

SUSTAINABILITY REPORT

2021



Koçtaş

Contents

About this Report	3	EMPLOYEES	28
MESSAGE TO OUR STAKEHOLDERS	4	Occupational Health and Safety	29
Message from our CEO	5	Employment and Working Conditions	30
OUR CORPORATE PROFILE	7	Equal Opportunity and Diversity	34
Our Vision, Mission, and Values	8	Human Rights Assessments	35
Koçtaş By Numbers 2021	9	CUSTOMERS	36
Our Milestones	10	Product Safety	37
Our Shareholding Structure and Shareholders	11	Digital Security and Privacy	38
Our Products and Services	13	ENVIRONMENT and SOCIETY	41
GLOBAL AND INDUSTRIAL TRENDS	15	Energy Management	42
Trends, Changing Consumer Behaviour and Koçtaş	16	Disaster Preparedness and Response	44
STRATEGY and MANAGEMENT	19	ANNEXES	45
Corporate Governance	20	Memberships	46
Internal Audit and Risk Management	20	Awards	47
Business Ethics and Compliance	22	Corporate Policies	48
Anti-Bribery and Anti-Corruption	22	Environmental Performance Indicators	49
Sustainability Management	23	Social Performance Indicators	50
Our Sustainability Priorities	27	GRI Content Index	56
		Contact	60

About this Report

This sustainability report, our first ever, has been written so that we may share Koçtaş's economic, environmental and social performance with our stakeholders. This 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, 2021, and December 31st, 2021. We've also included data from 2019 and 2020 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**: Core option. 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 second annual sustainability report in 2023.

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 Turkey and the countries surrounding it.

Message from our CEO



Devrim Kılıçoğlu
General Manager

Climate change and its environmental impact has laid bare the planet's limited resources, and the extent to which we're exhausting them. Both individuals and corporations have a responsibility to provide a future for the next generations. We are aware of this responsibility, which is why we carry out social, economic, and environmentally conscious activities.

Dear Stakeholders,

The pandemic hit the home improvement industry just as hard as it did every other industry. Consumer behaviour and consumption patterns during the global pandemic completely reshaped the way people shop for the first time. Behavioural patterns shifted in unpredictable ways and online shopping boomed. The ratio of people shopping online compared with the total population increased 4% from 2020 to 2021.

This shift taking place at the same time as developments in technology highlighted the need for innovation and digital transformation. Smart store applications were produced that reduced contact with customers even after they returned to in-person shopping, on top of making stock and labour management more cost effective. Now, customers' preferences for shopping without contact with staff or face-to-face retail are still a reality.

Green transformation is the future of the industry, where access to products and services has become steadily easier and faster, especially with the rise of e-commerce, remote payment systems, and many other diversified applications. The demand for social and environmentally focused consumption from younger generations forces everyone in the industry to be competitive and innovative. Innovative

approaches need to apply to everything from supply to delivery and need to bring sustainability-oriented competitive retailing.

At Koçtaş, in light of these developments, we've set out to maintain our position as industrial leader by taking farsighted measures to invest in technology, and to take 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 Turkey and the countries surrounding it.

When the pandemic hit, we were proactive in reorganizing the way we did business to manage the crisis. During the period of uncertainty that came with the closures at the beginning of the pandemic, we focused on research and hosted a set of workshops for our employees. By setting ambitious targets in these workshops, we decided to grow across multiple channels and implemented most of the potential initiatives we identified at the time. Koçtaş is a retail home improvement solution centre that is constantly building on suggestions to beautify and improve all places with life, meeting everyone's needs under one roof. Besides our digital channels, we have a total of 226 stores, including 41 Koçtaş and 185 Koçtaş Fix stores in 43 Turkish provinces,

giving us the most physical storefronts of any company in the industry. In 2021, despite the pandemic, we continued to strengthen our leadership in the industry.

To meet the price-performance shopping expectations of consumers during the pandemic period, we implemented a private label of products we called “Koçtaş Basic”. We anticipate that these the revenue share garnered by these products will soar in the upcoming period as we sell them across all of our channels.

We were the first company in the home improvement industry to receive the Turkish Standards Institution’s (TSE) “Safe Service Certificate” since the pandemic started, thanks to the international standards we quickly and carefully implemented in every store.

The sector has started to experience its digital transformation with the development of internet and information technology. As Koçtaş, we continued to keep the customer, employee, and stakeholder experience at the highest level with the projects and practices we implemented in our own R&D centre.

The projects and practices we implement aim to increase the abilities of our human resources to expand their degree of competency and understanding in digital and data analytics. In turn, this helps to perfect the customer experience across our multi-channel strategy by improving

the infrastructure of our system. Going forward, we will focus on increasing the share of our digital sales, while aiming to maintain assertive growth across all our sales channels.

It’s the last few years that we’ve really embraced the concept of sustainability. Climate change and its environmental impact has laid bare the planet’s limited resources, and the extent to which we’re exhausting them. Both individuals and corporations have a responsibility to provide a future for the next generations. We are aware of this responsibility, which is why we carry out social, economic, and environmentally conscious activities.

Together with our shareholders, Koç Holding and Kingfisher, we prioritize working sustainably. Koç Holding’s “Carbon Transformation Program” aims to make its shareholders carbon neutral by 2050. At Koçtaş, we know that it’s our duty and to limit all emissions-based activities and to offer concrete contributions to the climate and the environment. We started this long-term journey by forming a Sustainability Committee within Koçtaş. The committee prepares Sustainability Reports on a regular basis, the first of which was published this year. These reports allow us to implement fast and realistic action plans regarding our activities and take up-to-date and practical steps towards the climate and environmental policies we outline.

We also make sure that as a company we prioritize developing our employees, so we raise their awareness of sustainability issues in training sessions that we organize around issues like energy and consumption and waste management at Koçtaş. In 2021, we provided a total of 3,843 hours of environmental training to our employees.

I am extremely excited and happy about the big steps we will take into the future with all our stakeholders. I look forward to personally contributing to all our sustainability efforts. As we always do, we will work together and succeed together to fulfill the great responsibility we have to future generations.

Yours sincerely,

Devrim Kılıçoğlu
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 Turkey 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] Team Spirit
- [2] Sincerity and Openness
- [3] Creativity
- [4] Continuous Improvement



