

ZORLU TEXTILE

# SUSTAINABILITY REPORT



KORTEKS | ZORLUTEKS

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KORTEKS | ZORLUTEKS

2021

SUSTAINABILITY  
REPORT

# REPORT OVERVIEW



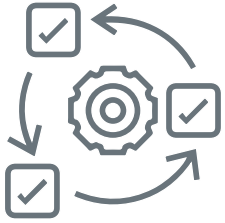
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GRI 2-1, 2-2, 2-3

# Report Overview



**Zorlu Textile Group believes that it is important and necessary to carry out the entire process in a transparent manner and to have effective communication with stakeholders in order to get the most effective results and achieve a positive outcome in the sustainability journey.**

As part of its commitment to the environment and future generations, Zorlu Textile Group has accelerated its sustainability initiatives, while also leveraging its intellectual and innovative capabilities to better respond to customer needs. As a result of such efforts, the Group is sharing its sustainability strategy as well as its achievements along this journey with you, our valued stakeholders through the publication of this first sustainability report, which covers the period from January to December 2021 for Zorluteks and Korteks locations in Lüleburgaz, Bursa Dokuma, Hometeks, and Istanbul, and was published in conformity with the core option of the GRI Standards released by the Global Reporting Initiative (GRI).

Zorlu Textile Group is aware that a single report will not suffice to express its sensitivity and responsibilities to such issues, given the extent of environmental and social problems today. For this reason, the Group undertakes to periodically update its sustainability report, to keep improving the report, to follow a more responsible production approach towards the environment and society with innovative solutions, and to share information about its sustainability projects in its processes in a transparent manner on an annual basis.

Zorlu Textile Group believes that it is important and necessary to carry out the entire process in a transparent manner and to have effective communication with stakeholders in order to get the most effective results and achieve a positive outcome in the sustainability journey. In this context, with excitement and pride, the Group hereby proudly shares its 2021 Sustainability Report, which it considers as the first step in sharing this sustainability journey, through its corporate websites <https://www.korteks.com.tr/tr> and <https://www.zorlutekstil.com.tr/>.

Stakeholder feedback is extremely valuable and important for Zorlu Textile Group. We welcome comments and questions regarding this report and our sustainability efforts through the following e-mail address:

**[zorlutekstilsurdurulebilirlik@zorlu.com](mailto:zorlutekstilsurdurulebilirlik@zorlu.com)**





GRI 2-22

# Message from the Top Management



## Dear Stakeholders,

Our journey started with two weaving looms in the Babadağ district of Denizli in 1953, and we are now proud to be a pioneer in the industry. At Zorluteks, Europe's largest integrated producer of cotton home textiles and polyester yarns, and at Korteks, Europe's largest integrated and innovative polyester yarn production facility, we continue to be a preferred supplier thanks to our high production capacity and qualified workforce.

The climate crisis, which threatens the whole world, continues to remind itself with more and more visible results. The increase in the frequency of natural disasters, especially fires and floods, warns us to act as soon as possible. As part of our responsibility towards such issues, we have been working hard to fulfill our responsibility by accelerating our efforts. In line with the Smart Life 2030 strategy of Zorlu Holding, of which we are a subsidiary, we strive to meet the target of achieving net zero in scope 1 and 2 emissions by 2030, and we carry out all our work in line with this roadmap. We increase the proportion of sustainable products in our portfolio by investing in more efficient processes to reduce our environmental impact. While we provide resource efficiency with the REPET Chips we produce at Korteks' Polymer

Recycling Facility, at Zorluteks, we have started generating our electricity from renewable resources as of 2021, moving away from fossil-based sources.

We are aware that to be a sustainable organization, it would not be adequate to only improve on environmental issues. In this context, we have succeeded in creating a positive social impact and distinguishing ourselves from our competitors in the industry, with the value we place on people. Zorlu Textile Group employees are the architects of our success today. We see it as our duty to both increase the well-being of our employees and provide them with a safe and peaceful working environment. Fully aware of the importance of working with a highly motivated and qualified workforce, we offer all our employees a developmental and innovative working culture.

Although we are very proud of our achievements to date at Zorlu Textile Group, we continue to work and carry out our operations believing that better is always possible. In this, we are inspired by our stakeholders, who look at us from the same perspective and have the same mission, in order to protect our core values in the regions where we operate and to implement our ideas on sustainability. We proudly support the missions and goals of different initiatives

that we are a signatory to, such as the UN Global Compact, ZDHC, BCI, OEKO-TeEX, and we know that cooperation is the key to a sustainable future.

At Zorlu Textile Group, we work to respond to the needs of our valued stakeholders at the highest level, and we attach great importance to incorporating your feedback into our business processes. In this context, I would like to thank you for your valuable cooperation and for taking the time to review our current performance, which we presented transparently in this first sustainability report of Zorlu Textile Group.

Kind regards,

**Necat Altin**

**Textile Group President, Zorlu Holding**

GRI 2-1, 2-2, 2-6, 2-7

# Zorlu Textile Group at a Glance

Focusing on creating innovative solutions since its foundation, Zorlu Textile Group has succeeded in becoming one of the world's leading home textiles manufacturers. In addition, thanks to its pioneering spirit that sets an example for other organizations in the industry, it is always very proud to be a preferred supplier.



## KORTEKS

- 2,329 employees
- Polymer Chips: 580 tons/day
- Pre-Oriented Yarn (POY): 400 tons/day
- Fully Drawn Yarn (FDY): 120 tons/day
- Fancy Twisted Yarns: 25 tons/day
- Mono Filament Yarns: 2 tons/day
- Textured Yarn: 340 tons/day
- Elastane Yarn: 50 tons/day
- Air Textured Yarn: 10 tons/day
- Recycled Polymer Chips: 20 tons/day
- Average training hours per employee: 18 saat/yıl
- 90% of sourcing from local suppliers



## ZORLUTEKS

- 3,329 employees
- 170.000 tons/year production capacity in yarns
- Exports to 57 countries on 5 continents
- Strong innovative solution capacity with 1 R&D and 2 design centers approved by the Ministry of Industry and Technology
- 40% female employment
- Average training hours per employee: 10.67 hours/year
- 86% of sourcing from local suppliers
- Sales through 7 channels

GRI 2-1, 2-6, 2-11, 2-23, 2-24

# Corporate Profile



The foundations of Zorlu Group were laid in 1953, when Mr. Mehmet Zorlu founded a company with two weaving looms in the Babadağ district of Denizli. Zeki and Ahmet Zorlu, sons of Mehmet Zorlu, opened the first shop in Trabzon after Denizli, and after Ahmet Zorlu moved to Istanbul, contract textile products manufactured in Denizli and Bursa started to be marketed in Trabzon and Istanbul.

Zorlu Group, which started its operations as a family business about 70 years ago, has turned into a giant group that has more than 30 thousand employees and 60 companies by displaying a strong example of institutionalization.

Zorlu Group's operations in home textiles have grown rapidly over the years, now reaching to four continents, beyond the borders of Turkey. Today, Zorlu Textile Group has become one of the world's leading home textiles manufacturers, with approximately 6,000 employees and an indoors production area of 800,000 m<sup>2</sup>.

Korteks, a subsidiary of the Group, was founded in Bursa in 1989 to meet the high-quality polyester

yarn needs of the Turkish textile industry. Korteks, which has a total production area of 352.000 m<sup>2</sup> and an annual polymer production capacity of 200 thousand tons, continues its polyester filament yarn productions at 3 different polymer production facilities and 7 different production operations.

The first of the production facilities is the Emre Facility, which was launched in 1989 and produces with a polymer capacity of 80 tons/day. The Berkun Facility, which was launched in 1998 and produced with a polymer capacity of 500 tons/day, was the second facility that started operations. The Polymer Recycling Facility, which was launched in 2021 with a capacity of 20 tons/day, broke new ground in Turkey and succeeded in producing rPET Chips, the raw material of polyester filament yarn, from PET bottles and other production waste yarns. Thanks to the Polymer Recycling facility, the Group contributes to the reduction of the environmental impact of plastic waste, which has increasingly become a global issue, and the resources are used efficiently.

With 2,300 employees, Korteks is one of the leading Turkish production facilities, especially in

technical textiles. All of the production facilities have been designed in such a way that they can produce high-quality and specialty filament yarns such as "high count & micro count".

Korteks, the largest integrated and innovative polyester yarn production center in Europe, exports its products in the Turkish textile industry to 5 continents in the world, as well as more than 30 provinces in Turkey, and prioritizes customer satisfaction at every stage. Offering 85% of its total production to the domestic market, Korteks exports to nearly 50 countries including Germany, Belgium, England, Italy, Spain, France, Poland, Egypt, USA, Russia, Canada, Mexico and South Africa.

Zorluteks, one of the global and leading companies in home textiles with its curtain and home textiles production facilities, marketing company and world-renowned brands, has high production capacity in its giant production facilities, offering employment for approximately 4,000 people, superior product quality, and attaching importance to the environment, employee health and working

conditions, is among the world's most modern and largest integrated textile facilities. Zorluteks, the largest integrated manufacturer of cotton and polyester home textiles in Europe, is the first manufacturer in Turkey to produce 100% organic home textiles products with a Global Organic Textile Standard-GOTS certificate. It has also proven that it is a sustainable production facility with the STeP by OEKO-TEX® certificate at Level 3, which is the highest level, in 2020.

The Group is the leader of the Turkish home textiles industry with its TAÇ branded drapery and bedding sets. With Linens, Turkey's only international home textiles chain store, Zorlu Textile Group brought an innovative and pioneering home textiles retailing approach to the industry. The Valeron brand developed by the Group was first introduced in the European market and then presented to the domestic market. Valeron, with its high-end luxury home textiles products, continues its operations in a very wide geography as a global brand today.



# Vision, Mission and Values

Zorlu Textile Group, a subsidiary of Zorlu Holding, works to make sustainability a way of doing business with its Smart Life 2030 sustainability vision, to realize the dream of a better future fed by innovative and technological innovations by designing a smarter life for its stakeholders, and to create lasting value. As an innovative organization that adapts rapidly to technological developments and communicates its vision to all its stakeholders, Zorlu Holding focuses on creating sustainable solutions based on the future well-being of people, society and the planet. In this long-lasting journey, Smart Life 2030 vision sits on three main axes: "employees", "environment" and "society".

Zorlu Textile Group, a home textiles manufacturer and exporter, has adopted the concept of "Regenerative Textiles for Nature and Humans" with the aim of a livable future. Bringing innovation to life in all its production processes, Zorlu Textile Group aims to be one of the most important parts of life, welfare and healthy living

as well as well-being. Zorlu Textile Group aims to contribute to its self-renewal capacity, which is a natural process, rather than just using every resource consciously and efficiently. Continuing to create value for the nature and humans with this approach, Zorlu Textile Group also addresses the needs of consumers within the scope of sustainable consumption. Zorlu Textile Group continues its efforts for a better future in line with both its own values and Zorlu Holding's strategies.

## Vision



**To strengthen our leading position in our industry in Turkey and to ensure sustainable growth as the first preferred brand in world markets by creating new usage.**

## Mission



**To produce innovative products with high quality that will increase our product range by developing our talent and experience in the field with our investments in advanced technology and education; to satisfy our customers with environmental and social responsibility awareness.**



# Milestones

## KORTEKS

**1989**

25 tons/day capacity yarn production started under the brand name of Taç İplik.

**1990**

POY production from chips was launched and POY production started with a capacity of 18 tons/day.

**1993**

Production of Polymer Chips and POY Yarns launched with a capacity of 80 tons/day.

**1998**

Production started with Polycondensation, POY and FDY units with 500 tons/day capacity. This made KORTEKS the world's largest capacity continuous polycondensation and direct dope dyed POY-FDY production facility on a single line.

Product range was increased from plain yarns to twisted (textured to twisted), crêpe yarns, fancy yarns, shaggy, fancy embroidery yarns with a capacity of 22 tons/day.

**2007**

Mono Yarn Production Facility was commissioned.

**2006**

Textured Yarn Automatic Packaging line was commissioned, with no-touch packaging being possible.

**2002**

Air Texturing Yarn machine was installed.  
Installation of AFK Texturing Machines with a capacity of 180 tons/day was completed.

**2002**

The POY Packaging Automation line was launched, with no-touch packaging being possible starting from the machine.

**2001**

Pilot Machinery Installations were carried out in order to realize R&D and Product Development projects.

**2000**

Muratec Textured Yarns Machinery was installed, with a capacity of 110 tons/day.

**2008**

Masterbatch Production Facility was launched in order to increase the range of Dope Dyed yarns.

**2015**

R&D Center was established.

**2016**

Korteks became the first Integrated polyester yarn company to establish "IATF 16949 Automotive Management System" in the industry.

**2017**

35 new texturing machines were installed.

**2021**

Within the context of circular economy, the Polymer Recycling Facility was launched for the production of R-Pet chips, the main raw material of polyester, from PET bottles and production waste yarns, and chips and yarn production started under the brand name of Taç Reborn.

Korteks became the first polyester yarn company in the world to receive an Environmental Product Declaration (EPD) certificate by completing Life Cycle Assessment (LCA) studies in 4 different product categories.

# Milestones

## ZORLUTEKS



GRI 2-15, 2-20, 2-23, 2-24, 2-26, 2-27, 3-3, 205-1, 205-2

# Ethical Principles and Transparency

Zorlu Textile Group carries out all its projects in line with the “Zorlu Holding Ethical Principles”. Ethical principles are a set of indispensable rules based on “integrity” and “honesty” created to regulate internal relations as well as relations of the company and all employees with customers, suppliers and other stakeholders in order to increase service quality, and improve efficiency in protecting assets and resources. The Ethical Principles are communicated to each newly recruited employee through the orientation program and a letter of undertaking is received from them confirming that they acknowledge that these rules will be considered an integral part of the employment contract.

As an organization responsible towards the society, the ultimate purpose of Zorlu Holding's Ethical Principles is to write down the code of conduct in order to create a common corporate culture on business ethics, and to increase the awareness of employees and stakeholders. In this context, human rights and the dignity of all employees are respected, employees are treated within the framework of the principles of equality and honesty, and all applicable laws and regulations are followed to create a safe

and healthy working environment, aiming to set examples of good practice. Also, no intimidation through physical, sexual and psychological harassment and violence that cause anxiety are tolerated. It is ensured that personal rights of employees are exercised completely and that personal values are not violated by various forms of psychological distress and harassment.

The issue of corporate and personal conflict of interest is also taken into consideration, and in case of detection and proof of violations that will affect the core operations and financial statements of the organization, result in the violation of laws, damage the corporate image and/or benefit the employee due to their position and function in the organization, applicable laws and regulations are complied with. In this context, no discounts or benefits that may be perceived as inappropriate are requested from Zorlu Group Companies or natural or legal persons with whom it has a corporate business relationship, and no personal borrowing and lending is made with third parties (suppliers and business partners, dealers, authorized dealers and authorized after-sale points, etc.) including without limitation any direct and indirect customers.





GRI 2-6

# Products and Services

## Korteks

Korteks’ range of 2,500 polyester yarn products, synthesized with natural and functional properties, serve customers in many segments, from ready-made clothing (sports and casual wear), to the automotive industry and medical textiles.

These products, which are offered as highly competitive in textile markets, are used in a range of areas including upholstery, carpets, towels, medical products, fleece, top and sportswear, outdoor, seats, ceilings and floor coverings. Today, it offers many products including super bright, semi-matt polyester textile chips and super bright/ matt/semi-matt/full matte ecru and polymer-dyed polyester POY, FDY, textured, elastane, air-textured, plain, bobbin-dyed and twisted, monofilament yarns under the brand name of TAÇ.

As a company that aims to grow with customer-focused, innovative and value-added products, Korteks also increases its R&D investments and maintains its goal of developing and producing innovative, world-class products in line with demands and needs, in parallel with increasing diversity and quality in production. In this context, TAÇ Antistatic yarns, which prevent all kinds of static electricity, dust collection and adhesion

to the human body; TAÇ UV Resistant yarns, which are developed for outdoor fabrics such as awnings, tarpaulins, garden furniture and which lose their strength or fade due to sunlight; TAÇ Flame Retardant yarns, which provide permanent flame retardancy to the textile products they are used with; and DRY TOUCH®, which a certified performance fabric brand that facilitates moisture and air transfer with its ducted fibers, are among the top products of this category.

Korteks, which also develops many products for the automotive industry, provides fast, flexible and reliable services by working in continuous cooperation with customers from the design stage to mass production of automotive fabric projects. Today, the yarns produced for this purpose are used in the projects of the world’s top automobile brands by fabric manufacturers both at home and abroad.

Filament polyester yarn, which is a recyclable product, is obtained under the brand name TAÇ REBORN by producing rPET Chips, the main raw material of polyester, from waste PET bottles, a product that can remain uncontrolled in nature for many years and cause negative environmental impact, as well as from production waste yarns in the Polymer Recycling Facility.

## Zorluteks

One of the leading companies in home textiles with its curtain and home textiles production facilities, marketing company and world-famous brands, Zorluteks’ main line of business is the production and marketing of drapery and home textiles (bed linens, bedding sets, bedspreads, tablecloths, pique sheets).

In Zorluteks’ home textiles production facilities that sit on an indoors area of 108.000 m², a wide range of home textiles products including 96 million meters of bedding sets, pique sheets, pillowcases, bed linens, fitted bed sheets, tablecloths, bedspreads, cotton curtain fabrics, towels as well as technical textile products and certified products (self-cleaning curtains) are produced on an annual basis using high-tech machinery. The curtain factory, with its modern machinery and 60.000 m² indoors area, works to meet foreign demand as well as domestic demand. 65% of the production is exported to various parts of the world, primarily to America, Europe and Russia, and the remaining production capacity is used for giant Turkish brands including Taç and Linens.

## Product Groups

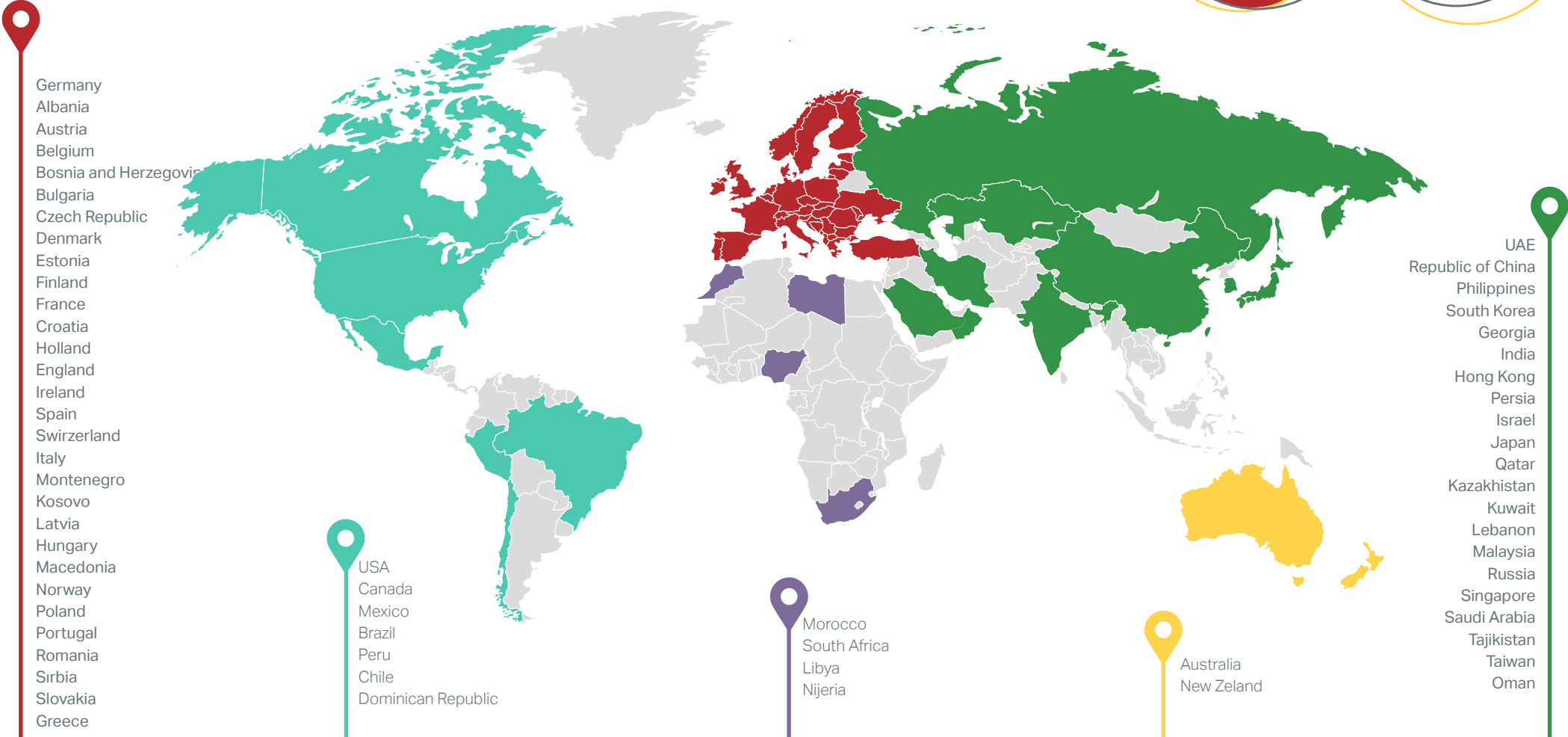
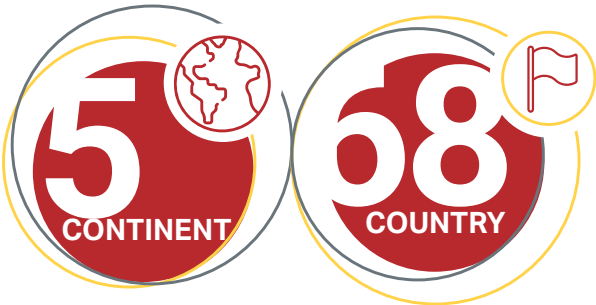
Korteks
Polyester Yarns (Sportswear, ready-to-wear)
Automotive Textile
Technical Textile
Recycled Polyester (rPET) Yarns
Zorluteks
Bedding Textile (Bedding sets, pique sheets, bedspreads, pillowcases, sheets, pillows, quilts, mattresses, blankets)
Drapery Textile
Technical Textile (Sail clothes, awning fabrics)
Bathroom Textile (Towels, bathrobes)
Roller Blinds
Bathroom Accessories
Tableware and Kitchen Glassware
Woven and Knitted Fabric by the Yard
Carpets
Decorative Products, Cosmetics, Accessories
Window Shades
Other (Napkins, tablecloths)

GRI 2-1

# Geography of Operations

## Export Countries

Thanks to the quality products and services it offers, Zorlu Textile Group operates in a very wide geography today. While Zorluteks, which provides services and products to 293 customers in 62 countries, exports 65% of its production, Korteks exports 15% of its products to international market.

