



Koçtaş

Sustainability Report

2022



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About this Report

This is our second sustainability report, in which we present Koçtaş's economic, environmental, and social performance in 2022 to our stakeholders. This report allows our stakeholders to see the impact our activities have had, and for them to get a sense of how we measure and monitor this impact, as well as the steps we've taken to improve on what we've already accomplished.

The Scope and Topic Boundaries

The information contained in this report covers Koçtaş's activities between January 1st, 2022 and December 31st, 2022. We've also included data from 2020 and 2021 to track trends. In addition to describing the content of what we've done, we've taken efforts to outline the limits of important headings in the "**Our Sustainability Priorities**" section of this report. Every subject included in our sustainability matrix applies to everything we do, with no exceptions or restrictions. All our suppliers and subcontractors whom we provide our products from also have impacts regarding our priority topics. We include detailed information regarding the management of these effects in the "**Product Safety**" section of the report.

Principles

Our report was prepared in accordance with the **GRI Standards**. In determining our strategy regarding sustainability issues, we considered principles, including the importance of GRI, the participation of stakeholders, and the comprehensive scope of sustainability.

While preparing this report, we considered the environmental and social sustainability performance standards of the **IFC (International Finance Corporation)** and the **EBRD (European Bank for Reconstruction and Development)** to determine, evaluate and manage the social and environmental risks in project financing.

Future Reports

We aim to publish our third annual sustainability report in 2024.

Text

Throughout the report, you can reach the relevant topic link by clicking on the bold and underlined texts.



You can reach any part of the report by using the navigation pane on top of each page.



All items in the table of contents page are linked to relevant headings. You can simply click on the heading in the table of contents to directly go to the relevant topic in the report.



You can move forward and backward through the pages by clicking on the arrows at the end of each page.

MESSAGE TO OUR STAKEHOLDERS

At Koçtaş, we maintain our position as industrial leader by taking farsighted measures to invest in technology and taking steps to achieve our ambitious set of goals, all while acting within our vision of being a global leader in retail and home improvement in Türkiye and the countries surrounding it.



Message from our CEO



Oğuzkan Şatıroğlu
General Manager

At Koçtaş, we carefully consider the impacts of our products on the entire value chain, from the moment we select our suppliers. We manage all our business operations guided by our sustainability strategy, ensuring that every step, from procurement to customer delivery, is aligned with our commitment to sustainability.

Dear Stakeholders,

It is with great pleasure that I present to you, our esteemed stakeholders, the second edition of our sustainability report following the inaugural report we published in 2022.

At Koçtaş, we categorize sustainability into three primary pillars: “Employees,” “Customers,” and “Environment and Society.” We recognize the crucial role and transformative power of digitalization in achieving our objectives in these areas. That’s why we place a significant emphasis on digitalization, which gives us many of the most prominent solutions needed for our strategy.

The pandemic has significantly altered the retail landscape, an industry already known for its fierce competition, leading to an expansion in consumer choices. We are now witnessing businesses within the industry striving to deliver the highest quality products in the shortest time and at the most affordable prices. This competitive drive is fueled by several key factors, including hygiene, security, multi-channel approaches, e-commerce, marketplaces,

and fast delivery solutions, among others.

Consumers are increasingly inclined to buy products that they have first encountered in a physical setting, but only after conducting digital research and making price comparisons. The ease of this comparison process has elevated factors like price, fast delivery, and quality of service to paramount importance. A critical element in this landscape is the ability of multi-channel brands to offer a seamless and consistent experience across all their platforms.

In experience retailing, the experiences previously lived in physical stores are transitioning to the digital realm, leveraging the strength of becoming a chain store as much as possible. This shift towards digitalization not only lightens operational burdens but also leads to significant cost savings and enhances the customer experience. Such a transformation underscores the vital importance of digitalization within supply chains.

Technology is an integral part of both the present and future of retail.

Analytical transformation is becoming increasingly vital in the retail sector. As data grows both in value and volume, it’s shaping the future of retail. Data analytics is emerging as a key determinant in this landscape. Incorporating analytical insights into various aspects of the business, ranging from demand forecasting and stock management to optimizing the logistics network and enhancing product range and diversity, is crucial. This approach not only propels companies ahead but also ensures their financial stability.

At Koçtaş, taking firm steps forward in the industry, bolstered by the support of our shareholders, Koç Holding and Kingfisher. Through periodic research and analysis, we are able to quickly recognize shifts in customer behavior, as well as their evolving and transforming needs. These insights allow us to efficiently develop and implement suitable products, projects, and services. Our commitment to constant self-improvement not only secures our longevity in the industry but also gives us a competitive advantage.

Employees

Beyond our technological investments, we place significant emphasis on investing in human resources. Guided by the principle “Our Most Valuable Resource is the Strength of our People” we consistently expand our human resource base. We prioritize providing a healthy and safe working environment tailored to their needs, where employees can freely express themselves and foster their career growth. In line with this commitment, we offered a comprehensive training program in 2022. Covering 43 diverse subjects related to professional and personal development, environmental awareness, and occupational health and safety, we provided a total of 112 thousand hours of training to all our employees.

At Koçtaş, we are effectively executing an agile transformation system, an innovative organizational and management approach pioneered by the Koç Group in our country. This integration into our business processes marks a significant step in our journey towards becoming an agile company. Our agile transformation encompasses agile behaviors, mindset, and management techniques. This has enabled us to form teams characterized by minimal hierarchy, greater autonomy, and the ability to take the initiative. These teams are adept at making swift

decisions and adeptly managing their outcomes, propelling us forward in our industry.

Today, Koçtaş is a trailblazer in the industry with stores all across Türkiye and a workforce of thousands, each an expert in their field. We have endeared ourselves to consumers with our extensive range of products and services, all dedicated to enhancing and beautifying every aspect of life. Currently exceeding 350 stores, our goal for 2023 is to expand our presence to a total of 400 stores. In line with this expansion, we are committed to increasing our workforce, focusing on contributing to local employment. This involves harnessing the human resources of the regions where our stores are located, further emphasizing our dedication to community and regional development.

Customers

At Koçtaş, enhancing the customer experience is one of our highest priorities. Leveraging our expertise in multi-channel management, our biggest strength, we continually refine all processes and infrastructure to offer our customers a seamless, integrated multi-channel experience. Another key focus is analytical transformation. In this regard, we are spearheading projects at our R&D center that are set to be trailblazers in our country’s retail sector. Looking ahead, we

plan to increasingly concentrate on platform-based solutions. Investing in platforms enhanced by virtual reality and augmented reality technologies is among our strategic objectives.

Environment and Society

In 2022, we provided environmental and sustainability training to nearly four thousand of our employees, emphasizing our commitment to ecological responsibility. Our team actively participates in and supports the Zero Waste project initiated by the Turkish Ministry of Environment, Urbanization and Climate Change. Adhering to zero waste principles, we are engaged in obtaining a Zero Waste Certification for our stores categorized as “chain markets.” In our e-commerce operations, we recycled cardboard packaging to produce new packaging materials, significantly reducing our plastic usage by 22 percent in 2022 compared to the previous year. On top of that, we initiated a third-party verification process for all greenhouse gas emissions in 2022.

At Koçtaş, we carefully consider the impact of our products on the entire value chain, from the moment we select our suppliers. We manage all our business operations guided by our sustainability strategy, ensuring that every step, from procurement to customer delivery, is aligned with our commitment to sustainability. We fulfill

our responsibilities towards society with our work on product safety, protection of personal data, preparedness for and combating disasters.

In the upcoming period, Koçtaş will maintain its status as the company with the most stores in the home improvement sector. Our focus will be on creating value for our country, economy, and society, reinforcing our position as a leading corporate citizen. This commitment is underscored by our dedication to digitalization, the emphasis we place on our human resources, and our proactive steps towards environmental stewardship. Through these initiatives, we aim not only to strengthen our own position but also to drive the overall development of the industry.

Kind regards,

Oğuzkan Şatiroğlu
General Manager

OUR CORPORATE PROFILE

Koçtaş was the first company in the home improvement industry to receive a Safe Service Certificate from the Turkish Standards Institution (TSE). It's now the most popular and trusted company in the industry.



Our Vision, Mission, and Values

Our Vision

To provide world-class home improvement retail as the industry leader in Türkiye and its surrounding countries.

Our Mission

In any place where life exists, we'll be there to develop it and make it all the more beautiful.

Our Main Purpose

To provide ideas and solutions for people to improve their homes and improve their living standards.

Our Core Values

Being Customer Focused

- [1] Working towards what is best for the customer
- [2] Simplicity
- [3] Sincerity
- [4] Consistency

Creating Value

- [1] Efficiency and Productivity
- [2] Integrity – Reliability
- [3] Respect for People and the Environment

Succeeding Together

- [1] TTeam Spirit
- [2] Sincerity and Openness
- [3] Creativity
- [4] Continuous Improvement



Koçtaş by Numbers 2022

ECONOMIC

12.5 Million+ Koçtaş Card Customers

28 Thousand + offline

100 Thousand + online

Number of Products We Offer

5.76 Billion TL Total Sales Revenues

3,357 Total Number of Suppliers

A total of **355** Stores in **56** provinces

45 Koçtaş Big Box Stores

310 Koçtaş Fix Stores

ENVIRONMENTAL

8,691 Hours
3,994 People

Environment and Sustainability
Training Sessions

SOCIAL

3,905 People Our Employees

14% Ratio of Senior Female Managers

31% Ratio of Senior and Mid-Level Female Managers

27% Ratio of Female Employees

39% Ratio of Female Employees in the R&D Unit

26.5 Women

29.2 Men

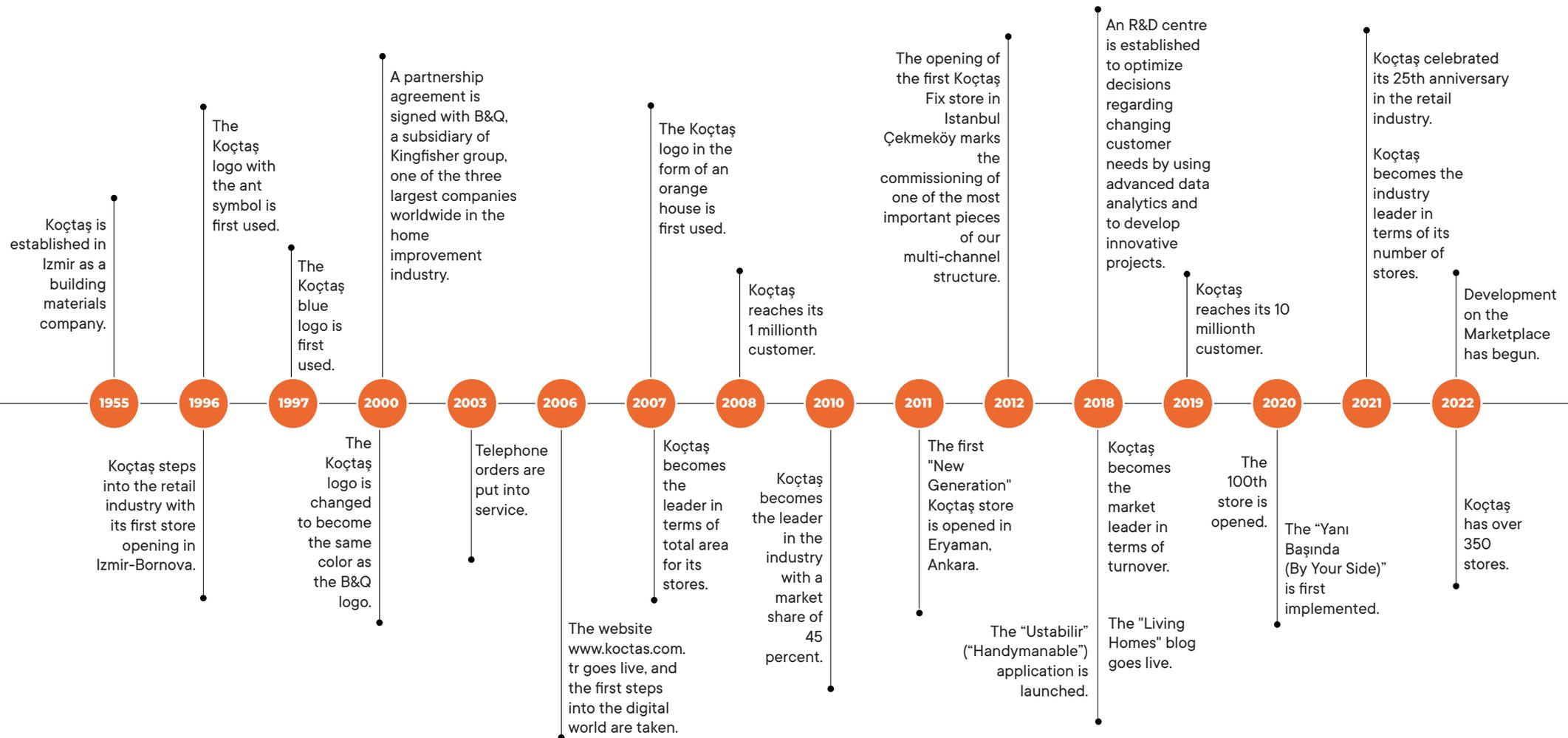
Average Hours of Training by Gender

122,476

Total Hours of Training

4 Number of R&D Projects approved by the Ministry
of Science, Industry and Technology

Our Milestones



Our Shareholding Structure and Shareholders

KOÇ HOLDING

Koç Holding has differentiated itself from its competitors since 1926 by being responsible for many of Türkiye's breakthroughs, from the industrialization of the country to its globalization. From its inception, it's been a pioneer, including being the first company to establish a joint stock company in Türkiye, Türkiye's first industrial venture, first international partnership, and first public offering.

In addition to its turnover and exports, Koç Group is Türkiye's largest conglomerate, in terms of the shares on the stock exchange Borsa Istanbul, the taxes it pays, and the employment opportunities it creates. It is a driving force of the Turkish economy, with companies in energy, finance, consumer durables, automotive and other industries. Koç Holding stands as the sole Turkish enterprise among the world's top 500 largest companies.

Over **115,000** employees

12.5 million customers

11,000 dealers and after-sales service points

150 countries to which we export

7% Share of private sector R&D expenditures in Türkiye

7% Türkiye's share in total exports

Its total income is **9%** of Türkiye's GDP

It's **19%** of the Borsa Istanbul 100 Index

90 overseas production facilities and marketing/sales companies

www.koc.com.tr

KINGFISHER

Kingfisher was founded in the 1980s and quickly became a giant in the field of international retail home improvement. Now it operates in six countries, including the UK, France, Türkiye, Ireland, Spain and Poland.

The organization provides services to approximately 6 million customers a week with more than 45 thousand product types in more than 1,900 stores ranging in size from 5 thousand to 14 thousand square meters.

Companies in the Kingfisher Group include B&Q, Castorama, Brico Dépot, TradePoint and Screwfix.

