany and bring them to Turkey in bulk at once, thereby reducing logistics costs and environmental impacts.

Within the scope of sustainability in supply chain, we deliver highly meticulous practices from supplier selection to reception of raw materials in accordance with our Procurement Policy. We select our suppliers on criteria such as their quality and production processes, critical control points, the certificates, quality continuity in their products, environmental and social responsibility approaches. Moreover, we examine their sustainability-related matters such as quality and food safety, good farming practices, environmental management, social responsibility, and occupational health and safety during regular supplier audits we hold in consideration of the relevant procedures and risk classifications.

We provide feedback to suppliers when necessary regarding the practical improvements they can make, support them upon their request and monitor results. In 2019, we intend to concentrate more on environmental and OHS-related matters in the supplier assessment procedure.

We take the advantage of technology by tracking all procedures through the SAP system in framework of customer relations management. We monitor the needs for materials throughout the system in order to meet our customers' requests daily and prevent any interruptions in their production. We confirm on relevant matters through the SAP system, record all changes on the system and report them.

We take the advantage of our country's location, our production and R&D plant in Germany, our office in Russia, and our dealers in 18 countries in Asia-Pacific, the Middle East and North Africa to be closely acquainted with the countries we operate in, accurately monitor the exclusive expectations of our customers and add value to local flavours. In line with the utmost importance we attach to customer satisfaction, we conduct customer surveys regularly and make process improvements in consideration of the feedback we receive.

At Aromsa, we cooperate with all customers and suppliers in line with our corporate values, inform them on legal amendments and support them for their rapid adaptation to such amendments.

- **Authorized Economic Operator (AEO)**

  We obtained the AEO certificate thanks to our world-class processes. This document proves the commercial reliability of companies in import-export processes on their own initiative on an international level and is hard to obtain. We are among the first set of prominent companies to get this document, an achievement that motivates us on our path to excellence and a proof of the quality we ensured in our processes.

— Quality Management and Food Safety

As Aromsa, recognizing the responsibilities of operating in the food industry, we continue our activities by adopting an approach that does not compromise on quality and food safety since 1982. We guarantee the continuity of our high added value, quality and safe products and services within the framework of international standards, mainly those on quality and food safety.

All our operational facilities, including six in Turkey and one in Germany possess standard certificates for quality and food safety. Therefore, we pursue a proactive approach based on risk management to make progress and act in relevant fields. We implement all management systems in an integrated approach with a focus on continuous improvement. Our competence and qualifications are approved through third party audits and also our operations are inspected by our certified internal auditors. We ensure employee engagement in relevant processes through the suggestion system and encourage our employees through rewards. We make progress in all processes with a focus on excellence through the improvement projects developed by our Continuous Improvement Teams.

As Aromsa, we have acquired ISO 9001: Quality Management System, ISO 14001: Environmental Management System, ISO 14064-1: Corporate Greenhouse Gas Inventory Report Validation Statement, OHSAS 18001: Occupational Health and Safety Management System, ISO 27001: Information Security Management System certificates.
In addition, we have certificates which focus on food safety and cover programs and good production practices that include control measures for quality, hygiene and product safety in all processes from the supply of raw materials to the distribution of finished products. Accordingly, we have BRC: British Retail Consortium Global Standard for Food Safety, FSSC 22000: Food Safety Management System, and AIB: American Institute for Safety of Baking certificates. As a result of audits we were subject to in 2018, we were entitled to obtain the Fami QS Certificate, the feed safety standard. You can find detailed information on our quality certificates here.

The Quality Journey of **Aromsa**

2018

FAMI QS Feed Safety Management System

2017

EFQM 5 STARS
FSSC 22000 Food Safety Management System
YYS Authorized Responsibility Certificate
FDA FSMA Food Safety Modernization Act

2014

ISO 27001 Information Security Management System
ISO 14064-1 Corporate Greenhouse Gases Inventory Authentication Report

2013

EFQM 4 STARS
FSSC 22000 Food Safety Management System

2012

Joined National Quality Movement
American Institute of Baking (AIB) Food Safety Standard

2009

SEDEX Supplier Ethical Data Exchange

2007

ISO 22000 Food Safety Management System
BRC - British Retail Consortium Global Standard for Food Safety (AA Grade)

2003

ISO 14001 Environmental Management System
OHSAS Occupational Health and Safety System

1998

ISO 9001 Quality Management System

- Since 2012, we have adopted the Excellence Model of the European Foundation for Quality Management (EFQM) as a management model. In the scope of this model, as Aromsa, we received external assessment services from KalDer in 2017, as a result of which we were found eligible for EFQM Recognized for Excellence 5 Star Certificate. Our journey of MAP'19 (Aromsa Excellence Project 2019) continues while we received a sufficient score in our self-assessment report for 2018, which allowed us to prove that we had attained a finalist status level on the journey for the award. Our goal is to receive the Turkish Grand Award of Excellence and make this a permanent achievement.

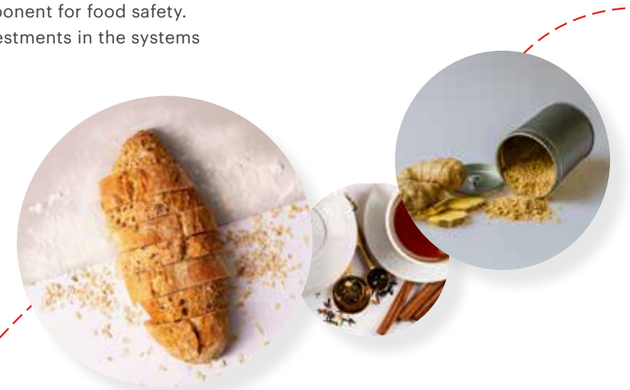
We manage our quality control processes with a specialized quality team corresponding to 10% of Aromsa employees in number at 5 different laboratories comprised of input quality control, microbiological control, process and product quality control laboratories. We use national and international methods, fulfill the requirements of ISO 17025 Laboratory Management System and successfully complete the specialization tests we take each year. We are aware that quality flavour production is only possible using quality raw materials and we work accordingly. We review and analyze raw materials in consideration of product specifications as well as chemical, physical and biological threats to human life. Furthermore, we conduct risk assessments and risk analyses on imitation and adulteration.

We monitor legal requirements and validation actions regularly completed. Therefore, we periodically send our raw materials and products to an accredited laboratory for analysis to reinforce validation.