Koçtaş By Numbers 2021

ECONOMIC

11 Million+ Number of Koçtaş Card Customers

20 Thousand+ Offline

30 Thousand+ Online
Number of Products We offer

2.84 Billion TL Total Sales Revenues

2,454 Total Number of Suppliers

A total of **226** Stores In **43** provinces

41 Koçtaş Stores

185 Koçtaş Fix Stores

ENVIRONMENTAL

3,843 Hours
1,232 People

Environment and Sustainability Training
Sessions

SOCIAL

2,998 People Our Employees

14% Percentage of Senior Female Managers

33% Percentage of Senior and Mid-Level Female Managers

29% Percentage of Female Employees

40% Percentage of Female Employees in the R&D Unit

21.5 Women

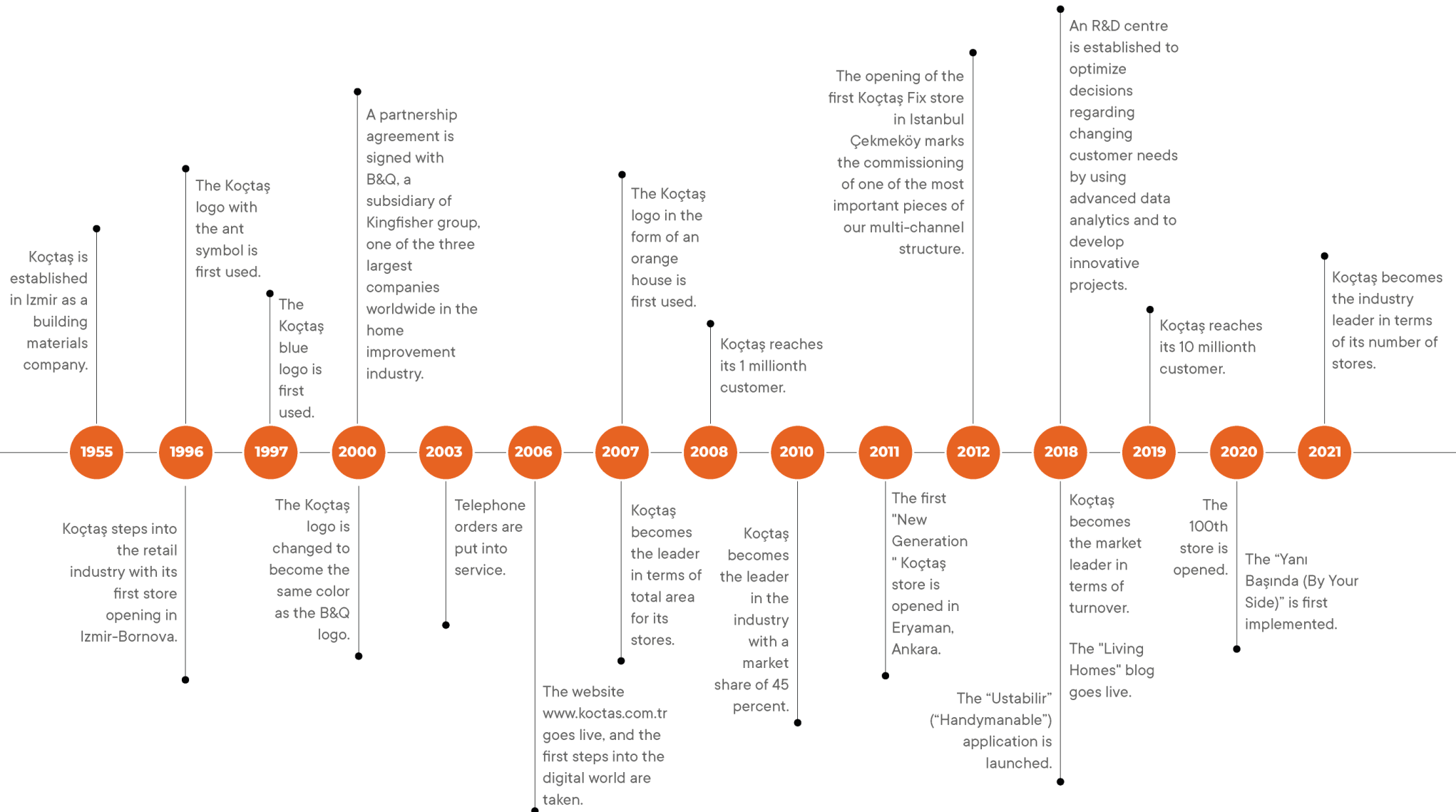
20.8 Men

Average Hours of Training by Gender

69,625
Total Hours of Training

9 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 Turkey'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 Turkey, Turkey's first industrial venture, first international partnership, and first public offering.

In addition to its turnover and exports, Koç Group is Turkey'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. As of 2021, Koç Holding is the 273rd largest company in the world.

Over **105,000** 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 Turkey

7% Turkey's share in total exports

Its total income is **8%** of Turkey's GDP

It's **21%** of the Borsa Istanbul 100 Index

80 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, Turkey, 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 850 stores ranging in size from 5 thousand to 14 thousand square meters.

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

In **8** countries

82,000 employees

65 countries

3,100+ Suppliers

Markets and Shops

England and Ireland 1,102

France 216

Poland 90

Romania 35

Portugal 3

Spain 28

Turkey 226

www.kingfisher.com

Affiliate Structure		
Shareholder Name	Share Percentage (%)	Share Value (TL)
Koç Holding A.Ş.	37.13	10,917,600
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

Koç Holding's Sustainability Strategy: "Into the Future. Together"

Koç Holding's Manifesto, "**Into the Future. Together**", is Koç Group's approach to sustainable and profitable growth. It sets a framework for progressing together and enables the transformation with the power Koç receives from its business partners.

We make sure to act with the awareness that we cannot separate our future from the future of either Turkey or the world in which we live and work. This is why **Koç Holding has four main axes to this strategy:**

- For business. Together
- For people. Together
- For the world. Together
- For society. Together

Each of these four interconnected axes is of equal importance and forms the basis of Koç Holding's work in the field of sustainability.

Koç Group Sustainability Report 2021

KingFisher's Sustainability Strategy: Responsible Business

KingFisher has been taking the lead on responsible business issues for over two decades – from its first responsible timber sourcing policy, published over 25 years ago, to its net positive commitments and championing of the circular economy.

We've identified the priorities where we believe we can most help bring about positive change on some of the biggest challenges facing society.

KingFisher's Four key Responsible Businesses priorities are:

- Colleagues: We will be a more inclusive company
- Planet: We will be forest positive and help tackle climate change
- Customers: We help make greener, healthier homes affordable
- Communities: We will fight to fix bad housing

KingFisher

Responsible Business Report 2021-22



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 2021, we continued to strengthen our leadership in home improvement to become the company with the most stores in the industry.

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, Balcony and Garden, Heating and Cooling, Bathroom, Kitchen, Decoration and Household Appliances, Lighting and Electricity, Wood and Construction, Hardware Hand Tools and Auto, Power Tools, White Goods, and New Products.

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

At Koçtaş, we launched the private label “Koçtaş Basic” in 2021 and introduced it to our customers. Koçtaş Basic allows us to meet the price-performance shopping expectations of consumers with the assurance of Koçtaş assurance, offering 45 products in a total of 6 categories, including bathrooms, faucets, installations, accessories, light bulbs, cleaning products, and construction chemicals. Koçtaş Basic products are available in all stores and digital channels.

Koçtaş Deputy General Manager (Commercial) 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 SIGORTA

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

To date, more than 35,000 experts and more than 170,000 customers have signed up for “Ustabilir”, the platform that Koçtaş used to bring expert handymen to the customers who need them. In 2021, the number of experts working at Ustabilir increased by 315 percent and the number of customers by 191 percent.

AWARDS



Ustabilir,
First prize in the category of
“Multi-Channel Experience
Innovation” at the IDC Digital
Transformation Summit,
Received the “Best Use of
Technology in the Retail Industry”
award at the Martech Awards.



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

**CLICK NOW TO
FIND AN EXPERT!**

ustabilir.com

**Easy
Shipping!**




**Easy
Assembly!**




**Easy
Antibacterial
Hygiene
Service!**




**Easy
Home
Support
Package!**




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

Global Pandemic

The global pandemic has redefined consumer behaviour and consumption patterns, along with the way they shop. In Turkey, where the services sector plays an outsized role in the economy, the retail sector has adapted to this transformation very quickly.

While the pandemic changed behaviour patterns in otherwise unpredictable ways, it also significantly shifted shopping online. As things began to normalize post pandemic, the industry faced two different sets of customers. One group continued to shop online while others returned to in-person.

What Did We Do at Koçtaş?

- We reorganized all our ways of doing business by proactively managing the crisis that emerged during the pandemic.
- We revised the operational model of our stores to a more agile management style and optimized the number of employees accordingly. In addition, we increased the share turnover of Koçtaş branded products, optimized the product range, and move forward with digital merchandising.
- At Koçtaş, we held many workshops with our employees, focusing on research during the period of uncertainty that came with the closures at the beginning of the pandemic. Utilizing ideas developed by Koçtaş employees at every level, we reviewed all our processes in accordance with the Zero-Based Budgeting principles and launched a comprehensive project called “Koçtaş 2.0”. With this project where we sought to answer the question of “What kind of company we would create if we started Koçtaş from scratch during the pandemic period?”, we set ambitious goals and decided to grow across all channels. Consequently, we were able to implement most of the initiatives identified during that time.
- We started the sales of our “Koçtaş Basic” private label products across all channels with the aim of meeting the price-performance shopping expectations of consumers.



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.

22%
[2020]



26%
[2021]

The percentage of the population that shops online increased by **4%** from 2020 to 2021.

What Did We Do at Koçtaş?

- At Koçtaş, we have been reaping the rewards of our investments in digital transformation for many years. We continue to keep the customer, employees and stakeholder experience at the highest level possible with projects and practices implemented by our R&D centre.
- Our R&D centre helped us meet the needs of all our customers through a single system by helping us develop the MISS (In-Store Sales Systems) platform to be used by sales consultants for mobile sales and speedy delivery within the store, along with our “MoNa” platform for after-sales services.
- We made a number of studies using customer and data analytics, which led to us opening our first “Medium Box” Koçtaş store of 3,000 m² in Ankara in 2020, applying the principles of store-based planograms (the visual representations of a store's products or services). We put another store in the same format into service in Manisa in 2021.
- We continue to grow in Turkey 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 67% in 2021 compared to the previous year.

Details regarding the developments in 2021 of our platform “Ustabilir”, where Koçtaş brings expert craftsmen and customers together, are included in the [Our Products and Services](#) section of this report.



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.

