

DeFacto



2023
INTEGRATED
REPORT

Inspired by the power of water

As DeFacto, we are embarking on a new journey this year in our sustainability reports that we have been publishing for 10 years. We are publishing our first integrated report this year, in a process in which we integrate our sustainability approach with our corporate strategy and demonstrate the value we create for our stakeholders.

We are aware of the importance of water for the continuity of our world and our industry. As one of the pioneers of the sector, we take responsibility with a focus on water efficiency and safety and strive to minimize our impact on water consumption. **Our DeFacto × Wisier Wash collection, which is an indicator that our title “Inspired by Nature”, which forms the basis of our integrated thinking, is a way of doing business for us beyond a discourse, was the inspiration for this year’s report.** Thanks to our collection, which we brought together with fashion lovers on March 22nd World Water Day, we managed to save 80% in water consumption and reduce the effects that cause climate change by 59%.

Based on the value of water, which is indispensable for our existence, we aim to be decisive and strong like water in every step we take. We are pleased to share with you our first integrated report, which is a journey of transformation for us, with the inspiration we draw from water.



Wisier Wash



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ABOUT THE REPORT

As DeFacto Perakende Ticaret A.Ş., we are transforming our sustainability reports, which we have been publishing for the last 10 years, into an integrated report for the first time this year. Through our report, we share the value we create on behalf of all our stakeholders with the resources we have and use, where our corporate strategy is intertwined with our sustainability strategy. We are guided by IFRS S1: General Requirements for Disclosure of Sustainability-Related Financial Information, the United Nations Sustainable Development Goals (SDGs), SASB (Sustainability Accounting Standards Board) Sector Standards, which have merged under the umbrella of the Value Reporting Foundation, and the Integrated Reporting Framework. As in our previous reports, we have prepared this year's report in compliance with GRI Reporting Standards.

In this year's report, we have identified three focus areas that form the basis of our integrated mindset. We have defined the relationship between these focus areas and our corporate strategy and capital elements, while also defining the value we create for our stakeholders.

In our report, we include the activities we carried out between January 1 - December 31, 2023, our performance and targets within the scope of our focus areas and material issues. In addition to DeFacto, the performance and activities of our subsidiary Ozon Tekstil in the field of sustainability are also included in our report.

We support sustainable development in the 100 countries in which we operate, particularly in Türkiye, and believe that success can be measured not only by creating financial value but also by environmental, social and societal value.

INDEPENDENT ASSURANCE

This year, for the first time in our integrated report, we verified our Scope 1, Scope 2 emissions and water consumption data for DeFacto operations with independent assurance. You can find the signed independent assurance statement and reporting guidelines for our data on pages **98-100** in the Annexes section of our report.

You can contact us at sustainability@defacto.com.tr to share your ideas on our integrated report and to learn more about our sustainability activities. We would be happy to receive your comments and suggestions.

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GUIDANCE ON THE REPORT



FINANCIAL CAPITAL



SOCIAL AND RELATIONAL CAPITAL



MANUFACTURED CAPITAL



INTELLECTUAL CAPITAL



HUMAN CAPITAL



NATURAL CAPITAL



You can follow this icon to follow the projects realized by Ozon Tekstil with a focus on sustainability.

CEO MESSAGE

Dear Stakeholders

The fashion and textile industry is a major contributor to the global economy, but it also uses a disproportionate amount of natural resources and poses challenges for the sustainability of nature. Approximately 100 billion items are produced annually, which means that every second a truckload of textiles ends up in landfill. It is clear that our industry, which mostly operates on a linear business model, is unsustainable in its current state. But consumer awareness and demand for sustainable fashion is growing steadily. This shift in consumer behavior in recent years has been a trigger for apparel retailers to implement sustainable practices and offer eco-friendly fashion options.