At Aromsa, we take the EFQM Excellence Model, which enables us to adopt a holistic perspective and use the various management systems we have in a complementary manner as our guide. In this direction, we determine the performances of process in accordance with the radar understanding of EFQM Model and monitor each parameter with target and comparison data. In 2012, we joined the National Quality Movement and cooperated with KalDer to set out for our journey of excellence. Then we signed the National Quality Movement's Declaration of Goodwill and accelerated our work under MAP'19 (Aromsa Excellence Project) in 2015. MAP'19, our corporate transformation project, aims to render Aromsa an ever-improving organization within an approach in which excellence is fully adopted in all processes, a sustainable corporate structure is secured, employees actively participate in improvement efforts, and all of our stakeholders are covered.

Traceability is highly important and is a key component for food safety. We make investments in the systems to monitor and manage potential recalls caused by allergens. Using our enforcement practices over barcodes and our traceability system providing an opportunity for efficient tracking, we take quick action and contribute to customer satisfaction.

It is highly important for us to establish national and international cooperations and increase awareness of sustainability in supply chain, food safety, consumer health and healthy nutrition.



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R&D and **INNOVATION**

We are inspired by the nature and combine science with the nature.

R&D and **INNOVATION**

Changes in consumer expectations and industrial trends such as the shift to healthy, reliable and accessible food as well as a demand for transparency[2] make sustainability in food production more critical. The Food and Agriculture Organization (FAO) of the United Nations anticipates that by 2050, the world population will be 34% more, thus requiring a 70% increase in food production to ensure the global population has access to sufficient nutrients.[3]

We take responsibility in responding to changing trends and meeting the increasing demand for food[4], without jeopardizing the existing natural resources. As a global player in the sector, we believe that we have a role to improve production conditions through innovation and R&D that match the demand on the global market and the changing consumer needs.

The success of our company is determined by the flexibility and creativity provided by innovation to meet the demands of our customers as soon as possible, in line with quality requirements. We aim to satisfy and improve our customers by focusing on R&D and utilizing the advantages of technology and innovation while developing key products in the Turkish food sector. We closely monitor emerging trends in the flavour and food industry, and we improve our production techniques in line with the changes in new technologies and the novelties in legislation.

Various Functions of R&D and Innovation

- Design new flavours in line with the expectations and trends in the food sector
- Develop new products according to market expectations and trends
- Reduce environmental impacts
- Satisfy demand on the global market to increase our export capacity
- Develop products that can contribute to health

R&D and innovation help us as a tool to contribute to the Sustainable Development Goals. For every group in the society we support securing the access to safe, nutritious and sufficient food via sustainable food systems. We try to implement a sustainable consumption and production approach that increases productivity avoiding environmental issues. In addition, we contribute to promoting the sustainable development goal of Industry, Innovation and Infrastructure.

R&D and innovation investments not only allow us the opportunity to differentiate ourselves from the sector but also offer a competitive advantage. We develop innovative solutions for the food industry by improving information and production infrastructures in our R&D laboratoires with a scientific approach. We allocate 6% of our turnover to R&D activities. The source of our strength is our R&D department which conducts professional researches equipped with cutting-edge technology. 20% of our employees work at the R&D Center.

Due to the abs

2 http://www.fao.org/3/a-i6583e.pdf

3 How to Feed the World in 2050
http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf

4 10 Trends Which Are (Re)Shaping The Food & Beverage Market
https://www.ipsos.com/sites/default/files/ct/news/documents/2018-07/10_trends_which_are_reshaping_the_fb_market.pdf

and skills in our industry, we give high importance to filling in this gap by investing in training expertise. In order to train young employees, we employ international experienced flavourists. Three senior flavourists with an experience of more than 20 years in the industry support young talents of our company and help them to improve themselves.

The Technology Policy guides us in developing our production infrastructure and enables us to adopt sectoral developments and integrate with the world.

- **It is strategically important to invest in R&D and innovation.**

6%
R&D Ratio
We allocate 6% of our turnover to R&D efforts.

20%
Ratio of R&D employees
20% of our employees work at the R&D Center.

- You may access the Technology Policy from here.

Yann LE BELLOUR

My name is Yann. I have been working in the flavour sector for 35 years. As the R&D and Technical Support Manager, I work closely with almost all departments at Aromsa. Each day we face new technical issues to solve, which improves the quality criteria on a daily basis. I have opportunity to work with new flavourists in the sector. It gives me pleasure to spend time with young people and share tips and clues based on my experience in various areas. Aromsa's unique dynamism brings together people from various backgrounds, thus enables us to test each new idea quickly. To me, Aromsa, with its opportunities and the freedom it offers, is an unique place for me.

Ralf FRANKE

My name is Ralf, and I have been working in the flavour sector for 35 years. As the R&D and Innovation Director, I am responsible for the design of our new and unique products and the training of our new employees. Since our company is very innovation driven and there are every day new challenges to overcome and to explore, learning in Aromsa never stops. Aromsa gives me the environment in which all of that is possible. As a privately owned company, Aromsa knows how valuable and important the employees are and therefore they give a lot of room for each of us to learn, to innovate and to further develop our personal skills. Also working for international clients, with different taste expectations is something which is still exciting for me after all this years in the industry.

Vesko CHAPKANOV

My name is Vesko, and I have been working in the flavour sector for 23 years. I am R&D Manager for sweet flavours. I find highly challenging projects each day. I learn uniquely interesting things from each project and customers' requests. What I learn contributes to my knowledge base and experience.

Most of the employees in laboratory are young, dynamic and highly-motivated individuals. This is both a challenging and a great opportunity for me. They are open to learning and practicing new things. I am happy to share all my experience with them in order to contribute to their development.

A customer's view

Innovative efforts on producing raw materials for flavour should be pioneered. Aromsa should set an example in Turkey for maintaining environmental balances while producing raw materials through innovation

Health and Wellness

The World Health Organization points out to sugar and fat consumption as the responsible factors for excessive weight and obesity, and to high salt consumption for diseases such as cardiovascular diseases, heart attack and stomach cancer among others.[5] Consumers' diets vary and eating habits change as they become more conscious about their health and wellbeing. It is among the responsibilities of food companies to develop products for the customer's needs, and support customers on a balanced diet and fighting against obesity[6]. We develop complementary flavours to reduce the amount of fat, salt and sugar content of food products without compromising on the tastes that customers enjoy. In line with our responsibilities, we reduce the amount of fat, sugar and salt in order to improve and diversify product formulations. We develop solutions via our experienced taste experts who employ the leading-edge technology to have the most balanced taste profile for the respective products. In addition to those products, we work to design gluten-free products for celiac patients without compromising on taste.