In **8** countries

82,000 employees

65 countries

3,100+ Suppliers

Markets and Shops

England and Ireland 1,188

France 223

Poland 97

Romania 33

Portugal 3

Spain 28

Türkiye 355

www.kingfisher.com

Shareholding Structure		
Shareholder Name	Share Ratio (%)	Share Value (TL)
Koç Holding A.Ş.	37.21	10,941,900
Paddington Investments Ireland Ltd	49.77	14,631,800
Koç Yapı Malzemeleri Tic. A.Ş.	12.76	3,750,000
B&Q Limited	0.15	45,500
Temel Ticaret ve Yatırım A.Ş.	0.08	24,300
Kingfisher Investments	0.08	22,700
Demir Export A.Ş.	0.03	8,100

Our Products and Services

Koçtaş has everything a living space needs in one single address, bringing the best products to consumers at the most affordable prices. In 2022, we strengthened our leadership in the home improvement sector and maintained our position as the company with the highest number of stores in the sector.

We deliver tens of thousands of products to our customers, through our high-volume stores called Big Box, through our smaller neighbourhood Koçtaş Fix stores, and from kocktas.com.tr and the Koçtaş mobile apps. These include products from the categories of Furniture, Garden and Balcony, Heating and Cooling, Bathroom, Kitchen, Decoration and Household Appliances, Lighting and Electricity, Wood and Construction, Hardware Hand Tools and Auto, Power Tools, and Electronic.

Our Koçtaş Fix stores can deliver nearly 100 thousand products, from treadmills to tires, from furniture to power tools, all available for our customers to find on our quick order screens. We also provide convenience to our customers in after-sales services such as transportation, assembly, and wholesale sales from our Koçtaş Fix stores.

Koçtaş Basic

In 2021, at Koçtaş we launched our private label “Koçtaş Basic” and introduced it to our customers. In 2022, we expanded the Koçtaş Basic product range to meet consumers’ price-performance expectations under the Koçtaş guarantee. The range now includes 366 products across 16 categories, encompassing a variety of product groups like bathrooms, taps, installations, accessories, light bulbs, cleaning products, and construction chemicals.

Koçtaş Plus

In 2022, we launched our second private label, “Koçtaş Plus”, launching 224 products for sale in the battery and decoration departments.

Koçtaş Deputy General Manager (Commercial) Mr. Mert Kesimer

“Particularly during the pandemic period, our customers turned to online shopping. At that point, we at Koçtaş accelerated our efforts and investments in the customer experience, digitalization, supply chains, logistics networks and efficiency. Cargo and logistics services became more important than ever before. We started to work on distribution with DHL Supply Chain in order to make our deliveries fast and hassle-free given our customer-oriented approach, which is why we launched the “Koçtaş At My Door” app. All products sold through digital channels were delivered using “Koçtaş at My Door”. With this app, we formed a goal of increasing delivery performance 100 percent.”



SPEEDY DELIVERY WITH COOPERATION BETWEEN KOÇTAŞ AND DHL WITH “KOÇTAŞ AT MY DOOR”

In 2021, we launched the “Koçtaş at My Door” app by collaborating with DHL Supply Chain to produce a 100% improvement on delivery of products purchased online. Now, we provide services in Istanbul, Ankara, Izmir, Bursa, Muğla, Antalya and Izmit with “Koçtaş at My Door”, with all purchases made through Koçtaş’s digital channels delivered quickly and efficiently.



ADDITIONAL WARRANTY INSURANCE WITH A COOPERATION BETWEEN KOÇTAŞ AND GULF INSURANCE

For customers who want to use the products they purchase safely for many years, we expanded the scope of our warranty by collaborating with Gulf Sigorta. At Koçtaş, the new “Additional Warranty Insurance Service” offers up to 3 years of warranty insurance in addition to the warranty coverage for products such as white goods, air conditioners, fans, small household appliances, water dispensers, electric heaters and combi boilers.



Every Year We Beautify More Than 200,000 Homes With Our Services!

The “Ustabilir” (“Handymanable”) Mobile App

Since its inception, Koçtaş’s “Ustabilir” (Which would translate to “Handymanable”) platform, which connects customers and handymen, has registered over 35,000 handymen and more than 170,000 customers. In 2022, the platform saw a 113 percent increase in the number of participating handymen and the number of customers increased by 107 percent.

AWARDS

Koçtaş received recognition at the **IDC (International Data Corporation) Cloud Awards** for its “Ustabilir Modernization” project.



**NEED SOMEONE TO HELP
FIX UP YOUR HOME?**

**CLICK NOW TO
FIND AN EXPERT!**

ustabilir.com

USTABILIR

KOÇTAŞ



Easy Shipping!

Easy Assembly!

Easy Antibacterial Hygiene Service!

Easy Home Support Package!

2 YEAR WARRANTY

2 YEAR WARRANTY

2 YEAR WARRANTY

2 YEAR WARRANTY

KOÇTAŞ

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Marketplace Project

Objectives and Actions

This project was initiated with the objective of transforming the [koctas.com.tr](https://www.koctas.com.tr) e-commerce site into a marketplace, thereby offering customers easy and quick access to thousands of suppliers and millions of products, particularly in the home improvement sector. The project was successfully completed utilizing a fully agile team structure. Our Chief Digital Channels and Marketing Officer acted as the Product Owner (PO), leading a collaborative team comprising Finance, Logistics, Online Category, Digital Channels, IT, and Product Master Data Management. Where necessary, we also consulted the expertise of teams across a wider spectrum.

This project will help us to expand our product range from approximately 100,000 units at the end of 2022 to 425,000 by the end of 2023, and further to 2.2 million by 2028. We aim to onboard 1,100 suppliers into the system by the end of 2023, with plans to increase this number to 5,100 by 2028. Accompanying these product expansions, our objective is to elevate our online sales revenue to 9.2 billion TL by the end of 2028.

Results

The Marketplace Project is a multifaceted endeavor involving numerous teams and necessitating a range of business decisions. The agile framework of the project has enabled us to develop a robust corporate memory. This approach has been instrumental in our thorough understanding of technical aspects and inculcating a culture of collaborative decision-making and rapid progress.

Plans for Future

Under the existing system, we average the onboarding of 10 companies per month. However, post-transition to the marketplace, our target is to boost this performance to an average of 85 companies monthly. We plan to achieve this by digitizing manual processes to the greatest extent possible, and through the careful analysis and enhancement of each step in the process. Our objective is to expedite the integration of sellers, enabling them to commence active sales within a timeframe of less than 15 days.

Currently, we average 4,000 product launches per month in our existing system. With the implementation of the marketplace model, we aim to elevate this number to an average of 40,000 monthly. By shifting the responsibility for all current in-house processes to the companies integrated into our system, we anticipate a tenfold increase in our average monthly product introductions.





GLOBAL AND INDUSTRIAL TRENDS

The retail industry stands out for being in direct contact with the end consumer and plays a critical role in the development and reorganization of consumer behaviour to become more sustainable into the future. Increasing the resilience of the industry has become vital in times of social crisis such as epidemics and disasters.

Trends, Changing Consumer Behaviour and Koçtaş

Digitalization

The industry first started to experience its digital transformation as the broader use of the internet and information technology grew. But it quickly became clear that digitalization required innovation. Companies tried to understand how consumer behaviour and patterns were shifting using innovative new methods, and at the same time they lead and managed by innovating the services provided. The dynamic structure of the industry gave it the opportunity to adapt to digital transformation with innovative methods and tools.

The industry viewed the pandemic as an accelerant of the digitalization process already in progress, as it reshaped shopping habits with smart store apps that reduce contact with the customers who returned to in-person shopping, as well as helping to make stock and workforce management more cost-effective. Contactless shopping is becoming increasingly prominent in consumers' preferences for in-person retail experiences, and shopping that involves no physical payment and takes place without any human interaction, although still in-person, is becoming more widespread.

Green transformation is next on the agenda of the sector, which has become easy and fast to access products and services, especially with electronic commerce, remote payment systems and many other applications that diversify.

What Did We Do at Koçtaş?

At Koçtaş, we are witnessing the fruits of our long-standing investments in digital transformation. Over the course of our journey, we have identified IoT and Video Analytics as key strategic directions. Our projects and applications at the R&D center continue to elevate the experiences of our customers, employees, and stakeholders.

Our digitalization efforts are guided by three main priorities:

- **Customer Experience:** Our top priority is enhancing the customer journey. We are constantly upgrading our processes and infrastructure to offer a seamless, omnichannel experience to our customers.
- **Analytical Transformation:** This is a pivotal area that promises to redefine the future of retail. Our R&D center is pioneering projects in Türkiye's retail sector, focusing on image processing, artificial intelligence, IoT, analytical reporting, and predictive analytics, reshaping the in-store shopping experience.
- **Innovative Platforms:** We are expanding our focus on cutting-edge platforms. Alongside growing our "Ustabilir" platform, we are investing in virtual and augmented reality-supported platforms. The Ustabilir platform and the way it bridges customers with handymen is detailed in the [Products and Services](#) section of our report.

Furthermore, our R&D center is developing the AI-based "Smart Store Robot" project. This initiative aims to automate labor-intensive tasks with autonomous robots, minimizing human error and optimizing time and resource usage. This project is set to position Koçtaş as a leader in robotic technology within the Turkish construction market's retail sector.

We continue to grow in Türkiye by opening physical storefronts all over the country, but beyond that we've been able to reach every part of the country through digital channels, which is where we've grown a great deal. Our sales across all digital channels, including our mobile app, koctas.com.tr, and the quick order screens in our stores, increased by 171% in 2022 compared to the previous year.

Green Transformation

This is an industry that is dynamic and is crucial for the role it plays in having direct contact with the end customer. The retail industry as a whole is also incredibly important in terms of the environmental impact it has on the supply chain at the same time it responds to changing customer behaviour. One of the biggest areas of risk for the industry is “greenwashing”, wherein consumers are misled by marketing departments to believe that products are environmentally friendly and sustainable when in fact they are not. Increasing customer awareness and changing preferences are forcing a real transformation that starts with manufacturers, suppliers and ends with retailers.

Packaging and the recycling thereof are at the forefront of the environmental issues that have grown in importance with the green transformation of the industry. In particular, products purchased on e-commerce cause more waste with the extra packaging, as well as the waste caused by the cargo packaging and carbon emissions caused by transfer and delivery. On the other hand, the industry is being challenged to be competitive and innovative in addressing these issues, particularly by the socially and environmentally conscious consumption demands of the next generation. These innovative approaches are expected to cover all stages from supply to delivery, and to bring about sustainability-oriented competitive retailing.

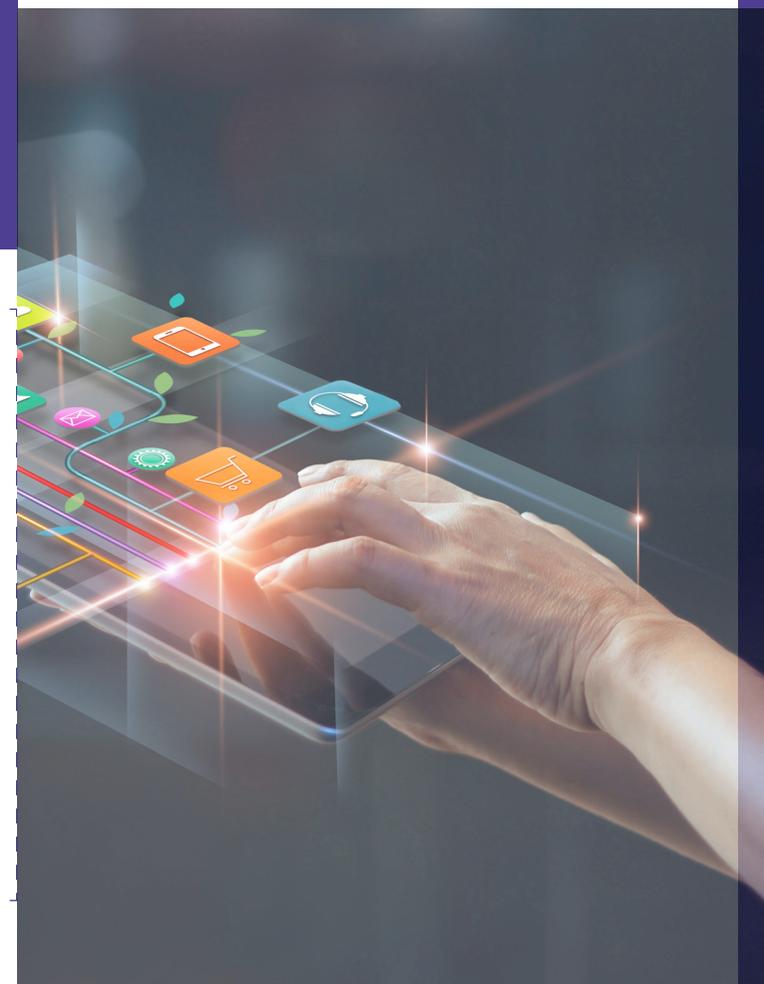
What Did We Do at Koçtaş?

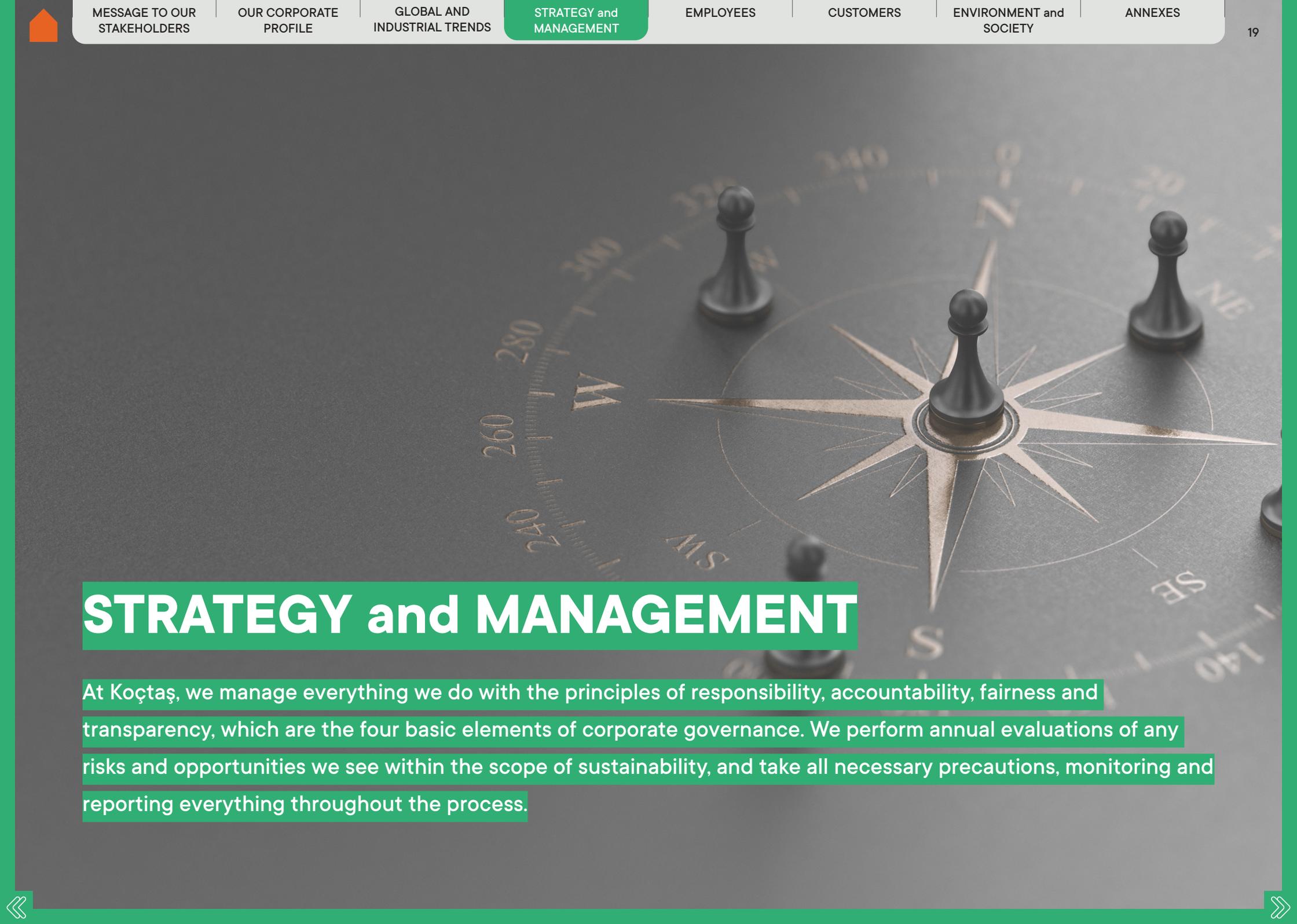
- As a company, we continued to actively implement the principle of increasing the efficiency of existing resources in a sustainable way, reviewing and developing business practices in line with changing customer needs, competitive conditions and digital transformation principles, all using the “Lean Six Sigma” approach.
- We recycle the cardboard packaging from our e-commerce activities using a specialized machine, converting it into new packaging material. This approach not only protects products from damage, eliminating the need for secondary packaging, but also enables us to cut our plastic usage by 22% in 2022. By repurposing packaging waste, we are diminishing our environmental footprint and lowering costs, while simultaneously reducing overall waste and enhancing our recycling rate.