As one of the leaders of the fashion and textile industry in our country, we take responsibility for this transformation and take the necessary steps. Since 2005, we consider sustainability as one of the focal points of our business. We work with an understanding that protects the world and natural resources and respects the ecosystem. In the multi-stakeholder ecosystem we are in, we aim to lead a positive change with our entire value chain, especially our employees, customers and suppliers. For this reason, we adopt the principle of people-oriented work as well as environment-oriented sustainability, and we aim for positive change for every individual and community we interact with.

We are working to better the planet, people and society with the inspiration we draw from our sustainability approach in all processes starting from the procurement process, the procurement of sustainable raw materials, the creation of sustainable products in the design phase and the moment our product reaches our customers. We say “We are Inspired by Nature”, “We Grow People-Oriented” and as a result of all these, “We Create Economic and Innovative Value” in our integrated thinking approach that we have created based on this perspective.

We believe that fashion has a very strong impact to build a sustainable future. “Clean and Green” fashion is a critical priority for us that will carry our industry and our company into the future. At DeFacto, we offer our customers the best combination of fashion, quality, price and sustainability. At the same time, we use the power of technology and digitalization in this direction and take important steps. In production, we use innovative, sustainable materials that have a lower environmental footprint, require fewer resources and reduce dependence on traditional textiles. Since last year, we have been recording the steps we have taken as a Better Cotton member. 1 out of every 5 of our products is made from sustainable yarn. One of our important goals for 2030 is to make 90% of our collections sustainable.

Innovation is one of the most important accelerators in this journey and our sustainable innovative product collections, which we have created with the help of technology, are one of the most important steps we have taken in this field... Under the DeFacto LIFE umbrella, we offer our green-labeled products produced with recycled materials or materials obtained from sustainable sources to our customers.

For example, the apple, a fruit that everyone loves to eat, is a raw material for us. As an indicator of our “Inspired by Nature” focus, we recycle the waste of the apple juice industry and transform it into a new raw material in our Sustainable Apple Leather Collection, which is obtained from the waste fibers generated after the industrial processing of apples. We contribute to the circular economy by creating an opportunity for farmers to earn a second income from their waste. Our Vegan-Sustainable Olive Leather Collection also contains an important innovation behind it. With this innovation, we also ensure circularity from the waste of the olive industry. The resulting vegan olive leather reduces carbon emissions by 94%



“We are working to better the planet, people and society with the inspiration we draw from our sustainability approach in all processes starting from the procurement process, the procurement of sustainable raw materials, the creation of sustainable products in the design phase and the moment our product reaches our customers.”

compared to traditional leather. With our Wiser Wash Collection, which also inspired our report, we shorten the production process to improve working conditions by reducing the ecological and water footprint. To give an example; while bleaching a pair of jeans normally requires 16 liters of water, we reduce this amount to just one glass of water thanks to our special process and technology. Thus, we ensure more sustainable denim production. Moreover, we eliminate the use of harmful chemicals and pumice, which can cause various health problems. With this collection, we save 80% water compared to traditional denim, while reducing the effects of climate change by 59%.

We are awarded internationally with the steps we take in our collections. In 2023, we received the “Sustainable Retailer of the Year” award at the Global RLI Awards 2023, organized in London by Retail and Leisure International, one of the most respected global magazines in the UK, to reward retail concepts, with the contribution of sustainable collections such as Olive Leather and Apple Leather, environmentally friendly projects and the sustainability report in which future strategies are explained.

In 2050, we continue to work towards our goal of becoming net zero in our own operations. By 2023, as part of our efforts to reduce our carbon footprint, we created a renewable energy source by installing a GES on the roofs of our Çerkezköy Warehouse and our pilot store in Basın Ekspres. The GES installed on the roof of our Çerkezköy Warehouse has been operating at full capacity since November 7, 2023, generating 233,050 kWh of electricity by the end of the year, enabling us to use our own electricity from our facility. With the SPP installed on the roof of our store, we have used 40,570 kWh of electricity from our own resources since August 26, 2023.