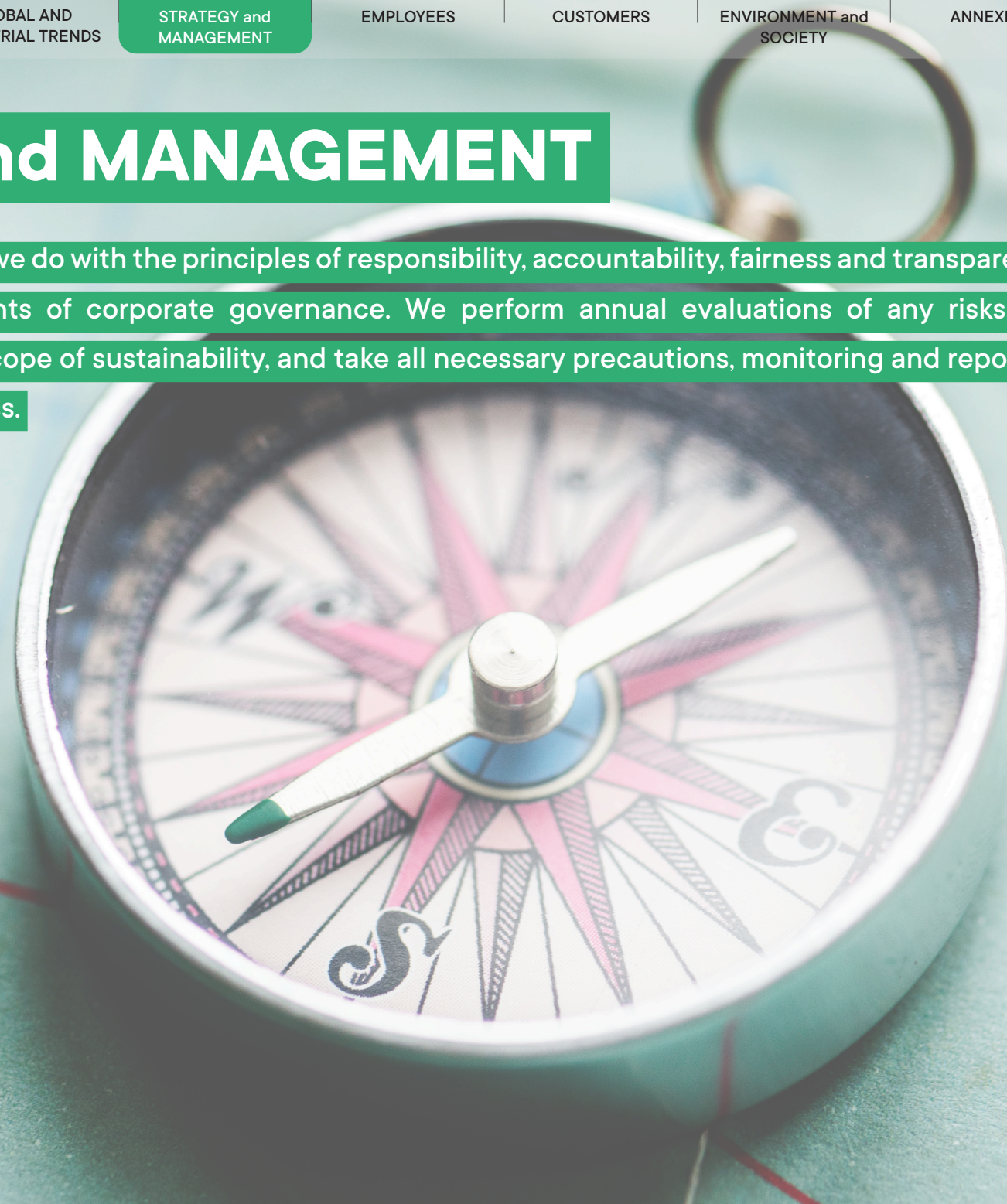
Future Prospects

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.



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 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.

Senior management staff at Koçtaş consists of the General Manager, five Deputy General Managers responsible for Commercial, Operations, Financial Affairs and Investment, Information Technologies and R&D, Marketing and Digital Channels, as well as consisting of the Director of Human Resources and Industrial Relations.



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 Manager, 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 2021 was carried out within the scope of the ISO 9001/14001 internal audit.

Store Audits

All Koçtaş stores are regularly audited within the framework of this audit plan. Store inspections involve audits of general operations, including Cashier Security, Goods Receiving Processes, Services Processes, Human Resources, Organizational processes, Security Processes, and Sales Processes, as well as processes that contain irregularities when necessary. Remote inquiries are also made every month regarding issues that pose the risk of irregularity (refunds, cancellations, card usage transactions, etc.).

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 Manager, 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.



2021 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, and risks stemming from digitalization.</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>
2022 Plans	Pre-election uncertainty in Turkey, liquidity risk, and risks of rapid growth were added to the risks identified in 2021.

The main risks we prioritized in 2021, 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
Pandemic Risks	Operational & HR	We took a number of comprehensive measures regarding COVID-19, starting with keeping the stores closed for certain periods.	We closely monitor the course the pandemic took, with regular reports and follow ups of the number of cases. Our centre works remotely, and we use masks whenever in person in stores, depending on the situation with the pandemic, as well as introducing new measures where necessary.
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, we make sure to establish long-term cooperation based on trust with all our stakeholders and especially those of which are our employees. This is based on creating long-term, sustainable value, which is why we act in accordance with the [Koç Group Code of Ethics](#), with commitment to the values of honesty, responsibility, trust and respect.

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 2021, we continued our hard work within the scope of Competition Legislation and KVKK (Personal Data Protection Legislation).

Etik olmayan davranışlar çalışanlarımızı ve işimizi tehlikeye düşürür.
Bize bildirmen gereken bir şey gördün veya duydun mu?
Öyleyse lütfen doğru olanı yap:

ÇEKİNME, SÖYLE!

Koçtaş ve Kingfisher olarak çalışanlarımızı
misillemeye karşı koruyoruz.
İsterseniz endişelerinizi isim vermeden de
bildirebilirsiniz.
Tüm bildirimler gizli tutulacaktır.

- Çalışan ve Müşterilerin Sağlık ve Güvenliği
- Limitlerin Üzerinde Hediyeleşme
- Ayrımcılık ve Taciz
- Çıkar Çatışması
- Hırsızlık, Suistimal veya Rüşvet
- Çevreye Verilen Zararlar

HERHANGİ BİR ŞÜPHELİ DAVRANIŞI ETİK HATTIMIZA BİLDİRİN
Web Link: koc.com.tr/ihbarbildirim
kingfisher.ethicspoint.com
Telefon Hattı: 0850-577-1926 (Koç)
0850-220-3845 (Koç)
0800 621 2361 (Kingfisher)

7/24

Koçtaş Kingfisher

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.

Goals and Future Plans: We are planning to implement the Koçtaş third-party due diligence program starting in 2022.

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 step we took towards managing our sustainability at Koçtaş was to establish a committee to study our overall environmental impact. At the end of 2021, senior management established the Sustainability Committee, which would become operational at the beginning of 2022. Our General Manager informed our employees first and then passed on the relevant information to other parties.

Our General Manager stated that we aim to implement fast and realistic action plans that track the impact of our activities, as well as monitor global climate and environmental policies in real-time. We will regularly produce sustainability reports to document our progress.

We moved on to the second phase with a project kick-off meeting in which all committee members attended. The main agenda of the meeting consisted of three items.

- Global sustainability
- Local sustainability
- GRI Standards and industrial sustainability priorities

In our second committee meeting, we reviewed the benchmark* study prepared by our consultants and decided together on the ESG (Environmental Social Governance) issues that we would include in our prioritization surveys.

** 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

Human Resources Senior Manager
Supply Chain and Logistics Director
Marketing and Digital Channels Deputy General Manager

Budget Reporting and Finance Manager
Logistics Managers
OHS Environmental Management and Administrative Affairs Manager
Marketing and Corporate Communications Manager
Chief Legal and Compliance Counsel
Digital Channels and Business Development Manager
Construction and Maintenance and Repairs Manager
Commercial Planning Manager

Maintenance Manager
Environmental and Occupational Health and Safety Specialist
Occupational Health and Safety Specialist
Corporate Communications Specialists
Electrical Processes Specialist
Digital Channels Sales Development Specialist
Fix Category Purchasing Assistant Specialist



Değerli Çalışma Arkadaşlarım,

Son yıllarda hepimiz sürdürülebilirlik kavramına aşinayız. İklimsel ve çevresel değişimlerin de etkisiyle, üzerinde yaşadığımız gezegenin sınırlı kaynakları yavaş yavaş tükenme noktasına doğru geliyor. Gelecek nesillere mutlu yarınlar bırakabilmemiz için hem bireylere, hem de kurumsal yapılara büyük sorumluluklar düşüyor. Biz de bu sorumluluğumuzun farkında olarak, sosyal, ekonomik ve çevresel anlamda bilinçli faaliyetler yürütüyoruz.