Future Prospects

At Koçtaş, we aim to implement projects that will perfect the customer experience across a multi-channel strategy by increasing how familiar with digital and data analytics our human resources are, as well as making improvements to our system infrastructure. In the upcoming period, while aiming to sustain our ambitious growth across all sales channels, we will focus on increasing the share of our digital sales as a proportion of the total.

We are in the process of developing advanced algorithms for our stores, which will analyze data and learn from various scenarios using artificial intelligence techniques. These algorithms are designed to be highly effective, even in complex situations. Our goal is to leverage these AI-driven tools to refine our price strategy and product assortment, thereby fostering a unique and dynamic customer experience.





STRATEGY and MANAGEMENT

At Koçtaş, we manage everything we do with the principles of responsibility, accountability, fairness and transparency, which are the four basic elements of corporate governance. We perform annual evaluations of any risks and opportunities we see within the scope of sustainability, and take all necessary precautions, monitoring and reporting everything throughout the process.

Corporate Governance

The Koçtaş Chairman of the Board is also the Deputy Chairman of Koç Holding Board of Directors. The Board of Directors is made up of a total of ten members, including two women, four non-Turkish citizens, as well as the Chairman and Vice Chairman. One of the Board Members is also the CEO of Koç Holding and another Board Member is the President of Koç Holding's Tourism, Food and Retail Group.

The senior management team at Koçtaş is composed of the General Manager and six Deputy General Managers, each overseeing distinct areas: Commercial, Operations, Financial Affairs and Investment, Information Technology and R&D, Human Resources and Industrial Relations, Marketing and Digital Channels. Additionally, the team includes the Director of Internal Auditing and Risk Management.

Internal Audit and Risk Management

The organization of Internal Audit and Risk Management is run by the Koçtaş Internal Audit and Risk Management Manager and reports directly to the General Manager. At the same time, reporting is done to the Kingfisher Audit Director, and during this process, coordination is maintained with the Koç Holding audit group. In addition, the Kingfisher audit team carries out a regular set of checks.

The Audit Committee consists of the General Manager, Senior Management, the Internal Audit and Risk Management Director, Kingfisher's Audit Director, Koç Holding's Audit Coordinator and the General Legal and Compliance Counsel. It meets three or four times a year before each Board of Directors meeting. In addition, the Internal Audit Department presents the results of each audit, including findings and action to take for the entire senior management team every month, providing the opportunity for mutual discussion and analysis of what to do regarding any audit issues. The audit of the Internal Audit department in 2022 was carried out within the scope of the ISO 9001/14001 internal audit.

Store Audits

All Koçtaş stores undergo regular on-site inspections as part of a structured inspection plan. As the number of Fix stores grows, we give priority to the inspection of some stores selected according to specific set of criteria. During these inspections, various operational processes are reviewed, including Cash Register Security, Goods Acceptance, Processing Times, Streamlining Human Resources and Organizational Capabilities, Security Processes, and Sales Processes. Additionally, unusual or irregular processes are audited as needed. On top of all this, each month, we scrutinize all store activities, and remote inquiries are conducted on transactions with a higher risk of irregularities, such as returns, cancellations, and card usage transactions.

After completing the audits, we share action plans categorized into low, medium, and high-risk levels with the relevant parties and use our system to actively monitor the implementation of these actions, following schedules set by our business units. These actions typically involve recovering detected revenue losses and rectifying deficiencies in information, documents, processes, systems, and controls.

The Auditing Process

Every year, audits regarding accounting are carried out that increase the company's profitability. Issues related to financial processes such as subcontractor progress payments, supplier premium income, rent payments, supplier penalties, and logistics premiums are kept within the scope of regular audits. Actions are taken based on how various processes are audited in line with the plan determined by the senior management, and they're followed up online and reported to the audit committee.

The Risk Committee consists of the General Manager, CFO, Internal Audit and Risk Management Director, senior management staff and the General Legal and Compliance Counsel. Monthly meetings and risk assessments are conducted by Kingfisher with the Director of Risk Management.

In addition, everything Koç Holding does regarding risk management is supported by the CFO office. Analysis as to what the most critical potential risks are get made on a regular basis, and submitted for the management's approval, and these risks are taken into account and evaluated in the auditing process. For certain periods, risk and action plans might be requested by Kingfisher Risk Management starting from the most critical, with reports and presentations made to give a sense of the full scope of the analysis.



2022 Operations	<p>1- We performed a Risk Assessment and determined actions to take.</p> <p>2- These were: The speed of change, sustainability during the pandemic, business continuity, competition, changes in customer preferences, political and economic fluctuations, inflation and exchange rate risk, liquidity risk, financial difficulties brought by war, OHS risks, HR backup and organization, legal and regulatory risks, cyber security, data security, reputation and trust, purchasing risks, disruption in the supply chain, risks stemming from digitalization, rent, pricing and customer satisfaction.</p> <p>3- We presented the reasons for these risks, whether there were different factors in the increase or decrease of the risk, the course of the identified risks during the year, the measures we took to reduce these risks, and the actions we took as a result of these risks.</p>
2023 Plans	<p>Our 2023 plans will focus on streamlining warehouse operations, mitigating risks in store opening processes, enforcing liquidity risk controls, managing marketplace and reputation risks, and tightening income and expense oversight, along with refining our procurement risk strategies.</p>

The main risks we prioritized in 2022, the measures we took, and the actions we planned as a result, are all listed in the table below.

Risk	What operation is it related to?	Measures taken	Planned actions
Competition Risk	Operational	We monitor customer traffic all the time, allowing us to optimize how campaigns are organized, how new stores are opened, to adjust the balance of pricing and product offerings, and to support the launch of new products.	We take action regarding our campaigns, advertising efforts, product introductions, store openings, and pricing strategies based on insights from regular performance assessments.
Political and Financial Uncertainty	Operational & Financial	Our financial operations encompass income and expenditure management, expense control, profit and loss (P&L) assessments, debt tracking, and stock management.	We closely monitor the company's financial health and key performance indicators (KPIs) in response to ongoing developments. In line with our risk assessments, we promptly implement financial strategies, including debt reduction, revenue collection, and expense minimization.
Business Continuity	Operational & HR	We established a set of procedures for business continuity and crisis management, all with defined responsibilities.	In case new agenda occurs regarding the established procedures, we do the necessary updates.
Cyber Attacks and Data Security	Operational & Technology	By putting an Information Security Management System in place, and with risk meetings we held, we were able to determine which measures needed to be taken.	We undertake all activities within the scope of ISO 27001.
Legal Risks	Operational & Legal	We employ a Compliance Specialist in our Legal and Compliance Office.	The Legal and Compliance Office regularly provides guidance and information regarding current legal risks.



Business Ethics and Compliance

At Koçtaş, our commitment is to foster long-term, sustainable value. In pursuit of this, we strive to build trust-based, enduring collaborations with all our stakeholders, particularly our colleagues. Guided by this objective, we conduct our operations within the ambit of our **Ethical Principles**, which align with those of the **Koç Group Code of Ethics**. We make sure that we act with a core set of values of integrity, honesty, responsibility, trust, and respect, in line with the framework set by our Ethical Principles.

At Koçtaş, it is mandatory for employees to complete the Koç Holding Ethical Principles Training within their first month of employment. This training encompasses educational content on Anti-Bribery, Corruption, and Human Rights. In addition to this, the Koçtaş Legal and Compliance Consultancy conducts training and awareness sessions on Compliance Policies, tailored as necessary or based on specific topics, and provides targeted compliance information to relevant teams. Furthermore, our orientation programs for new employees at

Koçtaş include compliance. In 2022, a total of 3,952 employees across our headquarters and stores successfully completed the Ethical Principles Training within their initial month of joining.

Code of Conduct

At Koçtaş, we've adopted the **Code of Conduct** written by our partner Kingfisher to ensure that all employees and suppliers understand the minimum standards of behaviour expected from them, and that all these rules will be communicated from our suppliers to their relevant employees through the supply chain.

Compliance Department Activities

In 2022, alongside our ongoing commitments to Competition Legislation, KVKK (Personal Data Protection Law), Sanctions, and Export Controls, we also researched how to react to new E-Commerce Laws. These legislative changes, prompted by challenges in marketplace practices, have potential implications for Koçtaş. We contributed

Slogan: DON'T HESITATE, JUST TELL!

both legal insights and the commercial perspectives of our relevant departments to the collective analysis undertaken by Koç Group. These contributions are vital as they may influence commercial and/or strategic endeavors within our company.

Third Party Due Diligence

Our Legal and Compliance Counseling unit conducts third-party due diligence studies as part of the Koç Holding Compliance Program through an external stakeholder to eliminate any risk of being sanctioned at any time.

Economic Results and Gains: Any potential loss of reputation or financial risks that could arise for either Koç Holding or Kingfisher prevent Koçtaş from engaging in commercial activities with a sanctioned third party.

Social Results and Gains: We avoid any potential risk to our reputation.

Environmental Results and Gains: In the process of performing third party due diligence: We regularly check who is operating outside of environmental regulations, including Chemical and Biological Weapons Sanctions Laws, Wildlife Convicts Cases, Nuclear Proliferation Prevention Act. This ensures we avoid some of the potential negative influences on the environment.

Anti-Bribery and Anti-Corruption

At Koçtaş, we carry out all our activities in line with our **Anti-Bribery and Anti-Corruption Policy**, which covers Koç Holding and all group companies. We encourage everyone to raise any concerns they may have. Anyone is allowed to make a report through our ethical reporting system called **Navex Ethics Point**. In addition, they can submit complaints or notifications anonymously through the Kingfisher Ethics Point, our Business Partner Kingfisher PLC's ethical reporting line.

Sustainability Management

The first step we took towards addressing the impact of sustainability at Koçtaş was the decision taken by our senior management to form a dedicated committee in the latter part of 2021.

Details regarding the Sustainability Committee, active since early 2022, were initially provided by our General Manager to our employees, followed by communicating details to all other relevant parties.

Our General Manager emphasized our commitment to consistently communicate the impact of our activities to our stakeholders through upcoming sustainability reports. We are dedicated to devising fast and realistic action plans, grounded in our immediate response to global climate and environmental policies.

The primary focus of our project's inaugural meeting, which was attended by all committee members, centered on discussing both global and local advancements in sustainability, alongside identifying industry-specific sustainability priorities.

During our second committee meeting, we evaluated the benchmark* study prepared by our consultants. This review enabled us to collectively determine the Environmental Social Governance (ESG) issues that will be incorporated into our prioritization surveys.

Our 2022 review meeting included our committee members and was supported by our consultants. We discussed our assessment of the priority and focus areas identified in the previous year. We concluded that these issues had not undergone significant changes. As a result, we will continue to assess our objectives and strategies in this context.

** In this benchmark study, we took into account the sustainability priorities of international retail chains and our shareholders Koç Holding and Kingfisher.*



Sustainability Committee Members

Chairman of the Sustainability Committee (Deputy General Manager Responsible for Human Resources and Industrial Relations)

Human Resources and Industrial Relations

Marketing and Digital Channels

Supply Chain and Logistics

OHS Environmental Management

Marketing and Corporate Communication

Legal and Compliance

Digital Channels and Business Development

Construction and Maintenance Repair

Commercial Planning

Customer Experience and Process Improvement

Training and Development

Internal Audit and Risk Management

Marketing and Corporate Communication

Financial Affairs and Investment

Budget and Financial Reporting

Category

Information Technologies and R&D

The Process of Identifying Our Key Stakeholders

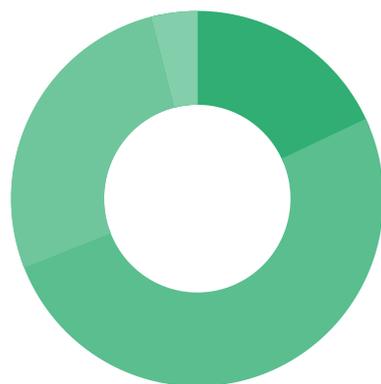
Key stakeholders are either individuals and organizations with which we cooperate that are affected by our operations or that may have an impact on whether we achieve our business goals. In 2021 we took stock of all of our stakeholders before we wrote our first sustainability report. In the stakeholder prioritization survey we conducted with the participation of managers and senior executives, we analyzed 10 stakeholder groups from three different priorities and identified the key stakeholders with whom we believe we should be in regular contact regarding sustainability. We aim to review our key stakeholders, like all material issues, every two years. The details of our communication with key stakeholders is given in the table below.

Communication Platforms with Key Stakeholders

Stakeholders	Communication Platform	Communication Purpose / Subject	Frequency
Employees	KoçHub	Internal communication, internal information, internal commitments	At least twice a month
	Email	To inform	4 times a week
Suppliers	VSRM	To inform, order and track	Regularly
Shareholders	Board Meetings	To inform and to make strategic decisions	4 times a year
Customers	TV, radio, newspapers, magazines, social media	Brand awareness, campaign information, interaction	Regularly
Financing Institutions / Banks	Email	Campaigns and join campaigns	Regularly
Government Agencies and Regulators	Turkish GİB (Revenue Administration Office), Governorship, Prosecutor's Office, Ministry of Commerce, Customs, etc.	Official correspondence (in the forms specified in the legislation)	At least 4 times a year
Locals (Where Shops are located)	Outdoor advertising Local radio	Brand awareness, campaign information, interaction	Regularly

Communications Regarding Sustainability with our Employees

As part of the preparatory work for our 2021 report, we conducted an online sustainability prioritization survey, to which we invited all our employees. A total of 470 employees completed the survey. We analysed all completed questionnaires, 63 of which came from top and mid-level managers.