With our focus on “People-Oriented Growth”, we strive to develop together with all our stakeholders, especially our employees, suppliers and customers, and to provide positive benefits for society. As the first retail company in Türkiye to sign the United Nations Women’s Empowerment Protocol in 2015, we create

a gender-equitable, inclusive and fair work environment. In 2023, we continued to increase our female employee ratio. While we succeeded in raising our female employee ratio to 60% in domestic and international operations in total, we increased this ratio to 62% in domestic operations and 55% in international operations.

Thanks to all these efforts, we have “Created Economic and Innovative Value” in all geographies where we operate, especially in our country. We consider our integrated thinking approach, which we laid the foundations of last year and structured this year and linked it to our corporate strategy, in 3 focus areas. We pursue our goals, develop projects and continue to work for our material issues in line with these we have set around these focus areas.

As DeFacto, we are announcing our first integrated report by transforming our sustainability report, which we have been publishing for 10 years, into an integrated report this year. We do not measure our success solely by financial performance; we believe that while improving our financial performance, it is key to move forward by respecting nature, listening to our stakeholders and not losing our innovative perspective. We define success as creating a positive impact in all ecosystems touched by DeFacto by striking a balance between our financial and non-financial performance. With this integrated report, I believe that we have reflected the positive value we created for our stakeholders in 2023 around intellectual, natural, social and relational, human and manufactured capital and I would like to thank everyone who contributed. I would like to express my gratitude to our business partners, suppliers and our customers who always give us great strength.

With love and respect,

İHSAN ATEŞ
CEO

“We do not measure our success solely by financial performance; we believe that while improving our financial performance, it is key to move forward by respecting nature, listening to our stakeholders and not losing our innovative perspective. We define success as creating a positive impact in all ecosystems touched by DeFacto by striking a balance between our financial and non-financial performance.”

MESSAGE FROM CHIEF SUSTAINABILITY OFFICER

Throughout 2023, we are pleased to present you our first integrated report, which we have created by combining our sustainability-focused efforts with our corporate strategy, including our performance, development areas and targets. In our report, we evaluate the risks and opportunities that await us in the short, medium and long term in our sustainability journey, and transparently present our goals and the progress we have made in this direction.

At DeFacto, our founding philosophy and values are based on ecosystem-sensitive production, protecting the world and natural resources, adding value to people, and taking a sensitive and transparent stance on social issues. For this reason, sustainability has been an important part of our business and our company's future goals since the day we were founded.

We continue to move forward within the scope of our sustainability goals with our integrated thinking perspective, which we laid the foundations of last year and strengthened this year. With our integrated thinking model consisting of 3 main focuses, we strive to maximize our potential to create value for all our stakeholders. We aim to minimize our impact on the environment by saying "Inspired by Nature" and to develop with all our stakeholders and all segments of society that we touch by saying "People-Oriented Growth". While working with this understanding, we "Create Economic and Innovative Value" by utilizing the power of technology and digitalization.

As DeFacto, while continuing our activities, we take into consideration the impacts of our work and every step we take in order to leave a livable world for future generations in every aspect. Sustainability is not just about corporate goals for us. We support sustainable transformation throughout our entire value chain by making a difference for sustainability in the fashion and ready-to-wear industry

we are in. We strive to minimize our carbon footprint in all processes starting from raw material procurement to the moment our products reach the customer. All materials used in production in the fashion and apparel industry have environmental impacts covering production, use and end-of-life disposal. In order to eliminate these impacts, we tend to produce our collections from materials obtained from sustainable sources and with sustainable production techniques. Under DeFacto LIFE, we offer our customers products made from recycled or sustainably sourced materials. The share of these products in our total collection reached 21% in 2023.

Ecologically grown cotton should be preferred to reduce carbon emissions and water consumption. At this point, we use only ecologically grown cotton certified by the Organic Content Standard (OCS) or Global Organic Textile Standard (GOTS), which controls the entire process from raw materials to the final product. Since 2022, we have been a member of the Better Cotton initiative, which promotes environmental health and the development of cotton farmers.

As DeFacto, we are committed to sourcing 50% of our cotton as Better Cotton by 2027.

Another important raw material is recycled cotton produced from textile residues from production or post-consumer textile waste. We intend to use this product, which has become a new resource with the circular production system, more frequently in our collections in the coming period.