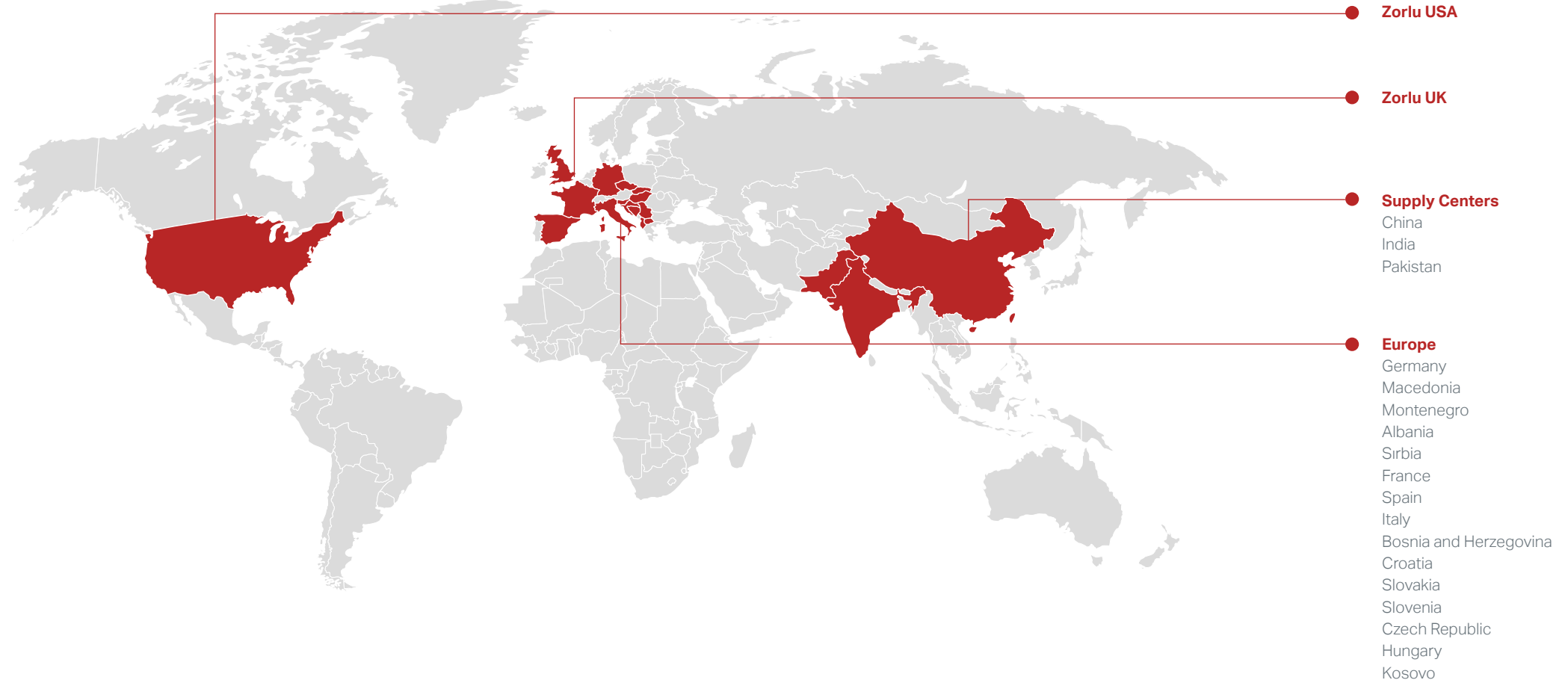


# Operation Regions

## Zorlu'nun Dışa Açılan Kapısı

Expanding its operations on a global scale, Zorlu Textile Group organizes the creation of collections, production of received orders, loading after quality controls and delivery to warehouses in line with the demands and expectations of its international companies and customers. With the office, showroom, warehouse and distribution services it provides, it continues to provide added value not only in Turkey but also in five different countries.

## Zorlu Dış Ticaret







The main purpose of Zorlu GmbH, located in Fulda, Germany, is to serve especially the e-export market (Amazon, Otto.de, Westwing, Ebay, etc.) as well as to provide warehouse and distribution services that will enable the fastest delivery of collections for low-volume customers. The organization also shares a showroom with Vestel in Munich.

An overseas sales team was created in order to increase the service quality by understanding the needs and expectations of international retail customers more quickly and effectively. This team will most likely be expanded in the near future.

Zorlu UK Ltd. was established in 2002 and aims to improve the quality of market research, advertising, promotion and general marketing services in the UK market.

Zorlu USA was established in 1998 in New York for the sales and marketing operations of Zorlu Textile Group. Zorlu Textile Group’s distribution operations are carried out through its modern distribution center in Sandersville-Georgia, USA, and more than 2,000 stores are served 24 hours a day from an indoors area of 15,000 m² with a customer-focused e- Order Management System.

The Pakistan office has been operating since 2009, offering collections to mainly US and European customers in home textiles products

with more than 40 different suppliers and serving through transit trade. The office organizes the creation of collections, production of received orders, loading after quality controls and delivery to warehouses in line with the demands and expectations of customers.

ZORLUEAST Co. is a company established in Shanghai in 2010 and carries out the procurement processes of raw, semi-finished or finished products from Mainland China as well as Taiwan and Hong Kong special administrative regions of China. The supplied products are then exported mainly to USA and Turkey as well as to France, Germany and other European countries. The company also acts as a sourcing office for the finished products of Zorlu group imported from Turkey and sold in the Far East. It has an average transaction volume of 30 million USD/ year, depending on demand.

2021 E-export Operations Summary

The E-export Department started its operations as of 2020. While sales were made with 26 SKU variants only in the bedding sets product group in one category through the wholesale channel in Amazon Germany in 2020, the Group started to reach the end consumer by expanding its product range in 2021, thanks to both wholesale and Amazon Germany online marketplace. In 2021, a total of 13,378 products were sold, with 135 SKU variants in 3 different categories, both in wholesale and online marketplaces. With these products, more than 11,000 deliveries were made from 6 different countries. While the E-export Department of Zorlu Textile Group achieved a turnover of €23,000 in 2020, it increased its turnover to €223,000 in 2021 thanks to the licensed products with Brielle and Disney offered both to the wholesale market and directly to the end users.

Business Title	Number of Employees
ZORLU EAST CO. TRADING COMPANY (China)	10
ZORLU MFG. COMPANY L.L.C. (USA)	16
ZORLU USA, INC. (USA)	12
ZORLU UK LIMITED (Great Britain)	4
PAKISTAN/KARCHI (Pakistan)	1
AZERBAYCAN ARZUM TEKSTİL (Azerbaijan)	5

# Achievements

Zorlu Textile Group has always managed to be a preferred organization thanks to its innovative products and services that have pioneered the industry since its foundation. Thanks to its strong R&D capacity, it has achieved great success especially in integrating technology into its processes and transitioning to an environmentally friendly production. In addition, it continues to make a name for itself through the social responsibility projects it has realized and the added value it provides to the society.

## KORTEKS

### 2020

- First place award with the project "Productivity and Digital Transformation Studies in Air Conditioning Systems" in the field of Energy Management at the Sustainable Business Awards 2020 by the Sustainability Academy

### 2019

- First place award by the Sustainability Academy at the Sustainable Business Awards 2019, in the category of Water Management, with its "Efficient Use of Water in Industry" project
- Turkey's Textile Innovation League award
- Uludağ Textile Exporter's Association (UTIB) Silkworm Export Awards platinum award
- İTHİB - Leaders of Export Awards (Zorlu Foreign Trade) Platinum award
- Environmental Incentive Award with "Clean Production and Energy Efficiency projects" in Environmentally Friendly Product Category at BOSIAD's Environmentally Friendly Industrial Plant Competition

### 2018

- Uludağ Textile Exporters' Association (UTIB) Silkworm Export Awards platinum award
- First place award in the "Large-Scale Enterprise Sustainable Production" category at the 2018 Efficiency Project Awards organized by the General Directorate for Productivity of the Turkish Ministry of Industry and Technology
- Environmental Incentive Award with "PLA Yarn Production" in Environmentally Friendly Product Category at BOSIAD's Environmentally Friendly Industrial Plant Competition

## ZORLUTEKS

### 2019

- 2019 Platinum Award at İTHİB - Leaders of Export Awards (Zorlu Foreign Trade)
- "The Most Environmental Champion" award at the Stars of Export award ceremony held by the 2019 Turkish Exporters Assembly (TİM)

### 2018

- Turkish Patent Institute's "Top Company in Terms of Applications Filed for Registered Designs" award
- UTIB R&D Project Market Third Place Award
- First Place Award in the textile category in the "Most Admired Companies of the Business World 2018" survey conducted by Capital Magazine

### 2017

- Turkey's Largest Home Textile Retail Company award at the "Fasts of Retail" award ceremony held in partnership with Economist and Capital magazines (with brand names TAÇ and Linens)
- TAÇ Lovemark was chosen as Turkey's most popular brand in a survey conducted by Media Cat in collaboration with Ipsos.
- TAÇ was chosen as one of the Turkish super brands in the Superbrands Turkey survey.
- Felis Award for "TAÇ Self-Cleaning Roller Blind" in Innovative Approach/Textile-Fashion category
- Platinum award in İTHİB - Leaders of Export Awards

### 2016

- "Turkey's Environment Award" at the Kocaeli Chamber of Industry Şahabettin Bilgisu Environment Awards, in the category of large-scale Turkish enterprises, for its efforts in the field of energy and water, which provides internal environmental benefits.
- Award in the category of "Waste Management and Applications" among large-scale Turkish enterprises at the ÇEVKO Green Point Industry Incentive Awards
- Crystal Apple Award in the category of "Best Commercial Music Arrangement" with the "Genç Modası-Tarzını TAÇ'landır" (Youth Fashion-CROWN your style) commercial jingle at the 28<sup>th</sup> Crystal Apple Creativity Festival
- TAÇ Youth Fashion commercial jingle was awarded the Felis Award, and the TAÇ Connect product was awarded in the Media Section/New Channel category at the 11<sup>th</sup> Media Cat Felis Awards.
- 5<sup>th</sup> Turkish Patent Institute Awards - "Top Company in Terms of Applications Filed for Designs" award
- Grand Prize in the category of "Large-Scale Enterprises" at the 2016 "Kocaeli Chamber of Industry Şahabettin Bilgisu Environment Awards".

### 2014

- "Platinum Achievement" award at İTKİB's Stars of Export award ceremony (Zorluteks Textile and Zorlu Foreign Trade)
- Zorluteks was deemed worthy of an award in the category of "Top Companies by Revenue Growth" within the scope of "Turkey's Top 500 Private Companies Survey" organized by Capital Magazine in 2014.



# CORPORATE GOVERNANCE APPROACH



## 2

- 18 Management Systems Policy
- 18 Quality Management Activities
- 18 Quality Management and Quality Standards
- 18 Certificates and Documents



GRI 2-9, 3-3

# Corporate Governance Approach

## Management Systems Policy

Zorlu Textile Group is aware of how important it is to develop a systematic process to become a sustainable institution. In this context, a Management Systems Policy has been put in place with the aim of ensuring that all management processes run smoothly. All operations are carried out in accordance with this policy.

## Quality Management Activities

### Quality Management and Quality Standards

Achieving high quality in production is among the priority targets for Zorlu Textile Group. A smooth and effective Quality Management System is very important for an organization that attaches importance to customer loyalty and brand reliability. It also supports increased internal performance, thus increasing profitability. Considering all these, an effective Quality Management System has been necessary for both KorteKS and ZorluteKS, and as a result of efforts, both companies received the ISO 9001 Quality Management System Certificate in 2008.

Thanks to the Quality Management System, a wide range of monitoring has become possible in all processes. Zorlu Textile Group carries out the design and production, customs clearance, foreign trade, production, logistics, management and administrative organization operations of products as well as the processes related to these operations and the production and service provision processes related to them, and carries out them independently from people within the scope of ISO 9001:2015 certification. The Quality Management System ensures;

- A developed understanding of quality within the organization,
- An increased profitability, productivity and market share,
- An effective management
- Reduced costs,
- An increase in employee satisfaction,
- An improved internal communication,
- Wide monitoring and control capabilities in all operations,
- A decrease in returns,
- Reduced customer complaints

The current structure is improved and developed with the audits carried out by independent organizations every year.

## Certificates and Documents

Zorlu Textile Group has obtained many quality certificates and management system certificates following ISO 9001 with its quality and operational excellence approach. The certificates held by both companies are listed below.

KORTEKS	ZORLUTEKS
<ul style="list-style-type: none"><li>• R&amp;D Center Certificate</li><li>• ISO 10002 Customer Satisfaction Management System</li><li>• ISO 9001 Quality Management System</li><li>• ISO 14001 Environmental Management System</li><li>• Standard 100 by OEKO-TEX</li><li>• Standard 100 by OEKO-TEX with Recycle</li><li>• IATF 16949 Automotive Quality Management System</li><li>• Global Recycled Standard (GRS)</li><li>• ISO 14064 Greenhouse Gas Verification Standard</li><li>• EPD Documents (Environmental Product Declarations)</li></ul>	<ul style="list-style-type: none"><li>• ISO 9001 Quality Management System</li><li>• ISO 14001 Environmental Management System</li><li>• ISO 45001 Occupational Health and Safety Management System</li><li>• ISO 27001 Information Security Management System</li><li>• System Global Organic Textile Standard (GOTS)</li><li>• Standard 100 by OEKO-TEX</li><li>• BSCI (Achieved a GOOD report in social compliance for 5 years)</li><li>• FAIR TRADE</li><li>• ISO 50001 Energy Management System</li><li>• Authorized Economic Operator (AEO) status</li><li>• Global Recycled Standard (GRS) STeP by OEKO-TEX® Sustainable Textile</li><li>• Production</li><li>• ISO 13485 Medical Devices Quality Management System Certificate</li><li>• Recycled Claim Standard (RCS)</li><li>• Organic Content Standard (OCS)</li></ul>

# SUSTAINABILITY AT ZORLU TEXTILE GROUP



## 3

**20** Sustainability Approach

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GRI 3-3

# Sustainability Approach



Zorlu Textile Group's sustainability structure has been created within the framework of Zorlu Holding's Smart Life 2030 vision, and efforts to achieve the goals developed within the framework of the strategy are carried out under a single roof within the Zorlu Textile Group.

Within the framework of Zorlu Holding's Smart Life 2030 vision, objectives have been set for reducing emissions, water management, inclusion and diversity, sustainable supply chain and serving the Sustainable Development Goals under the headings of "Renewable Business Models" and "Human-Oriented Ecosystems", and all projects are carried out to achieve these objectives.

A "Sustainability Department" was created within Zorluteks in order to systematically carry out the projects in the field of sustainability and ensure that they are spread across the entire production facility. With this new restructuring, a "Sustainability Committee" was formed, which includes the bedding/drapery, operations, procurement, planning, machinery/energy, R&D, environment and business development departments. The flow of information regarding the projects carried out within the organization is provided through monthly meetings held by this committee.



## SMART LIFE 2030 STRATEGY FRAMEWORK AND LONG-TERM STRATEGIC GOALS

### 1. REGENERATIVE BUSINESS MODELS CARBON NEUTRALITY AND CIRCULARITY



Net **zero emissions** in Scope 1-2 by 2030, and across the entire value chain (Scope 1-2-3) by 2050.



Reduce waste by 50% by 2030 and reach **zero waste** by 2050



**Recycling** 50% of the water used by 2030, and 100% by 2050.

### 2. HUMAN-CENTRIC ECOSYSTEMS INCLUSION AND DIVERSITY

Investing in the Future of Work, leading the change in inclusion and diversity. Become an employer of **choice in all sectors.**



Achieving a **100% sustainable** supply chain by 2030. (strategic suppliers)



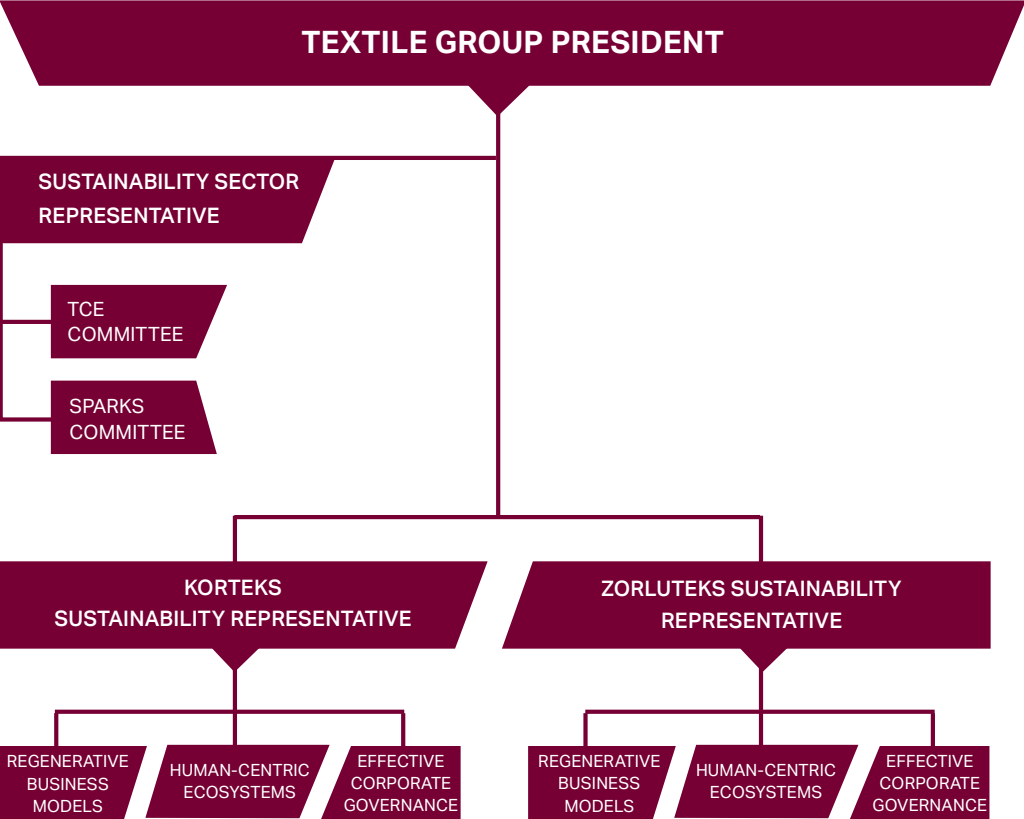
Pioneering in social investment and to allocate 1% of Zorlu Holding's EBITDA to **Sustainable Development** Goals annually.