Participation by Location

- Centre 18%
- Big Box 51%
- Fix 27%
- Depot 4%

Communications Regarding Sustainability with our Customers

As part of the preparatory work for our 2021 report, we conducted an online sustainability prioritization survey, to which we invited our customers. We created our strategic prioritization matrix with the feedback we received from our customers.

Subjects which are a priority for both Koçtaş and our key stakeholders are the ones that will take priority in the report, as well as the ones whose targets will be managed most closely. We have identified 7 issues of that are a priority for both our customers and our company.

Common priority issues for our company and our customers:

- 1- Occupational Health and Safety
- 2- Anti-Bribery and Anti-Corruption
- 3- Employment and Working Conditions
- 4- Human Rights Assessments
- 5- Business Ethics and Compliance
- 6- Product Safety
- 7- Digital Security and Privacy

In addition:

- 1- Equal Opportunity and Diversity
- 2- Disaster Preparedness (Resilience) and Response
- 3- Energy Management

These were among other important issues for both our shareholders and our employees.

We analysed Disaster Preparedness (Resilience) and Response, and Energy Management as priority issues within the scope of combating and adapting to risks related to climate change in the near future.

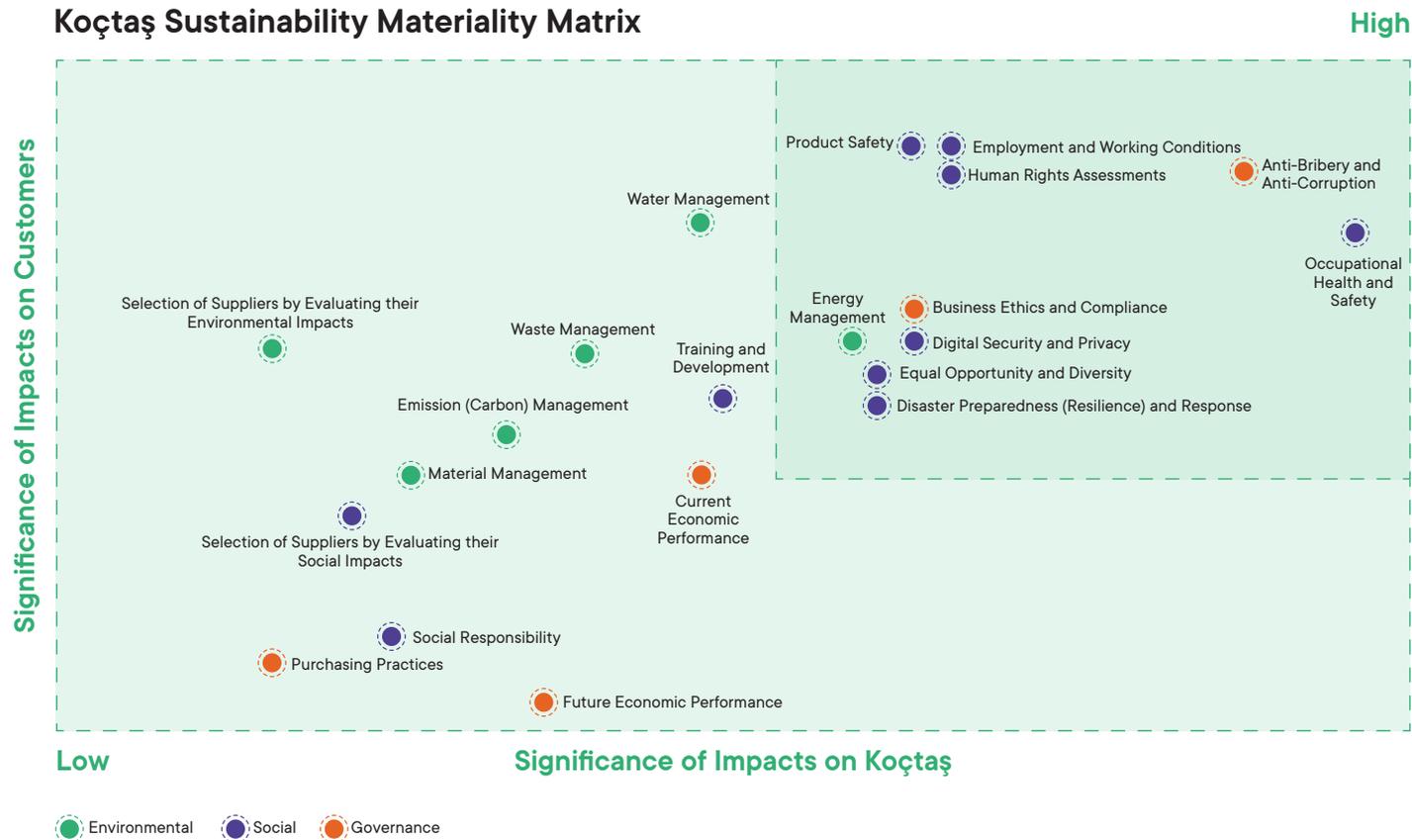
Our Sustainability Priorities

While preparing our matrix, we chose to analyze employee answers that represented the majority of respondents and the company as a whole. Another reason for this is that the first seven issues were all of similar importance across all three groups, and the following issues were closer in order of importance for both employees and customers.

In our report, we included the 10 most important issues in detail. We will review other issues going forward and relate them to our targets. We include our priorities in our report under three main headings:

1. Employees
2. Customers
3. Environment and Society

Koçtaş Sustainability Materiality Matrix





EMPLOYEES

At Koçtaş, we manage our human resources believing that “Our Most Valuable Resource is the Strength of our People”. Our motto is “Gücümüz Sensin” (“Our Strength is You”), which is why we focus on employees who adapt to rapid growth and change, who are innovative in their work, who constantly improve themselves and their environment, and provide them with a healthy, safe, fair and egalitarian work environment.

Occupational Health and Safety

As a company that draws its strength from its employees, Koçtaş strives to achieve excellence in occupational health and safety with a goal of zero occupational accidents. We are committed to creating an Occupational Health and Safety (OHS) culture based on continuous improvement in order to provide a healthy and safe working environment for our colleagues and to develop approaches to prevent any potential occupational diseases and injuries by using the best technology available.

We use the Worksafe app and the **Koç Diyalog** app to evaluate the success of our OHS practices. With the measure we enacted regarding OHS and the establishment of an incorporated digital infrastructure, we reduced our missed day accident rates by 20 percent in 2022.

The most common occupational diseases in the retail sector are musculoskeletal disorders due to carrying, lifting and pushing objects on a regular basis. Accidents experienced within our company in the past years are cases of hands getting cut, tripping, falling, and dropping products. At Koçtaş, we didn't suffer any fatalities due to accidents or occupational diseases in our employees or subcontractors this past year.

In 2022, a total of 872 of our employees completed 6,976 hours of foundational Occupational Health and Safety (OHS) training. Beyond this basic training, our in-store personnel underwent extensive instruction in areas such as orientation, behavior-oriented OHS, observation-based work initiation, safe driving, hygiene, first aid, and working at heights, amounting to 16,823 hours of specialized OHS training. Additionally, our OHS experts refresh the eight-hour foundational OHS training for our subcontractors every three years.

Our 2022 OHS Activities

In 2022:

- We created the OHS internal audit system.
- We initiated a question cards project to increase OHS employee participation in warehouses.
- We initiated periodic OHS awareness posts entitled "Pay Attention!".
- We implemented a Behavior-Focused OHS Project in all locations.
- We implemented Observation-Based Induction (OHS) Training in selected pilot stores.
- We implemented the OHS Applications Project with Intenseye Artificial Intelligence in our Gebze Warehouse.

Worksafe Mobile

At Koçtaş, we manage all of our OHS activities through our application Worksafe Mobile. Worksafe Mobile is an app that provides solutions for needs of all types of issues relating to OHS. It's used by Koç Holding occupational physicians and occupational safety specialists for training, registering any issues, suggestions, corrective and preventive actions, checklists, emergency plans, risk assessments, work accidents, near misses, personal protective equipment identification and delivery, board meetings, work equipment, drills, environmental measurements, operating permits, examinations (employment, periodic, outpatient clinic), appointments, risk groups, health reports, and health risks, among other uses.

All of our employees can instantly share any issues they have wherever they happen to be by using the app on their mobile phones.

Occupational Health and Safety Performance (Employees and Subcontractors Consolidated)	2020	2021	2022
Accident Frequency Rate (Registered) (IR)*	36.33	12.29	8.52
Accident Frequency Rate (High severity but excluding fatalities) LTIFR**	12.11	4.91	3.93
Occupational Disease Frequency OIFR***	0	0	0

*IR = (Total number of injuries during the specified time X 1,000,000) / Total hours worked in the specified time

**LTIFR: (Number of lost time injuries in the specified time X 1,000,000) / Total working hours in the specified time

Loss of life is not included in the calculation. LTIFR values are calculated based on lost time injuries only as of 2018.

***OIFR: (Total number of occupational diseases in the specified time X 1,000,000) / Total working hours in the specified time

Behavior Oriented OHS

Location and Timing

All Stores and Warehouses - April 2022/Ongoing

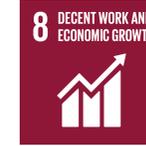
Objectives and Actions

This project is designed to mitigate accidents by minimizing unsafe behavior, enhancing awareness around OHS, and fostering a culture of open communication and feedback. To address any uncertainties or questions among employees at the outset of the project, we conducted interactive question-and-answer sessions, clarifying the project's objectives and procedures. The project includes the following:

- In the initial phase, we conducted a culture survey to assess our employees' perspectives on OHS and to gather their feedback.
- We held focus group discussions in select pilot stores across 13 locations.
- We identified the 14 most commonly observed unsafe behavior seen in stores and warehouses.
- We created an observation card and Behavior-Oriented OHS Instruction.
- We assigned assistant managers to be observers in Big Box stores and managers to be observers for Fix stores.
- We conducted training sessions for the observers, where we provided comprehensive insights into the project flow. This included information regarding the project's objectives, benefits, identification of unsafe behavior, and the observation process.
- Our trainers were trained in turn by the consultancy company.
- We developed mandatory training content for all employees, based on key success factors, ensuring that everyone at Koçtaş is well-informed regarding the project.
- We launched comprehensive internal communication initiatives across the company. This included providing information through emails and hanging posters across all our stores.
- As part of the project, we conduct observations at all locations every 15 days. Whenever we observe unsafe behavior, we engage in a dialogue with the concerned employee. This approach is aimed at raising the employee's awareness of their unsafe actions, with the goal of preventing repetition of any such behavior.

Results

This project involved 3,500 employees, and one of its key achievements is the establishment of an environment where everyone can openly give and receive feedback regarding unsafe behavior. This has facilitated uninhibited communication and fostered a widespread awareness of OHS.



Koçtaş GÜCÜMÜZ SENSİN!

Davranış Odaklı İş Güvenliği
İŞ SAĞLIĞI VE GÜVENLİĞİ İÇİN
Bana Güven!

Bazen bir kişinin dikkati bile fark yaratabilir.

- Örneğin dikkatsiz bir forklift sürücüsünü uyarabilir, aşırı hız yapmasını önleyebilirsiniz.
- Manlift kullanırken korkuluğa çıkan ya da korkuluktan sarkan arkadaşınızı uyarabilirsiniz.
- Her zaman düzenli çalışma yerleri olması için arkadaşlarınızı harekete geçirebilir, takıma dayalı düşmeleri azaltabilirsiniz.
- Kişisel Koruyucu Ekipmanları'nın önemini hatırlatabilir, her zaman eldiven takılmasını veya reflektörlü yelek giyilmesini sağlayabilirsiniz.

İş yerlerinde güvenlik bizim elinde.

Biraz daha dikkatle, uyanıkla ve özveriyle sıfır kazalı günlere ulaşmak mümkün.

"Kazasız günler için bana güven" de, arkadaşlarınızı ve yöneticilerinizi uyarmayı ihmal etme.

Slogan: TRUST ME! for Health and Safety!

Observation-Based Induction OHS Training

Location and Timing

Big Box Stores Selected as Pilot - October 2022/Ongoing

Objectives and Actions

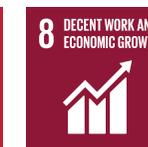
We initiated Observation-Based Induction OHS Training for new employees in safety-critical roles. This program is designed to expedite their acclimatization to the workplace and OHS culture, decrease unsafe practices, enhance OHS awareness, and cultivate an environment where open communication and feedback are encouraged. First of all:

- We identified pilot stores.
- We identified the unsafe behavior that could create the most risk in the goods acceptance section of stores.
- We created an observation card and Observation-Based Induction OHS Training Instruction.
- We assigned the goods acceptance department managers to train staff.
- We provided training for trainers.
- We commenced a series of internal communication initiatives.

Research indicates that new employees are at a higher risk of workplace accidents. To mitigate this, our goal is to prevent accidents by minimizing unsafe behavior, particularly during the initial employment phase. It's important to note that workplace accidents carry not only visible costs but also hidden ones. Consequently, reducing the number of accidents also leads to economic benefits.

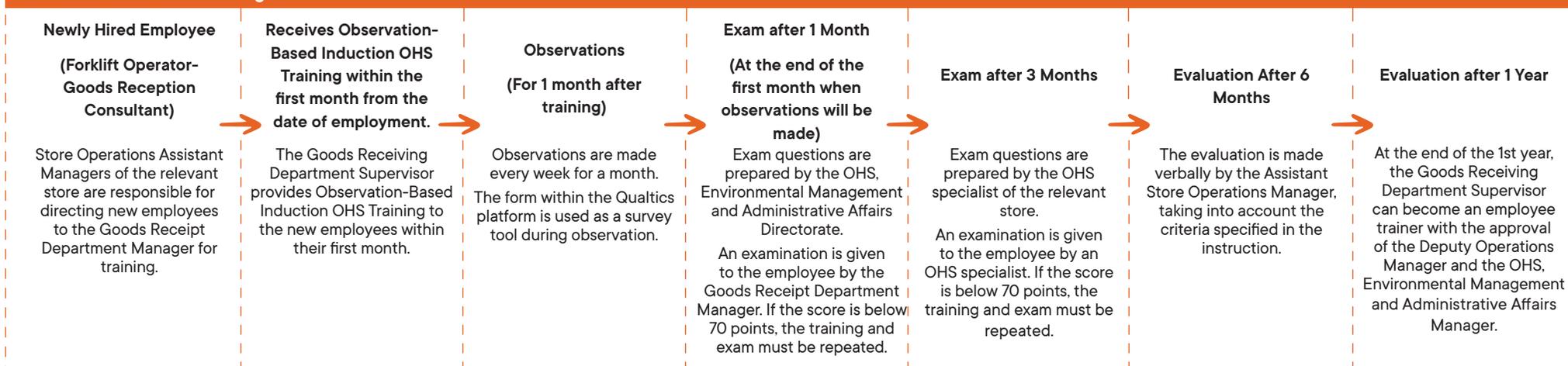
Plans for Future

Our objective is to expand the project, initially launched in pilot regions in October 2022, to encompass all our Big Box stores in 2023.