We also use recycled polyester and viscose fibers obtained from renewable wood resources. With these resources, which turn into completely natural materials, we support the reduction of carbon emissions, the protection of biodiversity and the fight against climate change.



“As DeFacto, while continuing our activities, we take into consideration the impacts of our work and every step we take in order to leave a livable world for future generations in every aspect.”

“As DeFacto, we have made a promise to ourselves and then to all our stakeholders to contribute to achieving a greener, more sustainable and more inclusive world. We are working to fulfill this promise with all our colleagues.”

In addition to these resources offered to us by the industry, we also develop various innovative sustainable products with the projects realized within our company. For example, we produce vegan accessories for men and women from the Leather of olives, one of the leading products of our country. We design stylish and functional shoes, bags, wallets, hats and buckles by recycling apple peel and pulp waste.

We have managed to overcome the sustainability problems in conventional denim production with the Wiser Wash technique. While it normally takes 16 liters of water to bleach a pair of jeans, thanks to this process, it can be done with just one glass of water. While producing more sustainable denim with this technique, we also contribute to the improvement of working conditions. We aim to carry this effort further with new collaborations.

In our collections, we also use non-GMO colored cottons grown with ancestral seeds. Since the cottons have their own color, the fabric dyeing stage exits the total process. This saves up to 35 percent energy and water. Since the use of chemicals is reduced by up to 90 percent, soil and water pollution is also prevented.

We focus on keeping our handprint high and raising awareness not only among our stakeholders but also the entire society in order to move people and society to a better place. We are working to put forward a holistic vision in the supply chain, which is an important part of our value chain, and to take an active role in treating all parties with respect and sensitivity.

We are determined to further our efforts to transform the power of fashion into goodness for people and our planet. One of the projects we have realized for this purpose is ‘Dreams from Fabric’... We upcycle textile waste products, excess fabric and accessories from DeFacto factories and suppliers. With these materials, our girls design and produce new products using their imagination. We offer the resulting products for sale in leading DeFacto stores. We are very happy that ‘Dreams from Fabric’, an exemplary upcycling project, has turned into a great hope for our country by combining the concepts of sustainability, education and happiness in the same pot. We aim to develop this project and reach more girls.

We believe that this sustainability-oriented approach has a very important share in the success of our brand today. We do not focus only on financial performance or profitability; we prefer to ensure stable and sustainable growth by making our human and environment-oriented investments an important part of our strategy. We are as proud of the positive impact we create in all our ecosystems as we are of our financial statements...

This report, which we have prepared with an integrated perspective, contains the concrete results of the sustainability-oriented projects we implemented in 2023. However, our journey continues. We are working to make 90 percent of our collections sustainable by 2030, to reduce the water impact of our supply chain by 25 percent and to obtain 100 percent of the electrical energy used in our own operations from renewable sources. Our most important goal on this path is to become a “net zero” brand in 2050 and a “climate positive” brand in the following period by zeroing our emissions. We are progressing step by step towards our goals.

As DeFacto, we have made a promise to ourselves and then to all our stakeholders to contribute to achieving a greener, more sustainable and more inclusive world. We are working to fulfill this promise with all our colleagues. We also believe that we will make much greater progress in our sustainability journey with the participation of our stakeholders and the valuable support of our customers, and we thank everyone who stands by us.

RAHMI SAY
Chief Product Officer - Men, DF FIT & Sustainability

WE MAKE A DIFFERENCE IN FASHION

In our journey that started 19 years ago to bring a fresh perspective to Turkish fashion and to present our quality and original designs, we have accomplished important works and achievements by keeping our excitement alive. Today, we are happy to touch millions of consumers with more than 500 stores in 100 countries.



WATER KNOWS NO BORDERS

ABOUT DEFACTO

When we set out as DeFacto in 2005, we aimed to bring a fresh perspective to Turkish fashion and to bring our quality and original designs to consumers all over the world. Since the day we were founded, we have achieved significant successes by keeping our excitement alive and continuing to work in line with our purpose.