GRI 2-9, 2-11, 2-14, 2-16, 3-3

# Sustainability Organization

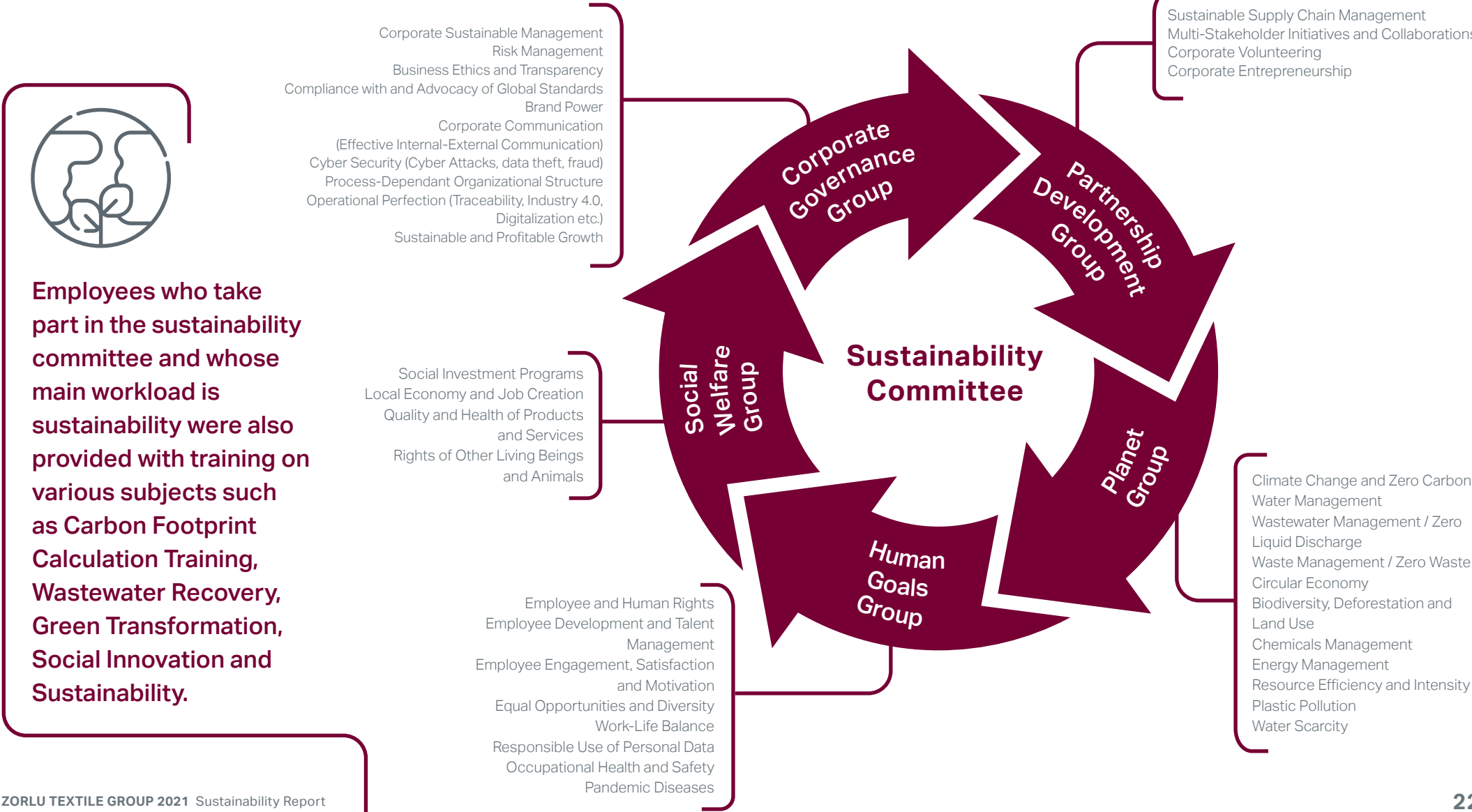


The duties and job descriptions of the sustainability organization structure are as follows:

- **President:**  
Leads and guides the development of the organization and strategies of the Textile Group in the field of sustainability.
- **Sustainability Industry Representative:**  
Performs the duties of developing the sustainability strategy in the fields of environmental, social and corporate governance; executing, monitoring, auditing, reviewing, improving and developing the policies, goals and practices in the field of sustainability and reporting the results; aligning Zorlu Holding strategies with the Textile Group strategies, and consolidating the sustainability projects and results of textile group companies.
- **Korteks Sustainability Representative:**  
Performs the duties of executing, monitoring, supervising, improving and developing the policies, goals and practices of Korteks in the field of sustainability and communicating all information to the sustainability industry representative.
- **Zorluteks Sustainability Representative:**  
Performs the duties of executing, monitoring, supervising, reviewing, improving and developing the policies, goals and practices of Zorluteks, Hometeks, Zorluteks Istanbul Branch and Zorluteks Weaving companies in the field of sustainability and communicating all information to the sustainability industry representative.

GRI 2-9, 2-11, 2-14, 2-16, 3-3

# Sustainability Committee

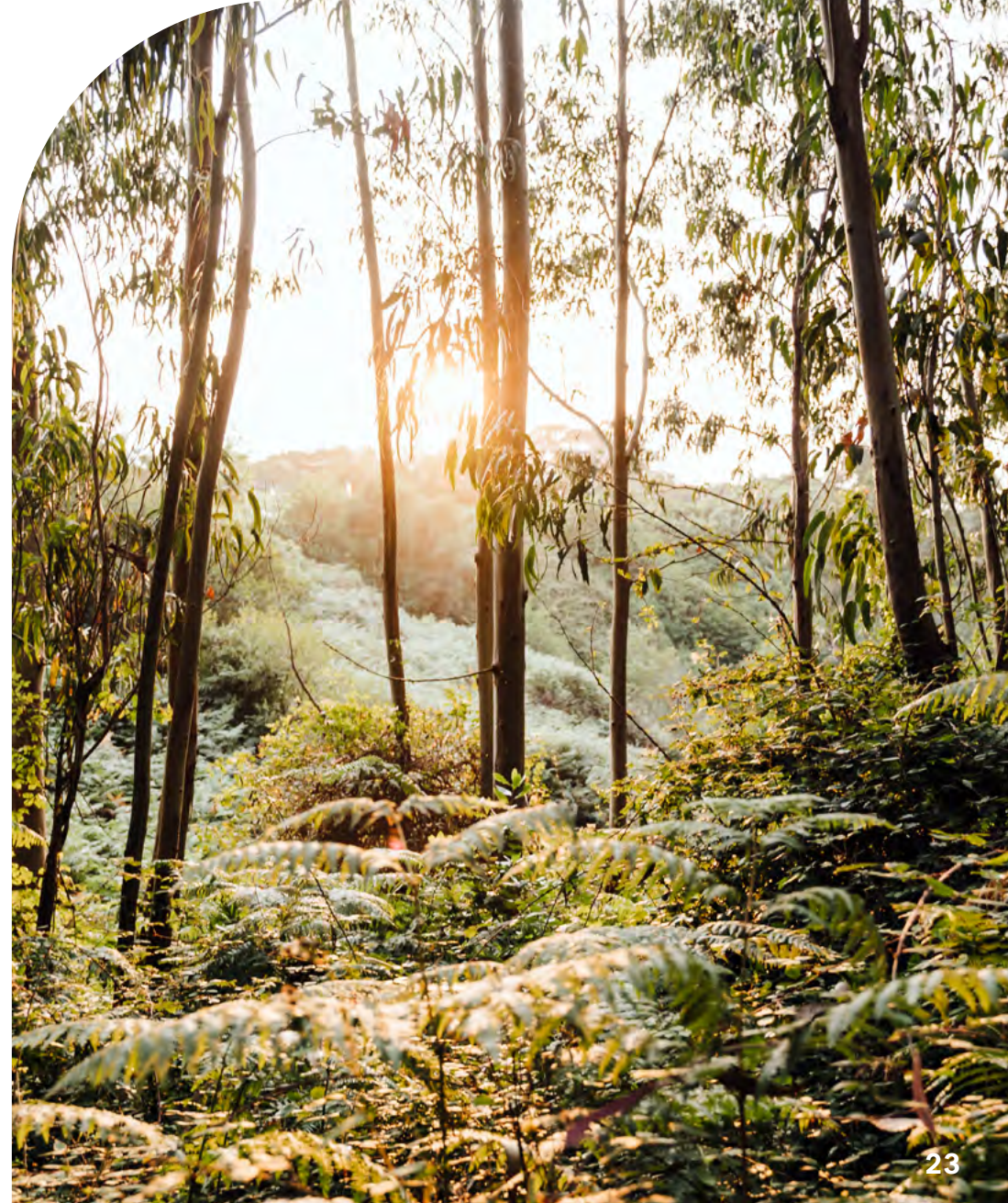


# Sustainability Bulletin

Zorlu Textile Group attaches great importance to the effective communication of the sustainability approach adopted and the added value provided by the projects carried out. In addition, following up the sustainability-related issues and developments that are on the agenda is also one of the top priorities. In this context, as of October 2021, the “Sustainability Bulletin” has started to be published on a weekly basis. The published bulletin is communicated to all employees via e-mail, and it is also aimed to be included in the intranet portal that will be launched soon. The topics that have been covered in the publications of the Bulletin so far include the following;

- Smart Life Policy
- Paris Agreement Approval
- Zorlu Textile Group Sustainability Journey
- Our Sustainability Commitments
- UN Global Compact for a Sustainable World
- Sustainable Development Goals
- European Green Consensus
- Zorluteks Chemical Management System Policy
- Environmental Management at Zorluteks
- Zorluteks 4.0
- Waste Management at Zorluteks
- EU Eco-Design Directive
- Ecological Product Development

Apart from the Sustainability Bulletin, information briefs covering the sustainability strategy and sustainable products are prepared for customers and current issues are regularly shared with them. In addition, Zorluteks organizes a monthly Sustainability Workshop in order to ensure the continuity of the strategies and targets set in line with the United Nations Sustainable Development Goals, and to increase the awareness of the employees on the sustainability impact areas through its Sustainability Committee, following the realization of the goals set, again through these meetings.





GRI 3-1, 3-2, 3-3

# Materiality Analysis

Aware of the importance of interaction with stakeholders for a sustainable business model, Zorlu Textile Group has carried out a materiality analysis in order to determine the priority issues of its stakeholders with whom it is in contact and to act by taking into account the expectations of the stakeholders while determining the future business processes. Within the scope of the survey, questionnaires covering sustainability issues were prepared and shared with both internal and external stakeholders, separately for Korteks and Zorluteks. While determining the external stakeholder groups, two sub-groups, suppliers and customers, were targeted and both Turkish and foreign stakeholders were included in the survey. As the internal stakeholders, the employees of the organization were included in the survey. The survey remained accessible for a total of 10 days, and the number of responses was as follows:

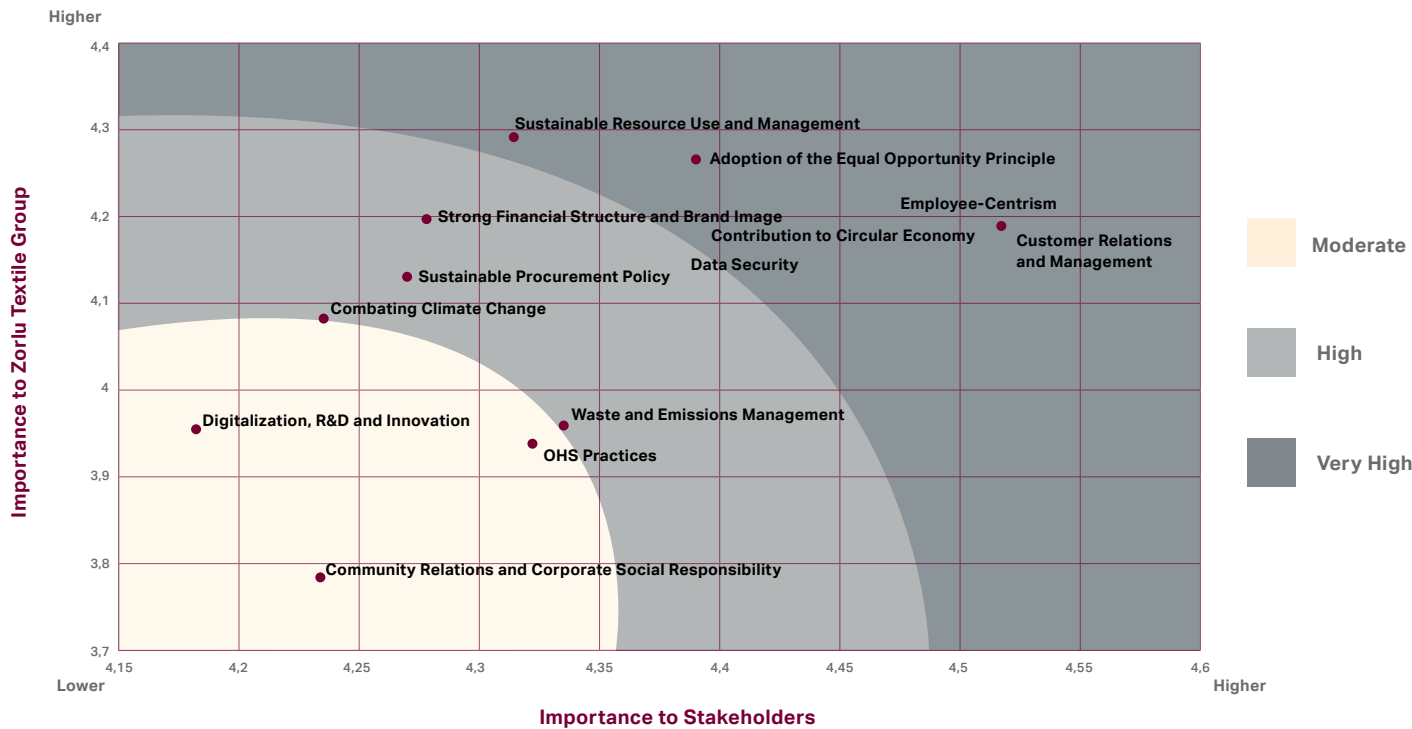
### Korteks

- External stakeholders (foreign): **23**
- External stakeholders (Turkish): **270**
- Internal stakeholders: **145**

### Zorluteks

- External stakeholders (foreign): **26**
- External stakeholders (Turkish): **98**
- Internal stakeholders: **45**

The responses received were evaluated on a consolidated basis and the relative importance of the issues was determined. The results of the Turkish-Foreign and Supplier-Customer breakdowns in the external stakeholders were also separately analyzed. All analyzed issues were charted in a way to express their importance for external stakeholders on the X-axis and internal stakeholders on the Y-axis, and a materiality matrix was created.



As a result of the survey, it has been seen that the issue of customer relations and management is considered as a very important issue for both internal and external stakeholders. The effort of Zorlu Textile Group in this area allows for meeting the demands of the customers and keeping the satisfaction level at the highest level. It has also been observed that issues such as human-centrism and the adoption of equal opportunity principle are considered as important by external stakeholders as well as by internal stakeholders and are one of the selection criteria for working with Zorlu Textile Group.



# RESPECT FOR THE ENVIRONMENT



# 4

- 26** Combating Climate Change
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GRI 3-3, 305-4, 305-5

# Combating Climate Change



**Zorluteks, as a company that has adopted a sustainable and climate-friendly business model approach for a long time, created its own action plan with the Clean Production project 3 years before the Green Reconciliation Action Plan was published.**

In 2021, Zorlu Textile Group's sustainability goals were updated as "Innovative Business Models and Human-Centric Ecosystems" within the framework of Zorlu Holding's Smart Life 2030 strategy. Our environmental values are placed at the center of the sustainability efforts carried out in parallel with this policy. In this context, with the awareness of the responsibility on behalf of future generations, efforts continue at full speed in order to remain committed to environmental values and to realize the most sustainable production with the lowest possible environmental footprint.

Korteks, the largest integrated polyester yarn production center in Europe, works to offer a better tomorrow based on innovative and technological developments in line with Zorlu Holding's vision of a sustainable world and "Smart Life 2030". In the Polymer Recycling Facility, RPET Chips, the main raw material of polyester, are produced from waste PET bottles and production waste yarns, a product that can remain uncontrolled in nature for many years and cause negative environmental impact, and filament polyester yarn, which is a recycled product, is obtained. Thanks to this innovative recycling process, the Group not only saves energy, but also contributes to the reduction

of greenhouse gas emissions, as it requires less energy compared to traditional production practices.

Korteks also carries out ISO 14064 studies to combat climate change, calculates its corporate carbon footprint and carries out verification processes through authorized bodies within the scope of its sustainability policies. Environmental improvements of Kaizen studies carried out within the scope of continuous improvement studies are carried out with the target of greenhouse gas reduction. By investing in low-carbon, innovative technologies, carbon emissions are reduced and the Group aims to take important steps in the fight against climate change. Korteks Polymer Recycling Facility is among the most important investments made for this purpose. With the recycling facility, both production wastes are reused in the product life cycle and plastic pet flakes are melted into recycled chips as production raw materials. 5,057 tons of CO<sub>2</sub> reduction was achieved in the 9-month production period, and 153.018 GJ of fossil fuel consumption was prevented as part of the project.

In addition to emission reduction projects, efforts are also made to raise employee awareness on

climate change through environmental trainings within the scope of sustainability studies. Collaborations are made with the stakeholders in line with Korteks' environmental sensitivities, and the stakeholders that are suppliers of used packaging materials are encouraged to produce recyclable products. In this context, the quality parameters developed within the organization aim to monitor and improve Korteks' stakeholders in line with the adopted principles.

The increased risk of climate change due to greenhouse gas emissions from industrial operations poses a great threat. The Paris Agreement, which was adopted unanimously on 5 October 2021 and entered into force, aims to limit the temperature increase to 2°C and to keep it below 1.5°C, if possible, in order to prevent the climate crisis. In line with this purpose, Turkey has created the Green Reconciliation Action Plan, which aims to support the transition to a sustainable economy in the face of the current change and transformation in international trade and economy. The main purpose of the Border Carbon Adjustment (BCA), which is the most important requirement of the Green Reconciliation, is to determine the import price for selected industries, taking into account the carbon content of the goods. It



GRI 3-3, 3-3, 305-1, 305-2

As a result of the processes carried out in the name of sustainability, Korteks completed the Life Cycle Analysis (LCA) studies and succeeded in issuing the first Environmental Product Declaration certifications in the polyester yarn industry.

Environmental Product Declarations		Environdec
Korteks TAÇ Polyester Yarn (Virgin)		<a href="https://www.environdec.com/library/epd4106">https://www.environdec.com/library/epd4106</a>
Korteks TAÇ Reborn Yarn (from 100% Re-PES) (Post-industrial)		<a href="https://www.environdec.com/library/epd4107">https://www.environdec.com/library/epd4107</a>
Korteks TAÇ Reborn Yarn (from 100% Re-PET) (Post-consumer)		<a href="https://www.environdec.com/library/epd4108">https://www.environdec.com/library/epd4108</a>
Korteks TAÇ Reborn Yarn (from 50% Re-PET, 50% Re-PES) (Hybrid)		<a href="https://www.environdec.com/library/epd4109">https://www.environdec.com/library/epd4109</a>

Table 1: Zorlu Textile Group Carbon Footprint Data (2021)

	KORTEKS	ZORLUTEKS
Scope 1 (tCO <sub>2eq</sub> )	31,568	12,186
Scope 2 (tCO <sub>2eq</sub> )	153,703	64,389
Total (tCO <sub>2eq</sub> )	185,271	76,575

has been observed that the BCA mechanism is designed to be a parallel system to the EU Emissions Trading System (ETS), and that the chosen industries that are subject to the BCA mechanism include iron and steel, cement, aluminum, electricity and fertilizer industries. Although the textile industry is not among the industries that are subject to BCA for now, it has been observed that duties have been given to all industries related to the subjects that are currently being addressed, such as reducing carbon emissions, using the best available techniques, and energy saving projects.