Trainers: Managers of the Goods Receipt Department

Trainees: In Big Box Stores, trainees will begin as forklift operators and goods acceptance consultants in the warehouse department - all Koçtaş employees who are newly employed or whose duties have changed





OHS Applications with Intenseye Artificial Intelligence

Location and Timing

Gebze Warehouse - December 2022 / Ongoing

Objectives and Actions

This project operated in collaboration with Intenseye on artificial intelligence programming, and our aim was to digitize OHS processes and establish a continuous operational control system.

Our objective with this approach is to diminish unsafe behavior, enhance OHS awareness, and utilize an artificial intelligence-supported camera system to detect potential hazards and near-miss incidents. By employing heat mapping, we aim to identify high-risk areas within our operations and apply artificial intelligence in our OHS practices. In pursuit of these goals, we have undertaken the following measures:

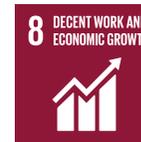
- We engaged with companies within the community that have implemented similar applications.
- We identified specific sections and cameras in the warehouse where the application would be deployed.
- Koçtaş IT department and Intenseye came together to create the data connection program.
- We commenced a series of internal communication initiatives.
- We began the testing and commissioning process for the rules to be enforced using the selected cameras.
- We finalized confidentiality agreements in accordance with the KVKK (Personal Data Protection Law) regulations.

Through this project, in areas where work equipment is heavily utilized, we are able to continuously monitor and identify near-miss incidents using cameras. This is achieved by establishing rules that focus on actions such as climbing on shelves, slipping, tripping, falling, uncontrolled climbing to high areas, and digital controls for PPE usage, particularly in scenarios involving interactions between equipment and personnel.

We tell employees about rule infractions using videos in social areas and through toolbox training sessions, all of which raises employees' awareness of OHS.

Plans for Future

Our goal with this project is to maintain a 90% accuracy rate in detecting unsafe conditions and behaviors throughout 2023.



Employment and Working Conditions

At Koçtaş, we manage our human resources believing that “Our Most Valuable Resource is the Strength of our People”. We implement and maintain systems and processes within the company that ensure the recruitment and retention of employees who adapt to rapid growth and change, who are innovative in their work, who create value in terms of serving our customers, and who constantly seek to improve themselves and their environment.

Employee Satisfaction

At Koçtaş, we care about providing a healthy, safe, suitable working environment for our human resources, which consists of 3,900 people. We believe that it's important that our employees are able to express themselves and develop their careers. This is why we measure employee satisfaction every year under the leadership of Koç Holding with a contracted consultant firm. We share our employee loyalty survey with all our employees once a year, analyze the feedback received, and take actions to improve the employee experience.

In 2022 satisfaction survey, we achieved an impressive participation rate of 97% and a loyalty rate of 78.5%. A comparison between the 2021 and 2022 results shows a notable increase of 9.5% in satisfaction.

Our objective remains to consistently attain and uphold high satisfaction levels. To this end, we are committed to continuing our efforts, placing great import on employee feedback.

At Koçtaş, we constantly listen to our employees aside from the results of surveys, and analyze employee satisfaction using the following:

- Quarterly open-door meetings with the general manager and assistant general managers
- Application to sound out the field and centre
- Candidate experience survey
- Feedback survey from departing employees
- Internship evaluation survey (first day, week, end of internship)
- Food experience survey (in-store)
- Break experience survey (in-store)
- Warehouse suggestions-complaints (QR code)

In 2022, we continued to shape our actions based on the feedback received from our employees. Guided by their insights, we implemented the following initiatives:

- We continued to improve the spaces for social interaction in our stores and warehouses.
- We provided opportunities for socialization through activities such as award ceremonies, picnics, and online tournaments.
- We provided new training opportunities and created new ways of career planning in order to support the continuous development of our employees.
- We updated our bonus system.
- We updated how job titles are structured and career path opportunities.
- We organized wellbeing activities for our employees within the scope of the “Feel Good at Koçtaş” project.
- We opened a “Our Business is Koçtaş” Instagram account.
- We started sending flowers to employees who received promotions to congratulate them and make them feel valued.
- Following our employee engagement survey, we established new agile teams through workshops, and we are actively continuing to execute our action plans based on this framework.
- We continue to hold employee meetings with all our employees both in store and at headquarters



Practices that Put a Smile on Your Face in 2022

- We determined a permanent working model.
- We updated our bonus system.
- We organized a 'Koçtaş is made Beautiful By You' award ceremony and a Goodbye to Summer cocktail event.
- We reduced the use of plastic by embracing SuCo.
- We made constant contact and communication a priority throughout 2022.
- We offered 1,500 TL worth of ergonomics gift certificates to our employees working remotely.
- We celebrated special days all together.
- We implemented an interim salary adjustment.
- We revised the limits on meal cards.
- We introduced Basic products to all our employees.
- We had fun and learned something too using the "Efsanelerin Yolu" (Way of Legends) app.
- We continued to develop our processes throughout the year.



Social Rights

At Koçtaş, we also offer our employees social opportunities to make their lives easier.

- All our employees benefit from our social assistance packages. With our Flexible Benefits (Flextra) app, employees can choose from specified product/service groups and determine budget for their Flexible Benefit Package.
- Employees who have children receive monthly child benefits, and they can also receive education financing support through the foundation.
- We provide employees with retirement foundation membership opportunities. (From the Koç Holding Retirement and Aid Foundation Fund)
- We offer supplementary health insurance, private health insurance and personal accident insurance to all our colleagues. (Koç Allianz Private Health Insurance)
- We provide support to our employees for marriage, birth and military service.
- All our employees at the Head Office have the right to work remotely five days a week.
- With Spot Bonus, we provide rewards based on OKR business results and complemented by other legitimate reasons.
- We provide medical consultancy services to our colleagues through the Medihis program, and offer financial support with various advances, social assistance payments, and foundation financing opportunities. (Flexible Co-Benefit Company Contribution/System)
- All our employees receive discounts on Koçtaş products.

Details of fringe benefits are available on our [website](#).

Career and Performance Management

At Koçtaş, we first publish internal job postings for all open positions. Any candidates who meet the prerequisite criteria regarding seniority and compliance as well as who've completed required disciplinary processes may apply for the position. We evaluate candidates using a set of different tools, including an inventory of competency levels, general ability, professional competence, our assessment centre, and interviews with HR and operational interviews. When that's done, we organize feedback sessions for all candidates of more central positions. Candidates who finish each process with flying colors are appointed. Candidates who don't reach the target score in the evaluation can apply again after six months.

For vacant positions in the head office, warehouses, and stores, we first publish internal job postings on the **Koçkariyerim** platform and send out emails with HR information. Eligible internal candidates go through the same recruitment process as external candidates. We have direct communication with internal candidates who receive negative evaluations. At Koçtaş, performances are measured using the **Koç Diyalog** program, as it is throughout the Koç Group.

Through the use of Evaluation Center Applications aimed at enhancing employee growth when promotion is in order, our Human Resources department conducts feedback sessions for all participating employees. This approach includes continuous monitoring of their development over the year, using identified competency sets. We embrace the philosophy that "Our Most Valuable Resource is the Strength of our People" which is why our human resources business partners engage with every employee in their respective teams, conducting development-focused feedback sessions.

Koçtaş Intern Training and Development Program S.T.E.P.

Koçtaş's online S.T.E.P program (Intern Basic Education and Development Program) offers university students in their 3rd and 4th years the opportunity to gain experience in a real project and shape their careers. The program has been running for four years and this year it is being held online for the second time. Students from universities across Türkiye can apply to S.T.E.P and if selected, will work in Koçtaş's marketing, digital channels, R&D, human resources, purchasing, supply chain, financial affairs or auditing departments. Through this program, students will have the chance to learn more about the retail industry and Koçtaş.

During their internship, students have the opportunity to work in project teams and gain experience in areas such as taking on responsibilities and managing business processes. They can also meet with senior managers for career interviews, develop projects, and make presentations to relevant managers, thereby experiencing mutual learning through exchanging ideas. After completing S.T.E.P, students are prioritized for evaluation for suitable positions at Koçtaş. In 2021, we redesigned the recruitment and training processes in our stores and expanded the S.T.E.P program that trains future Koçtaş employees to be more widespread. In 2022, 41 people joined Koçtaş with the S.T.E.P. project.

Koç Diyalog

Koç Diyalog was launched in January 2021, as a Performance Management tool to accelerate digital projects and our agile working approach. It covers new workplace dynamics and ways of working across the whole of Koç Group. KoçDiyalog is an online platform that focuses on creating a culture where employees are empowered in the fields of communication, effective feedback, change management and career management. Like all Koç Group head office employees, Koçtaş Headquarters and R&D employees can use the system securely by entering their corporate company information both online and through the app.

Despite the traditional performance management methods, the purpose of this platform, which is designed to be innovative, accessible from anywhere, and includes well-designed processes that bring managers and employees together on a regular basis, enables us to evaluate year-end performance in terms of achieving business results and progress towards goals through guided questions.

"Recommend a Friend"

Regarding staff recruitment, we seek both to enrich our pool of candidates as well as support references given by our own employees. We created a system through a portal in cooperation with the IT department to allow employees to recommend a friend. At the end of two months, if both the recommender and the recommended are still employed, we provide the recommender with a 2,000 TL gift certificate.



Think Tech (Project Assistant program)

Timing

September 2022 (5 + 5 month period, renewed every year)

Objectives and Actions

Facing challenges in recruiting for our IT and Research & Development (R&D) departments due to tough market conditions, a shortage of skilled workforce, and the necessity to enhance collaboration with universities, we initiated a project with a specialized long-term training program tailored to these departments. This project aims to cultivate a pipeline for new graduate recruitment and bolster our team. Our target is to hire 50% of the senior students participating in the project. During the project phase:

- We determined the required number of personnel based on the needs of the departments.
- We contacted Gebze Technical University and Sakarya University to reach out to students.
- We conducted a screening process for the students who applied.
- In the initial phase, we entered into a 5-month contract with 10 individuals selected from a pool of 20 students.

Results

The project both offers professional experience to young graduates and saves time since there is no recruitment process. The program also contributes to the awareness of Koçtaş in general and its IT and R&D operations in particular.

Plans for Future

We plan to raise awareness on this issue, especially due to the low interest in SAP-based positions, business analysis and infrastructure teams, and the lack of knowledge in this field. This is why we will work together with schools during career days and hold awareness seminars.



Training and Development

At Koçtaş, we value the career development of our employees and regularly organize professional, technical, behavioural, and leadership trainings and development programs with the goal of being at the forefront of continuous learning and development. We manage our in-house training and development processes in the most efficient manner possible within the framework of our annual budget plan and established targets, in order to increase the competencies of our employees, ensure they acquire new knowledge and skills, and provide the greatest benefit to all employees.

We evaluate the effectiveness of our training through training satisfaction surveys, post-training persona interviews, an Employee Engagement Survey (EES) which includes general satisfaction questions, and feedback received through the **koctaskampus** account, which is always open to employee suggestions. In addition, we measure our training performance within the framework of holding reporting and audits, as well as legal internal and external audits.

In 2022, we provided a total of **112,476 hours** of training to our employees on professional development, personal development, occupational health and safety, and environmental management systems. The budget we allocated for education expenses was **3.2 million TL**.



Training We Provided to Our Employees in 2022

Professional Development	
Technical Training by Category	In-class / Online
Sales Training	In-class / Online
Cashier Training	Online
Koçtaş Application Training	Online
Customer First Training	In-class / Online
Microsoft Azure Training	In-class / Online
Agile Training	Online
Excel	Online
Operational Processes	Online
Environmental	
Environmental Management System Information Training	Online
Personal Development	
Analyzing and Reading Data	In-class / Online
The Key to Coping with Uncertainties with Banu Koç Çakan: "Emotional Resilience"	Online
Managing Differences in Interpersonal Relationships	In-class / Online
Individual Motivation	In-class / Online
Seeing the Big Picture and Strategic Perspective	In-class / Online
Multidimensional Leadership (SL II)	In-class / Online
Reading and Interpreting Data - Using and Interpreting Data in Presentation	In-class / Online
Team Management in a Changing World	In-class / Online
Experience-Oriented Leadership and Development Workshop	In-class / Online
Training on Being Prepared for Earthquakes and Living with Earthquakes	Online
Trainer Training	In-class / Online

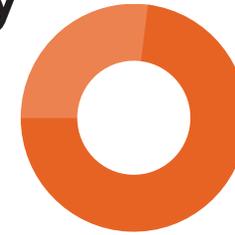
Personal Development	
Training how to Create Good First Impressions	In-class / Online
Effective Communication and the Art of Getting to Know People	In-class / Online
Managing Differences	In-class / Online
Every Manager is an HR Manager	In-class / Online
Communication and Complaints	In-class / Online
Taking the Initiative and a Proactive Approach	In-class / Online
Professionalism and Relationship Management in Business Life	In-class / Online
Agility in Leadership - Leadership for Change (All4Agile & TPC Leadership)	In-class / Online
Headquarters-Recruitment/Career-Talent and Performance Management	In-class / Online
Anxiety Management with Psychologist Tülay Kök	Online
Let's Prepare for the New Normal with a Fresh Consciousness with Sociologist and Adler Coach Esra Keskin!	Online
Stress Management	In-class / Online
Team Coaching Training	In-class / Online
Prepare Your Brain for the New Normal with Specialist Dr. Kerem Dündar!	Online
Creative Thinking	In-class / Online
Time Management and Prioritization	In-class / Online
OHS	
Occupational Health Education	Online
OHS Training - On the Job	In class
Occupational Health and Safety Training in Remote Working	Online
Behavior Oriented OHS	Online
Defensive - Anti Skid Practical Applications Training	In class
Observation-Based Induction OHS Training	In-class / Online

Equal Opportunity and Diversity

At Koçtaş, we strive to create a working environment where all our employees, male and female, feel valuable and respected, and where diversity and inclusivity are prioritized. We focus on building a workplace culture that is productive, collaborative, and dominated by inclusiveness.

This includes the way we manage all of our human resources in a transparent manner, and how we evaluate all applications by first announcing to all Koçtaş employees any appointments or job changes the company needs to make going forward. Ensuring that female candidates get a fair shot in all job evaluations is something we pay particularly attention to for appointment and promotion to management positions. We implement a policy of equal opportunity in all practices, including promotion, appointments, wage determination, training, and development.

Our equal opportunity policy ensures that there's balance due to the way we pay particular attention to the gender ratios of our list of candidates during recruitment. We try to give priority to female candidates regarding our internship positions and new graduate recruitment, depending on the availability of candidates.