R&D and Innovation Culture

Our laboratories and R&D center play a key role to recognize and spread the R&D and innovation as a culture. Our R&D Center consists of many departments such as Flavour Design, Flavour Application, Sauce Development, Analysis, Organic Synthesis, Extraction and Natural Ingredient Development, Thermal Processed Flavours, Flavour Information Center and Sensory Analysist. Each of these departments at the R&D and innovation center deliver innovative and proactive work in their own field with a focus on customers.

Departments at R&D and Innovation Center
Flavour Design
Flavour Application
Sauce Development
Analysis
Extraction and Natural Ingredient Development
Organic Synthesis
Thermal Processed Flavours
Flavour Information Center
Sensory Analysis
Technology Development

- In 2013, the R&D and Innovation Center was registered by the Turkish Ministry of Industry and Technology. We are one of the first producers entitled to an R&D center certificate among the Turkish food companies. At the R&D Center, we have many projects approved by TUBİTAK (Scientific and Technological Research Council of Turkey) and publications in scientific journals which are indexed SCI and SCI expanded.

5 https://www.who.int/news-room/fact-sheets/detail/salt-reduction
6 https://www.who.int/elena/titles/ssbs_childhood_obesity/en/

Aromsa Innovation Team brings together members from sales, marketing, flavour design, application, product and technology development departments who contribute to the annual target through their innovative product work.

Our R&D approach focuses on developing products that will best meet consumer expectations. As there may be subjective changes in flavours depending on the senses of smelling and tasting, we also conduct 'in vivo' analyses to identify differences among persons who consume flavoured products and to better meet the demands and requests of customers.

- **Innovative Flavour Days**

During the Innovative Flavour Days organized by Aromsa Innovation Team, we discover new flavours and tastes together. We focus on developing new product solutions based on consumer needs and demands as well as trends. We offer these products which include innovative ideas in terms of flavour and recipe to our business partners and aim to improve the synergy we have created and the benefit we provide.

Sensory Analysis

Sensory analysis is a discipline which measures, analyses and interprets reactions from the senses of sight, smell, taste, touch and hearing according to various properties of food. We conduct sensory analyses for many product groups in the food sector, provide guidance to our business partners and support them with confidence arising from our our expertise and know-how. Sensory Analysis allows for a clear identification of sensory properties of a product, achieving the targeted qualities in a product, shortening the product development process, an increased consumer trust in the company thanks to quality products, and a better understanding of consumer preferences.

— Featured Projects and Products

The projects, products and cooperation efforts we develop through R&D and innovation contribute to information and experience exchange in the sector and to improving national know-how. We have been involved in projects supported by TUBITAK- TEYDEB since 2005 to deliver long-term, scientific R&D studies and cooperation. Furthermore, we launch various innovation projects through both industry-university cooperation and industry-industry cooperation.

We created the Camarom® and Kapsarom® brands as a result of scientific studies.

- We have been involved in projects which aimed to deliver long-term and process-oriented R&D studies supported by TUBITAK- TEYDEB.

- **Projects in cooperation with TEYDEP:**

*Increasing the chewing efficiency of fruit-taste flavourings used in sweetened chewing gums and ensuring a long-term impact,

*Obtaining fluid extracts from vegetables and fruits to preserve the freshness and natural character of fruit and vegetable extracts using new technological methods, and producing 100% natural fruit-vegetable powders by drying fluid extracts via spray drying,

*Producing 100% pure hazelnut and pistachio extracts via supercritical extraction method without using solvents, creating their flavour profiles by advanced technology devices, and improving their use within flavours,

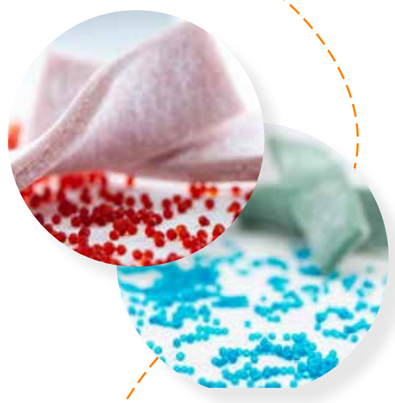
*Producing fruit powders to meet the need for high-cost fruit-based solid components through domestic production, and offering products to customers with significant advantages such as quick dissolution and little dusting.

- **Camarom®**

We add unique features to products with our Camarom® granule flavours developed with the advanced extrusion technology. Produced in different shapes, sizes and colors, Camarom® provides producers with ease in storage and production processes and adds a positive visual effect to any products it is used in.

- **Kapsarom®**

Microcapsule flavours under the brand Kapsarom® offer new opportunities for customers with their glossy looks, round shape, homogeneous size and different flavour release behavior. Microcapsule flavours filled with liquid flavour and surrounded by a hard shell have a core-shell structure and when broken during chewing, they release their unique flavour.



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EMPLOYEES

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We value people and develop together with our employees.

EMPLOYEES

Our employees are the driving force behind our success, contributing to the development of food industry and providing quick responses to future trends. We believe it is required to offer a happy working environment for improvement in order to fully provide extraordinary customer services and be the first solution partner to come to mind when flavours are concerned in all regions and countries we operate.

Since the first day our company was established, we have been working hard to become a preferred workplace which offers a good working environment by launching human resources practices that adopt and improve our innovative corporate culture and always prioritize employee health and safety. We operate according to the principle of right person for the right job. We believe success lies in a human resources approach that confides in inclusive governance. Accordingly, we establish the right communication channels and a mutual communication with our employees.

Our Human Resources Policy and values set a framework to protect employee and human rights in all regions and countries we operate implements our principle 'the right person for the right job'. Our employee practices support gender equality and decent working environments. We contribute to the Sustainable Development Goals with such an approach. As a sector leader in women's employment, we act on the basis of the principle of equality in all processes including but not limited to recruitment and promotions.

Diversity is a key value we care about. We adopt an inclusive management policy that accommodates different perspectives and opinions. We respect diversity in all human resources processes and pursue a zero tolerance policy against any kind of discrimination. Since 2016, we have been involved in the work of Women's Empowerment Principles (WEPs) Turkey Platform. As a signatory to WEPs, we aim to reinforce efforts within an international commitment.