Zorluteks, as a company that has adopted a sustainable and climate-friendly business model approach for a long time, created its own action plan with the Clean Production project 3 years before the Green Reconciliation Action Plan was published. Within the scope of this project, “229 Best Available Techniques (BAT)” that can be made for the home textiles production facility specifically focusing on printing were determined and their feasibility analyses were carried out. In addition, the reduction in carbon emissions in the event that these BATs are used has been

calculated with the help of the Life Cycle Analysis (LCA) program. In addition, the carbon footprint value is calculated annually and the changes are followed. On the other hand, obtaining the I-REC certificate proving that the electricity consumed in 2021 has been generated from sustainable sources was another important project that has been conducted. The Group plans to continue using I-REC certified electricity in the following years. In the light of all these projects, it could be concluded that Zorluteks is ready for the Circular Economy Action Plan.

- Future projects include;
- Reducing water usage to 54 liters per kg fabric after completion of the feasibility study for reusing water
  - Continuing projects on redesigning processes
  - Continuing efficiency projects

Also, a roadmap has also been developed and key performance indicators have been created in line with the target of achieving net zero in Scope 1 and 2 in 2030 in Zorlu Holding's Smart Life 2030 strategies. In the future, the Group plans to carry out the projects within the scope of this roadmap.

GRI 2-13, 2-23, 2-24, 2-25, 3-3

# Sustainable and Eco-Friendly Production Approach

Zorlu Textile Group's projects that serve environmental sustainability under **7** categories under the umbrella of "Clean Production".



## Sustainability Commitments

"Sustainability Commitments", the first category of the Clean Production Umbrella, covers;

- System documents that allow the development and continuation of sustainability projects,
- Commitments made and initiatives carried out regarding alignment with social compliance and sustainability requirements in international platforms,
- Production facility certificates that guarantee sustainability and social compliance criteria in production facilities,
- Product certificates that guarantee product safety, and
- Energy certificate proving that the electrical energy used is generated from renewable resources.



The United Nations Global Compact, the world's most comprehensive sustainability platform, aims to protect basic responsibilities with more than 10 thousand private companies and more than 4 thousand non-governmental organizations in more than 160 countries, and supports them to cooperate in creating a sustainable and inclusive global economy. With this contract signed on June 14, 2021, Zorlu Textile Group promised to align strategies and operations with 10 principles that focus on human rights, labor standards, environment and anti-corruption, and committed to support the Sustainable Development Goals.

## Chemical Management

Under "Chemical Management", which is the second category, the principle of implementing, developing and extending the Chemical Management System in the supply chain is adopted in all activities carried out within the framework of Zorlu Textile Group's Sustainability Management. The Chemical Management System policy has been updated within the framework of 12 principles of Green Chemistry, which are accepted by many environmental authorities including US EPA (US Environmental Protection Agency).

Various projects are being conducted in line with these principles, including;

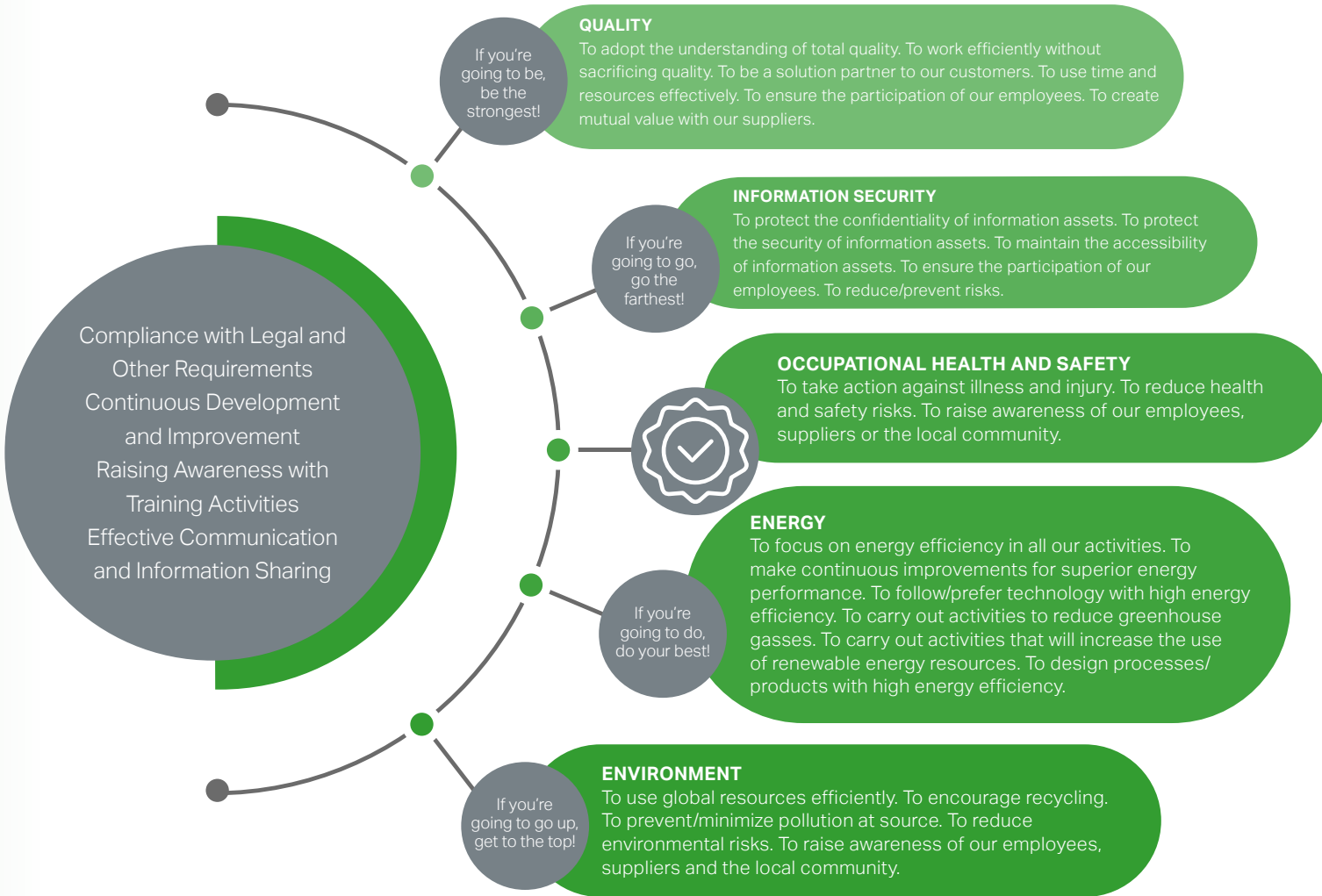
- Pollution reduction at source,
- Infrastructure projects to ensure traceability,
- Recipe optimization,
- Offering trainings to increase the use of green chemicals



GRI 3-3

# ZORLUTEKS

## MANAGEMENT SYSTEMS POLICY



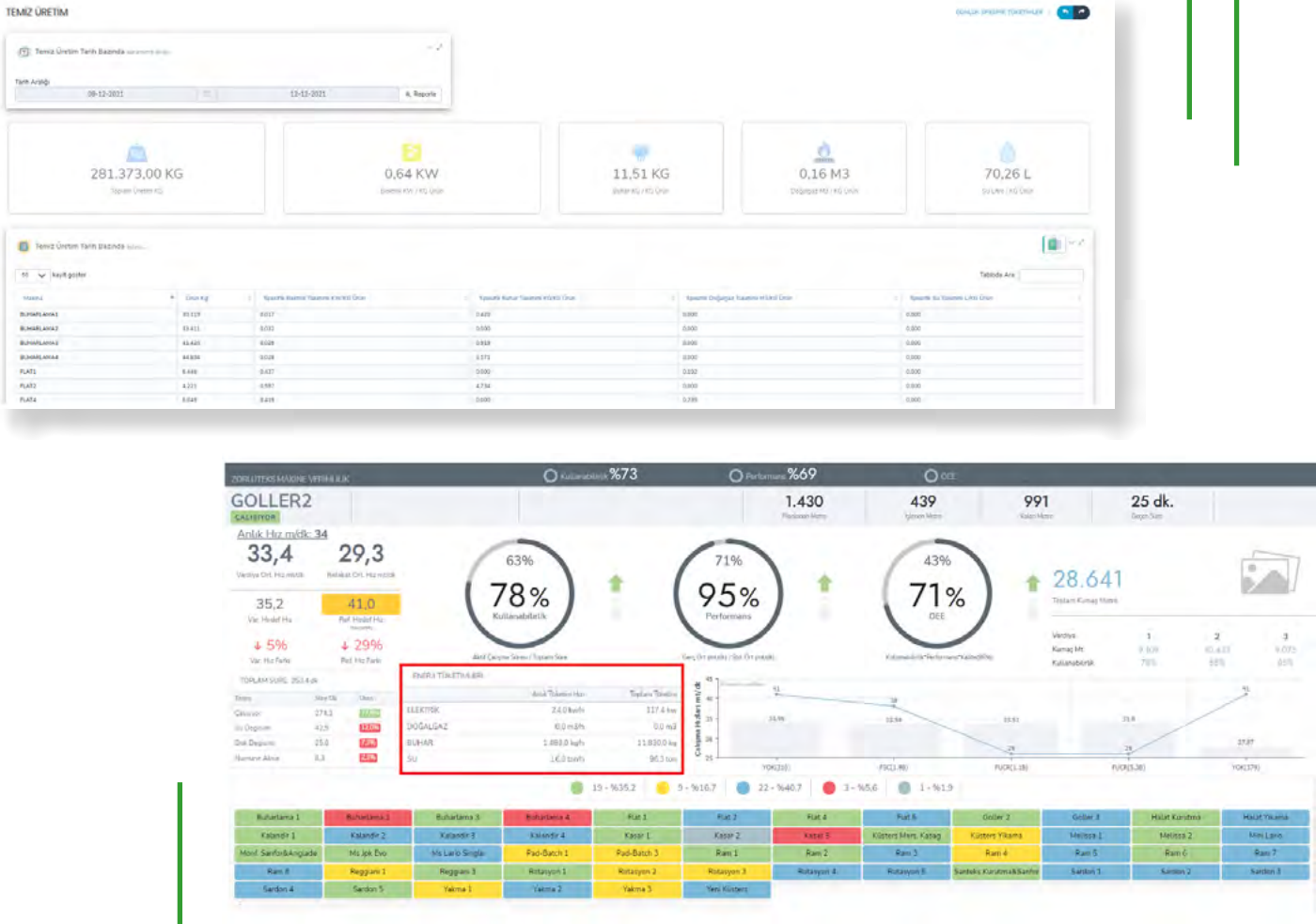
### Environmental Management

Zorlu Textile Group places environmental values at the core of its sustainability strategy in this period when natural resources have been rapidly depleting and the recovery of depleted resources has become difficult. Efforts are made to adhere to environmental values under the category "Environmental Management", where environmental performance is measured over goals and targets, including;

- Increasing the efficiency of the wastewater treatment plant
- Meeting Ø ZDHC requirements,
- Contributing to the "Ergene Basin Protection Action Plan" project,
- Resource consumption savings projects,
- Meeting StEP requirements (only for Zorluteks),
- R&D, P&D and equity projects including;
  - Optimization of chemicals used in the purification process by developing new process parameters,
  - Reducing the use of water and salt with the Zerobrine project,
  - Elimination of inefficiency in resource use (water, energy, chemicals, etc.) with 229 Best Available Techniques specifically through facility focusing on printing,
  - Optimization of Discharge Parameters using Bacterial Cultures in Biological Treatment

Industry 4.0 Projects

With Industry 4.0, where the industry is equipped with advanced technology, the Group aims to ensure resource efficiency and reduce cost and energy use. Zorluteks names all its work in the field of Industry 4.0 as Zorluteks 4.0. The Clean Production Software, which was implemented as the output of a Tübitak-Teydeb project and allows to monitor the consumption per unit of production, was developed by the IT Department without any external input. The Clean Production Software ensures the tracking of electricity, water, natural gas and steam usage per unit weight. The same software also makes it possible to easily see the annual target values and the achievement rates of targets. Productivity can also be tracked online on a machine basis and for the entire plant, in addition to consumption. Thanks to this system, machines with postures, performance and energy values different from the target values are immediately identified and necessary actions are immediately taken.



GRI 3-3, 302-1, 302-2, 302-3

Waste Management



With limited resources and an increasing human population in the world, the transition to sustainable models becomes important. In this context, Zorlu Textile Group aims to minimize waste generation with its circular economy approach and to preserve its values for as long as possible by returning the resources used to the product cycle. The basic level Zero Waste Certificate obtained on 06.01.2021 is one of the most important outcomes of these efforts. Under Waste Management, the category that creating an environmentalist society model based on a sustainable ecosystem, actions are taken to contribute to the Zero Waste policy, including;

- Creating the waste map of the process and digitizing the process,
- Project execution for all sorts of waste (Operational Excellence),
- Sorting waste by type and waste reduction at source

Korteks has also ensured energy recovery through its full integration into Zero Waste Management Systems and sending the waste previously sent to regular storage areas to the incineration facility. In this way, the Group has succeeded in increasing the recycling rate in total waste from 96% to 99.5%. No waste is now being sent to regular storage areas, except for the waste from dining halls. At the same time, an energy production of 450,000 kWh was achieved

with the energy obtained following combustion of waste, thus contributing to the energy use of approximately 2,250 households.

Ecological Product Development

Eco-design projects that will support the development and implementation of a sustainable business model that supports the Circular Economy Action Plan principles, published by the European Union and adopted as a way of doing business by Zorlu Textile Group, are grouped under the category "Ecological Product Development" with the slogan "Today for the Future". LCA projects are also carried out using the available SimaPro software, calculating product and process carbon load from the design stage. Product development projects with low carbon load are carried out thanks to process optimization strategies. Using Ecodesign, the group's first product category with a low carbon load, the carbon footprint has been reduced by 50%. Moreover, sustainable production framework is supported in all areas through various projects including;

- Dry Touch beddings development project,
- Self-Cleaning roller blinds, curtains, tablecloths and beddings,
- Beddings containing modal,
- Developing dust-proof drapery fabric,
- Developing seamless bedding using the technique developed in weaving processes, and
- Turcotton – developing traceable textile fabrics within the frame of circular economy.

Projects & Good Practices

Various projects are carried out under this category;

- Improving the Effectiveness of the Chemical Management System
- Increasing STeP by OEKO-TEX® Scores
- Developing Zorluteks Traceability System
- Increasing HiGG FEM Scores
- Smart Procurement
- ITX Join Life Care for Water Project
- Energy Efficiency Projects
- Excess Printing Pad Recycling Project
- Knitting Dyehouse Automation System and Recipe System Integration
- Ecological Product Development
- Reclaim
- Oxipro
- ZeroBrine
- Human-Free and Accurate Production in One Bath in the Bleaching Machine

As a result of all the sustainability efforts, Zorluteks proved that it has a sustainable production facility in 2020 with the STeP by OEKO-TEX® (Sustainable Textile Production) certificate, which it was entitled to receive at Level 3, the highest level. Increasing the preferability of world retail giants as business partners with the STeP by OEKO-TEX® certificate, Zorluteks has also become entitled to use the Made in Green label with this certificate. It can be traced with the QR code on the label that each product with this label is tested for harmful substances and produced sustainably.

Thanks to the Polymer Recycling Facility built at Korteks, reducing consumption of natural resources and reducing the cost of raw materials and saving energy have become possible with the project that focuses on re-evaluating yarn waste resulting from production processes. Recycled yarn raw material is produced from waste pet flakes and wastage at the facility, which is Europe's largest integrated PET Chips Recycling center.

Energy Management and Efficiency

With the rapid increase in energy consumption, which is an important factor for economic growth and development and the deterioration of ecosystem balance accordingly all over the world, new approaches have emerged on energy use, and energy efficiency has become more important with the approval of the Paris Agreement. In this context, various projects have been launched under the umbrella of Zorlu Textile Group, in line with Zorlu Holding's Smart Life 2030 strategy, in order to reduce unnecessary energy use and prevent energy loss for a more livable and sustainable world.

In order to ensure energy efficiency, various issues such as the use of more efficient inverter and motor systems suitable for their purpose, LED conversion and the use of more efficient compressors are being studied. The project for the replacement of the turbo compressor with a more efficient compressor, EEP (Efficiency Enhancing Project), was approved by the Ministry of Energy and Natural Resources in 2021. The

GRI 3-3, 302-1, 302-3, 302-4

project aims to heat cold water entering the process using the hot water released from the processes. For this purpose, heat exchanger replacement was carried out in various machines in the facility.

Today, with the consumption of energy resources accelerating climate change, the demand for renewable energy investments has increased. Zorluteks certified the electrical energy it used in 2020 and 2021 with the International Renewable Energy Certificate (I-REC), certifying that it was obtained from renewable resources. The Group plans to continue using renewable energy in the upcoming period. Feasibility analysis has also been completed for roof-mounted solar panels. In the coming period, the Group aims to make this investment in order to more effectively take advantage of solar energy and to further diversify of sustainable energy.

While focusing on operational efficiency to reduce energy consumption, KorteKS invests in new technologies that will provide energy efficiency. Efforts are under way to replace the machinery in the production lines with new generation energy-efficient machines. In addition, all activities are carried out in line with Zorlu Holding’s Smart Life 2030 strategy, taking actions that put sustainability at the center and protect the planet.

**Zorluteks certified the electrical energy it used in 2020 and 2021 with the International Renewable Energy Certificate (I-REC), certifying that it was obtained from renewable resources.**

Table 2: Zorlu Textile Group Energy Data (2021)

	KORTEKS	ZORLUTEKS
Electricity (kWh)	350,384,809	73,000,000
Renewable Energy (kWh)	-	59,916,000
Natural Gas (Sm³)	161,754,080	6,152,147
Total Energy Savings (kWh)	840,646.4	1,206,480
Steam (tons)	-	305,798





GRI 3-3, 416-1

# Resource Efficiency Projects

The EU Eco-Design Directive assigns duties to 7 industries (Textile, Packaging, Electronics, Battery, Building Materials) as of 2022 to ensure the circularity of products, starting from the design stage until they reach the consumer. Zorlu Textile Group also adopts sustainable raw material use and responsible resource consumption as a way of doing business in line with its sustainability strategy.

## Sustainable Raw Material Use

Intensive research and development studies are carried out for sustainable raw material use by Korteks' R&D center. These studies initially started in 2017 with a yarn spinning project from biodegradable/compostable PLA polymer produced from renewable resources, and continues with yarn development projects from PHA polymer produced by bacteria, which is also a renewable resource, and from PBS polymer obtained from starch derivatives. There is also a project on flame retardancy with recycled PET chips at the R&D Center. By turning the production waste back into raw materials and including them in the life cycle, 3,957 tons of PTA and 1,637 tons of MEG were saved on an annual basis. On the other hand, Zorluteks holds GOTS, OCS (Organic Product Certificate), GRS, RCS (Recycled Product Certification) certificates in relation to the use of sustainable raw materials and is also a user of the Better Cotton system. In 2021, the rate of use with all these sustainability certificates was 21%.