Our Employees By Gender

- 27% Female 1,065
- 73% Male 2,840

Total 3,905

Our Female Employee Rates

All Female Employees	27%
Senior Female Executives	14%
Upper + Mid-Level Female Managers	31%
Female Employees in the R&D Unit	39%

Our Employees By Location and Gender

Headquarters



- 40% Female
- 60% Male

241 Female
356 Male

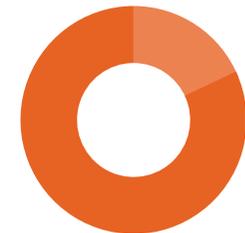
Shops (Big Box)



- 29% Female
- 71% Male

589 Female
1,434 Male

Shops (Fix)



- 18% Female
- 82% Male

235 Female
1,050 Male

Total 3,905 employees



Human Rights Assessments

By embracing the same principles as the rest of the Koç Group, we have committed to respecting fundamental human rights across all of our operations and value chain. We adhere to global ethical principles in areas such as recruitment, promotion, career development, compensation, benefits, and diversity. We also respect our employees' right to establish and join any non-governmental organizations of their choice.

Our Human Rights Policy is available [here](#).

Zero Tolerance

We absolutely do not tolerate forced labour, child labour, discrimination, or harassment of any kind.

Maternity Leave

Our female colleagues benefit from paid and unpaid maternity leave and nursing leave once they return to work, all within legal limits. For our male colleagues, we provide five days of paternity leave.

Unionization

There are no employees within the scope of a collective bargaining agreement at Koçtaş.



CUSTOMERS

At Koçtaş, we offer all the necessities for living spaces in one place. We are aware that our products are a part of our consumers' lives at all times. While providing them with products that they can use safely, we also develop digital solutions through the research we conduct in our R&D centre. Additionally, we invest in various applications to ensure the confidentiality of our customers' information.



Product Safety

At Koçtaş, we offer all the essentials for living spaces at one place, with the awareness that our products are present in every aspect and moment of our customers' lives. That's why we have a rigorous procurement process to provide them with high-quality and safe products.

Before any product is released, it undergoes testing and conformity checks by our quality assurance unit. These controls are conducted in accordance with our Product Risk Group and Checklist and Product Approval Mechanism Plan procedures. We thoroughly evaluate each product's physical durability, safety, and packaging condition to prevent damage, and we follow up each study with detailed reports. For products with poor quality or high return rates, we perform on-site or online inspections.

While selecting suppliers, we send a Supplier Preliminary Information Form to each candidate company within the scope of our ISO 9001 Quality Management System. Our evaluation process includes criteria such as turnover size, production capacity, logistics capability, and after-sales services.

Before entering into a commercial agreement, we visit the company to ensure that our partnership will not be

affected by any issue that requires to end our business before it starts. We only work with companies that meet our standards and have received approval after an audit, which evaluates factors such as social and environmental criteria. Our supplier contract includes our ethical values, which require 100% compliance.

We integrate sustainability into all our business processes, from supplier selection to delivery. To ensure compliance with our standards, we conduct unannounced inspections of our suppliers.

We have a zero-tolerance policy for companies that violate Koçtaş standards or trade unethically. If a supplier fails to meet our expectations in terms of service quality, or we detect non-compliance with our policies, we terminate our partnership immediately. We are also setting dynamic targets to promote domestic production in product groups that are strong in terms of production.

In 2022, domestic suppliers accounted for 95.6 % of our 3,357 total suppliers. We paid 92.3% of our total procurement expenditures of TL 7.9 billion to domestic suppliers.

Principles Regarding Kingfisher Sustainable Home Products

Kingfisher, our shareholder, implements their "Sustainable Home Product Guidelines" and subjects its sold products to a sustainability classification, with the aim of helping customers reduce their environmental impact.

During production this means:

- Low carbon production,
- Use of recycled materials,
- Use of alternative materials with less environmental impact,
- Making sure that products are made from materials that are sourced responsibly.

During after-sales, this means:

- Does not harm biodiversity,
- Is not unhealthy,
- Saves energy and water, and
- Fits the criteria necessary for products that are suitable for reuse and recycling.

Products are evaluated and classified into four categories: A, B, C, and D, with D being the least sustainable. Kingfisher aims to gradually replace non-sustainable products in the D category with sustainable alternatives over time once all evaluations are completed.

To reduce the use of harmful chemicals in products, Kingfisher has conducted a three-step study to identify and phase out dangerous and high-risk substances, replacing them with more sustainable options. Additionally, efforts are being made to source packaging materials from sustainable sources and incorporate more recycled materials. In line with our shareholders' goals, we plan to prioritize such sustainability initiatives in the future.



Complaints Regarding the Minimization of Missing/Damaged Parts

Location and Timing

C4C (Cloud for Customer) - December 2022/1 year

Objectives and Actions

In response to a rise in customer complaints regarding missing or damaged parts, we initiated a project in collaboration with our suppliers to significantly reduce these incidents.

We regularly provided the five companies receiving the highest number of complaints with relevant data and monitored the corrective and preventive actions taken. We target a 25% improvement by year-end through supplier enhancement measures like these. We received support from the call center to overcome the difficulty we had in determining which production lot the products sold came from.

Results

Economic: We reduced additional shipping costs for products that received complaints regarding missing parts. We minimized both additional cargo and consumable product costs for damaged part complaints.

Social: By eliminating superfluous shipping and consumable product expenses, we have reduced the workload for all stakeholders involved in the process, from production to customer delivery. This approach has led to a more stable and efficient working environment.

Environmental: We successfully mitigated the creation of extra waste associated with additional shipping and the use of consumable products.

Corporate: Packaging improvements led to a rise in customer satisfaction and higher levels of corporate trust.

Plans for Future

Next year, we will continue to monitor this issue, aiming for real improvement that aligns with the targets we've set.

Switching to the New AR (Auto Replenishment) System in the Supply Chain

We transitioned to an advanced AR system within our supply chain, targeting enhanced accuracy and efficiency to adapt to evolving demands. This change is intended to enrich customer shopping experiences across all sales channels, while also minimizing inefficient purchases and product waste. The new system allows us to analyze critical parameters, including the operational dynamics of seasonal and non-seasonal product groups, shipping performance of companies, and vehicle occupancy rates. Details of the project are located [here](#).



Digital Security and Privacy

At Koçtaş, we are committed to providing our customers, employees, and stakeholders with the best possible experience. To achieve this goal, we rely on the projects and applications developed in our R&D centre, which was established in 2018 as part of our digitalization journey. Effective data management and analytical studies are crucial for creating a competitive advantage in the retail industry, and technology plays a critical role in achieving these goals. Therefore, the short-term strategy of the Koçtaş R&D centre is to develop and execute data collection, modelling, and analysis at the highest possible level.

As we continue to expand our physical stores throughout Türkiye, we have also experienced significant growth through our digital channels, which allow us to reach customers across the country. In 2022, our digital sales increased by 171% compared to 2021 across all digital channels, including our website (koctas.com.tr), the Koçtaş mobile app, and the quick order screens in our stores.

While digitalization brings many advantages, it also poses risks such as cyber-attacks and data security threats. At Koçtaş, we prioritize these issues and ensure that all of our operations comply with the ISO 27001 Information Security Management System. Our management

system certificate covers both our Head Office and the Koçtaş Campus, and we conduct on-site risk analyses and online meetings every six months as part of our information security and broader cybersecurity concerns. The risks identified in 2022 were published on the Cyber Security Risk List and ISOMS (Intelligent ISO Assistant).

At Koçtaş, we are consistently amplifying our investments in e-commerce and marketplace platforms each year. In alignment with this strategy, we initiated the “Security Farm” project. This involved a comprehensive overhaul of our systems, encompassing remote working capabilities, secure internet access, firewall enhancements, and e-commerce modernization. Additionally, we transitioned our e-commerce infrastructure to be more innovative and advanced.

In 2022, we implemented the following measures to safeguard both company and employee data and information in the digital environment:

- We established processes for protecting, storing and destroying data in the cloud environment.
- We enhanced security by establishing robust and secure software development processes.
- We improved incident response processes.



We developed a business plan for the implementation of Critical Security Controls (CIS) and successfully executed the necessary security enhancements.

We received 5 reports of corporate account information breaches in 2022. We took necessary action and submitted all the information we had to the relevant authorities to address the issue. There have been no notifications or indications of potential leaks of personal data or information.

We take all necessary technical and

administrative measures to prevent any actions that could manipulate customer behaviour, including monitoring and analysing their personal data. All customer data is subject to an authorization matrix and is masked by the relevant platforms. Employee personal data is protected by DPL (Data Loss/Leak Prevention) software. We conduct regular training sessions to increase employee awareness of the risks associated with data security and provide full explanations of the Turkish laws regarding the Protection of Personal Data (KVKK).

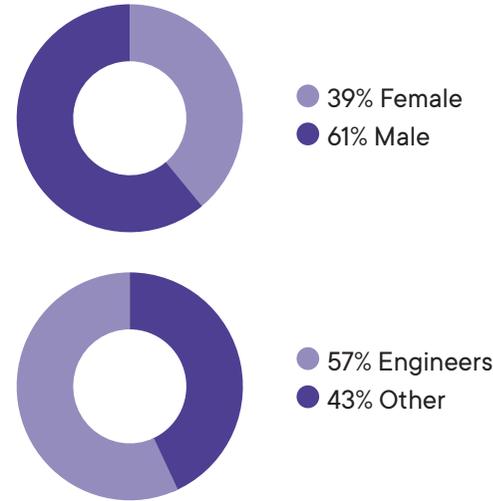


Koçtaş R&D Centre

Our R&D centre conducts regular studies to closely monitor technological changes and developments, ensuring that Koçtaş keeps up with the latest advancements and meets the needs of our customers and employees. We are committed to rapidly transforming both our internal processes and the customer experience through digitalization. Thanks to our R&D efforts to digitize cumbersome and manual operational processes, our stores can now act more quickly and are fully compatible with our mobile apps.

Moving forward, our goals include enhancing the digital and data analytics competencies of our human resources, improving the system infrastructure, implementing various projects and apps to perfect the customer experience across multiple channels, and becoming the leading R&D centre not only in Türkiye but also in its immediate surroundings. We aim to position Koçtaş as an R&D hub that designs innovative, high-tech products, making it a European and global brand and a sought-after partner for European projects.

Total Number of R&D Employees 2022



Total 100 employees

4

[2022]

Approved by the Ministry of Science, Industry and Technology Number of R&D Projects

59 million TL
[2022]

In 2022, we spent 59 million TL on R&D.





Our 2022 R&D Centre Projects

Artificial Intelligence Based Order Supply System

Timing

01.01.2022 – 31.12.2022

Objectives and Actions

Our project to integrate the new AR (Auto-Replenishment) system with Koçtaş's proprietary analytical cloud platform aims to achieve optimal stock levels in stores and warehouses and enhance forecasting precision using machine learning-based algorithms. The following steps were taken to realize this objective:

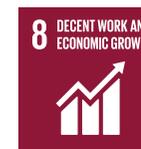
- Conducted data preparation and exploratory data analysis.
- Defined and documented Auto-Replenishment and reporting thresholds.
- Identified essential variables for model integration.
- Developed, trained, and tested the predictive model.
- Refined the model outcomes to meet our targeted criteria.
- Migrated model results to the designated platform.
- Presented current KPIs using AR model outputs on the PowerBI dashboard.
- Configured necessary jobs and connections for Azure operation.
- By deploying the entire process on Azure, we ensured a structured and iterative workflow.

Results

Our new control panel features a robust, intuitive interface, designed for tracking company objectives and activities, particularly in areas like "Security Guards Services" (SGS), "availability," and "campaigns". It offers detailed insights broken down by department, vendor, store, product group, channel, and maturity type, among others.

Economic: This project aims to minimize sales losses by maintaining optimal stock levels in both stores and warehouses. The integration of a transfer system module enables us to utilize existing inventory with maximum efficiency, reducing the need for extra orders and additional costs. This approach is also designed to positively impact our working capital.

Corporate: We enhanced the existing Auto-Replenishment framework to transform the Koçtaş automatic order system into a machine learning-based platform with high accuracy rates. We also developed a forecasting system for both short and long-term projections, yielding more accurate results across all channels than previously achieved. Collaborating with Koç Digital, a fellow group company, has not only bolstered intra-group cooperation but also ensured that methodological expertise remains within the group.





Smart Store Robot Phase 2

Timing

01.01.2022 – 31.12.2023

Objectives and Actions

When reviewing the operational activities of Koçtaş stores, we find that the tasks with the greatest workload include changing planograms and critical counting, placing products in the aisles, and aisle correction; transfer processes, refund transactions, gap scanning; negative stock transactions, consumable and wastage handling, product deliveries by MD in the warehouse, fixed administrative tasks, and label/price/banner updates.

Challenges such as the competitive market, evolving customer expectations, limitations in operational labor resources, and human error, alongside the need for swift customer service and diminishing wait times, have increased the time spent on certain tasks. Advancements in robotic technology have opened avenues to make things simpler and more efficient. To address these issues, we initiated a project to deploy autonomous robots in Koçtaş stores, aiming to reduce errors and handle labor-intensive tasks. Our goal is to develop a fully autonomous robot capable of safe navigation and operation.

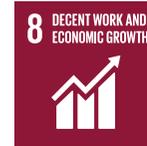
Results

This project will:

- Streamline processes for greater efficiency.
- Minimize errors caused by human factors.
- Conserve labor and time with the robot's 24/7 operational capability.
- Achieve 99% accuracy in stock control.
- Reduce labor loss in stock checks and store plan accuracy by 60%.
- Triple shelf occupancy efficiency.
- Double the efficiency of price tag verifications.
- Improve discount accuracy at cash registers by 40% compared to previous periods.
- Lead to a 50% improvement in stock availability.

Plans for Future

This project positions us to become pioneers in implementing robotic technology in the Turkish construction market retail industry. Beyond R&D, our initiative will introduce innovative products in image processing and artificial intelligence systems. These will facilitate autonomous robot execution of retail operational tasks, such as gap analysis and price control, fulfilling a critical need in the industry.





Artificial Intelligence Supported Platform to Increase the Efficiency of In-Store Processes in Retail

Timing

01.01.2022 – 31.08.2023

Objectives and Actions

This project seeks to free up store managers' time for more strategic managerial activities. It does this by automating repetitive and time-consuming tasks using advanced technological infrastructure, such as artificial intelligence and machine learning, for routine, automatable operations.

Cash register and sales data within the store represent the most extensive data set available for analysis. There are also several other analyzable data sources: location data collectable with beacons, heat maps generated from security cameras, customer headcounts within the store, and video recordings of transactions at cash registers captured by IP cameras. These additional sources provide valuable insights into the products sold.

This project allowed us to engage in discussions with store managers to understand their management processes. We explored which types of data inform these processes, the operational procedures involved, and their impact on decision-making. To define the project's focus, we closely examined these processes and their details with our project consultants and determined the specific processes to be included.

Results

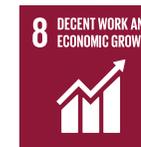
Corporate: By boosting managerial efficiency, we will be able to save on personnel expenses through standard staff optimization in stores. Additionally, by leveraging Machine Learning and Artificial Intelligence algorithms aligned with our company's management vision and principles, we can mitigate losses in manpower, time, and costs caused by human errors in managerial decision making.

Economic: By incorporating innovative technology into our retail operations, we aim to enhance the customer experience, attract new clients, foster customer loyalty, and boost sales per square meter. Moreover, the new methods and technology we adopt will enable us to generate additional revenue streams beyond our core business, through product and service sales to group companies and various industry representatives.