At Aromsa, 70% of executives are women. Since our establishment, we have always maintained an equal ratio of male and female employees as well as equal opportunities for them. 49% of our workforce is comprised of women while 51% is male. Blue collars and white collars constitute 51% and 49% of our labor force respectively.

- You can access Aromsa's Human Resources Policy here.

— Talent Management

The global flavour industry grows each day with a dynamism that requires continuous innovation. Changing consumer trends and increasing customer demands require human resources that self-improve and rapidly adapt to change.

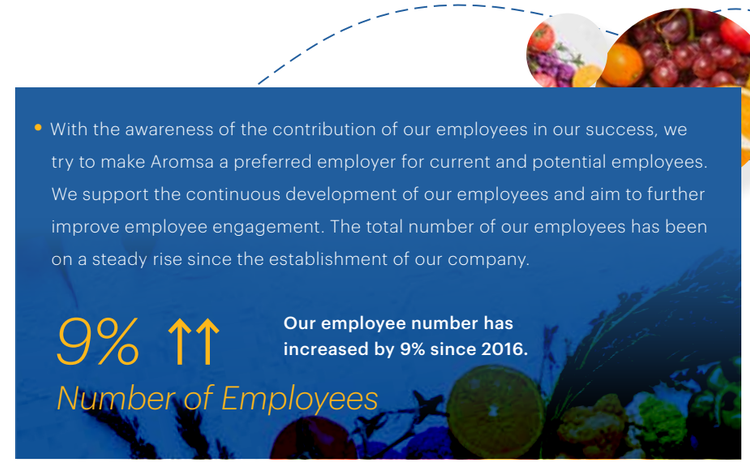
We believe that offering employees opportunities for their progression, evolve tools to facilitate their tracking of technological improvements and investing in their competences will take Aromsa forward. We support the development of individuals, mostly specialized engineers, with various knowledge, ability, experience and skill sets to render our labor force a qualified one, and consider employee development in parallel with our business and sustainability goals.

We support and focus on the professional and personal development of each employee. We aim to ensure constant learning and development on high priority and focus matters for our business, principally food safety and technical issues. As of 2018, we have increased the average hours of training per employee to 22 hours through the training events we offer. Furthermore, we have continued to support employee attendance in conferences, seminars, fairs and other learning opportunities and events. We have been holding 7 different English speaking classes in line with employees' proficiency levels since 2015 with a view to improve competencies of our employees for our global operations.

Employee development constitutes a critical part of our performance system. Our Performance Management System is a systematic tool used to identify areas to improve in order to assess and build on the performance of employees at any level. We inform employees on our corporate strategy and priorities, and measure their performance via objective methods. We support their contribution to the goals of their department and of the company as well as their potential to ensure they perform well, and hold feedback and exchange meetings to make this process an efficient communication tool.

We encourage our employees through a reward system in a way to ensure this contributes to corporate goals and their individual performance, and monitor their performance by using assessment processes based on objective criteria. Furthermore, as a part of our strategy development efforts, each blue-collar and white-collar employee has a balanced scorecard reflecting their competences in line with their positions. We hold performance appraisals twice a year and use different mechanisms to reward high-performing employees. All employees are evaluated with a mid-year and end of the year appraisal having face to face interviews. As of 2016, we evaluate the performance of all our employees. We have been monitoring and managing the system via the SAP Success Factors PYS Module since 2018. The performance management outcomes are used as input for Development Planning and Strategic Human Resources Planning, and Succession Planning processes.

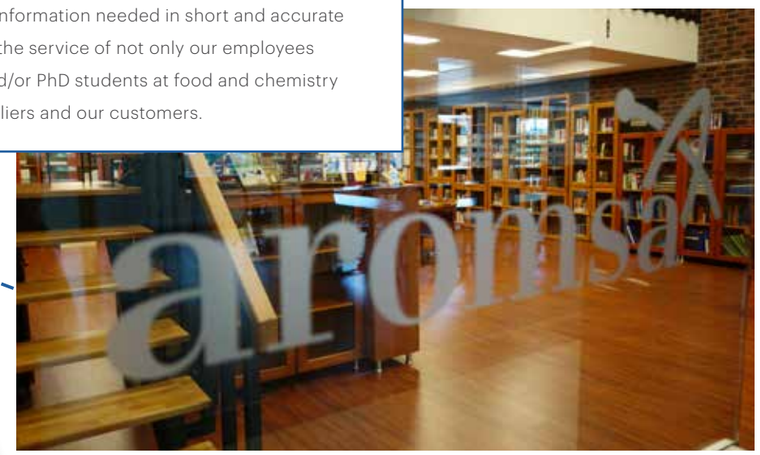
We set action plans in the light of our corporate culture profile which we created as a result of the Corporate Culture Surveys conducted since 2016 and the outcomes of leadership



- With the awareness of the contribution of our employees in our success, we try to make Aromsa a preferred employer for current and potential employees. We support the continuous development of our employees and aim to further improve employee engagement. The total number of our employees has been on a steady rise since the establishment of our company.

Our employee number has increased by 9% since 2016.

- We established Aromsa Information and Documentation Center to improve the knowledge of our employees on flavours and the food industry. We own a library which houses materials such as articles, periodicals and books. Therefore, we contribute to efforts to spread scientific and technological developments which closely concern our sector, improve access to related literature and enable employees in the sector to meet the information needed in short and accurate way. The sources at our library are at the service of not only our employees but also undergraduates, master's and/or PhD students at food and chemistry departments of universities, our suppliers and our customers.



- We hold a technical trainers event for our foremen and experts via the 4 ADIM® (4 Steps) method within the scope of the Technical Trainer Development Project.

effectiveness survey to continuously review our improvement.

We use the Succession Planning System to prepare employees for their future roles, ensure the continuity of employee learning and effectively fill in key positions with our own employees. To that end, we prepare detailed development plans for each employee. Each employee joining the system benefits opportunities such as training, rotation and promotion. We review and improve the Succession Planning System each year. In addition, we offer internship opportunities to students from universities and vocational high schools during winter and summer to prepare them for the business world and for any potential career opportunities at Aromsa. Each year, we offer internships to students at a number equal to 5% of the number of employees at Aromsa and offer job opportunities to such interns in line with the needs of the company.