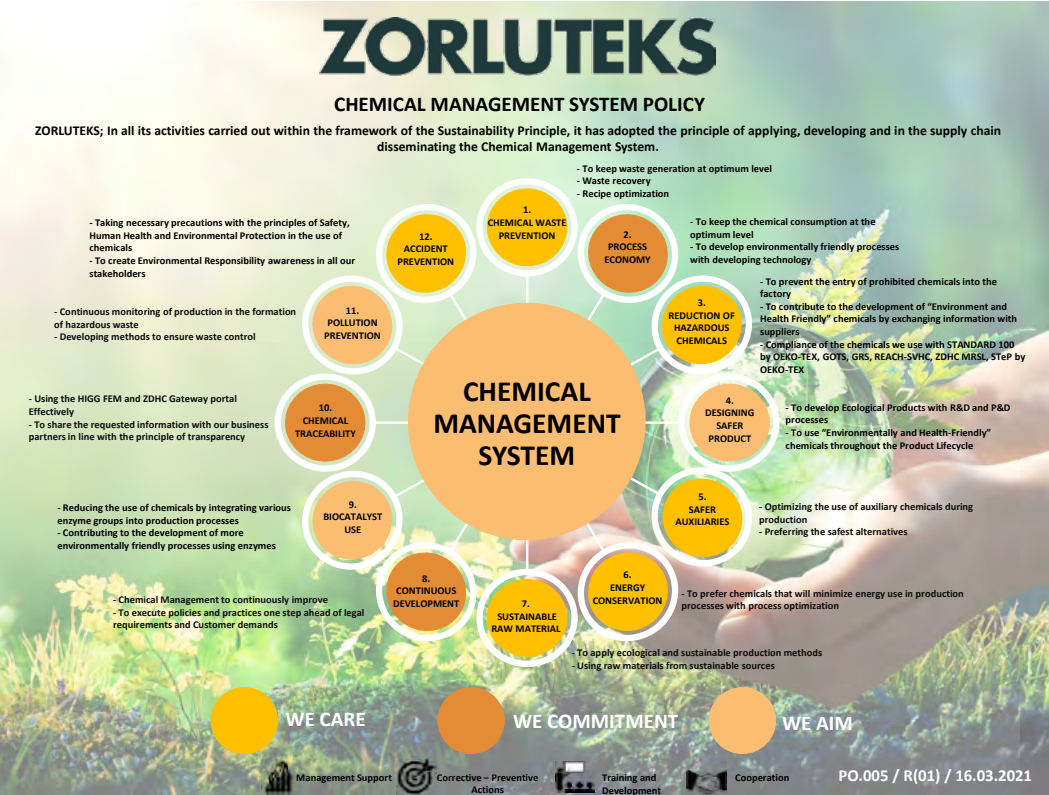
## Chemical Use and Management

Zorlu textile Group updated its Chemical Management System policy in 2021 in line with the 12 Principles of Green Chemistry, which are accepted by many environmental authorities including the US EPA.

In all projects on;

- Chemical Waste Prevention
- Atom Economy
- Less Hazardous Chemicals
- Safer Chemicals
- Safer Solvents & Auxiliaries
- Energy Efficiency
- Sustainable Raw Materials
- Continuous Development
- Use of Biocatalysts
- Chemical Traceability
- Pollution Prevention
- Accident Prevention

Importance is given to taking all necessary precautions in line with the principles of safety, human health and environmental protection during the use of chemicals, and operations are carried out with the understanding that the Chemical Management System is extremely important for humanity to develop in harmony with the environment.



GRI 303-1, 303-2, 303-3, 303-4, 303-5



accordance with human health and environmental standards if there is an expected need).

In addition, it is of utmost importance to purchase chemicals used in production in a way that meets various MRSL (Manufacturing Restricted Substances List) and RSL (Restricted Substances List) requirements through the internal Procurement Policy, which includes the criteria determined for the selection and use of chemical suppliers. Thanks to the Alternative Chemicals List developed to define less dangerous alternative chemicals, the purchase of chemicals that may increase the risk for Human Health and the Environment is prevented. Positive lists take into account the evaluation of the composition of the chemicals used in the formulations and the quality processes in the facilities producing these chemicals. For this reason, the Alternative Chemicals List has been formed within the framework of the certificates and conformity declarations of the chemicals. Thanks to the Environmental Emission Evaluator, called Ecube, which is based on cooperation and used by Zorluteks, the chemicals used are uploaded to the system on a monthly basis and after the necessary controls are made by the global team, Technical and IN-CHECK reports (ZDHC MRSL conformance report) are published and the progress is followed. IN-CHECK reports are also uploaded to the ZDHC Gateway system on a monthly basis, and reliable chemical usage is shared with stakeholders in a transparent manner.

In addition, developed through R&D and P&D processes;

- REBORN products are produced with dyed yarns obtained from pre- or post-consumer wastes.

There is no extra yarn dyeing process as the wastes from which these yarns are recycled are already dyed. Reusing a resource that has been processed in this way prevents the use of chemicals in printing and dyeing processes and reduces the amount of chemicals, water and energy to be used throughout the entire production process of the product in question.

- For VEGTEX natural dyed products, fabrics are made ready for dyeing using clay, natural enzymes and natural soda. In the dyeing process, natural dyestuffs obtained from clay minerals and various plant extracts are used. The dyeing process is completed with natural binders and resin. The dye sources come directly from nature and are skin-friendly.
- With the OXIPRO project accepted within the scope of the HORIZON PROGRAM, the number of processes used in pretreatment will be reduced, and thus, chemical consumption will be minimized by using a single environmentally-friendly enzyme instead of all chemicals used in these processes.

Zorluteks always aims to improve its product designs that reflect the ever-changing fashion and sustainability goals using "Environmentally and Health-Friendly" chemicals that are safe, sustainable and energy-saving throughout the product life cycle, as in the examples of REBORN, VEGTEX and OXIPRO. The company also attaches great importance to creating environmental responsibility awareness in all employees in order to take necessary precautions with the principles of safety, human health and environmental protection in the use of chemicals and to prevent possible accidents by detecting the sources of errors.

## Water Use and Management

Water Management and sustainable use of water resources are among the subjects of strategic importance for Zorlu Textile Group. The Group demonstrates its approach in this area with its practices in both companies.

Zorluteks has been entitled to become an Inditex Join Life manufacturer in 2020 with its resource-saving efforts for water use, and has become able to produce products with Care for Fiber and Care for Water labels on this platform, where there are few manufacturers in the home textiles industry. In 2021, project studies were launched to go from "Good" level to the "Excellent" level, and for this purpose, various optimization/minimization studies started to be carried out within the enterprise to reduce the amount of water used to produce 1 kg of product. Currently Zorluteks consumes 80 lt/kg water where the industry average is 120 lt/kg. Through these studies, the aim is to decrease water consumption per kg produced below 54 liters.

The melt-dyed colored yarns, developed by Korteks especially for automotive companies, have become one of the most environmentally-friendly and sustainable dyeing methods known in textiles, with almost zero water consumption. In addition, in order to reduce the amount of mains water used in production, the treated water of the organized industrial zone is supplied as second quality water towards reducing the water footprint of the facility.

GRI 303-1, 303-2, 303-3, 303-4, 303-5, 306-1, 306-2, 306-3, 306-4, 306-5

Table 3: Zorlu Textile Group Water Consumption Data (2021)

	KORTEKS	ZORLUTEKS
Mains Water Consumption (m³)	191,937	31,914
Groundwater Consumption (m³)	-	2,406,364
Total Water Consumption (m³)	788,692	2.438,278
Amount of Recovered/Reused Water (m³)	596,755	-



Within Zorluteks, efforts include;

- creating the waste map of the process and digitizing the process,
- Executing projects for all sorts of waste,
- Sorting waste by type and waste reduction at source, and
- Taking actions to contribute to the “Zero Waste” policy.

and we make sure these efforts are supported by ISO 9001, 14001, 27001 and 45001 standards.

Support is also given to customers' projects on waste recovery. In this context, waste materials coming out of the apparel and finishing mill from a customer's order were sorted, collected, and these recycled waste materials were turned into yarn. Studies were also launched to produce a new product for the same customer using these yarns. The resulting recycled product is currently in the sampling and testing phases, and the project is expected to be operational in 2022.

## Waste Management

The rapid depletion of natural resources has brought the importance of sustainability into focus and led to taking actions to adopt sustainable development as a business model as a solution to environmental problems. Being aware of the need to properly manage natural resources that are getting depleted with each passing day, Zorlu Textile Group aims to minimize waste generation through its circular economy approach, and to preserve their values for as long as possible by returning the resources used to the product cycle.

In line with its waste policies, Korteks also focuses on reducing and recycling waste at source. By establishing a Zero Waste management system in the mill, the company aims at reduction, sorting, re-use, material recovery and energy recovery of waste at source. In addition, prevention of plastic pollution, being a global goal, is among the priorities of Korteks. In this context, the polymer recycling facility continues to operate as an important solution.

Table 4: Zorlu Textile Group Waste Data (2021)

	KORTEKS	ZORLUTEKS
Amount of Hazardous Waste (kg)	201,006	2,181,822
Amount of Non-Hazardous Waste (kg)	5,408,446	3,184,352
TOTAL (kg)	5,609,452	5,366,174



# VALUING EMPLOYEES



## 5

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GRI 2-7, 3-3, 401-1, 406-1

# Human Resources Approach



**Employee selection in recruitment processes at Zorlu Textile Group is carried out among people who, in addition to the required qualifications, are open to development, will adopt the company culture, and will protect the company values.**

Zorlu Textile Group, a global leader in yarns and home textiles, considers the loyalty and happiness of its approximately 6,000 employees working in its 12 production and marketing facilities as one of its greatest values. In addition, Zorlu Textile Group, which shapes the future of its operations in the textile industry with the value it attaches to today's workforce and the development opportunities it offers, implements its Human Resources Management with this approach.

In line with its respect for human rights, Zorlu Textile Group approaches all its employees within the framework of the principles of diversity, inclusiveness and integrity. The Group also makes maximum effort to create safe and healthy working environments and receives regular feedback from its employees about their working environments and conditions. Korteks employees can communicate with the Human Resources Department through continuous dialogues, digital communication tools (e-mail, SMS, phone call), the online EBA/ Suggestions-Requests-Complaints platform, and the "I Have an Idea/Suggestion Form" next to the suggestion-requests-complaints boxes that can be found at various points of workplaces. Zorluteks employees communicate their feedback, requests and suggestions to

the Human Resources Department through printed forms and wishes-complaints boxes in cafeterias, electronic wishes and complaints forms on the intranet, and the QDMS program. The Human Resources and Management Systems Departments evaluate all employees' expectations and feedback in a confidential manner, and any necessary corrective actions are taken as a result.

Employee selection in recruitment processes at Zorlu Textile Group is carried out among people who, in addition to the required qualifications, are open to development, will adopt the company culture, and will protect the company values. Evaluations carried out jointly by the relevant department manager and Human Resources in the recruitment processes are performed without considering the photo, gender, marital status, age, religion, language, race and ethnic origin details on the candidates' CVs. No questions based on gender are directed to the candidates in the recruitment interviews, which focus on the qualifications, experience and capabilities of candidates.

Today, well-equipped and competent human resources are the basic elements that provide competitive advantage. The diversity approach and inclusive corporate culture that started

with discrimination-free recruitment processes at Zorlu Textile Group is supported by the continuous training of employees. Human Resources approach is implemented with a focus on equality in recruitment and remuneration, transparent performance management, internship opportunities for young people, and career planning and development opportunities for employees.












GRI 2-7, 2-8, 2-19, 2-20, 2-30, 401-1

# Employee Profile

Zorlu Textile Group's investments in the development of human resources continue within the framework of Zorlu Holding's Smart Life 2030 sustainability vision. Anticipating that working with a highly motivated, talented and qualified workforce will provide competitive and reputational advantages, Zorlu Textile Group carries out its operations by keeping its employees as well as the environment and the society in the focus. For this reason, it offers a fair, equal, developmental and innovative work culture for all its employees.

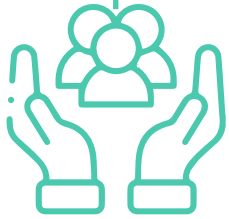
Among the investments to be made for the future, preparing young people for working life and integrating them into corporate culture is of great importance for Zorlu Textile Group. Within KorteKs and ZorluteKs, internship and part-time working opportunities are created in every department for young people to have professional experience and experience business life. Internship candidates can do their internship on a compulsory or voluntary basis after being evaluated against the criteria of capability, alignment with corporate culture and motivation. At KorteKs, a total of 59 young high school and university students had the opportunity to do their internships in 2021, and a total of 92 young people at ZorluteKs production facilities and head office. ZorluteKs also provides 11 employees with the opportunity to work part-time. Zorlu Tekstil has been implementing the New Generation Management Trainee (MT) Program for Engineering graduates or senior students since 2019. Through this initiative and internship opportunities, young talents who want to be part of the textile industry are supported and are given the opportunity to be a full-time Zorlu Textile Group employee.

	KORTEKS		ZORLUTEKS	
	Blue-Collar	White-Collar	Blue-Collar	White-Collar
 Total number of employees	1,965	364	2,039	1,209
	2,329		3,329	
	Male	Female	Male	Female
 Number of white-collar employees	319	45	1,366	673
	364		2,039	
	Male	Female	Male	Female
 Number of blue-collar employees	1,961	4	636	654
	1,965		1,290	
	Male	Female	Male	Female
 The number of people in executive functions and the Board of Directors	26	1	35	26
	27		61	
	Male	Female	Male	Female
 Number of employees excluding executive functions	2,253	49	1,967	1,301
	2,302		3,268	
	Male	Female	Male	Female
 Number of employees under 30	378	18	321	322
	396		643	
	Male	Female	Male	Female
 Number of employees aged 30-50	1,729	28	1,447	938
	1,757		2,385	
	Male	Female	Male	Female
 Number of employees over 50	173	3	234	67
	176		301	
	Male	Female	Male	Female
 Number of employees according to type of Employment	Full-time	Part-time	Full-time	Part-time
	2,329	0	3,318	11



GRI 2-29, 401-1, 401-2

# Employee Engagement and Satisfaction



**All feedback and complaints received from the employees in the previous year have been resolved, and the employee engagement level, which was measured as 51% in 2019 within Zorlu Textile Group, has gone up to 58% in 2021.**

The strong bond and high motivation of the employees with the organization are an integral part of organizational growth and the value it adds to the society. For this reason, increasing employee engagement and satisfaction is considered one of the top priorities for Zorlu Textile Group. Employee satisfaction surveys have been conducted biennially since 2017 in order to receive employee feedback and listen to their opinions, and the results are evaluated by senior management teams.

Korteks employee surveys are conducted under the categories of Belonging, Workplace Management, Colleagues, Communication, Engagement, Empowerment, Trainings, Occupational Health and Safety, Physical and Social Workplace Conditions, Job Satisfaction, and Role of the Workplace in Society. Korteks employee surveys are conducted, on the other hand, under the main headings of Loyalty, Agility, Leadership That Creates a Loyal Team, and Talent Focus; and under the categories of General Satisfaction, Brand, Career Development, Cooperation, Customer Focus, Decision Making, Diversity and Inclusion, Empowerment and Autonomy, Infrastructure Facilities, First Manager, Performance Management, Reward and Recognition, Senior Management, Talent and Staffing, Business Activities and Work-Life Balance.

The results of the employee satisfaction surveys conducted online during the global pandemic are being analyzed by completely independent institutions in a confidential manner. Employees' demographic characteristics and expectations are monitored periodically through surveys, and changes are planned in order to respond to expectations. In parallel with this, improvement areas are identified to increase employee satisfaction and improvement plans are implemented. All feedback and complaints received from the employees in the previous year have been resolved, and the employee engagement level, which was measured as 51% in 2019 within Zorlu Textile Group, has gone up to 58% in 2021. Thus, a 14% increase was observed in the measured employee engagement score. The employee satisfaction rate, on the other hand, increased by approximately 10% from 68% in 2019 to 75% in 2021.



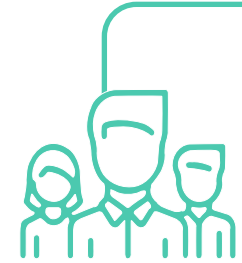
# Performance Management



Research shows that when employees see that their goals are in line with the company's goals, their engagement and contribution to the company increases, and they feel much healthier and more resilient. Zorlu Textile Group focuses on aligning the goals of its employees with the goals of the Group, and thus increasing the performance of its employees, parallel to the care it provides in the recruitment processes for the increasing need for qualified workforce.

It is expected that the performance evaluation system, which is carried out in a transparent manner, will strengthen the communication between managers and employees and improve employee engagement. The target and/or competency-based performance management system implemented at Zorlu Textile Group companies offers a 180-degree evaluation, including self-evaluation of the employees and the evaluation of the employees by the manager. The two-way feedback provided through performance evaluation is also valued in the career planning of the employees. The results of the performance management system handled sensitively are used for determining wages, designing trainings and career planning. Regular evaluations of employees' work and tracking of their progress toward meeting the targets have a favorable impact on the Group's overall operations.

<sup>1</sup> McKinsey, Help your employees find purpose—or watch them leave (2021)



**The target and/or competency-based performance management system implemented at Zorlu Textile Group companies offers a 180-degree evaluation, including self-evaluation of the employees and the evaluation of the employees by the manager.**



GRI 2-19, 2-20, 401-2, 405-1, 405-2

# Equal Opportunity Approach

In today’s world, eliminating gender inequality and increasing the rate of female employees is an important step that can improve the performance of companies and accelerate sustainable development. While the rate of female employees participating in the workforce is 32%, the rate of male employees is around 68%, and in addition, the female employment rate in 2021 remained at 27.5%. However, the increase in the female labor force participation rate to 63% in Turkey has the potential to increase the gross domestic product (GDP) by 20% in 2025. Zorlu Textile Group is aware of the need to support sustainable development by creating opportunities for women to participate in working life on an equal basis with men.

Zorlu Textile Group, in line with Zorlu Holding’s commitment to comply with the United Nations Global Compact (UNGC) principles, offers its employees equal opportunities based on their skills and experience with a fair approach. In line with the

Smart Life 2030 approach, it reflects an inclusive and diversity-driven corporate culture. Zorlu Holding follows the Gender Equality Manifesto as its guide. It strives to empower women in economic life, increase the ratio of female role models and leaders, and raise awareness of gender equality among all stakeholders. Zorlu Textile Group also supports the United Nations Women’s Empowerment Principles (UNWEPs), of which Zorlu Holding has been a signatory since 2015.

At Zorlu Textile Group, all human resources processes, including recruitment and wage management, are implemented within the framework of Zorlu Holding’s Ethical Principles, without any discrimination based on differences. Following the Sustainable Development Goals, the principle of equal pay for equal work is adopted for all female and male employees, including employees with disabilities. Wage policies, regardless of age, gender, religion, language,

race, ethnicity, disability or similar differences, are implemented with a wage management system that is free from discrimination. Under this system, wages are updated based on market conditions in the country and industry, positions, corporate wage policy, employee performance and competence. In the following years, Zorluteks will continue to make efforts to maintain its 50.7% white-collar female employee ratio.

Zorlu Textile Group companies evaluate the factors that may cause women to stay away from working life due to their social roles, and produce special solutions for female employees. Female employees who become mothers are also supported and assisted in maintaining a work-motherhood balance. Being aware that childcare services are of great importance for women’s full and equal participation in the labor market, nursery facilities are provided for female employees at Zorluteks’ Lüleburgaz Plant so that they can safely entrust

their children and continue their working life. Thanks to this nursery located in the facility, the development of the children can be followed by their working mothers through care programs prepared by age groups. Moreover, at Korteks and Zorluteks facilities, there are breastfeeding rooms for female employees who have just given birth to meet all their needs. In order to help solve the problems of women in their social and economic lives, workplace psychologists support Zorluteks employees free of charge two days a week. All employees at Korteks are provided with training to prevent domestic violence and reduce sufferings. Along with these, awareness trainings are organized for all employees in order to raise awareness on gender equality.

<sup>2</sup> TurkStat, Labor Force Statistics (2021)  
<sup>3</sup> McKinsey, Women Matter Turkey (2016)



GRI 3-3, 401-3, 404-1, 405-1, 405-2

	KORTEKS		ZORLUTEKS	
	Total	Female	Total	Female
Number of employees	2,329	49	3,329	1,327
Rate of disabled employees	3.25%		3%	

	KORTEKS	ZORLUTEKS
Number of female employees on maternity/parental leave	3	55
Number of female employees returning to work after maternity/parental leave ends	3	28
Rate of female employees returning to work after maternity/parental leave ends	100%	51%

Active participation of disabled people in working life and social life is another important issue in Zorlu Textile Group’s equal opportunity approach. The number of disabled employees employed by KorteKS and ZorluteKS exceeds the number of disabled employees required to work under the Labor Code. Regarding employment of people with disabilities, the expected level of competence and experience is taken into account based on job description. In addition, by making arrangements to facilitate the life of disabled employees, the walking paths, emergency warning systems and rest areas of the facilities have been made accessible for the disabled. All personnel working at ZorluteKS Istanbul’s selected stores received sign language training as part of this initiative.

## Support for Employee Development

KorteKS employees receive trainings on General Business Administration, Complaints Handling, OHS, Risk Analysis, Fire Safety, Environment, Process Improvement, Efficiency Increasing, Calibration, ISO 9001, 14001, 10002, IATF 16949. In addition to these, First-Level Leaders are supported through Inter-Team Communication, Problem-Solving Techniques, Situational Leadership Trainings whereas Managers are supported through Leadership Academy Trainings, and Senior Management through Management Academy Trainings.