Social: Through Machine Learning and Artificial Intelligence, our qualified human resources will be able to focus on managerial processes other than standard and routine tasks.

Plans for Future

What we are trying to create is something that has never been done in Turkish retail. This project will use artificial intelligence and machine learning in retailing to bring store management to the next level.





Awards

The Koçtaş R&D center, building on its past successes, earned a total of four awards at the IDC Türkiye CIO Summit 2022.

The Koçtaş R&D center continued its success in digital transformation, securing awards at the prestigious IDC Digital Transformation Awards. Achievements include the “Kiosk Remote Sales Model” project in Customer Experience, the “Koçtaş Supplier and Product Management Portal” in IT Cost Efficiency, the “Koçtaş Agile Portfolio Management” in Future of Work - Metrics & KBIs, and the “Cloud-Based Virtual Secure Office” project in Future of Work - Borderless Organization categories.

Details of Award-Winning Projects

Kiosk Remote Sales Model

This model is designed to be implemented in stores and kiosks, utilizing our e-commerce infrastructure. It provides better service for our customers by enabling them to make voice and video calls with our representatives and to direct the customer to sales remotely.

Koçtaş Supplier and Product Management Portal

This collaborative project with suppliers resulted in a platform that streamlines all processes by eliminating manual checks. It enables suppliers to efficiently manage their operations through a single system, offers systematic traceability, and is capable of interfacing with various systems integrated into Koçtaş’s business operations.

Koçtaş Agile Portfolio Management

We created the technological infrastructure that teams working with agile methods will use for portfolio management, making the backlog tracking of the entire organization transparent with an agile perspective, simplifying the way of doing business, and allowing teams to mirror themselves with accurate measurements, making their lives easier, and creating planning, retrospectives and road maps on a single platform for agile activities. This digital and innovative platform caters specifically to the needs of agile activities.

Cloud Based Virtual Secure Office

With the transition to a hybrid work environment, it’s essential for employees to access necessary resources and work securely from various locations, just as they would in the office. Establishing a VPN, implementing secure access control, and consolidating safe internet usage into a single platform simplifies the process for users. As part of this project, remote troubleshooting and addressing employee issues have been streamlined, thanks to features like user-specific resource utilization and real-time reporting.

ENVIRONMENT and SOCIETY

As part of our strong sense of responsibility, Koçtaş aims to limit its emission-based activities through the Carbon Transformation Program and provide tangible contributions to the environment and climate. Additionally, we are working to enhance our preparedness and resilience for potential disasters related to physical risks arising from climate change.

Energy Management

As part of the Zero-Based Budgeting project, Koçtaş uses automation systems for energy consumption in its stores. Our in-store lighting system is activated based on the natural daylight outside, and we use light meters to regulate energy usage. This approach allows us to control energy consumption and reduce our environmental impact.

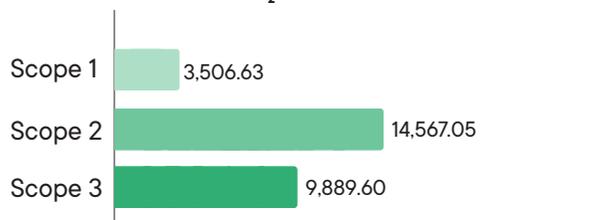
Environmental Management and Training

In 2022, 25 of our stores were included into our ISO 14001 Environmental Management System certificate. At Koçtaş, our focus is on developing and supporting our employees in every aspect, and we also promote sustainability by organizing training sessions on topics like energy consumption and waste management, thereby raising awareness among our staff.

Emissions Management

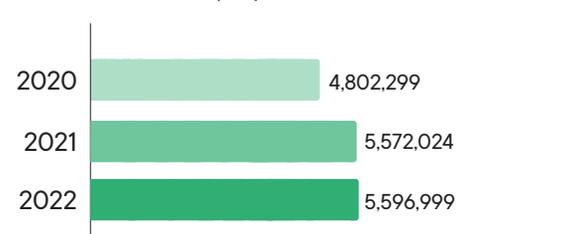
As we continue our efforts under the carbon conversion program, we are also focused on reducing emissions from natural gas and generator fuel usage, diesel usage, company vehicles, forklifts and lifting equipment, air conditioning refrigerants, aerosols, fire extinguishing systems, and electricity consumption. In 2022, we conducted calculations of our Scope 1, 2, and 3 emissions. Following this, we initiated the third-party verification process as part of our commitment to the ISO 14064 Management System.

Emissions (tCO₂e) 2022

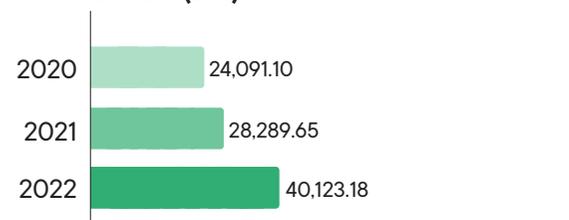


Scope 3 data include:
 C4- Upstream transportation and distribution
 C6- Business travel
 C7- Employee commuting
 C9- Downstream transportation and distribution

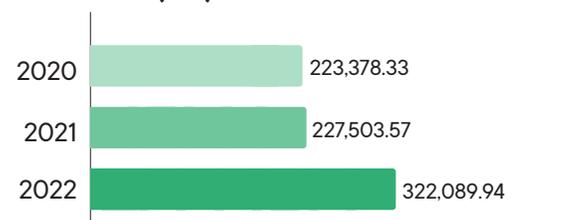
Natural Gas (kW)



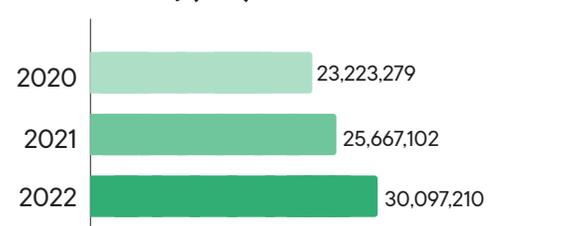
Gasoline (litre)



Diesel (litre)



Electricity (kWh)





Our Energy Efficiency Studies

Internal and External Insulation Studies

To enhance the exterior insulation and prevent heat islands from forming, we've implemented various improvements, such as applying reflective paint on our store roofs to provide heat insulation and using materials like stone wool and high-insulated glass to ensure internal thermal insulation.

Switching to energy-efficient LED lighting models in order to reduce energy consumption

We currently use LED fixtures in 79% of our Bigbox stores and 96% of our Fix stores.

We put an automatic panel switch for lighting and energy consuming appliances in place so that after working hours they wouldn't remain in use.

In our Big Box stores, lighting control within the sales areas is now managed using a touch panel. Store managers have the capability to independently switch on and off seven distinct zones and adjust their intensity to the desired level using this panel. Additionally, lighting fixtures in the warehouse area are fully sensor-operated for enhanced efficiency.

In Fix stores, sales area fixtures are controlled using pako switches on all panel covers. The fixtures used in the warehouse area work entirely with sensors.

We implemented new designs that make newly opened stores more energy efficient.

We use LED lighting fixtures and analysers that monitor energy outputs in all newly opened stores.

Motion sensor lighting in store warehouses

Warehouse fixtures in all our stores have motion sensors.

We perform studies to optimize energy efficiency by regularly monitoring consumption, and We've established an energy scale tracking system to measure electricity consumption,

At present, an energy monitoring system has been installed in 40 stores, allowing for real-time consumption tracking through a centralized software. However, for the remaining 6 stores, which are integrated into their shopping mall's central system, it's not possible to put this kind of technical infrastructure in place.

Renewable energy purchases

In 2022, we signed a project that will provide instant energy with a power of 0.9 MW for the establishment of a Solar Power Plant. We plan to install the power plant in the first half of 2024.

A project to establish solar power plants (SPP) on the roofs of warehouses or stores to get electric energy from renewable sources

We anticipate that the Solar Power Plants we plan to build in Manisa and Gümüşhane will meet 80% of our energy consumption.

We're Raising Sustainability Awareness in Our Customers!

An average of 1.4M people visited our **Koçtaş Blog** page in 2022, where we share articles on topics such as energy and water saving, waste reduction, recycling, solar energy use and raise awareness regarding sustainability.

In the "Yaşayan Evler" Blog ("Living Homes") all products that people need can be found at the most affordable prices from Koçtaş stores, kocatas.com.tr, and the Koçtaş mobile app.



Waste Management

Our waste management practices at Koçtaş are conducted in accordance with the ISO 14001 Environmental Management System.

Our primary objective in waste management is to consistently decrease the volume of our waste, with a particular focus on hazardous waste, in each reporting period.

We track our performance in managing hazardous waste relative to the previous year. To minimize the amount of hazardous waste generated, we have linked waste reduction at each store to our employees' performance evaluations. As an incentive, we annually award bonuses to employees based on their success in reducing hazardous waste at their respective stores.

National and International Initiatives

Koç Holding is a signatory of the Business Plastics Initiative (IPG) that aims to reduce single-use plastics. At Koçtaş, we support this initiative. Additionally, we are a member of WWF-Türkiye's Green Office program.

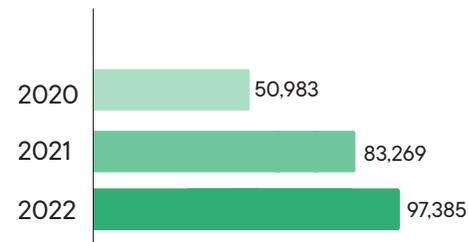
Within the scope of the Zero Waste Project of the Turkish Ministry of Environment, Urbanization and Climate Change, we follow zero waste practices. We track the supply of relevant equipment to our "chain stores" in line with zero waste practices, and carry out regular studies to ensure Zero Waste Certification going forward.

Water Management

At Koçtaş, we recognize the critical importance of water as a resource essential for a sustainable future in all our operations. Practices aimed at water efficiency and the protection of water resources are vital for ensuring a sustainable world for future generations.

We use tap water in our headquarters, warehouses and stores, and we discharge wastewater into the system. In order to use water efficiently and reduce consumption, we are expanding the use of aerators in our new stores.

Water Consumption (m³)
All Locations



Disaster Preparedness and Response

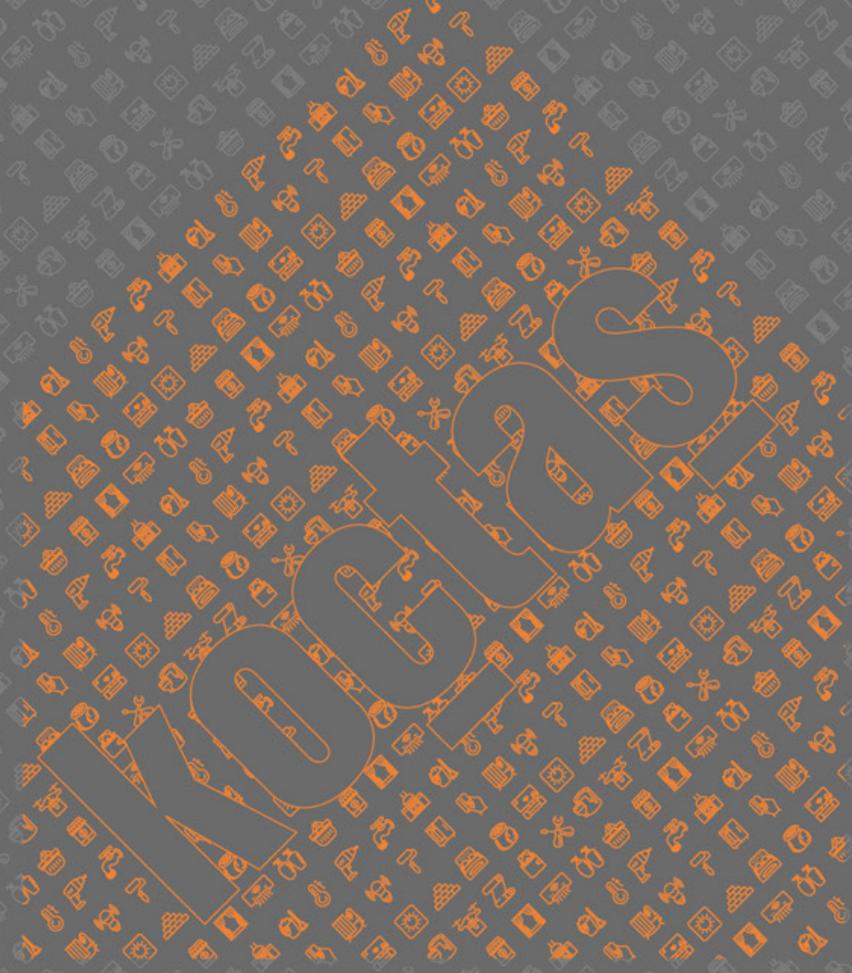
At Koçtaş, we have emergency action plans in place for natural disasters such as floods and earthquakes at all of our locations. These plans specify task assignments for post-emergency teams and provide explanations for reducing risks.

We conduct emergency evacuation drills twice a year at all locations. We offer first aid training to our employees with the assistance of professional external trainers. This initiative equips our team with expert first aid skills. In 2022, 86 of our employees earned first aid certification. We also conducted fire safety training for our employees at 47 different locations, including warehouses.

We conduct seismic resistance analyses for buildings housing Koçtaş stores. Should these buildings not meet the required standards, we undertake measures such as structural reinforcement or consider relocating the store.



ANNEXES



Memberships

Member Institution	Member's Role at Koçtaş	Member's Role in the Institution
MESS Turkish Metal Industrialists' Union	Board Member	Chairman of the Board
MESS Education Foundation	Board Member	Chairman of the Board
Turkish Confederation of Employers Associations	Board Member	Chairman of the Board
ZMD – Chain Stores Association	Board Member	Board Member
TOBB - Union of Chambers and Commodity Exchanges of Türkiye	Board Member	Retail Councilor
TOBB - Union of Chambers and Commodity Exchanges of Türkiye	Board Member	President of Retail Assembly
TAMPF - Turkish Federation of Shopping Centres And Retailers	Board Member	Chairman of the Board
ZMD – Chain Stores Association	General Manager	Board Member
TOBB - Union of Chambers and Commodity Exchanges of Türkiye	General Manager	Retail Councilor
IAB - Interactive Advertising Bureau	Marketing and Corporate Communications Senior Manager	Member
MESS Education Foundation	Deputy General Manager of Human Resources and Industrial Relations	Board of Trustees
TURMEPA - Turkish marine Environment Protection Association	Deputy General Manager of Human Resources and Industrial Relations	Member

Awards

Koçtaş was selected as the **“Homework Market & Home Decoration Brand of the Year”** at the **E-Commerce Summit** organized by Pazarlama Türkiye.

Koçtaş won the **“Sector Award”** in the Construction Market category at the ECHO Awards.

Koçtaş won the **“Silver Award”** in the Home Improvement category at the **Brandverse Awards**.

Koçtaş won the **“Most Effective Use of Web Personalization”** award at the **2022 Lift Awards** event organized by Insider.

At the IDC Cloud Awards, Koçtaş won awards in the **SaaS Category** with its **“Digital Safe Key”** project and in the **Cloud Cost Efficiency Category** with its **“Ustabilir Modernization”** project.