Today, as we continue our activities with the vision of becoming a global fashion brand, we touch millions of customers with more than 500 physical and online stores in 100 countries. While adopting innovation and renewal as a corporate culture, we bring our customers together with our 9 sub-brands for the needs of consumers of all ages. We offer our DeFacto BABY, DeFacto KIDS, DeFacto FIT, DeFacto COOL, DeFacto LIFE, DeFacto MODEST, DeFacto PLUS, DeFacto STUDIO, DeFacto Fall in Love sub-brands to our customers all over the world through our stores and online channels.

In all our sales channels, we serve our customers with a one-stop shop approach and a wide product portfolio so that they can meet their clothing, accessories, shoes, bags and cosmetics needs from a single point.

As DeFacto family with nearly 13,000 members, we work hard to do better every day with our employees who are behind our success. In order for our team to feel comfortable and happy, we established the Happiness Directorate, a first in Türkiye. In this way, we take important steps to support the happiness, personal and professional development of our employees.



We see DeFacto as a technology company that leads the industry far beyond being a ready-to-wear brand. At DeFacto Technology, we produce multi-channel technology infrastructures with more than 350 employees. Thanks to our multi-channel technology approach, we aim to offer holistic, integrated and uninterrupted solutions in all our distribution and communication channels. In this context, in 2019, we broke new ground in the world and created our first Smart Store concept that brings together physical retail and technology. Later, we launched the DeFacto Fijital Store concept, which aims to offer physical and digital retail experience together. In this way, our customers had the chance to physically see and try the products closely, while they had the opportunity to buy the products they liked on smart screens without going through the complex processes of cashier queues and payment steps.

As the founder of the concept of “Accessible Fashion”, we deliver our quality products to consumers from all walks of life at affordable prices. We have four main sales channels for our customers to reach our products. In retail, our main channel, we serve with a total of 521 stores, 55% of which are in Türkiye. At the same time, we also have franchised stores Overseas together with our strategic partners. Our franchise stores constitute 7% of our stores. In this context, we aim to provide better service to our customers with 35 new stores opened in 2023.

In regions where we do not have retail and franchise sales, we offer our products in multi-brand stores in Türkiye and Overseas through wholesale channels. In this context, we bring our products together with our customers in 34 different marketplaces in 21 countries. Finally, we provide our customers with the convenience of shopping anywhere and anytime through our own online channels. We bring our products to our customers through our own e-commerce platform and mobile application, and we also offer our products in leading online marketplaces.