- Improving and effectively assessing the leadership competences of employees is a vital part of our talent management approach. Since 2016, the Leadership Effectiveness Questionnaire and the Leadership Styles Questionnaire are applied every year to all managers and their line employees within the Aromsa Leadership Business Family. The surveys are applied to the direct reports and superiors of our executives and ask participants to consider 10 different leadership competences to evaluate the sub-behaviors of leaders regarding those competences. The averages of outcomes are submitted to the relevant leader as an individual outcome report. Subsequently, a training and development plan is devised in relation to competences having room for improvement. Trainings include Performance Assessment and Feedback, Leadership and Management of Interpersonal Relations.

— Occupational Health and Safety

As Aromsa, we are committed to provide a safe and healthy working environment for our employees and those who visit our facilities. Under our Occupational Health and Safety Policy, we implement occupational health and safety practices at our head office and production facilities that are in line with the legislation and international standards. Our Ethical Principles highlight the requirements of a safe and healthy working environment for all employees and business partners. All Aromsa facilities are managed in line with OHSAS 18001 Occupational Health and Safety Management System.

- You can access Aromsa's Occupational Health and Safety Policy here.

All employees are represented at the OHS Board via elected Employee Representatives.

Under our OHS Policy, we make risk assessment for employees, subcontractors, visitors and all stakeholders that our operations have an impact on, to minimize OHS risks. As part of our efforts, we identified hazardous areas where there is a possibility for some employees to work at a certain altitude. We invested in vacuum lifting systems to improve ergonomics for our employees. Thus, we prevented any risk of musculoskeletal problems on the part of our employees. We used various posters, banners and visuals at our factories to raise awareness on OHS. We have made significant progress in terms of reducing the frequency of accidents thanks to our preventive practices and increase of employee awareness. Up to today, no occupational diseases and fatal accidents were occured at Aromsa.

Once a year, we offer our employees a periodic medical examination as well as tests and screening for risky diseases with a scope that exceeds legal requirements. We also extend healthcare, education and social support for family members who have health problems and specifically the children, of our employees. Additionally, we have launched fitness and pilates classes to support the physical health of our employees. We make sure all employees undergo an extended periodic medical examination as a sign of the importance we attach to their health and quality of life.

We provide mandatory OHS trainings at the head office and factories in addition to practical OHS trainings and awareness raising events for employees and subcontractors. Our business partners and sub-contractors are not authorized to start working without attending the required trainings.

— Employee Satisfaction and Engagement

All Human Resources practices we launch, have a direct impact on the satisfaction and productivity of our employees. Our talent management approach as well as other opportunities enable employees to easily adapt to our corporate culture.

- **2016 employee engagement survey results show that we have attained an employee satisfaction of 61.9% among white collars and 60.7% among blue collars. Both rates show that we have surpassed the averages in Turkey, which stand at 60.9% for white collars and 52.3% for blue collars, according to the results from the survey of an independent research company. We will continue working to further improve these rates.**

As part of our culture, we make sure our labor force is comprised of individuals who are sensitive about social problems in a way to match Aromsa's corporate social responsibility approach, always improve themselves in interpersonal relations, support socially-useful projects and easily integrate themselves with social life. Active roles in different projects enable employees to improve their leadership and communication skills and help them discover new talents and interests as well as increase their motivation. Employee volunteering helps us improve our human resources and establish the working environment we desire.

We support and reward individual and team efforts to improve inclusion. Social and cultural events not only improve employee motivation and ensure interaction but also strengthen internal communication. Furthermore, we offer platforms to our employees on which they can share their suggestions, ideas and opinions for an efficient communication. We support employee participation in the practices of suggestion boxes, ASITs (Aromsa Improvement Teams) and Project Teams to contribute to business processes.

Established and managed by our employees, the Happy Employees Club meets for social activities, organizes trainings and events in a range of fields such as theater, photography, reading, travelling and chess, and focuses on how to combine these efforts with social awareness work. For instance, the Theater Club is currently rehearsing a Shakespeare play which they intend to stage in 2019 with all the proceeds to be donated to Koruncuk Foundation (Turkish Foundation for Children in Need of Protection).

Employees share their knowledge, experience and skills with vocational high school students under the OSGD (Private Sector Volunteers Association) Vocational High School Coaching Program. We extend coaching support to the program to share and increase our knowledge and experience. Furthermore, hundreds of students pay technical visits to Aromsa each year to meet our employees. To that end, we hosted a total of 12 university and high school visits and met 300 students in 2018.

Opinions of our Employees

Mar GARCIMARTIN

My name is Mar. I have been working in the flavour sector for 24 years. I completed my master's degree in Food Science in UK and bachelor's degree in Chemistry in Spain. Afterwards, I came to Turkey to work at Aromsa. As the Quality Control Group Manager, I have the chance to see and taste all flavours that Aromsa produces. I am proud to witness the increasing product diversity at our company in time thanks to new technologies.

Aromsa's international structure facilitates the adaptation of expats to working here. I have been involved in the organizational development for the quality department at Aromsa since the establishment of the department. As it grew, the company never compromised on quality and always included its vision to produce quality products. That is why I have always loved and believed in my job. Aromsa attaches importance on and prioritizes employee satisfaction, and offers opportunities for young employees. Throughout all those years I have contributed to the development of tens of young and dynamic technicians, I have felt responsible and taken pleasure as well. We felt together what quality meant. Later on, they were assigned to the R&D department and I witnessed their success as flavourists and their ability to sustain the principles they had learnt. As an industry leader, Aromsa focuses on its employees to sustain its success and that makes me feel lucky to work here.

Mehmet AK

My name is Mehmet Ak. I am a food engineer. Following my PhD, I worked at a university as an a professor for about 6 years. I started working for Aromsa almost 20 years ago. I am currently the Technology Development Director. Aromsa is equally good as a university in terms of scientific environment.

Our team comprises of food engineers, chemists and operators, and conducts research on flavour encapsulation. Encapsulation technology converts liquid flavours into solid form and has seen major developments in years. The primary aim of encapsulation technology today is to allow controlled release.

We closely monitor scientific developments and add the imagination of young employees on top of that to develop different encapsulated flavours to meet to the challenging demands from customers. Two of such products are marketed under the trade names Camarom® and Kapsarom® to add taste to various food.

Aromsa offers well-educated, curious young people an environment in which they can practice what they learnt at school and, more importantly, learn new things.