Koç Holding ve ortağımız Kingfisher ile birlikte sürdürülebilirliği ciddi bir şekilde önemsiyoruz ve bu konuda özenli çalışmalar gerçekleştiriyoruz. Bildiğiniz gibi Koç Holding bu doğrultuda, 2050 yılına kadar "karbon nötr" olma hedefini ortaya koyarak Karbon Dönüşüm Programı'nı başlattı.

Biz de Koçtaş olarak kendi üzerimize düşen görevi biliyoruz. Karbon Dönüşüm Programı ile emisyon kaynaklı faaliyetlerimizi sınırlandırmayı, çevreye ve iklime dair somut katkılar sunmayı amaçlıyoruz. Uzun soluklu bu yolculuğumuza, Koçtaş içerisinde Sürdürülebilirlik Komitesi'ni oluşturarak başladık. Sürdürülebilirlik Komitesi'nin düzenli olarak hazırlayacağı Sürdürülebilirlik Raporları ile faaliyetlerimize dair hızlı ve gerçekçi aksiyon planlarını hayata geçirecek, iklim ve çevre politikalarını anlık olarak takip eden güncel ve gerçekçi adımlar atacağız.

Yarınlara doğru atacağımız bu büyük adımlardan dolayı son derece heyecanlı ve mutluyum. Tüm sürdürülebilirlik çalışmalarımıza bizzat katkıda bulunmak için sabırsızlanıyorum ve sizlerin de bu sabırsızlığı paylaştığını biliyorum. Her zaman yaptığımız gibi, hep birlikte çalışacak, gelecek nesillere olan büyük sorumluluğumuzu yerine getirmek için beraber başaracağız.

Şimdiden bu sorumluluğu paylaştığım tüm ekip arkadaşlarıma kolaylıklar diliyorum.

Sevgi ve saygılarımla,
Devrim Kılıçoğlu



My dear colleagues,

In recent years, we've all grown more familiar with the concept of sustainability. With climate change and the effects on the environment, the limited resources of the planet we live on are slowly coming to the point of exhaustion. Both individuals and corporations have great responsibilities to provide for a happy future for the next generations. We're well aware of this responsibility, which is why we make the effort to carry out socially, economically, and environmentally conscious activities.

Together with Koç Holding and our partner Kingfisher, we attach great importance to sustainability and regularly commit to new studies to ensure we're doing our utmost. As you know, Koç Holding has launched the Carbon Transformation Program by setting the target of being "carbon neutral" by 2050.

At Koçtaş, we know our duty. With the Carbon Transformation Program, we aim to limit our emission-based activities and to make concrete contributions to the climate and the environment. We started this long-term journey by forming the Sustainability Committee inside Koçtaş. Our Sustainability Committee produces regular Sustainability Reports, allowing us to implement fast and realistic action plans regarding all activities, and take real-time steps in line with all environmental and climate-related policies.

I am extremely excited about the big steps we're taking into the future. I look forward to personally contributing to all of our sustainability efforts, and I know you too share this impatience. As we always do, we will work together and succeed together to fulfill the great responsibility we have to future generations.

I wish good luck in advance to all my colleagues with whom I share this responsibility.

With Much Love and Respect,

Devrim Kılıçoğlu



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. 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.

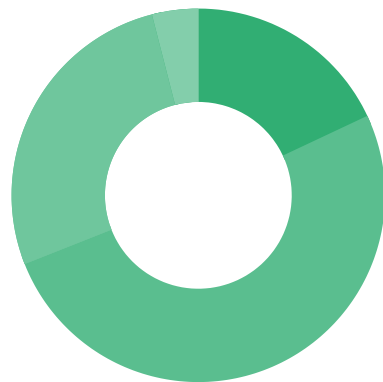
Communication Platforms with Key Stakeholders

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)	Upon request	At least 4 times a year
Locals (Where Shops are located)	Outdoor advertising	Brand awareness, campaign information, interaction	Regularly
Local Authorities (Where Stores are located)	Email	For store openings	At least 20 times a month
	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.



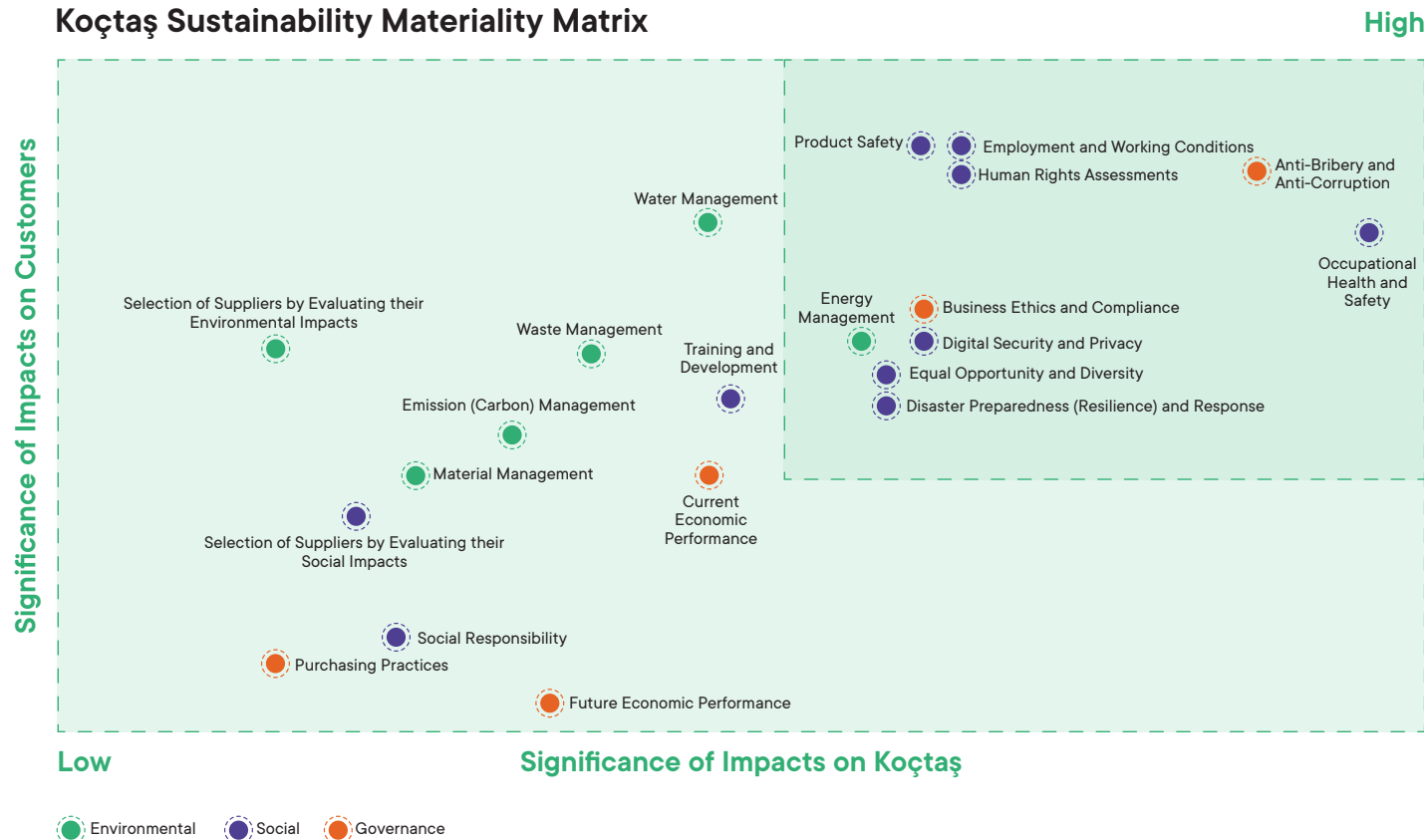
Our Sustainability Priorities

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.

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.

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 60 percent in 2021.

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 2021, 2,189 employees received a total of 17,519 hours of OHS training for our occupational health and safety practices. Our OHS experts update our subcontractors with eight hours of basic OHS training every three years.

Occupational Health and Safety Performance	2019	2020	2021
Accident Frequency Rate (Registered) (IR)* (Employees)	34.83	36.33	12.29
Accident Frequency Rate (High severity but excluding fatalities) LTIFR** (Employees)	12.06	12.11	4.91
Occupational Disease Frequency OIFR*** (Employees)	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

TSE Covid-19 Safe Production Certificate

At Koçtaş, we closed our stores completely for 1.5 months at the beginning of the 2020 pandemic. We saw this period as a chance to make serious preparations for the next steps of the pandemic, and from the first day we reopened our stores, we implemented a "Zero Tolerance Manifesto" in line with the guidance of the Turkish Ministry of Health and the World Health Organization in order to protect the health of our customers and employees and ensure our corporate sustainability.