Table 6: Zorlu Textile Group Training Data (2021)

	KORTEKS	ZORLUTEKS
Trainings provided (hours)	12,979	24,029
OHS trainings provided (hours)	28,260	10,633
Total trainings (hours)	75,901	

Having qualified human resources and supporting the development of employees is an important investment for the future. At Zorlu Textile Group, we believe that the training opportunities created to contribute to the professional and personal development of employees will increase their motivation as well as their performance. Within Zorlu Textile Group, a total of 37,008 hours of training (excluding OHS training activities) was provided in the previous year, 12,979 hours at KorteKS and 24,029 hours at ZorluteKS. With the OHS training activities provided in the previous year (28,260 hours at KorteKS, 10,633 hours at ZorluteKS), the total training hours stand amounted to 75,901 hours.

In parallel with the trainings provided within the Group, trainings are planned in line with their work and interests in order to contribute to the professional and personal development of the employees. White-collar employees attended online trainings during the pandemic period through the Zorlu Academy training platform. Personal development content is available on Zorlu Academy platform in addition to the mandatory Occupational Health and Safety, Ethics, and PDPL (Personal Data Protection Law) trainings for all employees. The trainings offered through the easily accessible online Zorlu Academy platform allow you to follow current professional subjects and developments.

With the support of the English education platform provided at ZorluteKS, white-collar employees who want to improve their foreign language have the opportunity to receive language training 5 days a week. On-the-job training, OHS, vocational and technical trainings are held regularly for blue-collar employees. In addition, online training modules with specific computer programs, finance, marketing and personal development content are accessible to all employees. Along with the value placed on equality, all employees can participate in the “I am aware of equality” trainings designed in cooperation with AÇEV. These trainings, which aim to raise awareness about equality, will also be held with the participation of employees’ children in the upcoming period.

Not only that, but outsourcing training and certification programs in domains where employees wish to develop are also followed within the scope of their job descriptions, and they are given the opportunity to participate. Moreover, individual orientation programs are planned in order to accelerate the adaptation of each new employee to the working environment. For this purpose, Ethical Principles training is provided along with information about corporate culture, work and processes.

Zorlu Textile Group believes that in today’s competitive conditions, employees who increase their level of knowledge and experience through postgraduate education will improve the business world. Therefore, in addition to in-house training, employees are encouraged to continue academic training. The Group worked in cooperation with Bahçeşehir University (BAU) and started a specific MBA program. Employees who are involved in and continue this master’s program, which has been established since 2017, have the opportunity to have a Master’s Degree. Since 2017, a total of 54 KorteKS and ZorluteKS employees attended this program, all expenses of which were covered by Zorlu Textile Group. It is planned to create similar opportunities for those who want to continue their doctorate program in addition to the master’s program in the upcoming periods. Employees with postgraduate degrees are also eligible for a monthly grant to help with their training.

Table 7: Number of Employees Doing Master's Degree with the Group's Support

	2017-2018	2019-2020	2021-2022
KORTEKS	-	6	7
ZORLUTEKS	20	11	10

The participation and development of Zorlu Textile Group executive staff in leadership programs is also very valuable. Every year, two ZorluteKS executives participate in the TURQUALITY® Executive Development Program, which is carried out under the coordination of the Ministry of Commerce, TIM (Turkish Exporters Assembly) and Istanbul University.

TURQUALITY PROGRAMI	2019	2020	2021
ZORLUTEKS	2	3	3

The Group’s senior management also participates in many training and certificate programs both in Turkey and abroad, especially at Stanford University. So far, 32 ZorluteKS executives have attended the Leadership and Management Academy Program, which is run in collaboration with Koç University and Sabancı University.



GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10, 404-2, 404-3

# Occupational Health and Safety (OHS) Policy

Employee health and safety are among the top priorities for Zorlu Textile Group. The Group aims to create safe working environments with zero work-related accidents and zero occupational diseases in every field of operation. Being aware that there are various occupational health and safety (OHS) risks at different levels within Zorlu Textile Group companies, Utmost care is taken to evaluate various OHS risks and hazards in advance, to minimize them, to be prepared for emergencies, to take the necessary precautions and to use the necessary technology and safety equipment to prevent possible accidents and diseases. National and international legislation and regulations on occupational health and safety are strictly complied with. In addition to all employees, interns, visitors, customers, the importance of occupational health and safety is communicated to suppliers and other stakeholders through trainings and announcements. In the previous year, a total of 28,260 hours of OHS training has been provided to 2,355 people by Korteks and 10,633 hours of OHS

training to 4,244 people by Zorluteks. In addition, suppliers and stakeholders are encouraged to prioritize OHS.

OHS trainings are held in the first week of employment for all employees who have just joined Zorlu Textile Group. In these trainings, OHS risks and methods of protection from these risks, actions in case of emergency and accident, first aid and the COVID-19 pandemic process are discussed. 8-hour compulsory training is provided online to white-collar employees through the Zorlu Academy platform. Face-to-face OHS trainings are provided for blue-collar employees between 8-12 hours at Zorluteks and between 12-16 hours at Korteks, depending on the hazard class of the workplace. General health trainings including awareness raising on occupational diseases, methods of prevention from diseases and first aid, emergency are offered by workplace physicians; fire response trainings for fire crews, MSDS chemical and Personal Protective Equipment use

trainings for employees who work with chemicals, and safe working at height trainings for those working at height are offered by fire safety experts as part of trainings offered in addition to the general OHS trainings. Employees' knowledge levels are assessed after the trainings.

Korteks and Zorluteks have OEKO-TEX Standard 100 Certificates, which demonstrate that all production facilities are socially and environmentally healthy thanks to the use of non-harmful chemicals. Zorlu Textile Group, which has certified with OEKO-TEX Certificates that the products produced along the entire value chain are safe for humans and ecology, demonstrates the importance it attaches to the health of its employees and customers.

Zorluteks is committed to continuously developing and improving its OHS performance in accordance with the ISO 45001:2018 Occupational Health and Safety Management System. ZDHC (Zero Discharge of Hazardous Chemicals) is followed in order to reduce the negative effects of chemical substance use on occupational safety, human and environmental health. The Occupational Health and Safety policy established within the company is carried out directly under the responsibility of the senior management and the General Manager. The OHS policy is binding for the chairman and board members, managers, all employees, visitors and suppliers within the borders of the workplace. At Zorluteks' working areas, there are 2 infirmaries open 24 hours, where there are 2

doctors and 4 nurses. On the other hand, 2 infirmaries in Korteks serve with 2 doctors and 5 health personnel. In addition to the polyclinic services offered throughout the day, first responses in the event of a suspected workplace accident are conducted here, with referrals made as necessary.

Working environment conditions are regularly evaluated with a focus on protecting the safety and health of employees and necessary improvements are made. Factors such as height, noise, lighting, airflow in the working environment, as well as all conditions such as working in shifts, standing, working in a dusty environment, working with chemicals, using machinery are evaluated separately for each employee and each job. When necessary, regulations are made to improve the conditions of the working environment and make it more convenient. Regular health checks are made for all employees and their wellbeing is always considered. As a result of the periodic checks, the health findings, laboratory and imaging results of the employees, the records of the relevant working environment conditions and physicians' opinions are kept and shared with the Turkish Ministry of Labor and Social Security with e-signature through the QDMS program. In addition, routine follow-ups of employees with chronic diseases, disabilities, pregnancy and similar special conditions are carried out, and medical opinions or reports are sought from specialist physicians who follow up the employees when necessary.

Table 8: Zorlu Textile Group OHS Data (2021)

	KORTEKS	ZORLUTEKS
Number of people who received OHS trainings	2,355	4,244
Total OHS trainings provided (hours)	28,260	10,633
Accident frequency rate*	26.50	46.72
Accident severity rate**	1.94	1.58

\*Accident Frequency rate = Number of Accidents\*1,000,000 / Total Working Hours  
\*\*Accident severity rate = Total Lost Workdays\*1,000 / Total Working Time



GRI 3-3, 403-6, 403-7



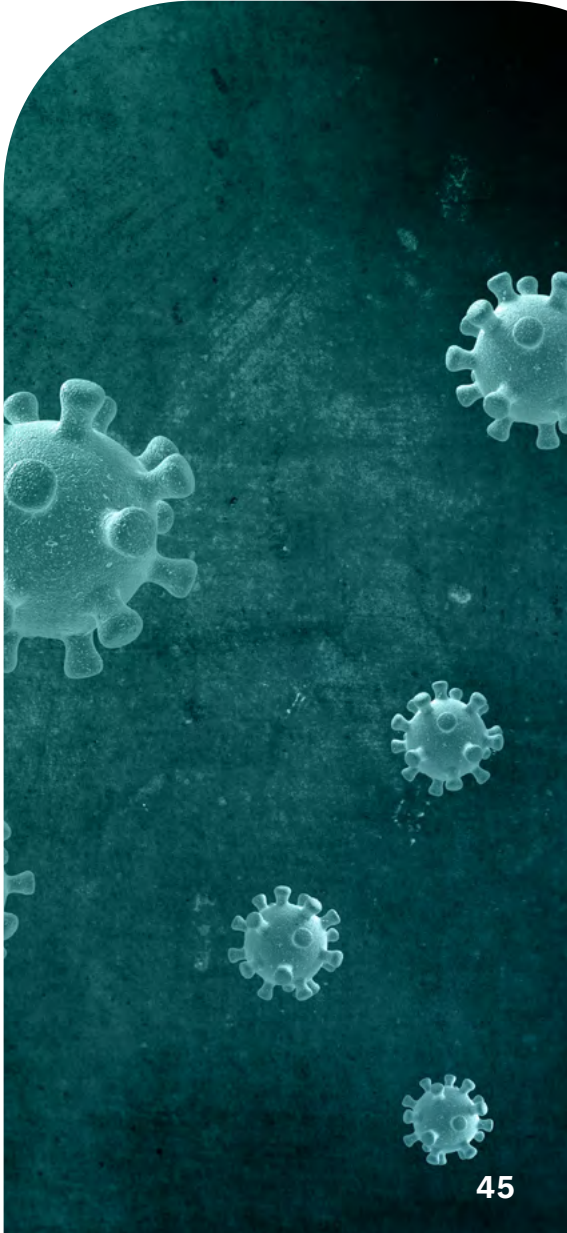
**Zorluteks, acting with a sense of responsibility for the protection of public health, also supported 33 different Turkish hospitals with a total of 40,280 medical masks and 1,070 overalls during the pandemic that affected the whole world.**

**Covid 19 Approach**

With the outbreak of the COVID-19 pandemic, protecting the health and safety of employees has become the focus of Zorlu Textile Group, and as of April 2019, it has switched to a hybrid working model. The Group continued its activities at half capacity by switching some of its employees to work from home, thus taking the necessary measures to minimize physical contact. Necessary protective materials such as masks, disinfectants and sanitizers were provided for employees who, due to the nature of the job, must be in offices or production facilities. In addition, necessary arrangements have been made to prevent crowds in all dining halls, service areas and other public areas and to ensure hygiene. Measures such as fever measurement at the entrance to offices and production areas and placing disinfectant points were also quickly put into practice. In addition, practices such as HES code and vaccination card inquiries at the entrances were carried out in accordance with the PDPL. Disinfection processes of working environments have been carried out at regular intervals since the first days of the COVID-19 pandemic.

In addition to the many awareness-raising activities carried out within Korteks during the pandemic, employees who wanted to be vaccinated had the opportunity to be vaccinated in the work area by the healthcare teams of the Ministry of Health.

Through the COVID-19 Hotline implemented by the Human Resources Department at Zorluteks, employees' questions about the pandemic were answered and efforts were made to reduce their concerns in this manner. Zorluteks, acting with a sense of responsibility for the protection of public health, also supported 33 different Turkish hospitals with a total of 40,280 medical masks and 1,070 overalls during the pandemic that affected the whole world.



# DIGITALIZATION, R&D AND INNOVATION STUDIES

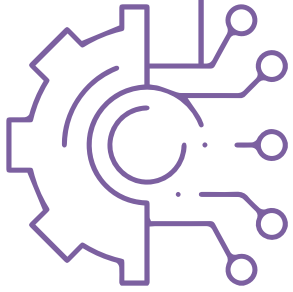


## 6

- 47 Digitalization Investments
- 48 R&D Activities

GRI 3-3

# Digitalization Investments



**Korteks swiftly generated prototype part designs with 3D printers to boost machine productivity and began trial tests on the machines in order to get the most out of this convenience.**

Technology, which is still evolving on a daily basis, has infiltrated practically every facet of existence. To keep up with this new era, businesses must work together with technology and expand investments in digitalization. Recognizing this reality, the Zorlu Textile Group has stepped up its digitalization efforts and continues to develop new projects that will help it keep up with the times.

## 3D PRINTER AUTOMATION PROJECT

The digital transformation of industries and value generation processes is known as Industry 4.0. Technological advancements such as big data, the internet of things, and autonomous robotics can help realize the transformation. 3D printers, also known as additive manufacturing, are one of the technologies that is helping to expedite the change.

Designers and engineers benefit from the flexibility and convenience that 3D printers provide. Korteks swiftly generated prototype part designs with 3D printers to boost machine productivity and began trial tests on the machines in order to get the most out of this convenience. Due to the high number of machineries, an automation system comprising of collaborating robots and printers has been designed to produce

successfully tested pieces in large quantities. The system can run unattended 24 hours a day, seven days a week and be monitored remotely.

## ASSET AND MAINTENANCE MANAGEMENT SYSTEM PROJECT

Korteks needed to use an “Asset and Maintenance Management” software in electronic environment in order to manage all assets such as machinery, equipment, heating and cooling systems installed within the company, to organize maintenance processes in a healthier way, to perform maintenance works in a timely manner, to monitor maintenance works and to perform maintenance more economically. Thanks to the “Asset and Maintenance Management” software, which was started to be used with this project, all maintenance processes such as breakdown, preventive maintenance, predictive maintenance, planned (periodic) maintenance, manufacturing and general downtime as well as all assets were managed.

The software identifies material, labor, and equipment requirements for preventive maintenance, and maintenance supervisors can be alerted to potential issues. In addition, the costs of keeping stock of maintenance items were reduced, and the maintenance and





GRI 3-3



operations managers were given effective maintenance management. One can observe which machine was intervened by who, when, how long and in which shift, how much of which spare part was used, what the root cause of the malfunction is, and the techniques used while responding to the malfunction, thanks to the software’s “Machine History Reports.” Thanks to this approach, a critical data pool for maintenance management has been built within the company, and considerable reductions in response times to subsequent failures have been obtained.

The software generates a warning about equipment that needs to be serviced on a regular basis, as well as a work order for the department that will perform the work. Furthermore, the

ERP (SAP) system and machines have been integrated, and materials used in malfunctions and maintenance are automatically withdrawn from stock, and the corresponding asset (together with the labor invested) is represented in the maintenance cost. Furthermore, occupational safety measures were specified at the desired level in the software, and effective occupational safety process management was ensured. It is possible to use the software by running it on supported mobile devices in the field, thanks to the Mobile Application System. As a result, field interventions will be much faster and more effective. The label on the asset can be read in the event of a malfunction, and a record may be produced in the system as soon as the problem arises, thanks to the capability to use mobile devices in the field. Personnel who arrive for the solution can use their mobile devices to notify that maintenance has begun and to process the materials they use. In this manner, every step of the process may be tracked in real time.

## R&D Activities

Investing in R&D activities is among the topics that Zorlu Textile Group attaches most importance to.

Korteks started its R&D studies in the 2000s and was approved as a R&D Center by the relevant Ministry in 2015. Korteks R&D Center, which has two registered patents, directs research and development activities within the company, and supports increasing the competitiveness of products in international markets by developing new polyester yarn types. Korteks attaches great

importance to R&D activities with its experienced R&D personnel who have expertise on polymer material technologies, polyester polymer production, synthetic fiber production, yarn texturing and processing, textile and yarn design, textile and yarn testing and analysis methods. The company intensifies its R&D investments by increasing the share it allocates from its budget to this field every year. The company conducts R&D activities in an indoors area of 2,735 m² with pilot machines same as the actual machines in the plant and with 36 staff from various disciplines.

Accelerating its work on technical textiles, the R&D Center has successfully carried out its work on the following:

- Developing UV-resistant polyester yarns
- Developing flame retardant polyester yarns with different materials
- Developing polyester yarns with antistatic properties with different materials
- Developing polyester yarns providing electromagnetic shielding with different materials
- Developing polyester yarns repelling flies, pests and dust mites
- PBT Yarns production project
- PTT Yarns production project
- Flexible polyester yarns production
- Developing high tenacity polyester yarns
- Developing high visibility polyester yarns
- Developing flat section luminescent polyester yarns
- Developing polyester yarns providing thermal insulation
- Developing low-temperature dyeable polyester yarns

- Developing hydrophilic polyester yarns
  - Developing cut-resistant yarns
  - Developing hybrid yarns for the composite industry
- A total of 10 TÜBİTAK 1501 projects, one TÜBİTAK 1001 project, three SANTEZ projects, one BEBKA project and one Eureka project have been successfully carried out within Korteks. There is an ongoing TÜBİTAK TEYDEB 1501 project for the use of PLA and Recycle PET yarns in the automotive industry in collaboration with SUN TEXTILES and AMES within the scope of projects for circular economy. In addition, a TÜBİTAK 1501 project is still ongoing under the guidance of a professor from Istanbul University for the synthesis of PLA polymers and copolymers and spinning from these polymers. Within the framework of the 2244 Industry-University doctorate program carried out with Bursa Uludağ University, the project for spinning yarns from PHA polymer, an innovative polymer produced from bacteria, is still actively carried out with a doctoral student.
- In Korteks’ Polymer Recycling Facility, RPET Chips, the main raw material of polyester, and recycled polyester yarn (TAÇ REBORN), which is a recyclable product, is produced from waste PET bottles and waste yarns, which are products that can remain uncontrolled in nature for many years and may cause negative environmental impact. Thanks to this innovative recycling process, energy is saved as it requires less energy than conventional production, while also helping to reduce greenhouse gas emissions. Thus, while supporting recycling with a circular economy, it also contributes to the construction of a sustainable future in the long run.

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The fact that Zorluteks is the first and only company to have one R&D Center and two Design Centers in the textile industry is among the most important facts proving this importance. Zorluteks R&D Center became a ministry-approved center in 2016, Istanbul Design Center in 2017, and Bursa Design Center in 2018.

R&D centers, which received the design registration award in 2018 and have 5 patent registrations, continue to carry out their activities focused on creating innovative solutions on an indoors area of 2,700 m<sup>2</sup> with 82 employees. The activities carried out in the R&D centers, which include undergraduate and graduate engineers from multidisciplinary departments and experienced technicians who have worked in production facilities for many years, are not limited to the home textiles industry, but innovative project activities on technical textiles are also implemented.

While Zorluteks' R&D spending on R&D activities totaled TL 23,045,334 in 2021, it only accounted for 1% of its total revenue. Korteks spent TL 12,982,513 on R&D activities in 2021, accounting for 0.38% of its total revenue.

Zorluteks' R&D Center tries to shed light on the future vision of the organization and develop its product portfolio especially on technical textiles. In this context, various projects are conducted, including;

- Tarpaulin fabric with improved performance properties resistant to cuts,
- Development of sail fabric,

- Electronic textiles,
- Sound absorbing curtain,
- Infrared reflective curtains,
- Electromagnetic shielding fabrics,
- Heating fabrics,
- Air purifying curtain

A total of 15 TÜBİTAK Projects have been carried out within Zorluteks so far. 13 of these projects are TÜBİTAK TEYDEP 1501 projects. 7 of the projects have been successfully implemented and 6 of them are still work in progress. Two "TÜBİTAK Order-Based R&D 1707 Projects" were also accepted.

Zorluteks' innovative efforts are not limited to the domestic market, but also through its international connections, knowledge and experience are shared and multinational projects are implemented. In this context, two Horizon 2020 projects named "Reclaim", "ZeroBrine" and "Oxipro" were accepted. With Korteks' EU project, also called PLASTICE, adopted in the last days of 2021, the company aims to recycle post-consumer plastic and textile waste mixtures, while contributing to the circular economy with innovative and sustainable production.

The amount of financial support received from the government through national and international R&D projects was TL 1,413,895,27 for Korteks and TL 1,674,548,04 for Zorluteks.

RECLAIM Project: The RECLAIM project, which has been accepted to HORIZON 2020, which includes 22 partners from different European countries, aims to extend the life of machines and materials by developing innovative solutions to problems, to reduce unnecessary use of resources and to control machines independently from people. With its RECLAIM Project, Zorluteks aims to control the machines used in bleaching, drying and processing, which affect the whiteness of cotton fabrics, with models established with artificial neural networks (ANN). In this way, the company aims to increase the efficiency of the next processes and make the printing color more controllable on a product basis, by preventing unnecessary time, resource and cost consumption with standardized processes that are independent of people, predictable and with minimum process repetition.