DeFacto **FIT**

DeFacto **LIFE**

DeFacto **Modest**

DeFacto **PLUS**

DeFacto **COOL**

DeFacto **FALL
LOVE**

DeFacto **KIDS**

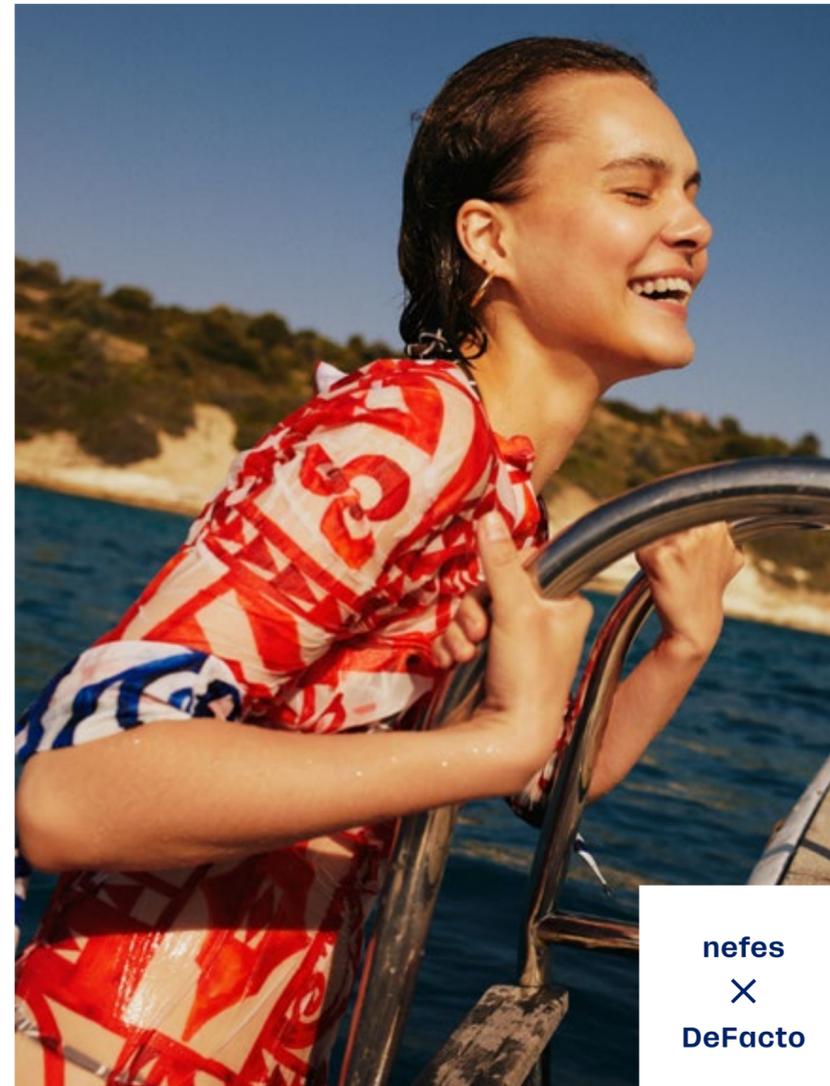
DeFacto **BABY**

DeFacto **STUDIO**

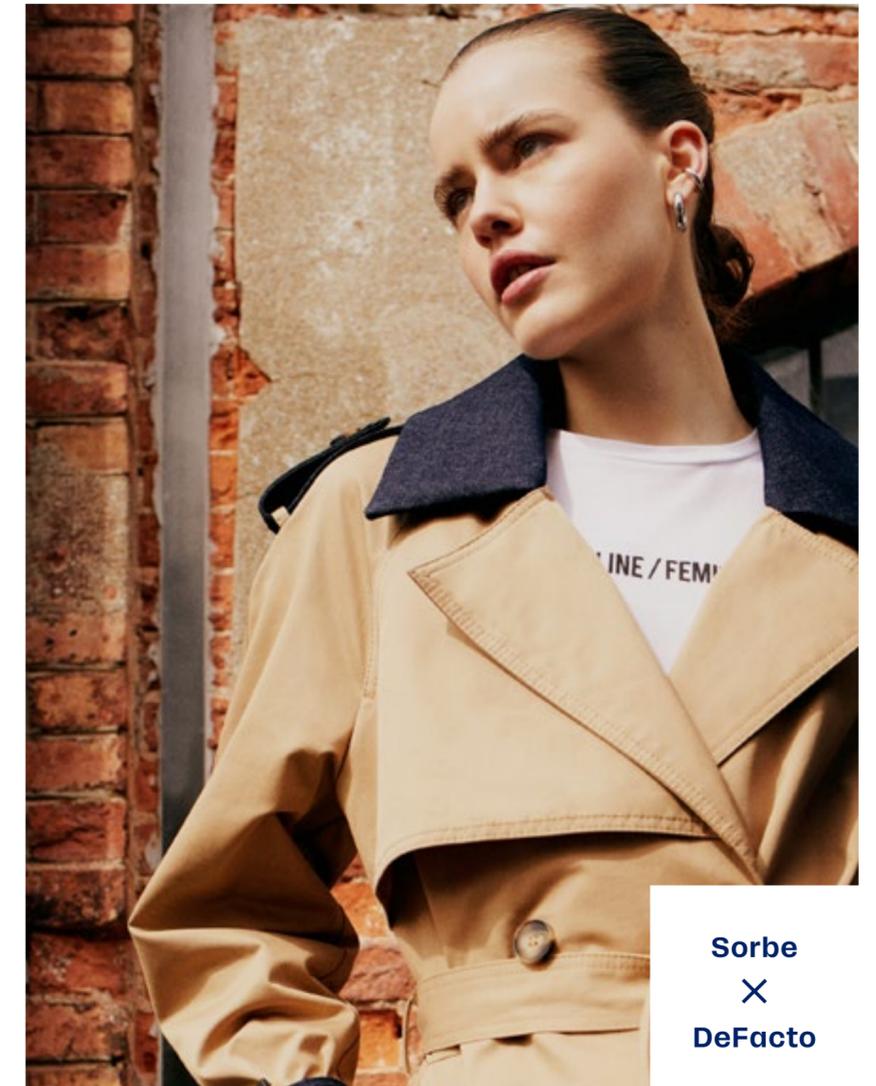
In retail, our main channel, we serve with a total of **521 stores**, **55% of which are in Türkiye.**