We made sure to quickly and meticulously implement a set of measures in all of our stores at the beginning of the pandemic, becoming a pioneer in the industry and being awarded a TSE Covid-19 Safe Production Certificate. This certificate came as the result of inspections carried out across our 40 stores and lasting approximately two weeks, after which TSE determined that Koçtaş fulfilled all the requirements. Koçtaş was the first company in the home improvement market to receive the Covid-19 Safe Production Certificate given by the Turkish Standards Institute (TSE) in order to systematically manage hygiene and sanitation practices to protect employee health and ensure corporate sustainability.

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 3,000 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.

Our goal is always the highest level of satisfaction. However, the results of our 2021 survey showed that the employee satisfaction rate decreased by 11 percent compared with 2020. This is where we see the impact of the pandemic and other global issues.

Awards*

“Turkey’s Best Workplace” Award from Kincentric Research

First prize with our 360-degree orientation program, “Our Strength is You,” in the Startup/Orientation Program category at the TEGEP Learning and Development Awards,

First prize in the “Business of the Future” category at the IDC CIO Summit with the “Path of Legends” in-house gamification project,

Second prize in the “Change Management” category with our “Agile Transformation” journey

**Awards we received in 2020.*

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 2021, we continued to take action based on the feedback we received from our employees, especially regarding hygiene. This includes:

- We upgraded our employees' meal card limits and made improvements to the in-store meals.
- We developed the social areas in our stores and warehouses.
- We offered our headquartered employees the opportunity to work 100% remotely.
- We provided the opportunity to socialize through activities such as award ceremonies, picnics and online tournaments.
- We made updates to our system of bonuses.

Things to Put a Smile on Your Face

- Gifts for special days (New Year's, Women's Day)
- Activities for our employees' kids during their semester break
- No mandatory work during lunch breaks and development hours
- Making employees feel valuable, store heroes, our food manifesto
- In-store Champions League
- Planning to purchase reusable water bottles for all employees by eliminating the use of cardboard cups to prevent single-use plastic waste.
- Giving additional budgeting to stores during Ramadan (As a result of food savings)
- Workshop to improve the employee experience with the lowest scoring department
- Constructing cat houses for International Cat Day and sending them to stores
- Donating 3 saplings on behalf of each baby born from Koçtaş employees (2020: 435 saplings and 2021: 279 saplings)



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.

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.



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 three years and this year it is being held online for the second time. Students from universities across Turkey 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.

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 **Koçtaş Campus** 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 2021, we provided a total of **69,625 hours** of training to our employees on professional development, personal development, occupational health and safety, and environmental management systems.



Training We Provided to Our Employees in 2021

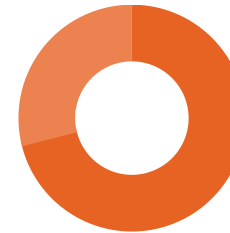
Professional Development	
Technical Training by Category	In-class / Online
Sales Training	In-class / Online
Cashier Training	Online
Koçtaş Application Training	Online
Customer First Training	In-class / Online
Additional Warranty Field Sales and Screen Usage Training regarding Cancellations and Returns	In-class / Online
Ethical Behaviour and Risk Awareness Training	Online
Environmental	
Environmental Management System Information Training 2021	Online
Personal Development	
Ways to Make an Impressive First Impression Training	Online
Effective Oratory and Storytelling Techniques Training	Online
Anxiety Management with Psychologist Tülay Kök	In class
Prepare Your Brain for The New Normal with Dr. Kerem Dündar!	In class
Leadership	In class
OHS	
Occupational Health Education	Online
OHS Training - On the Job	In class
Occupational Health and Safety Training in Remote Working	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.



Employment Our Female Employment Rates

- 29% Female 865
- 71% Male 2,133

Total 2,998

Our Female Employment Rates

All Employees	29%
Senior Executives	14%
Upper + Mid-Level Managers	33%
Employees in the R&D Unit	40%

Our Employees By Location and Gender

Headquarters



- 46% Female
- 54% Male

172 Female
199 Male

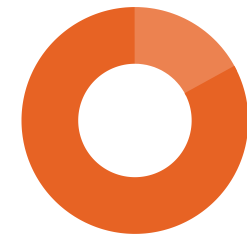
Shops (Big Box)



- 30% Female
- 70% Male

559 Female
1,278 Male

Shops (Fix)



- 17% Female
- 83% Male

134 Female
656 Male

Total 2,998 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.

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.



A hand is shown holding a single wooden block, positioned as if about to place it on a larger structure. The structure is built from many wooden blocks, forming a house-like shape with a triangular roof and a rectangular base. The background is a dark, textured surface.

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 protection against 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 2021, domestic suppliers accounted for 94.3% of our 2,454 total suppliers. We paid 93.2% of our total supply expenditures 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.





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 Turkey, we have also experienced significant growth through our digital channels, which allow us to reach customers across the country. In 2021, our digital sales increased by 67% compared to 2020 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 2021 were published on the Cyber Security Risk List and ISOMS (Intelligent ISO Assistant).

The measures we took at Koçtaş in 2021 regarding data and information security in the digital environment are as follows:

- We created sharing servers for units and defined the minimum authorizations appropriate for job requirements.
- We performed the necessary configurations on the cloud and ensured that backups were made daily.
- We prevented lateral movement by performing network segmentation.
- We made sure that the Network Access Controller maintained control over access to the network.

We received 541 reports of corporate account information breaches in 2020 and 2021. 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).



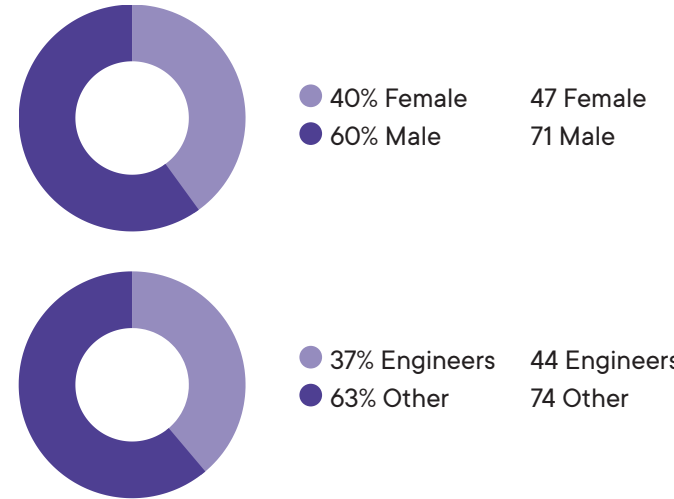


Koçtaş R&D Centre

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 Turkey 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



Total 118 Employees

9
[2021]

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

11 projects
[2021]

In 2021, we spent 23.1 million TL on R&D for a total of 11 R&D projects.

23.1 million TL
[2021]

Our 2021 R&D Centre Projects

- Our R&D centre developed an operational in-store robot in cooperation with the start-up company Tosso Engineering.
- We were able to meet all the needs of our customers through a single system by integrating the “MISS (In-Store Sales Systems)” platform for mobile sales and quick in-store delivery, with “MoNa” for after-sales services. These were developed in our R&D centre and used by sales consultants.
- We established an Analytical Reporting and Forecasting Platform.
- With a paperless workplace app “Our Strength is You”, an environmentally friendly and innovative app developed by our R&D centre, we both digitized the processes previously carried out by pen and paper, and successfully provided improved follow-up processes.





Collaborations

Institutions	Purpose / Subject of Cooperation	Collaboration Period	Results and Achievements
Universities			
Bahçeşehir University	University-Industry Cooperation	2019-2022	Project partnership, 1505 University-Industry Collaboration Incentive project, EU project partnership
Bahçeşehir University	Joint Patent Application	2021-2022	Preparations for a patent application for a point-of-sale tracking system that provides fraud detection at retail points of sale began in 2021 and were completed in 2022.
Koç University	Academic consultancy for Artificial Intelligence, Deep Learning, Machine Learning	2021	R&D Project Consultancy
Research Institutions			
Koç University-Karma Lab	EU Project Partnership	2020-2021	Supported ITEA and TEYDEB 1509 project
Funders			
TÜBİTAK (The Scientific and Technological Research Council of Türkiye)	Funding institution for the 1505 (with Muğla University), 1509, 1707 projects	2020-Present	Tübitak has given the 1505, 1509, 1707 projects the right to be awarded funding.
Netax	Commissioned R&D TÜBİTAK project	2021-2022	They will provide support as a supplier for the Artificial Intelligence Supported Platform Project to Increase the Efficiency of In-Store Processes in Retail, and the project will receive support from TÜBİTAK.
ABC, Innovation Engineering, Otokar, KoçDigital, Alpata	ITEA, 1509 TEYDEB	2021-2022	EXPAL - The "Integrating AI Into Smart Control Systems and Increasing Productivity for Industrial Areas" project received an ITEA label.