OXIPRO: With this project, the company aims to develop environmentally-friendly and sustainable products by using environmentally-friendly enzymes in the detergent, textile, cosmetics and nutraceuticals (food supplements) industries. Thanks to the enzymes to be developed as equivalent to the chemicals used in the processes, resource consumption, environmental pollution and harmful chemical consumption will be reduced and product functionality will be increased. Thanks to the immobilization feature, the enzymes to be developed can be collected after the process and thus the reuse of the enzymes will be ensured.

ZEOPRINE: With this project, the company aims to recover water and salt, which are used extensively in the textile industry. In the pilot plant, wastewater coming to the treatment plant is treated using advanced treatment methods after physicochemical and biological treatment. At the end of the advanced treatment, water with a 70-80% process water quality and 400 tons/year brine solution can be recovered. In this way, water and salt usage of the facility is reduced.

PLASTICE: 25 partner organizations from 7 different countries will work in cooperation for 4 years in this project which aims to contribute to the circular economy by recycling complex textile and plastic wastes, which are very difficult to sort, thanks to environmentally-friendly, innovative, efficient methods and smart and digital technologies, as well as to the circular economy by producing final products with low carbon footprints from recycled raw materials. Waste managers, recyclers, chemical and textile industries, technical and scientific authorities, the general public, civil society and the whole society are among the stakeholders of the project.

# VALUE GIVEN TO SOCIETY



## 7

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# Stakeholder Relationship Management

The notion of Stakeholder Capitalism, which we’ve heard a lot about in recent years, states that businesses should create value not just for their shareholders, but for all of their stakeholders, including consumers, employees, suppliers, and society. Companies that use stakeholder capitalism to produce shared value for all stakeholders work to meet the expectations of all stakeholders by embracing inclusion and diversity. It is clear that by fostering safe and healthy working conditions, businesses will become more resilient and skilled.

Companies must become more engaged with their stakeholders than ever before in order to generate shared solutions for sustainable development in today’s world. Understanding the expectations of individuals, groups, and organizations that contribute to the value chain and are affected by their activities, as well as guiding Zorlu Textile Group’s activities based on this understanding, is critical. Sharing ideas, seeking shared solutions to challenges, discussing expectations, and establishing two-way communication among stakeholders are all important to Zorlu Textile Group. The Group also conducts joint studies and maintains continuous dialogue with its stakeholders in order to produce long-term value for all of its stakeholders. It focuses about creating value and offering

social benefits for its external stakeholders in addition to its internal stakeholders. The following are the stakeholders, as well as the communication techniques and frequencies developed by KorteKS and ZorluteKS with them:

	KORTEKS	ZORLUTEKS
Shareholders, partners, managers	Management Group meetings, Zorlu Group meetings, Budget meetings (annually) Management Review meetings (Strategy, Target, Evaluation) (semi-annually) Planning meetings (monthly) Stock assessment meetings (bimonthly)	Management Group meetings, Zorlu Group meetings, Budget meetings (monthly) Management Review meetings (Strategy, Target, Evaluation) (annually) Planning meetings (monthly) Quality meeting (monthly)
Employees	Digital communication tools (corporate website, e-mail, telephone and sms) (continuous) Face to face meetings (continuous) Zorlu Portal, KorteKS Portal, KorteKS Announcement TV, notice boards (continuous) Department meetings, Goal evaluation meetings (continuous) Award and suggestion meetings (semi-annually) OHS Board meetings (bimonthly) Employee training and development programs (continuous) Employee satisfaction survey (annually) Social motivation activities (continuous)	Digital communication tools (corporate website, e-mail, telephone and sms) (continuous) Face-to-face meetings (continuous), Announcements, notifications, in-house publications, bulletin boards (continuous), Special days celebrations (continuous), Committee meetings (continuous), Digital training programs (continuous), Employee training and development programs (continuous), Employee satisfaction surveys (biennially), Social motivation activities (continuous), Sustainability Workshop and Projects (monthly)
Customers (export and domestic market, stores, dealers)	Sustainability Report (annually) Digital communication tools (corporate website, e-mail, phone and sms) (continuous) Ethical Principles (continuous) Customer visits, product brochures and promotions, meetings and interviews (continuous) Fairs, symposiums, sponsorships (continuous) Customer satisfaction surveys (biennially)	Digital communication tools (corporate website, e-mail, telephone and sms) (continuous) Customer visits, product brochures and promotions, meetings and interviews (monthly / bimonthly) Exhibitions, conferences, fairs (annually/semiannually) Social media /news Request/complaints websites Customer satisfaction surveys (biennially) Alternative Channels (Gittigidiyor, N11, Trendyol) (domestic market customers) Call center
Suppliers	Sustainability Report (annually) Digital communication tools (corporate website, e-mail, phone and sms) (continuous) Meetings, interviews, visits (continuous) Supplier Evaluation Surveys (annually) Supplier Performance Evaluations (semiannually) Supplier Audits (annually)	Digital communication tools (corporate website, e-mail, phone and sms) (continuous) Meetings, meetings, visits (continuous) Fairs, workshops (continuous) Supplier Portals (SLC) (when necessary) Supplier Audits (annually)
Public Agencies and Local Administrations	Corporate website Meetings, interviews, visits (continuous) Joint projects, fairs, symposiums Human Resources Career days	Corporate website Meetings, interviews, visits (continuous) Periodic reporting Audits
Non-Governmental Organizations, Universities, Students	Corporate Volunteering activities Projects in collaboration with universities Employee and manager trainings	Corporate Volunteering activities Projects and R&D collaborations with universities Career days, coaching and mentoring programs Employee and manager trainings

<sup>44</sup>McKinsey, From principle to practice: Making stakeholder capitalism work (2021)

GRI 2-6, 2-28, 2-29

# Affiliations and Collaborations

Zorlu Textile Group undertakes to comply with the principles on human rights, labor standards, environment and anti-corruption within the scope of the United Nations Global Compact (UNGC) signed under the umbrella of Zorlu Holding. It follows and supports the United Nations Women's Empowerment Principles (WEPs), of which Zorlu Holding is a signatory, in its line of business. Zorlu Textile Group companies' affiliations and collaborations are given below:

## KORTEKS

- UN Global Compact
- CIRFS
- IVC-Home
- Textile ETP
- EUROTEx
- UPB (International Patent Association)
- KALDER (Quality Association)
- SUSEB (Man-made Synthetic Yarn Manufacturers Association)
- URTEB (International Competition and Technology Association)
- TETSIAD (Turkish Home Textiles Industrialists and Businessmen's Association)
- İTKİB (Istanbul Textile and Apparel Exporters' Association)
- ÜİB (Uludağ Textile Exporters' Association)
- BOSİAD (Bursa Organized Industrial Zone Industrialists and Businessmen's Association)
- Istanbul Chamber of Commerce
- Istanbul Chamber of Industry
- Bursa Commodity Exchange
- Bursa Chamber of Commerce and Industry

## ZORLUTEKS

- UN Global Compact
- KALDER (Turkish Quality Association)
- URTEB (International Competition and Technology Association)
- TEGEP (Training and Development Platform Association)
- IPUD (Good Cotton Practices Association)
- Uludağ Textile Exporters' Association
- TETSIAD (Turkish Home Textiles Industrialists and Businessmen's Association)
- EUROTEx
- Textile ETP, a subsidiary of Eurotex
- CIRF
- ZDHC (Zero Discharge of Hazardous Chemicals) Gateway
- BVE3 - Environmental Emission Evaluator (e3)
- Istanbul Chamber of Commerce
- Istanbul Chamber of Industry
- Istanbul Commodity Exchange
- Lüleburgaz Chamber of Commerce
- Bursa Chamber of Commerce and Industry



GRI 3-3, 408-1, 409-1

# Sustainable Supply Chain Approach

It is of great importance for Zorlu Textile Group that a sustainable and ethically compliant supply chain approach is embraced by the suppliers and conveyed to the entire value chain from start to finish. Environmental and social risks are closely followed in the globalizing supply chain and the Group adopts a responsible procurement approach. Suppliers are encouraged on sustainability and resilience at all stages of the value chain.

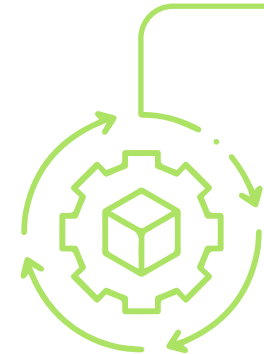
As with all Zorlu Group companies, Korteks and Zorluteks consider their suppliers as key stakeholders and ensure that suppliers comply with environmental, social and ethical principles. Suppliers are expected to align with Zorlu Holding's Procurement Principles (Principles) and integrate these principles into their own operations. Suppliers should show sensitivity in their operations in accordance with applicable national laws and regulations on the prevention of child labor and forced labor, prevention of discrimination, decent conditions, remuneration, working hours, freedom of association and the right to collective bargaining, occupational health and safety, environmental protection and ethics. You can find Zorlu Group's Supply Principles [here](#).

Positive change will be cascaded<sup>5</sup> through suppliers' own supply chains as suppliers mature and develop their approach to sustainability issues. With this approach, suppliers are provided with training on Zorlu Textile Group's principles and approach, their adaptation to change is accelerated and they are subject to audits.

In the supplier selection processes, the social or environmental performances of the suppliers are evaluated and their sustainability approaches are scored by the Zorlu Textile Group. Environmental compliance and quality certificates of the supplier, compliance with legal regulations, health and safety measures taken, use of materials that may endanger human health, and working conditions are controlled throughout these processes.

Environmental and social performance of suppliers currently working for Korteks and Zorluteks are periodically monitored, evaluated, reported and shared with suppliers in a transparent manner. The suppliers, which are categorized according to their performance in social responsibility, environmental management and OHS, are audited every year at regular

intervals and are supported in their areas of development. In order for suppliers to adopt a sustainability approach, support is provided in many areas such as the development of the procured product, the efficiency of production and transportation processes. In addition, suppliers are encouraged to have the necessary environmental management and quality conformity certificates. Raw materials that directly affect business continuity (paint, chemical etc.) suppliers, subcontractors, material suppliers carrying the Zorluteks brand and the brand of its customers, suppliers who are critical in terms of information security, and suppliers that customers request audits, who are deemed to be critical after risk assessment for Zorluteks, are given priority in the audit processes. If responsible procurement can be made from suppliers of dyes and chemicals, their compliance with GOTS, ZDHC, REACH-SVHC, STANDARD 100 by OEKO-TEX®, STeP by OEKO-TEX®, GRS will be checked first.



**In the supplier selection processes, the social or environmental performances of the suppliers are evaluated and their sustainability approaches are scored by the Zorlu Textile Group.**

<sup>5</sup>CDP, 2019 Supply Chain Report



GRI 2-29, 3-3

Zorlu Textile Group prioritizes the use of local raw materials and domestic suppliers to eliminate the challenges caused by global supply chains and to assist local development.

Table 9: Zorlu Textile Group Supplier Data (2021)

	KORTEKS		ZORLUTEKS	
	Yerel	Toplam	Yerel	Toplam
Number of suppliers	1,012	1,114	1,149	1,330
Rate of local suppliers	90%		86%	
Number of suppliers subjected to environmental and social compliance assessment	12		51	

Since 2019, Korteks has raised its local raw material supply from 34% to 40.3%, resulting in a 6.4% rise in the amount of local raw materials procured from the domestic market in the last three years. When the conditions are equal in all raw materials supplied for production, Zorluteks prioritizes local suppliers and provides them with an average of 2.5 hours of training per year.

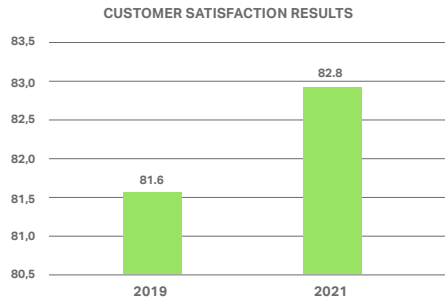
## Customer Satisfaction Approach

Companies have prioritized meeting consumer needs and requests in the quickest and most dependable manner possible, particularly in the post-COVID-19 period. Under ever-changing global conditions, Zorlu Textile Group strives to provide need-oriented solutions by anticipating customer needs, and views customer preferences and expectations as the most significant factors driving innovative and sustainable growth.

The major component that promotes Zorlu Textile Group’s creative culture and fosters transformation is receiving customer feedback and suggestions. Customer feedback is essential for providing long-term, high-quality, efficient, conveniently accessible, and innovative services and products. All input received by korteks and zorluteks is treated fairly, with transparency, confidentiality, accessibility, honesty, and sensitivity as guiding principles. Furthermore, customers are provided with a transparent information flow via any channel at any time when they require information.

The group’s purpose includes ensuring customer satisfaction with the creative goods developed and produced by Zorlu Textile Group, as well as the services given. Korteks stresses customer satisfaction at every level of the process, working with a total of 239 customers in exports in 42 countries across the

world, as well as in more than 30 provinces in Turkey. Korteks, which conducts online surveys biennially to gauge customer expectations and satisfaction, asks users to rate the company based on Service Quality, Product Quality, and Competitors. Customer satisfaction rose from 81.6% in 2019 to 82.9% in 2021 polls, up from 81.6% in 2019. Furthermore, in 2021, the “Likelihood to Recommend Taç İplik Brand to Someone Else” score reached as high as 93. On the other hand, Zorluteks coordinates the entire process of creation of collections, production of accepted orders, quality control, transportation, and delivery to warehouses for 293 customers in 62 countries, concentrating on the demands and expectations of customers.



At every level of the process, from product development to marketing and shipping, a customer-centric approach is used. Suggestions, requests, and complaints from local and international customers are tracked and analyzed; sources of error, if any, are identified, and activities are planned to prevent errors and enhance processes.

Table 10: Zorlu Textile Group Customer Hotline Data (2021)

	KORTEKS	ZORLUTEKS
Number of complaints received by the customer hotline	309	4,647
Number of complaints answered by the customer hotline	309	4,647
Number of complaints resolved by the customer hotline	309	3,868
Response rate of complaints received by the customer hotline	100%	100%

In offering its products and services to customers and end consumers, Zorlu Textile Group follows responsible marketing principles and displays an attitude that respects human rights and the environment, is fair, transparent, and shares accurate information. The Group also considers raising environmental and social awareness among customers and end consumers as one of its responsibilities, and conducts research to that aim.

You can find Zorlu Group’s Customer Relations Manifesto [here](#).

GRI 2-13, 2-25, 2-29

# Social Responsibility Approach



**With these activities carried out on a voluntary basis, Zorlu Textile Group aims to contact and add value to the whole society, especially children, the elderly, women and young people.**

The Zorlu Textile Group believes that engaging in long-term, comprehensive, and effective volunteer activities targeted at addressing social issues within a framework that includes its employees adds value to society. The Group seeks to translate its workers' knowledge, abilities, and experiences into societal benefits through corporate volunteering, while also enhancing the motivation of those who are involved in volunteer activities.

Zorlu Textile Group develops actions focused at producing social benefits, understanding that sustainable development depends on society's strengthening and that businesses must produce value for all of its stakeholders. In addition to the projects carried out in cooperation with foundations and associations, there are also social responsibility activities designed and implemented by Zorlu Textile Group. With these activities carried out on a voluntary basis, the Group aims to contact and add value to the whole society, especially children, the elderly, women and young people.

The TL 3.360.000 donated by Korteks and Zorluteks to the Mehmet Zorlu Foundation, which was founded in 1999, was handed out to young people through scholarships, projects, competitions, and cultural activities in 2021.



## Kivilcılar (Sparks)

Zorlu Textile Group supports the Kivilcılar (Sparks) Movement, which was launched by Zorlu Holding on World Volunteers Day, December 5, 2018, with the slogan "We are volunteers for a bright future, a sustainable life, and social benefit," and encourages its employees to participate in volunteering activities associated with the movement. The Sparks Movement, which is gathered under a single roof within the Group, conducts volunteer activities aimed at contributing to sustainable development, helping the solution of social problems, decreasing disparities, and conserving the environment. The Sparks Movement, which has been running since 2018, has been supported by a total of 148 volunteers, including 30 from Korteks and 118 from Zorluteks.

Zorluteks volunteers who engage in the Kivilcılar (Sparks) Movement, which aims to transfer employees' competencies and potentials into social value, undertake out

activities aimed at eliminating inequity, supporting education, and reducing environmental impact. Volunteers also participate in initiatives that aim to eliminate disparities, promote children's and animals' rights, and raise environmental awareness. Korteks' volunteer efforts include providing book support for a school's library in Bursa, participating in initiatives to feed stray animals, and holding career conversations with Mehmet Zorlu Foundation students. Korteks Sparks volunteers also intend to expand the number of activities they engage in with children by getting storytelling training for children with leukemia.



## Collaborations with KAÇUV

Every child, without any discrimination, has the right to access safe and easily accessible health services. With the awareness of the importance of creating a suitable treatment environment, continuity of this treatment and early diagnosis, especially in childhood cancers, many social responsibility projects have been implemented in cooperation with the Hope for Children with

## GRI 2-13, 2-25, 2-29

Cancer Foundation (KAÇUV) since 2019, with the aim of raising awareness and creating sensitivity in the society.

Zorluteks Sparks volunteers aim to draw attention to the importance of early diagnosis in childhood cancer and to raise awareness about the symptoms of the disease and prevention methods. On the Childhood Cancer Awareness Day, they created and distributed yellow ribbons, which are the symbols of this special day, to raise public awareness. By implementing this project through Sparks in İstanbul, Lüleburgaz and Manisa, they drew attention to the struggle of children who were diagnosed with cancer at an early age. In addition, they supported the Hopeful Boxes Project, which was implemented by KAÇUV in order to provide financial support to families in the treatment process during the Week Against Cancer. In collaboration with KAÇUV, 21 Sparks volunteers from Zorluteks prepared Hopeful Boxes, consisting of food, hygiene and personal care products, which were then distributed to families.

Hope Cafe, which serves as KAÇUV's travelers' cafe and provides employment to the families of children undergoing cancer treatment, was hosted at the Head Office in the Zorlu Holding Building. Here, in order to contribute to the budgets of families who had to leave their current job opportunities for the treatment of their children, support was provided for the sale of Hope Cafe's products.



### Collaborations with TOG

It is very valuable for Zorlu Textile Group to bring children's dreams to life and to color the classroom settings. With the My Colorful Classroom project, which started in Mardin in 2018, the aim is to improve the creativity of children while redecorating their classroom environment and thus to strengthen their commitment to school. Zorluteks held painting workshops with children on volunteering, civil society and well-being together in the My Colorful Classroom project, which was implemented in cooperation with TAÇ, the leading brand of Turkish home textiles, and Community Volunteers Foundation (TOG). Young community volunteers and Zorlu Tekstil volunteers joined these workshops together. Afterwards, the pictures, which were the creations of children's minds, were turned into curtains at TAÇ production facilities and used in classrooms. In 14 cities, including Erzincan, Diyarbakir, İstanbul, İzmir Kütahya, Mardin, Samsun, Kastamonu, Kayseri, Kocaeli, Manisa, Sivas, Sanliurfa, and Van, this program reached a total of 3,723 children.



### Collaborations with Tohum Autism Foundation

Zorluteks voluntarily participated in the awareness-raising activities of Tohum Autism Foundation, which works to pioneer the reintegration of children with Autism Spectrum Disorder (ASD) into society through private

education. Attention was drawn to autism with the awareness-raising video produced by a Zorluteks Kıvılcımlar (Sparks) volunteer.