We aim to provide better service to our customers with **35 new stores** opened in 2023.

OUR COLLABORATIONS



nefes
X
DeFacto



Sorbe
X
DeFacto

OUR GEOGRAPHICAL FOOTPRINT

449
Stores



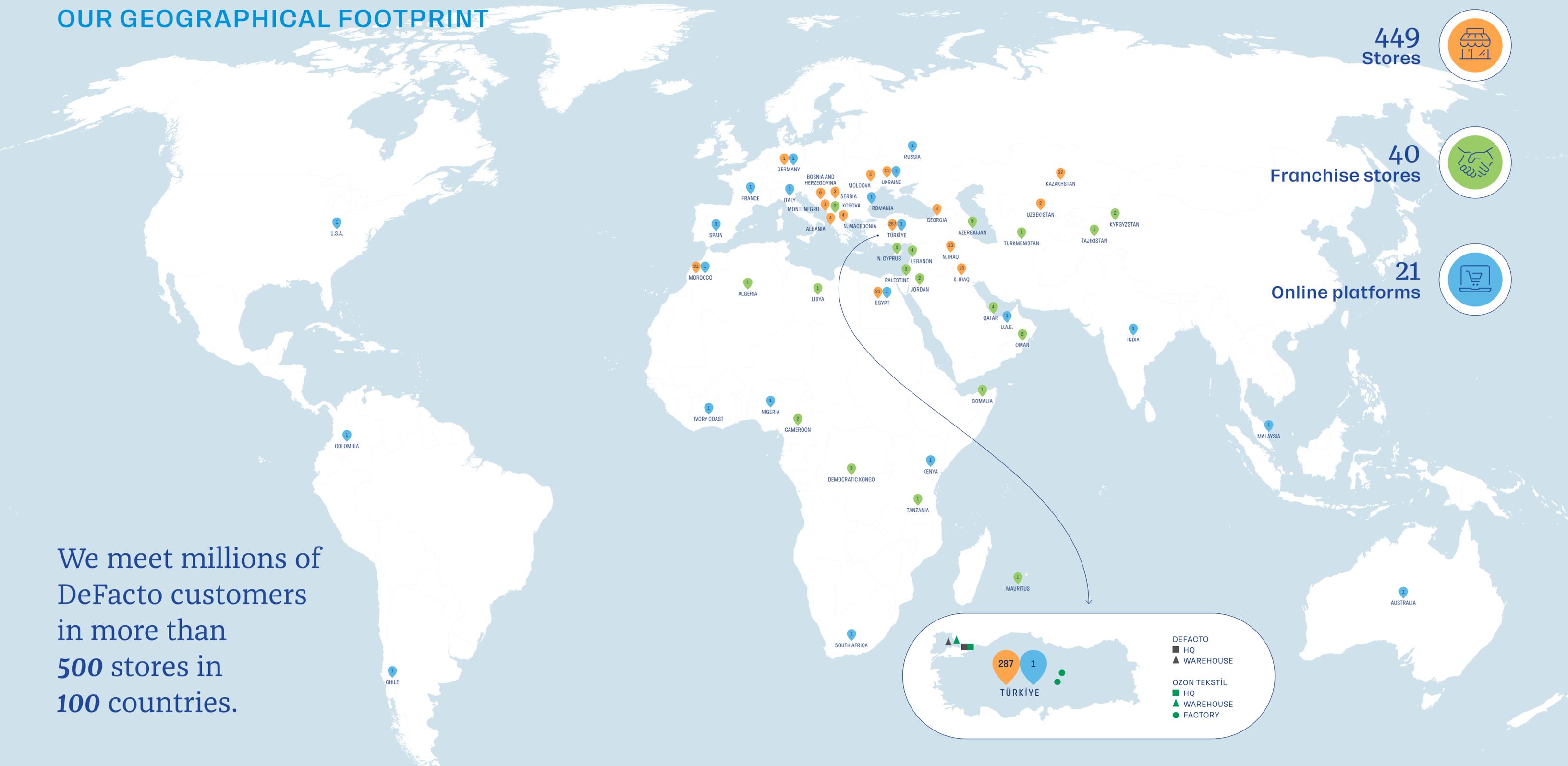
40
Franchise stores



21
Online platforms



We meet millions of DeFacto customers in more than **500** stores in **100** countries.



DEFACTO
 ■ HQ
 ▲ WAREHOUSE

OZON TEKSTİL
 ■ HQ
 ▲ WAREHOUSE
 ● FACTORY

OUR HISTORY



2005 We opened our first DeFacto store in Istanbul

2006 Our first TV commercial has been released

2011

We became Türkiye's second largest ready-to-wear brand.

2012

Our e-commerce site started to provide international service.

2013

We launched our first smart warehouse system that serves with the latest technology.

2014

We opened our first franchise store in Azerbaijan.

We launched our first children's collection.

2018

Our 150th international store opened in Malaysia.

We launched our new category, Studio Collection.

We also launched ROAR, our e-commerce service.

We opened our first store within EU borders in Romania.

Our total number of physical stores exceeded 500.

2019

We realized our social responsibility project "Fabric Dreams".

We opened the world's first digital fashion store at Akasya Shopping Mall.

We participated in TCF Global and the Women's Economic Forum.

2020

We started our "Can Suyu" campaign so that the stalls do not stop.

Our e-commerce site started to serve in the UK.