This year, 33 employees were sponsored by Aromsa to attend Adım Adım (Step by Step) charity run to support Koruncuk Foundation. This social responsibility project enabled Aromsa to meet one year's care and treatment expenses for seven children through the donations received over social media. We shared the pride of this achievement with all employees.

Our employees donate clothes and toys to the Store of Love (Sevgi Mağazası) of Kadıköy Municipality every month. Moreover, we donate cleaning materials and stationery supplies to Kirazpınar Primary School on a quarterly basis. We set a laboratory at Tadım Jale Yücel Vocational High School and provide training on equipment use and technical matters to support students and teachers at the same time.

Electric and electronic wastes from employees' houses and our company have been used to contribute to afforestation projects by TEMA (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) since 2014. As of 2019, we will be donating all electronic wastes to Bir Dileğim Var (I Have a Wish) project.

We also support animal shelters under our social responsibility approach. We donated food to Büyükada Animal Shelter and GOSB dog feeding points.

Employee Opinion

Only volunteers among the employees can internalize sustainability. And only these volunteers may understand and explain the Global Goals through projects.

- We make social contributions not only on an individual basis but also on a corporate basis. In 2018, we offered scholarships to a total of 20 students via ÇYDD (Association for Supporting Contemporary Life) and we plan to increase the number of scholarships each year. We were the main sponsor for the Gala Concert by İstanbul Philharmonic Society, which was held in November 2018 in support of the education of young musicians.

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ENVIRONMENTAL **IMPACT**

We respect the nature and reduce our impact on the environment.

ENVIRONMENTAL **IMPACT**

As the leading company in flavour production, we are aware that we need to protect natural resources in a way to ensure business continuity in the future and as part of our responsibility for future generations. Agricultural products are among the main inputs for our production. To procure them, it is critical to secure soil health and the sufficiency of water resources. Under our Environmental Policy, we work to reduce energy consumption and carbon footprint, effectively manage water and wastes, and maximize our operational efficiency. To do that, we focus on combating climate change, a priority for us, as well as energy management and operational efficiency.

We deliver our operations in line with international standards in order to attain our goals. All Aromsa production facilities have ISO 14001 Environmental Management System certificates while four factories have ISO 14064 Greenhouse Gas Management certificates. In 2011, we received the Environmental Incentive Award in Large Enterprises Category by Kocaeli

- You can access Aromsa's Environmental Policy here.

Chamber of Industry. We monitor our environmental impact and develop improving solutions accordingly.

Our products are used in nearly 70 countries today and our global market share grows consistently. As our operational sphere of influence also expands, we care about contributing to Sustainable Development Goals. Within the Global Goals, particularly Responsible Consumption and Production and Climate Action guide our work.

- We are awarded with the Environmental Incentive in Large Enterprises Category by Kocaeli Chamber of Industry

— Climate Change and Energy Management

The private sector has a major responsibility for climate change that is one of the biggest environmental issues on a global scale. Aware of this fact, we developed the approach for Combating Climate Change and Carbon Management under our Environmental Policy. To that end, we have been validating in accordance with ISO 14064-1[7] standard since 2013. This standard specifies the requirements for setting GHG emission limits, calculating an organization's GHG emissions and removals, and defining an organization's special measures or activities in order to improve GHG management. Since 2013, we have been tracking and monitoring GHG emission data. In the next 5 years, we plan to reduce our CO_2 emissions by 10% compared to today. Moreover, we launched the digital transformation process together with the team we established in order to manage our projects to increase efficiency and savings.

We calculate the GHG emission data from our operations within the framework of Scope 1, Scope 2 and Scope 3, and closely monitor our impacts. We develop projects to reduce energy consumption in production processes and deliver low-carbon production. We train our employees on climate change and low-carbon production. We provide general training courses on environment at local schools and aim to raise awareness on waste management and climate change. We are carrying out various studies to increase energy efficiency in our factories. By reducing the amount of natural gas consumed by the hot water boiler through obtaining hot water from the waste heat of the compressed air compressor, we saved 35,000 m³ of natural gas per year. We installed transparent roof panels on roofs and reduced both the need for lighting during the day and electricity consumption. As a result, we saved about 60,000 kWh of electric energy annually. We replaced industrial fixtures at factories with LED fixtures to save almost 75,000 kWh of electric energy annually. Furthermore, we regularly check the steam generators, hot water boilers and hot oil boilers, each of which applies as a combustion process and is used to generate the steam and hot water required in production. We analyze the flue gases from combustion and measure combustion efficiency. Analysis results are taken into consideration in adjusting the combustion settings in a way to ensure the ideal fuel and air ratio for the system.

In addition, we analyze orders on a customer basis and provide close shipment dates. This reduces the number of shipments and prevents significant fuel consumption which leads to a saving in transportation costs and reduces related GHG emissions.

As of 2016, we have started to evaluate our environmental activities via Ecovadis, the international environmental and social performance assessment platform which we joined in line with our continuous improvement efforts. We attended the Climate Change Program by the Carbon Disclosure Project (CDP) in 2016 and 2017. During that period, we were among the companies which transparently shared its environmental performance in CDP Turkey Climate Change Reports[8].

LEED Candidate Environmentally Friendly Building: Aromsa 6

Our new management building is now under construction in accordance with the Leadership in Energy and Environmental Design (LEED)[9] criteria of the U.S. Green Building Council (USGBC), the most preferred environmentally-sensitive building certificate in the world. The project is called Aromsa 6 and stands as a candidate for LEED v4 Platinum Certificate, the highest level LEED certificate. We aim to comply with the LEED criteria in the design and construction of Aromsa 6 project to minimize the negative environmental impact of building construction, reduce operational costs of buildings via the strategies and systems implemented, save energy, reduce water consumption and create a user-friendly and comfortable working space. The project that will contain various functions including management offices, R&D and innovation centre and application studio is planned to be completed in 2019.

- Aromsa uses highly green construction materials to improve the building's thermal performance and minimize energy consumption. Light and reflective colors are preferred for decoration and internal structures to ensure lower electricity consumption for lighting. Furthermore, there are plans to build a landscape garden and an organic orchard on the terrace of the building. Electricity consumption within the building will be minimized through the use of energy and lighting automation systems as well as LED lighting to save energy. Photovoltaic power generation technology is installed on the roof to convert solar energy into electricity, to help us meet a certain amount of the needed electricity through renewable energy resources.