Koçtaş received **awards in four categories** at the **IDC CIO Summit Türkiye** for its **Kiosk Remote Sales Model, Supplier and Product Management Portal, Agile Portfolio Management** and **Cloud-Based Virtual Secure Office** works.

Koçtaş was among the **top 10** in the 2022 **YouTube Ads Leaderboard**, where the most successful campaigns of the year are listed, with our video featuring a refrigerator renovation using just two materials.



Corporate Policies

The Koçtaş Code of Ethics and Compliance policies constitute a crucial part of the way all employees conduct their work. These policies are shared with employees online through relevant portals, some of which are printed and posted at sites and through trainings, and with business partners and related parties through our corporate website.

Policy Name	Release date	Approved By
Koçtaş Management Systems Policy	6.3.2020	General Manager
Koçtaş Occupational Health and Safety Policy	8.10.2021	General Manager
Koçtaş Employee Personal Data Protection and Processing Policy	1.02.2022	Board of Directors
Koçtaş Personal Data Retention and Disposal Policy	1.02.2022	Board of Directors
The Framework of our Personal Data Protection Policy	7.01.2022	Board of Directors
Koçtaş Social Investment Policy	13.01.2022	Board of Directors
Koçtaş Ethical Principles	14.01.2022	Board of Directors
Koçtaş Gift and Hospitality Policy	14.01.2022	Board of Directors
Koçtaş Anti-Bribery and Anti-Corruption Policy	14.01.2022	Board of Directors
Koçtaş Disciplinary Policy	14.01.2022	Board of Directors
Koçtaş Notice Policy	14.01.2022	Board of Directors
Koçtaş Human Rights Policy	14.01.2022	Board of Directors
Koçtaş Donation and Sponsorship Policy	14.01.2022	Board of Directors
Sanctions and Export Controls Policy	4.03.2022	Board of Directors
Koçtaş Competition Law Compliance Policy	24.02.2022	Board of Directors
Koçtaş Supply Chain Compliance Policy	24.02.2022	Board of Directors
Koçtaş Compliance Policy	24.02.2022	Board of Directors
Acceptable Use Policy	23.11.2021	Information Technologies and R&D
Access Control Policy	23.11.2021	Information Technologies and R&D
Supplier Security Policy	23.11.2021	Information Technologies and R&D
Password Policy	23.11.2021	Information Technologies and R&D
Backup Policy	23.11.2021	Information Technologies and R&D

Environmental Performance Indicators

ENERGY CONSUMPTION			
Consumed Energy from Non-Renewable Direct Energy Sources	2020	2021	2022
Natural Gas (kW)	4,802,299	5,572,024	5,596,999
Gasoline (liters)	24,091.10	28,289.65	40,123.18
Diesel (liters)	223,378.33	227,503.57	322,089.94

Indirect Energy Purchased and Consumed from Non-Renewable Energy Sources	2020	2021	2022
Electricity (kWh)	23,223,279	25,667,102	30,097,210
Indirect Energy Purchased and Consumed from Renewable Energy Sources	2020	2021	2022
Electricity (kWh) (IREC and other standards)	0	0	0
Indirect Energy Produced and Consumed from Renewable Energy Sources	2020	2021	2022
Electricity (kWh) (GES and other standards)	0	0	0
Total Electricity Consumption	2020	2021	2022
Electricity (kWh)	23,223,279	25,667,102	30,097,210

Emissions (tCO ₂ e)	2020	2021	2022
Scope 1	-	-	3,506.63
Scope 2	-	-	14,567.05
Scope 3	-	-	9,889.60

Scope 3 data include:

C4- Upstream transportation and distribution, C6- Business travel, C7- Employee commuting, C9- Downstream transportation and distribution

Water Consumption All Locations (m ³)	2020	2021	2022
Total Water Consumption	50,983	83,269	97,385

Social Performance Indicators

OUR EMPLOYEES				
By Gender	2020	2021	2022	Ratio
Female	913	865	1,065	27%
Male	2,109	2,133	2,840	73%
Total	3,022	2,998	3,905	100%
By Employment Type and Gender	2020	2021	2022	Ratio
White Collar - Female	913	865	1,065	27%
White Collar - Male	2,109	2,133	2,840	73%
Total	3,022	2,998	3,905	100%

We do not have blue collar employment positions.

By Contract Type and Gender	2020	2021	2022	Ratio
Permanent - Female	907	860	1,054	27%
Permanent - Male	2,055	2,120	2,827	73%
Temporary - Female	6	5	11	46%
Temporary - Male	54	13	13	54%
Total	3,022	2,998	3,905	

By Location and Gender	2020	2021	2022	Ratio
Headquarters - Female	157	172	241	40%
Headquarters - Male	165	199	356	60%
Stores (Big Box) - Female	677	559	589	29%
Stores (Big Box) - Male	1,564	1,278	1,434	71%
Stores (Fix) - Female	79	134	235	18%
Stores (Fix) - Male	380	656	1,050	82%
Total	3,022	2,998	3,905	

By Age Group and Gender	2020	2021	2022	Ratio
Age 30 and Under - Female	359	309	353	9%
Age 30 and Under - Male	536	513	735	18.80%
Between Age 30 - 50 - Female	549	550	704	18%
Between Age 30 - 50 - Male	1,499	1,552	2,050	52.5%
Age 50 and Over - Female	5	6	8	0.20%
Age 50 and Over - Male	74	68	55	1.40%
Total	3,022	2,998	3,905	100%

There are no permanent employees under the age of 18 working at Koçtaş or its subcontractors. In order only to support vocational and technical high schools, we employ students on certain days of the week during 9-month compulsory internship periods.

By Management Category and Gender	2020	2021	2022	Ratio
Senior Management - Female	2	1	1	14%
Senior Management - Male	5	6	6	86%
Director - Female	1	1	1	25%
Director - Male	1	1	3	75%
Manager - Female	24	40	53	14%
Manager - Male	154	224	325	86%
Middle Manager - Female	125	104	125	32%
Middle Manager - Male	298	247	262	68%
Other - Female	761	719	885	28%
Other - Male	1,651	1,655	2,244	72%
Total	3,022	2,998	3,905	

Other Groups	2020	2021	2022	Ratio
Disabled - Female	15	14	18	16%
Disabled - Male	84	79	94	84%

Total Disabled Employees	2020	2021	2022
Number of disabled Employees	99	93	112
Number of disabled people legally required to be employed	91	90	117

Management Structure	2020	2020	2021	2021	2022	2022
Senior Management	Number	Ratio	Number	Ratio	Number	Ratio
Female	2	28.57%	1	14.29%	1	14.29%
Male	5	71.43%	6	85.71%	6	85.71%
Senior Management	Number	Ratio	Number	Ratio	Number	Ratio
Between Age 30 - 50	6	85.71%	6	85.71%	6	85.71%
Age 50 and Over	1	14.29%	1	14.29%	1	14.29%
Total Senior Management	7	100%	7	100%	7	100%

There are no non-Turkish or handicapped people under the age of 30 in Koçtaş's senior management.

Structure of Governance	2020	2020	2021	2021	2022	2022
Board of Directors	Number	Ratio	Number	Ratio	Number	Ratio
Female	1	10%	1	10%	1	10%
Male	9	90%	9	90%	9	90%
Board of Directors	Number	Ratio	Number	Ratio	Number	Ratio
Age 30 and Below	0	0%	0	0%	0	0%
Between Age 30 and 50	3	30%	1	10%	1	10%
Age 50 and Over	7	70%	9	90%	9	90%
Board of Directors	Number	Ratio	Number	Ratio	Number	Ratio
Non-Turkish	4	40%	4	40%	4	40%
Turkish	6	60%	6	60%	6	60%
Total Board of Directors	10	100%	10	100%	10	100%

Maternity Leave (Female Employees)	2020	2021	2022
Number of employees entitled to maternity leave	142	137	179
Number of employees using maternity leave	142	137	179
Number of employees returning to work after maternity leave ends	94	105	157
Number of employees who continue work for at least 12 months after returning from maternity leave	89	105	157
Ratio of employees who returned to work after taking maternity leave to total maternity leave users	66%	77%	88%

During the reporting period, our male employees did not use paternity leave.

Turnover Rate-Headquarters	2020	2021	2022
Employee Turnover Rate*	15%	27%	20%
Turnover Rate-Stores	2020	2021	2022
Employee Turnover Rate*	7%	12%	17%

**Calculation Formula: Number of employees leaving the job / total number of personnel x 100*

Average Period of Service (In Years)	2020	2021	2022
All Employees*	5	6	5
Average Period of Service (In Years)	2020	2021	2022
Female	5	6	5
Male	5	6	5
Average Period of Service (In Years)	2020	2021	2022
Headquarters	5	5	4
Stores	5	6	5

**All of our employees have white collar jobs.*

Occupational Health and Safety Data

Occupational Health and Safety (Company Employees) (Headquarters and Stores Consolidated)			
Accidents	2020	2021	2022
Number of Fatalities Due to an Accident	0	0	0
Work-Related Fatal Accident Rate	0	0	0
Accident Frequency Rate (High severity but excluding fatalities)	9.19	2.7	2.52
Accident Frequency Rate (Registered)	33.06	6.95	6.11
Occupational Disease	2020	2021	2022
Number of Fatalities Due to Occupational Disease	0	0	0
Number of Registered Cases of Occupational Disease	0	0	0
Occupational Health and Safety (Subcontractor Employees) (Headquarters and Stores Consolidated)			
Accidents	2020	2021	2022
Number of Fatalities Due to an Accident	0	0	0
Work-Related Fatal Accident Rate	0	0	0
Accident Frequency Rate (High severity but excluding fatalities)	17.38	11.48	7.56
Accident Frequency Rate (Registered)	36.69	28.13	14.77
Occupational Disease	2020	2021	2022
Number of Fatalities Due to Occupational Disease	0	0	0
Number of Registered Cases of Occupational Disease	0	0	0

Fatal Accident Rate: (Number of fatal accidents / Hours worked) x 1,000,000

High Severity Occupational Accident Rate (excluding fatal accidents): Number of high severity occupational accidents (excluding fatal accidents) / Hours worked x 1,000,000

Registered Occupational Accident Rate: (Number of registered work accidents / Hours worked) x 1,000,000

OHS Training	2020	2021	2022
Basic OHS Training Hours	260	5,649	6,976
Number of Employees Receiving Basic OHS Training	165	3,804	872
Total OHS Training Hours (including Basic OHS Training)	6,354	17,520	16,823

TRAINING INVESTMENTS			
Training Hours by Type	2020	2021	2022
Professional development	53,737	59,505	98,904
Self-improvement	4,635	628	6,665
Occupational Health and Safety	260	5,649	8,216
Environment	1,885	3,843	8,691
Total Hours of Training	60,517	69,625	122,476

Average Hours of Training by Gender	2020	2021	2022
Total Number of Female Employees Receiving Training	939	884	1,171
Total Training Hours Provided to Female Employees	12,202	18,969	31,038
Average Hours of Training per Female Employee	12.99	21.46	26.51
Total Number of Male Employees Receiving Training	2,128	2,190	3,074
Total Training Hours Provided to Male Employees	37,359	45,608	89,884
Average Hours of Training per Male Employee	17.56	20.83	29.24

Average Training Hours by Employee Category	2020	2021	2022
Senior Executive (BL-FL)	24	7	89
Mid-Level (PL1-PL4)	246	39	1,079
First Tier and Specialist (PL5-PL13)	2,541	303	17,500
Field Worker (With a Managerial Role)	11,980	524	33,670
Field Worker (Team/Team Member)	36,792	2,131	70,138
Training Expenditures	2020	2021	2022
Total Training Expenditures (TL)*	1,579,022	1,163,640	3,223,673

* Total amount spent on employee training EXCLUDING subcontractor employees.

GRI Content Index

Statement of use	Koçtaş has reported in accordance with the GRI Standards for the period 01.01.2022-31.12.2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable Sector Standards available.

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/ OR DIRECT ANSWERS	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 68	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	Page 68				
	2-3 Reporting period, frequency and contact point	Page 3				
	2-4 Restatements of information	No restatements				
	2-5 External assurance	Page 50				
	2-6 Activities, value chain and other business relationships	Page 13				
	2-7 Employees	Page 59				
	2-8 Workers who are not employees	Page 60				
	2-9 Governance structure and composition	Page 13				
	2-10 Nomination and selection of the highest governance body	Page 13				
	2-11 Chair of the highest governance body	Page 5				
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 20				
	2-13 Delegation of responsibility for managing impacts	Page 20				
	2-14 Role of the highest governance body in sustainability reporting	Page 23				
	2-15 Conflicts of interest	Page 22				
	2-16 Communication of critical concerns	Page 22				
	2-17 Collective knowledge of the highest governance body	Page 20				
	2-18 Evaluation of the performance of the highest governance body			Evaluation of Performance	Information unavailable	No evaluation
	2-19 Remuneration policies			Remuneration policies	Information unavailable	
	2-20 Process to determine remuneration			Process to determine remuneration	Information unavailable	
	2-21 Annual total compensation ratio			Annual total compensation ratio	Information unavailable	
	2-22 Statement on sustainable development strategy	Page 5				
	2-23 Policy commitments	Page 57				

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR DIRECT ANSWERS	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Page 22, 39, 41				
	2-25 Processes to remediate negative impacts	Page 41-47, 50-51				
	2-26 Mechanisms for seeking advice and raising concerns	Page 22				
	2-27 Compliance with laws and regulations	Page 22				
	2-28 Membership associations	Page 55				
	2-29 Approach to stakeholder engagement	Page 24, 25				
	2-30 Collective bargaining agreements	Page 39				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER(S) AND/OR DIRECT ANSWERS	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 25	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	Page 25-26				
Anti-corruption (Anti-Bribery and Anti-Corruption)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 22				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 20				
	205-2 Communication and training about anti-corruption policies and procedures	Page 22				
Energy (Energy Management)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 50				
GRI 302: Enerji 2016	302-1 Energy consumption within the organization	Page 50, 58				
	302-4 Reduction of energy consumption	Page 50-51				
Employment (Employment and Working Conditions)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 32				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 62				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 33				
	401-3 Parental leave	Page 39, 62				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER(S) AND/OR DIRECT ANSWERS	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 28				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 28				
	403-2 Hazard identification, risk assessment, and incident investigation	Page 28-31				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 28-31				
	403-5 Worker training on occupational health and safety	Page 28-31, 63				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 28-31				
	403-8 Workers covered by an occupational health and safety management system	Page 28				
	403-9 Work-related injuries	Page 28, 63				
	403-10 Work-related ill health	Page 28, 63				
Diversity and equal opportunity (Equal Opportunity and Diversity)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 38				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 38, 59-60				
Non-discrimination (Human Rights Assessments)						
GRI 3: Öncelikli Konular 2021	3-3 Management of material topics	Page 39				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 39				
Child labor (Human Rights Assessments)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 39				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 39				
Forced or compulsory labor (Human Rights Assessments)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 39				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 39				
Customer health and safety (Product Safety)						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 41				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 41				
Own Material Topic– Business Ethics and Compliance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 22				
Own Material Topic– Digital Security and Privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 43				
Own Material Topic– Disaster Preparedness and Response						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 53				

Contacts

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S E R C O M
C O N S U L T I N G

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Legal Warning

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