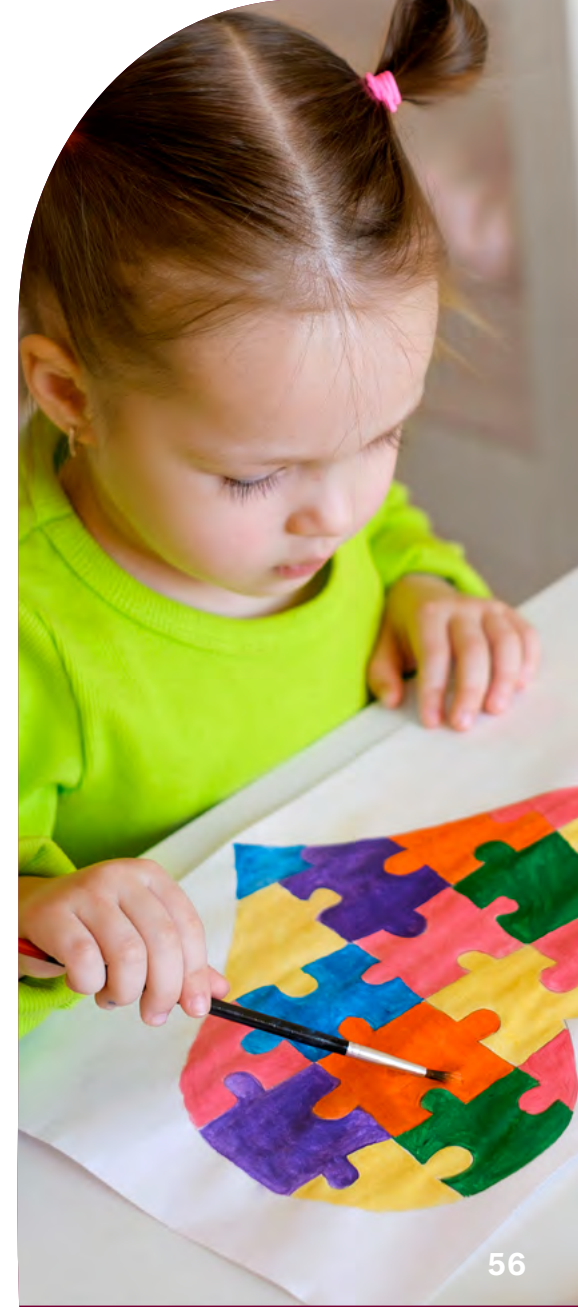


### Collaborations with Ahtapot Volunteers Association

Volunteers from the Ahtapot Volunteers Association and Zorluteks, who work to solve the social problems of the vulnerable groups of the society and meet their needs, came together and collaborated on the sorting, preparation and packaging of the clothes, toys and books collected to be delivered to those in need. At the end of this volunteering activity at the Ahtapot Volunteers' Used Items Donation Center, these items were made ready for delivery to those in need.

### Discovery Workshops

Every detail that children discover about life, art, science and the environment will shape our future. With the awareness of children's need for quality education and accompanying original and creative work, Discovery Workshops have been designed for the children of Zorlu Textile Group employees. With this activity, which was held for the children of the employees studying in the 3rd and 4th grades of elementary schools, the aim was to increase the interest of the children in art, science and the environment and their desire to explore. These workshops were held online, under the titles of Environment, Art and Science Workshop, in current pandemic conditions. In 2021, children of 54 employees of Zorlu Textile Group took part in these workshops. Discovery Workshops trainings are offered by Sparks volunteers who received trainer trainings, as part of their corporate volunteering activities.





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### Vocational High School Coaches Program

Zorlu Textile Group employees consider it valuable to share their knowledge with young people and to support them with their experiences while deciding on their career journeys. For this reason, Zorluteks and Korteks employees set out to provide role models to young people and to coach them in their career choices. Zorluteks volunteers, who primarily receive coaching training, carry out coaching programs for 10th grade students studying at vocational high schools. In this context, volunteers who come together with students every month coach students on their career choices, life expectations, career goals, success methods, and personal and professional development. Korteks volunteers, in cooperation with the Private Sector Volunteers Association, organize monthly meetings with 10th and 11th grade students and coach students under the Vocational High School Coaches Program. They have been training young people for professional life for the past four years by exchanging information and chatting with students on a monthly basis about predetermined topics.

### Hopes Turned into Labor and Toy Designs for Children

Waste fabrics from Zorluteks factory were re-evaluated with female inmates of Tekirdağ Prison, designed as rag dolls, bags and key chains, and sold at a bazaar to support female prison inmates. Moreover, Zorluteks volunteers and 59 female inmates collaborated to design and manufacture rag dolls for underprivileged children. The rag dolls were handed away as gifts to

underprivileged children staying in the Houses of Love of the Ministry of Family and Social Policies. In addition, rag dolls and other toys produced for children were given out as gifts to children in Lüleburgaz Love House at the opening of Sparks in Zorluteks' Lüleburgaz plant in 2019.

### Support for Access to Essential Needs

TİDER (Essential Needs Association) clothing banks in Istanbul accepted donations of basic food, clothing, toys, and books as part of its social responsibility approach. As a result, support was provided to the Support Market system, which allows those in need to meet their essential needs for free based on preset shopping limitations.

### Search and Rescue Team (KORKUT)

Korteks' Search and Rescue Team (KORKUT) is ready to assist the entire society in the event of an emergency or natural disaster. KORKUT, which consists of 25 Korteks personnel (18 permanent and 7 substitutes), is on its way to becoming the first private sector search and rescue team to be accredited by AFAD, in addition to state agencies and NGOs.

KORKUT will be involved in the identification and investigation of areas affected by natural disasters, as well as establishing danger levels, regulating access to public services, and safely isolating and identifying hazardous substances. It will also be capable of rescuing disaster victims and giving first medical aid during surface search and rescue operations. To do all of these activities, KORKUT volunteers will undergo a variety of technical and social trainings, including

construction debris marking and sign reading, site safety and security, specific cultural aspects, operation planning, communication, collaboration, and orientation. In an emergency, KORKUT, which will support local and foreign teams as needed, will take on a significant social obligation.

**Zorluteks volunteers, who primarily receive coaching training, carry out coaching programs for 10<sup>th</sup> grade students studying at vocational high schools. In this context, volunteers who come together with students every month coach students on their career choices, life expectations, career goals, success methods, and personal and professional development.**

# Appendix

## United Nations Global Compact (UNGC) Communication on Progress

NGC FOUR TOPICS	GRI STANDARDS DISCLOSURES	PAGE REFERENCES
Human Rights	GRI 3-3; GRI 412-1; GRI 412-2; GRI 412-3; GRI 410-1; GRI 413-1; GRI 413-2	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
	Principle 1: Businesses should support and respect the protection of internationally proclaimed human right.	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
Labour Standards	GRI 2-7; GRI 2-30; GRI 202-1; GRI 202-2; GRI 401-1; GRI 401-3; GRI 402-1; GRI 404-1; GRI 404-3; GRI 405-1; GRI 405-2; GRI 406-1	Valuing Employees, p. 37-45
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	Valuing Employees, p. 37-45
	Principle 5: Businesses should uphold the effective abolition of child labour.	Valuing Employees, p. 37-45
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Valuing Employees, p. 37-45
Environment	GRI 302-1; GRI 302-2; GRI 302-4; GRI 302-5; GRI 303-5; GRI 304-1; GRI 304-2; GRI 304-3; GRI 304-4; GRI 305-1; GRI 305-2; GRI 305-3; GRI 305-4; GRI 305-5; GRI 305-6; GRI 305-7; GRI 307-1	Respect for the Environment, p. 26-35
	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Respect for the Environment, p. 26-35
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Respect for the Environment, p. 26-35
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Respect for the Environment, p. 26-35
Anti-corruption	GRI 2-23; GRI 205-1; GRI 205-2; GRI 205-3	Respect for the Environment, p. 26-35
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Respect for the Environment, p. 26-35

Women's Empowerment Principles (WEPs) Progress Report

PRINCIPLES	GRI STANDARDS DISCLOSURES	PAGE REFERENCES
Principle 1 – Establish high-level corporate leadership for gender equality	GRI 405-1, GRI 405-2	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
Principle 2 – Treat all women and men fairly at work – respect and support human rights and nondiscrimination	GRI 202-1; GRI 401-1; GRI 401-3; GRI 405-1; GRI 405-2; GRI 406-1	Valuing Employees, p. 37-45
Principle 3 – Ensure the health, safety and well-being of all women and men workers	GRI 403-2; GRI 406-1	Valuing Employees, p. 37-45
Principle 4 – Promote education, training and professional development for women	GRI 404-1; GRI 404-3	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
Principle 5 – Implement enterprise development, supply chain and marketing practices that empower women	GRI 3-3; GRI 204-1;	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
Principle 6 – Promote equality through community initiatives and advocacy	GRI 413-1	Valuing Employees, p. 37-45 Value Given to Society, p. 51-57
Principle 7 – Measure and publicly report on progress to achieve gender equality	GRI 3-3; GRI 405-1; GRI 405-2	Valuing Employees, p. 37-45



# GRI Content Index

GRI 1



Zorlu Textile Group has reported in accordance with the GRI Standards for the period January-December 2021.

For the Content Index – Essentials Service, GRI Services reviewed that the GRI Content Index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
GRI 2: General Disclosures 2021	General Disclosures		-
	Corporate Profile		-
	2-1 Organizational details	Report Overview, p. 4 Zorlu Textile Group at a Glance, p. 6 Corporate Profile, p. 7 Geography of Operations, p. 13-15	-
	2-2 Entities included in the organization’s sustainability reporting	Report Overview, p. 4 Zorlu Textile Group at a Glance, p. 6	-
	2-3 Reporting period, frequency and contact point	Report Overview, p.4	-
	2-4 Restatements of information	This report is the first sustainability report of Zorlu Textile Group.	-
	2-5 External assurance	No external audit was conducted within the scope of the report.	-
	2-6 Activities, value chain and other business relationships	Zorlu Textile Group at a Glance, p. 6 Corporate Profile, p. 7 Products and Services, p. 12 Affiliations and Collaborations p. 52 Sustainable Supply Chain Approach, p. 53-54	-
	2-7 Employees	Zorlu Textile Group at a Glance, p. 6 Corporate Profile, p. 7 Employee Profile, p. 38	-
	2-8 Workers who are not employees	Employee Profile, p. 38	
	2-9 Governance structure and composition	Corporate Profile, p. 7 Corporate Governance Approach, p. 18 Sustainability Approach p. 20	

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
GRI 2: General Disclosures 2021			
General Disclosures			-
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	Confidentiality Constraints  Zorlu Textile Group does not share this information publicly in accordance with the institution's privacy policies.	
	2-11 Chair of the highest governance body	Corporate Profile, p. 7 Sustainability Approach p. 20	-
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable and Eco-Friendly Production Approach, p. 28-32 Affiliations and Collaborations p. 52 Social Responsibility Approach, p.55-57	-
	2-13 Delegation of responsibility for managing impacts	Sustainable and Eco-Friendly Production Approach, p. 28-32 Social Responsibility Approach, p.55-57	-
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Approach p. 20	
	2-15 Conflicts of interest	Ethical Principles and Transparency p. 11	-
	2-16 Communication of critical concerns	Sustainability Approach p. 20	-
	2-17 Collective knowledge of the highest governance body	Confidentiality Constraints  Zorlu Textile Group does not share this information publicly in accordance with the institution's privacy policies.	-
	2-18 Evaluation of the performance of the highest governance body	Confidentiality Constraints  Zorlu Textile Group does not share this information publicly in accordance with the institution's privacy policies.	-
	2-19 Remuneration policies	Employee Profile, p. 38 Equal Opportunity Approach, p.41-42	-
	2-20 Process to determine remuneration	Ethical Principles and Transparency p. 11 Employee Profile, p. 38 Equal Opportunity Approach, p.41-42	
	2-21 Annual total compensation ratio	Confidentiality Constraints  Zorlu Textile Group does not share this information publicly in accordance with the institution's privacy policies.	

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
Material Topics			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Message from the President p. 5	
	2-23 Policy commitments	Corporate Profile, p. 7 Ethical Principles and Transparency p. 11. Sustainability Commitments, p. 28	
	2-24 Embedding policy commitments	Corporate Profile, p. 7 Ethical Principles and Transparency p. 11. Sustainability Commitments, p. 28	
	2-25 Processes to remediate negative impacts	Social Responsibility Approach, p.55-57	
	2-26 Mechanisms for seeking advice and raising concerns	Ethical Principles and Transparency p. 11	
	2-27 Compliance with laws and regulations	Ethical Principles and Transparency p. 11	
	2-28 Membership associations	Affiliations and Collaborations p. 52	
	2-29 Approach to stakeholder engagement	Employee Engagement and Satisfaction, p.39 Stakeholder Relationship Management, p.51 Customer Satisfaction Approach, p. 54 Social Responsibility Approach, p.55-57	
	2-30 Collective bargaining agreements	Employee Profile, p. 38	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis, p. 24	
	3-2 List of material topics	Materiality Analysis, p. 24	
Sustainable Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability at Zorlu Textile Group, p. 19-24 Sustainable Supply Chain Approach, p. 53-54	-
Anti-Bribery and Anti-Corruption, Anti-Competitive Behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethical Principles and Transparency, p. 11 Materiality Analysis, p. 24	-
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Ethical Principles and Transparency, p. 11	
	205-2 Communication and training about anti-corruption policies and procedures	Ethical Principles and Transparency, p. 11	
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are no lawsuits regarding anti-competitive behavior and activities.	



GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
GRI 300: ENVIRONMENTAL STANDARDS SERIES 2016			
Climate Change and Energy Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Respect for the Environment, p. 26-35 Energy Management and Efficiency, p. 31-32	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management and Efficiency, p. 31-32	-
	302-3 Energy Intensity	Energy Management and Efficiency, p. 31-32	
	302-4 Reduction of energy consumption	Energy Management and Efficiency, p. 31-32	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	Combating Climate Change, p. 26-27	-
	305-2 Energy Indirect (Scope 2) GHG Emissions	Combating Climate Change, p. 26-27	
	305-4 GHG emissions intensity	Combating Climate Change, p. 26-27	-
	305-5 Reduction of GHG emissions	Combating Climate Change, p. 26-27	

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
Circular Economy and Natural Resources Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Respect for the Environment, p. 26-35 Energy Management and Efficiency, p. 31-32	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Use and Management, p.34-35	-
	303-2 Management of water discharge-related impacts	Water Use and Management, p.34-35	-
	303-3 Water withdrawal	Water Use and Management, p.34-35	
	303-4 Water discharge	Water Use and Management, p.34-35	
	303-5 Water consumption	Water Use and Management, p.34-35	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, p.35	
	306-2 Management of significant waste-related impacts	Waste Management, p.35	
	306-3 Waste generated	Waste Management, p.35	
	306-4 Waste diverted from disposal	Waste Management, p.35	
	306-5 Waste directed to disposal	Waste Management, p.35	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Resources Approach, p.37	
GRI 401: Employment	401-1 New employee hires and employee turnover	Employee Profile, p.38 Employee Engagement and Satisfaction, p.39	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Profile, p.38	
	401-3 Parental leave	Equal Opportunity Approach, p.41-42	

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
Occupational Health and Safety, Human Rights and Decent Work			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety (OHS) Policy, p.44-45	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-3 Occupational health services	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-5 Worker training on occupational health and safety	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-6 Promotion of worker health	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-9 Work-related injuries	Occupational Health and Safety (OHS) Policy, p.44-45	
	403-10 Work-related ill health	Occupational Health and Safety (OHS) Policy, p.44-45	
Diversity and Equal Opportunity & Human Rights			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Resources Approach, p.37	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Equal Opportunity Approach, p.41-42	
	405-2 Ratio of base salary and remuneration of women to men	Equal Opportunity Approach, p.41-42	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Resources Approach, p.37 No discrimination cases were encountered during the reporting period.	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainable Supply Chain Approach, p.53-54	
GRI 409: Forced and Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Supply Chain Approach, p.53-54	



GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Training and Education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Human Resources Approach, p.37 Support for Employee Development, p.42-43	-
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Support for Employee Development, p.42-43	
	404-2 Programs for upgrading employee skills and transition assistance programs	Support for Employee Development, p.42-43	
	404-3 Percentage of employees receiving regular performance and career development reviews	Support for Employee Development, p.42-43	
<b>Relations with Local Community</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Stakeholder Relationship Management, p.51 Social Responsibility Approach, p.55-57	-
<b>Customer Satisfaction and Brand Management</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Customer Satisfaction Approach, p. 54	-
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Chemical Use and Management, p. 33  OHS assessments of all operations are carried out continuously and within legal requirements.	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No case of non-compliance with the law regarding the health and safety effects of products and services was encountered during the reporting period.	-
<b>Digitalization, R&amp;D and Innovation</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Digitalization, R&D and Innovation Studies, p.47-49	-

# Environmental Performance Indicators

Zorlu Textile Group Carbon Footprint Data (2021)

	KORTEKS	ZORLUTEKS
Scope 1 (tCO <sub>2eq</sub> )	31,568	12,186
Scope 2 (tCO <sub>2eq</sub> )	153,703	64,389
Total (tCO <sub>2eq</sub> )	185,271	76,575

Zorlu Textile Group Energy Data (2021)

	KORTEKS	ZORLUTEKS
Electricity (kWh)	350,384,809	73,000,000
Renewable Energy (kWh)	-	59,916,000
Natural Gas (Sm³)	161,754,080	6,152,147
Total Energy Savings (kWh)	840,646.4	1,206,480
Steam (tons)	-	305,798

Zorlu Textile Group Water Consumption Data (2021)

	KORTEKS	ZORLUTEKS
Tap Water Consumption (m³)	191,937	31,914
Groundwater Consumption (m³)	-	2,406,364
Total Water Consumption (m³)	788,692	2,438,278
Amount of Recovered/Reused Water (m³)	596,755	-

Zorlu Textile Group Waste Data (2021)

	KORTEKS	ZORLUTEKS
Amount of Hazardous Waste (kg)	201,006	2,181,822
Amount of Non-Hazardous Waste (kg)	5,408,446	3,184,352
TOTAL (kg)	5,609,452	5,366,174

# Social Performance Indicators

Zorlu Textile Group Employee Profile (2021)

	KORTEKS		ZORLUTEKS	
Total number of employees	Blue-Collar	White-Collar	Blue-Collar	White-Collar
	1,965	364	2,039	1,209
	2,329		3,329	
Number of white-collar employees	Male	Female	Male	Female
	319	45	1,366	673
	364		2,039	
Number of blue-collar employees	Male	Female	Male	Female
	1,961	4	636	654
	1,965		1,290	
The number of people in executive functions and the Board of Directors	Male	Female	Male	Female
	26	1	35	26
	27		61	
Number of employees excluding executive functions	Male	Female	Male	Female
	2,253	49	1,967	1,301
	2,302		3,268	
Number of employees under 30	Male	Female	Male	Female
	378	18	321	322
	396		643	
Number of employees aged 30-50	Male	Female	Male	Female
	1,729	28	1,447	938
	1,757		2385	
Number of employees over 50	Male	Female	Male	Female
	173	3	234	67
	176		301	
Number of employees according to type of employment	Full-time	Part-time	Full-time	Part-time
	2,329	0	3,318	11

Zorlu Textile Group Data (2021)

	KORTEKS		ZORLUTEKS	
	Total	Female	Total	Female
Number of employees	2,329	49	3,329	1,327
Rate of disabled employees	3.25%		3%	

Zorlu Textile Group Data (2021)

	KORTEKS	ZORLUTEKS
Number of female employees on maternity/parental leave	3	55
Number of female employees returning to work after maternity/parental leave ends	3	28
Rate of female employees returning to work after maternity/parental leave ends	100%	51%

Zorlu Textile Group Training Data (2021)

	KORTEKS	ZORLUTEKS
Trainings provided (hours)	12,979	24,029
OHS trainings provided (hours)	28,260	10,633
Total trainings (hours)	75,901	

Zorlu Textile Group OHS Data (2021)

	KORTEKS	ZORLUTEKS
Number of people who received OHS trainings	2,355	4,244
Total OHS trainings provided (hours)	28,260	10,633
Accident frequency rate*	26.50	46.72
Accident severity rate**	1.94	1.58

\*Accident Frequency rate = Number of Accidents\*1,000,000 / Total Working Hours

\*\*Accident severity rate = Total Lost Workdays\*1,000 / Total Working Time



Zorlu Textile Group Supplier Data (2021)

	KORTEKS		ZORLUTEKS	
	Local	Total	Local	Total
Number of suppliers	1,012	1,114	1,149	1,330
Rate of local suppliers	90%		86%	
Number of suppliers subjected to environmental and social compliance assessment	12		51	

Zorlu Textile Group Customer Hotline Data (2021)

	KORTEKS	ZORLUTEKS
Number of complaints received by the customer hotline	309	4,647
Number of complaints answered by the customer hotline	309	4,647
Number of complaints resolved by the customer hotline	309	3,868
Response rate of complaints received by the customer hotline	100%	100%



# **ZORLU TEXTILE**

**KORTEKS**

**ZORLUTEKS**



ZORLU TEXTILE GROUP

# SUSTAINABILITY REPORT



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