7 ISO 14064-1 Greenhouse Gases -- Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals: https://www.iso.org/standard/38381.html

8 https://cdpturkey.sabanciuniv.edu/tr/raporlar

9 https://new.usgbc.org/leed

Management of Odor Emissions

We aim to eliminate all kinds of negative environmental impact from our operations. An expert technical team led by the Environmental Department had taken measures against odor until the deodorization systems were put into practice. To that end, any odors felt noticeably around the factory were recorded. Various domestic and international solutions were considered in relation to deodorization systems. The most optimal system was selected and applied, taking into account the environmental impacts of the system.

Thus, in 2018 we ended our odor control and precaution studies which were ongoing since 2013. We have installed wet scrubber systems on all flue gass chimneys causing odor. In addition, we use active carbon filters on production ventilation chimneys as a measure for deodorization. We made large scale investments in the management of odor emissions. The precautions that have been implemented since 2013 and the active use of current systems enabled us to control and keep odor at a level that will not cause any environmental disturbance. In the upcoming period, we plan to continuously improve current systems for deodorization.

Water and Waste Management

Depletion of water resources and drought are among the serious consequences of climate change. Under our Water and Energy Policy, we pursue an efficient management approach in terms of the use of water, a main resource for our operations, to mitigate the negative impacts of climate change.

We prioritize water savings in production planning. We evaluate orders with different codes on the basis of product groups and plan days on a group basis such as strawberry, banana, orange and lemon to reduce water consumption. We detect water leaks and leakages at an early phase thanks to periodical maintenance operations and employees awareness and run improvements. Although the wet scrubber system commissioned in early 2018 for odor management is the one that consumes the highest amount of water among the existing systems, we have been able to reduce our water consumption by 20.24% in 2018 compared to 2016. Furthermore, we started to use aerators, a device installed on the faucet head to ensure water savings by 70%, in October 2018 at our factories.

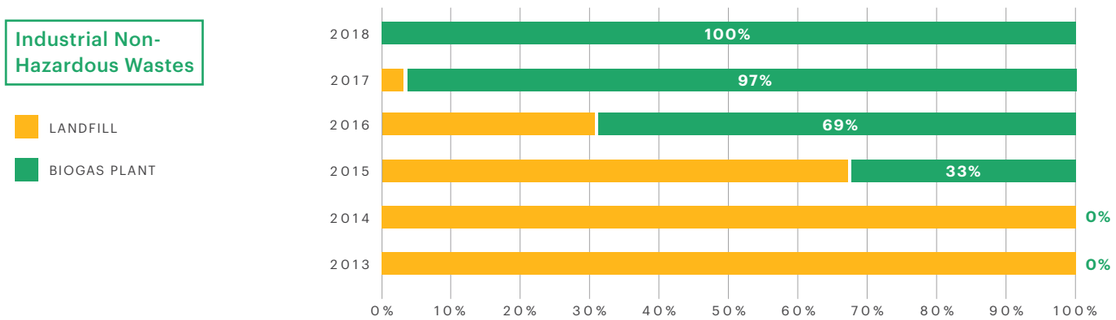
In 2018, we launched a pilot project at one of our factories to allow for using the final rinsing water in machinery as the first cleaning water for the next washing procedure in order to ensure water savings in Clean In Place (CIP) lines.

We used to treat waste water from factory operations in two separate facilities before 2011. The new waste water treatment plant designed in line with the increasing product diversity and capacity started to operate in 2011. This enabled us to make energy savings and reduce the use of treatment chemicals by 32.4%. Household and industrial waste water from factories are pre-treated chemically and biologically at the treatment plant before being discharged into the waste water line of the waste treatment plant at Gebze Organized Industrial Zone (GOSB). We monitor the efficiency of our waste water treatment plant through analyses conducted at our corporate environmental laboratory after samples are collected three days a week as well as legally-required analyses conducted by GOSB over the treated water samples collected twice a month.

- You can access Aromsa's Water and Energy Policy here.

Taking into account the principle of zero waste, waste management has become an integral part of our corporate culture. Our environmental goals applicable in any year include waste sorting containers located indoors and outdoors at easily accessible locations by employees, hazardous and non-hazardous waste storage areas, waste reduction practices at source, cooperation with licensed recycling and disposal facilities, and best practices in line with legal regulations. We prefer recycled packaging with the highest recycling rate possible. In recent years, we have been sending industrial organic wastes to biogas plants instead of landfill sites to benefit them for the purposes of energy recovery. As a result of our work to this end, we have reached a point in which we send all of our industrial organic wastes to a biogas plant as of the end of 2018. Furthermore, we train all employees and subcontractors on waste management practices, environmental sustainability and savings at least once a year.

Industrial Non-Hazardous Wastes



We also published our Environmental Benefit Report, a product of the liabilities we fulfilled in line with the nine-year contracts covering the period 2010-2018 with the Foundation for Environmental Protection and Evaluation of Packaging Wastes (ÇEVKO).

Materials	Paper Cardboard, Composite-Paper-Cardboard Based, Wood	Aluminum, Steel-Tin, Paper Cardboard, Glass, Composite-Paper-Cardboard Based, Plastic	All Materials	Plastic	Paper Cardboard, Composite-Paper-Cardboard-Based
As a result of the contracts we have so far signed with ÇEVKO, a total of	*14,195* trees were saved from cutting. *283 decares of forest land*	*8,241,274* kw/h of electricity was saved. *Annual electricity consumption of 2,984 families*	*8,964* m^3 of storage space volume was saved. *Volume equals to 3 Olympic swimming pools*	*263,952* liters of fossil fuel were saved. *5,865 automobile fuel tanks*	*21,884,870* m^3 of water was saved. *Annual water consumption of 124 families.*

- In the scope of our membership to Materials Marketplace digital platform, we started to deliver our wastes to a food company, also a licensed biogas plant, that is closer than the biogas plant we cooperated with. This enabled us to reduce our GHG emissions from transportation.

This year, for a better waste management we joined the Materials Marketplace[10] digital platform as a member. The platform aims to use raw materials, surplus production and leftover materials from a company's production as input in another company's production. We established our first cooperation over this platform. We started to deliver our wastes to a food company, also a licensed biogas plant, that is closer than the biogas plant we cooperated with. This enabled us to reduce our GHG emissions from transportation.