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.

Our Energy Management Performance

We haven't included the period of the pandemic in our evaluation of our energy performance between 2019-2021 period, as we believe it doesn't provide accurate indicators. A comparison with 2019 data shows how we were able to reduce our natural gas consumption by 16%, gasoline consumption by 22%, and diesel consumption by 14% in 2021. Despite the savings in direct energy consumption, our electricity consumption increased by 24% due to us increasing the number of stores across the country.

Environmental Management and Training

We expanded the number of our stores certified with the ISO 14001 Environmental Management System from 4 to 13 in 2021. 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.

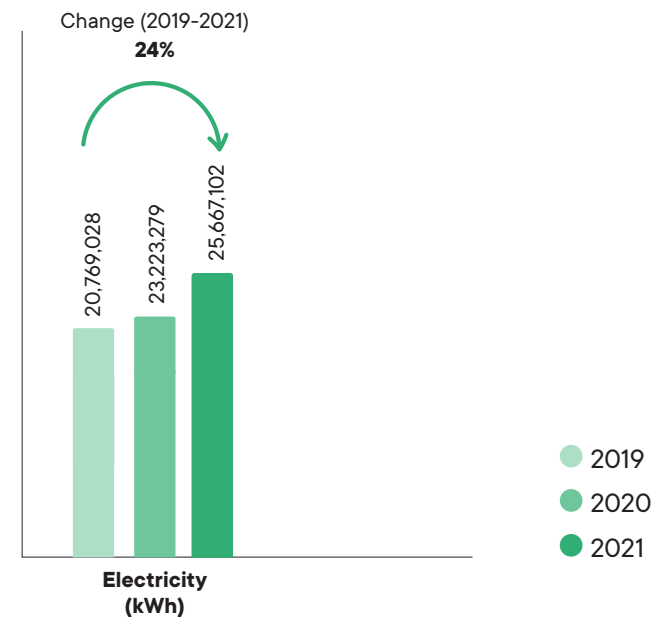
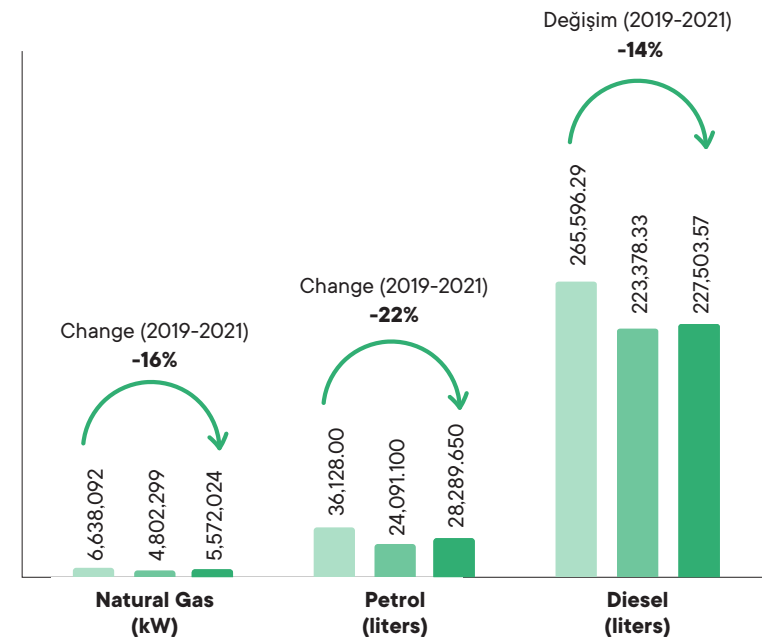
National and International Initiatives

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-Turkey'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.

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.



- 2019
- 2020
- 2021



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 78% 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.	We installed a central control system for in-store heating-cooling in 15 of our stores and set it based on store hours. The temperature of the system is regularly monitored. We are planning to commission this control and automation system for all of our stand-alone stores by November 2022.
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,	Currently, our store energy monitoring system is installed in 35 stores and their consumption is monitored in real-time using central software. We plan to monitor the real-time total consumption in 40 stores by November 2022.
Renewable energy purchases	Over the period of this report, we started to work on a project that will provide instant energy of 0.9 MW with the establishment of a Solar Power Plant in 2022. We obtained all the necessary approvals regarding land rented in Manisa Akçaköy. In 2023, we will prepare the necessary documents for the installation of the power plant and install the system.
A project to establish solar power plants (SPP) on the roofs of warehouses or stores to get electric energy from renewable sources	After the Solar Power Plant, we planned in Manisa is established, we will make plans for other similar possibilities.

<p>We Create Energy Saving Awareness in Our Customers!</p>	<p>Koçtaş knows a few tricks for how to heat houses in the most economical way as the weather starts to get cold. The best solutions to save money on heating...</p>	<p>Koçtaş has combi boiler maintenance suggestions that will help you stay warm this winter. Tips for those who want to protect their budget while warming themselves up...</p>	<p>In the "Yaşayan Evler" Blog ("Living Homes"), all products that people need can be found at the most affordable prices from Koçtaş stores, koctas.com.tr, and the Koçtaş mobile app.</p>
---	--	---	---



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. Our team includes personnel who are experts in first aid, and we provide first aid training to all our employees.

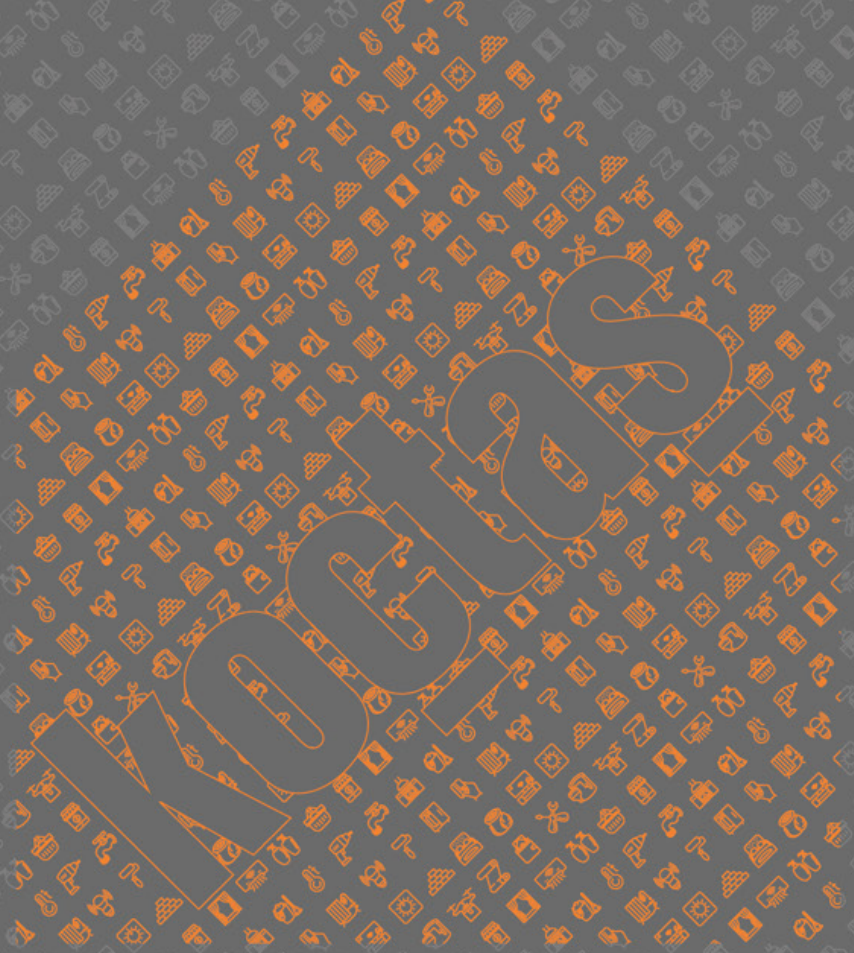
In 2021, we carried out earthquake resistance tests on buildings owned by Koçtaş.

We plan to update all of our Emergency Action Plans by the end of 2022, following Koç Holding Emergency standard procedures.

While we do not have a specific plan for the local community for either risk reduction or post-disaster response, we aim to conduct individual store risk assessments for the potential risks of climate change, including flooding, in the coming years.



ANNEXES



Memberships

Member Institution	Member's Role at Koçtaş	Member's Role in the Institution
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 Turkey	Board Member	Retail Councilor
TOBB - Union of Chambers and Commodity Exchanges of Turkey	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 Turkey	General Manager	Retail Councilor
TURMEPA - Turkish marine Environment Protection Association	Deputy General Manager - Financial Affairs and Investment	Member
TURMEPA - Turkish marine Environment Protection Association	Deputy General Manager – Information Technologies and R&D	Member
IDC – International Data Corporation Advisory Board	Deputy General Manager – Information Technologies and R&D	Member
IAB - Interactive Advertising Bureau	Marketing and Corporate Communications Manager	Member
MESS Education Foundation	Human Resources and Industrial Relations Director	Board of Trustees
TURMEPA - Turkish marine Environment Protection Association	Human Resources and Industrial Relations Director	Member

Awards

CORPORATE

Turkeys' top 100 most valuable companies were listed in the **2019 report** of the world's leading independent brand valuation and strategy consultancy company, **Brand Finance**. Koçtaş was named the **"Brand that Increased Its Value the Most"** with an increase of 19%. Koçtaş was in 49th place in 2018, and climbed 10 spots in 2019 up to **39th place**.

Koçtaş took part in the **REPMAN Turkey Reputation League'19** in 2019.

Koçtaş was selected as the **"Most Popular Brand"** in the Construction Market category at the **Lovemarks 2018 Awards** organized by MediaCat. It also won **first place** in the **"Coolest Brands"** Awards organized by **Marketing Turkey**.

Koçtaş was one of the 134 **"superbrands"** selected as a result of various criteria from research conducted among 6000 brands in Turkey. (2012)

EMPLOYEES

Koçtaş was selected as the **"Best Workplace in Turkey"** from **Kincentric's 2020 research**.

Koçtaş won first prize with our 360-degree orientation program **"Our Strength is You"** in the Startup/Orientation Program category at the **TEGEP Learning and Development Awards** in 2020.

Koçtaş won first place in the "Business of the Future" category at the **IDC CIO Summit in 2020**, with our **"Path of Legends"** in-house gamification project; It won the second prize in the **"Change Management"** category with our **"Agile Transformation"** journey.

In 2019, **Koçtaş Campus** won **first place** in the **"Development and Talent Management"** category at the **11th Peryön Awards**.

CUSTOMERS

At the **IDC Digital Transformation Summit** in 2020, Koçtaş won the first prize in the category of **"Multi-Channel Experience Innovation"** with our **"Ustabilir"** mobile app, and the second prize with our **"Self-Service Mobile Payment"** project.

Koçtaş won the **"Best Technology Use in the Retail Industry"** award at the Martech Awards in 2020 with its **"Ustabilir"** mobile app.

Koçtaş was named the **"Most Popular Brand"** by consumers in the Furniture and Decoration category of the 7th "Retail Brands Research Most Admired and Preferred in Shopping Malls" conducted by the Shopping Centres and Investors Association. (2012)

Corporate Policies

Policy Name	Release date	Approved By
Koçtaş Management Systems Policy	06.03.2020	General Manager
Koçtaş Information Security (including Subcontractors and Suppliers)	18.06.2020	General Manager
Koçtaş Occupational Health and Safety Policy	08.10.2021	General Manager
Koçtaş Employee Personal Data Protection and Processing Policy	01.02.2022	Legal and Compliance Consultancy
Koçtaş Personal Data Retention Policy	01.02.2022	Legal and Compliance Consultancy
Koçtaş Personal Data Retention and Disposal Policy	01.02.2022	Legal and Compliance Consultancy
Koçtaş Data Breach Management and Response Plan Policy	21.10.2019	Legal and Compliance Consultancy
Koçtaş Personal Data Protection Governance and Audit Policy	10.01.2020	Legal and Compliance Consultancy
Koçtaş Personal Data Protection Policy	07.01.2022	Legal and Compliance Consultancy
Koçtaş Social Investment Policy	13.01.2022	Legal and Compliance Consultancy
Koçtaş Ethical Principles	14.01.2022	Legal and Compliance Consultancy
Koçtaş Gift and Hospitality Policy	14.01.2022	Legal and Compliance Consultancy
Koçtaş Anti-Bribery and Anti-Corruption Policy	14.01.2022	Legal and Compliance Consultancy
Koçtaş Disciplinary Policy	14.01.2022	Legal and Compliance Consultancy
Koçtaş Notice Policy	14.01.2022	Legal and Compliance Consultancy
Koçtaş Human Rights Policy	14.01.2022	Legal and Compliance Consultancy
Koçtaş Donation and Sponsorship Policy	14.01.2022	Legal and Compliance Consultancy
Sanctions and Export Controls Policy	04.03.2022	Legal and Compliance Consultancy
Koçtaş Competition Law Compliance Policy	24.02.2022	Legal and Compliance Consultancy
Koçtaş Supply Chain Compliance Policy	24.02.2022	Legal and Compliance Consultancy
Koçtaş Compliance Policy	24.02.2022	Legal and Compliance Consultancy
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	2019	2020	2021
Natural Gas (kW)	6,638,092	4,802,299	5,572,024
Petrol (liters)	36,128.00	24,091.100	28,289.650
Diesel (liters)	265,596.29	223,378.33	227,503.57

Indirect Energy Purchased and Consumed from Non-Renewable Energy Sources	2019	2020	2021
Electricity (kWh)	20,769,028	23,223,279	25,667,102
Indirect Energy Purchased and Consumed from Renewable Energy Sources	2019	2020	2021
Electricity (kWh) (IREC and other standards)	0	0	0
Indirect Energy Produced and Consumed from Renewable Energy Sources	2019	2020	2021
Electricity (kWh) (GES and other standards)	0	0	0
Total Electricity Consumption	2019	2020	2021
Electricity (kWh)	20,769,028	23,223,279	25,667,102

Social Performance Indicators

OUR EMPLOYEES				
By Gender	2019	2020	2021	Ratio
Female	950	913	865	29%
Male	2,111	2,109	2,133	71%
Total	3,061	3,022	2,998	100%
By Employment Type and Gender	2019	2020	2021	Ratio
White Collar - Female	950	913	865	29%
White Collar - Male	2,111	2,109	2,133	71%
Total	3,061	3,022	2,998	100%

We do not have blue collar employment positions.

By Contract Type and Gender	2019	2020	2021	Ratio
Permanent - Female	881	907	860	29%
Permanent - Male	1,963	2,055	2,120	71%
Temporary - Female	69	6	5	28%
Temporary - Male	148	54	13	72%
Total	3,061	3,022	2,998	

By Location and Gender	2019	2020	2021	Ratio
Headquarters - Female	142	157	172	46%
Headquarters - Male	154	165	199	54%
Stores (Big Box) - Female	728	677	559	30%
Stores (Big Box) - Male	1,717	1,564	1,278	70%
Stores (Fix) - Female	80	79	134	17%
Stores (Fix) - Male	240	380	656	83%
Total	3,061	3,022	2,998	

By Age Group and Gender	2019	2020	2021	Ratio
Age 30 and Under - Female	426	359	309	10%
Age 30 and Under - Male	660	536	513	17%
Between Age 30 - 50 - Female	519	549	550	18%
Between Age 30 - 50 - Male	1,391	1,499	1,552	52%
Age 50 and over - Female	5	5	6	0%
Age 50 and over - Male	60	74	68	2%
Total	3,061	3,022	2,998	%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	2019	2020	2021	Ratio
Senior Management - Female	2	2	1	14%
Senior Management - Male	4	5	6	86%
Director - Female	0	1	1	50%
Director - Male	2	1	1	50%
Manager - Female	20	24	40	15%
Manager - Male	107	154	224	85%
Middle Manager - Female	131	125	104	30%
Middle Manager - Male	327	298	247	70%
Other - Female	797	761	719	30%
Other - Male	1,671	1,651	1,655	70%
Total	3,061	3,022	2,998	

Other Groups	2019	2020	2021	Ratio
Disabled - Female	15	15	14	15%
Disabled - Male	88	84	79	85%

Total Disabled Employees	2019	2020	2021
Number of disabled Employees	103	99	93*
Number of disabled people legally required to be employed	92	91	90

* 3.3% above legal mandates.