10 http://turkey.materialsmarketplace.org/

PERFORMANCE **INDICATORS**

Social Performance Indicators

Employees by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Employee ratios	49%	51%	51%	49%	49%	51%

Employees by Category*	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Blue Collar	20%	80%	22%	78%	20%	80%
White Collar	76%	24%	80%	20%	76%	24%

*There are no employees under Collective Labor Agreements.

New Employees by Gender and Age	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Between 30 and 50	18%	16%	14%	31%	14%	50%
30 and Under	23%	43%	22%	33%	16%	20%

Employees who Quit Work by Gender and Age	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
50 and Above	3%	3%	6%	3%	19%	7%
Between 30 and 50	28%	25%	6%	50%	15%	33%
30 and Under	16%	25%	6%	29%	11%	15%

Occupational Health and Safety	2016	2017	2018
Accident Frequency Rate*	11.28	11.93	3.48
Occupational Disease Rate	0	0	0
Number of Fatal Accidents	0	0	0

* Accident Frequency Rate= Number of Accidents Resulting in Loss of Working Days x 1,000,000 / Total working hours

Environmental Performance Indicators

	2016	2017	2018
Energy Density (kwh / ton of production)	1,426	1,504	1,628

	2016	2017	2018**
Greenhouse Gas Emission Concentration* (tCO_2e / ton of production)	0.438	0.478	0.554

*Values include Scope 1 + 2 calculations for factories 1, 2, 3 and 4.
** 2018 values will receive assurance in October 2019.

	2016	2017	2018
Water consumption intensity (m^3 / ton of production)	8.50	6.26	7.51

Ratio of hazardous wastes to production quantities (tons of waste/tons of production)	2016	2017	2018
Hazardous waste	0.008341	0.009555	0.009053
Recycled waste	0.006656	0.007037	0.006757
Waste-to-energy	0.000203	0.000474	0.000332
Other (incineration)	0.001476	0.002032	0.001962

Ratio of non-hazardous wastes to production quantities (tons of waste/tons of production)	2016	2017	2018
Non-hazardous waste	0.047175	0.049906	0.054510
Sent to landfill	0.010868	0.008943	0.007304
Recycled waste	0.025913	0.029007	0.031745
Energy recovery (biogas plant)	0.007323	0.008981	0.009617
Other (sludge incineration)	0.003071	0.002975	0.005844

GRI CONTENT
INDEX

GRI Standard	References	Omission reason
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational Profile		
102-1	3	
102-2	8	
102-3	52, http://www.aromsa.com/contact-details	
102-4	8	
102-5	Not a publicly traded cooperation.	
102-6	8	
102-7	48	
102-8	48	
102-9	21-25	
102-10	There is no significant change.	
102-11	12	
102-12	17	
102-13	17	
Strategy		
102-14	6	
Ethics and Integrity		
102-16	9	
Governance		
102-18	12	
102-19	12	
102-20	12	
102-21	15-16	
102-22	12	
102-23	12	
102-24	12	
102-25	None.	
102-35	None.	

Stakeholders Analysis		
102-40	16	
102-41	None.	
102-42	15	
102-43	15	
102-44	15	
Reporting		
102-45	None.	
102-46	3-5	
102-47	15	
102-48	None.	
102-49	None.	
102-50	3	
102-51	None.	
102-52	This is the first sustainability report, reporting will be done biyearly.	
102-53	3	
102-54	3	
102-55	51	
102-56	No external assurance.	

Aromsa 2018
Sustainability Report

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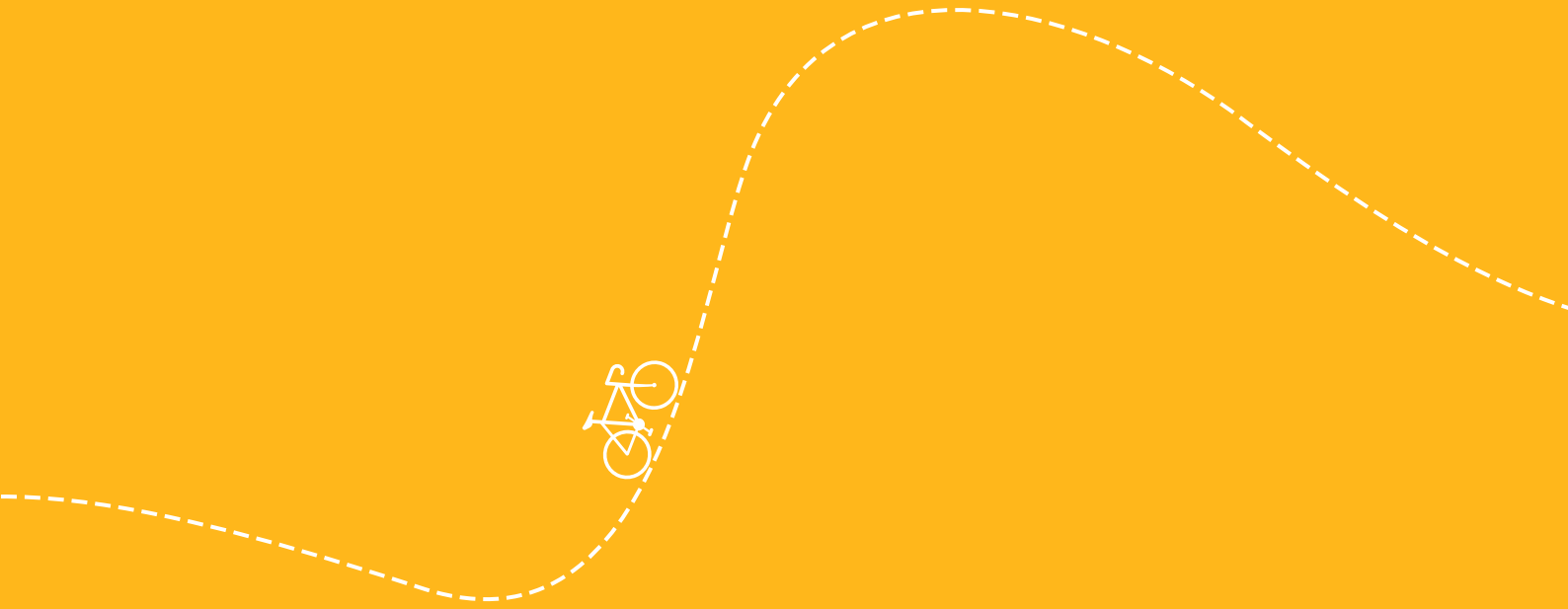

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