Management Structure	2020	2020	2021	2021
Senior Management	Number	Ratio	Number	Ratio
Female	2	28.57%	1	14.29%
Male	5	71.43%	6	85.71%
Senior Management	Number	Ratio	Number	Ratio
Between Age 30 - 50	6	85.71%	6	85.71%
Age 50 and Over	1	14.29%	1	14.29%
Total Senior Management	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
Board of Directors	Number	Ratio	Number	Ratio
Female	1	10%	1	10%
Male	9	90%	9	90%
Board of Directors	Number	Ratio	Number	Ratio
Age 30 and Below	0	0%	0	0%
Between Age 30 and 50	3	30%	1	10%
Age 50 and Over	7	70%	9	90%
Board of Directors	Number	Ratio	Number	Ratio
Non-Turkish	4	40%	4	40%
Turkish	6	60%	6	60%
Total Board of Directors	10	100%	10	100%

Maternity Leave (Female Employees)	2019-2020	2020-2021
Number of employees entitled to maternity leave	142	137
Number of employees using maternity leave	142	137
Number of employees returning to work after maternity leave ends	94	105
Number of employees who continue work for at least 12 months after returning from maternity leave	89	105
Ratio of employees who returned to work after taking maternity leave to total maternity leave users	66%	77%

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

Turnover Rate-Headquarters	2019	2020	2021
Employee Turnover Rate*	18%	15%	27%
Turnover Rate-Stores	2019	2020	2021
Employee Turnover Rate*	13%	7%	12%

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

Average Period of Service (In Years)	2019	2020	2021
All Employees*	5	5	6
Average Period of Service (In Years)	2019	2020	2021
Female	4	5	6
Male	5	5	6
Average Period of Service (In Years)	2019	2020	2021
Headquarters	5	5	5
Stores	5	5	6

* All our employees are white collar.

Occupational Health and Safety Data

Occupational Health and Safety (Company Employees) (Headquarters and Stores Consolidated)			
Accidents	2019	2020	2021
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)	11.99	9.19	2.7
Accident Frequency Rate (Registered)	30.06	33.06	6.95
Occupational Disease			
	2019	2020	2021
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	2019	2020	2021
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)	12.28	17.38	11.48
Accident Frequency Rate (Registered)	51.92	36.69	28.13
Occupational Disease			
	2019	2020	2021
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	2019	2020	2021
OHS Training Hours (People x Hours)	10,799	6,354	17,520
Number of Employees Receiving OHS Training	1,350	794	2,189

TRAINING INVESTMENTS			
Training Hours by Type	2019	2020	2021
Professional development	60,856	53,737	59,505
Self-improvement	1,795	4,635	628
Occupational health and Safety	1,180	260	5,649
Environment	315	1,885	3,843
Total Hours of Training	64,146	60,517	69,625

Average Hours of Training by Gender	2019	2020	2021
Total Number of Female Employees	955	939	884
Total training hours provided to female employees	19,863	12,202	18,969
Average Hours of Training per Female Employee	20.80	12.99	21.46
Total Number of Male Employees	2,113	2,128	2,190
Total training hours provided to male employees	44,126	37,359	45,608
Average Hours of Training per Male Employee	20.88	17.56	20.83

Average Training Hours by Employee Category	2019	2020	2021
Senior Executive (BL-FL)	8	24	7
Mid-Level (PL1-PL4)	40	246	39
First Tier and Specialist (PL5-PL13)	244	2,541	303
Field Worker (With a Managerial Role)	538	11,980	524
Field Worker (Team/Team Member)	2,238	36,792	2,131
Training Expenditures	2019	2020	2021
Total Training Expenditures (TL)**	1,709,650	1,579,022	1,163,640

** Total amount spent on employee training EXCLUDING subcontractor employees.

GRI Content Index

GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		Location of Disclosure
Organizational Profile		
102-1	Name of the organization	Page 60
102-2	Activities, brands, products, and services	Page 13
102-3	Location of headquarters	Page 60
102-4	Location of operations	Page 60
102-5	Ownership and legal form	Corporation
102-6	Markets served	Page 13
102-7	Scale of the organization	Page 9
102-8	Information on employees and other workers	Page 50-53
102-9	Supply chain	Page 37
102-10	Significant changes to the organization and its supply chain	First Report
102-11	Precautionary Principle or approach	Page 41-43
102-12	External initiatives	Page 42
102-13	Membership of associations	Page 48
Strategy		
102-14	Statement from senior decision-maker	Page 5
102-15	Key impacts, risks, and opportunities	Page 21
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Page 22
102-17	Mechanisms for advice and concerns about ethics	Page 22

Governance		Location of Disclosure
102-18	Governance structure	Page 56
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 25
102-41	Collective bargaining agreements	Page 35
102-42	Identifying and selecting stakeholders	Page 25
102-43	Approach to stakeholder engagement	Page 26
102-44	Key topics and concerns raised	Page 26
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 60
102-46	Defining report content and topic boundaries	Page 3
102-47	List of material topics	Page 27
102-48	Restatements of information	First Report
102-49	Changes in reporting	First Report
102-50	Reporting period	Page 3
102-51	Date of most recent report	First Report
102-52	Reporting cycle	Page 3
102-53	Contact point for questions regarding the report	Page 60
102-54	Claims of reporting in accordance with the GRI Standards	Page 3
102-55	GRI content index	Page 56
102-56	External assurance	None

GRI 200-300-400 TOPIC SPECIFIC STANDARDS		
GRI 200 ECONOMIC STANDARDS SERIES		Location of Disclosure
GRI 204 Procurement Practices 2016		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Page 37
	103-2 The management approach and its components	Page 37
	103-3 Evaluation of the management approach	Page 37
GRI 204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 37
GRI 205 Anti-Corruption 2016		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Page 22
	103-2 The management approach and its components	Page 22
	103-3 Evaluation of the management approach	Page 22
GRI 205 Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Page 20
	205-2 Communication & training about anti-corruption policies and procedures	Page 22

GRI 300 ENVIRONMENTAL STANDARDS SERIES		Location of Disclosure
GRI 302 Energy 2016		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Page 42
	103-2 The management approach and its components	Page 42
	103-3 Evaluation of the management approach	Page 42
GRI 302 Energy 2016	302-1 Energy consumption within the organization	Page 42, 49
	302-4 Reduction of energy consumption	Page 42, 49
	302-5 Reductions in energy requirements of products and services	Page 43

GRI 400 SOCIAL STANDARDS SERIES		
	GRI 401 Employment 2016	Location of Disclosure
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Page 30
	103-2 The management approach and its components	Page 30-35
	103-3 Evaluation of the management approach	Page 30-35
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	Page 53
	401-2 Benefits provided to full-time employees that are not provided to part-time employees	Page 31
	401-3 Parental leave	Page 53
GRI 403 Occupational Health and Safety 2018		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Page 29
	103-2 The management approach and its components	Page 29
	103-3 Evaluation of the management approach	Page 29
GRI 403 Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Page 29
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 29
	403-5 Worker training on occupational health and safety	Page 29
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 29
	403-8 Workers covered by an occupational health and safety management system	Page 29
	403-9 Work-related injuries	Page 54
	403-10 Work-related ill health	Page 54
GRI 404 Training and Education 2016		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Sayfa 33
	103-2 The management approach and its components	Page 33
	103-3 Evaluation of the management approach	Page 33
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	Page 55

GRI 405 Diversity and Equal Opportunity 2016		Location of Disclosure
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Sayfa 34
	103-2 The management approach and its components	Sayfa 34
	103-3 Evaluation of the management approach	Sayfa 34
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sayfa 34, 50-52
GRI 412 Human Rights Assessment 2016		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Sayfa 35
	103-2 The management approach and its components	Sayfa 35
	103-3 Evaluation of the management approach	Sayfa 35
GRI 412 Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Sayfa 35
GRI 416 Customer Health and Safety 2016		
GRI 103 MANAGEMENT APPROACH DISCLOSURES 2016	103-1 Explanation of the material topics and its boundary	Sayfa 37-38
	103-2 The management approach and its components	Sayfa 37-38
	103-3 Evaluation of the management approach	Sayfa 37-38
GRI 416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sayfa 37-38
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sayfa 37-38

Contact

KOÇTAŞ YAPI MARKETLERİ TİCARET ANONİM ŞİRKETİ

Taşdelen Mah. Sırrı Çelik Bulvarı
Otokoç Blok 9 Çekmeköy/İstanbul

Report Contact

surdurulebilirlik.komitesi@koctas.com.tr



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

Sustainability and Reporting Consultant

info@sercomconsulting.com
www.sercomconsulting.com

Legal Warning

The information and analyses contained in this KOÇTAŞ sustainability report (the report) were written for informational purposes only, using sources and information believed to be accurate and reliable at the time the report was prepared. They are not intended to form the basis of any investment decision. The company, its executives, employees, and all other individuals and organizations who contributed to the production of the report cannot be held responsible for any damages that may arise from the use of the information in this report. The report is the property of KOÇTAŞ and has been prepared digitally, not published.



www.koctaş.com.tr