DeFacto Fit sports stores were launched and the first store was opened.

2021

We launched our DeFacto Cool youth brand and Fall In Love underwear and home brand.

Opened our first store in Germany.

We launched our sustainable product category Doğa Kalp Ben.

2022

We launched our apple leather vegan leather accessories collection.

We launched the DeFacto x First NFT project.

We launched DeFactoFit, our healthy living application

By opening an e-commerce warehouse in Yassören, we reduced our carbon emissions by optimizing logistics.

HIGHLIGHTS IN 2023

WE ARE INSPIRED BY NATURE



21%
sustainable products
in total production



16%
Better Cotton
cotton consumption



The first domestic
brand to use
Wiser Wash technology



269.18 MWh
Renewable energy
consumption

WE GROW PEOPLE-ORIENTED



60%
female employees



43%
female managers



9%
reduction in employee
turnover rate

WE CREATE ECONOMIC AND INNOVATIVE VALUE



DeFacto in
100 countries
on the 100th anniversary
of the Republic



Revenue exceeding
30.3 billion TL



4.6 billion TL
export contribution

MEMBERSHIPS AND SIGNATORY INITIATIVES - DEFACTO



United Brands Association (BMD)



Istanbul Textile and Apparel Exporters' Associations (ITKIB)



Istanbul Ready-to-Wear and Apparel Exporters' Association (IHKIB)



Istanbul Sector Volunteers Association (ÖSGD)



Turkish Clothing Manufacturers Association (TGSD)



Central Registry Agency (CRA)



TCF (Textile, Clothing, Footwear, Leather) Global



Turquality



Turkish Federation of Shopping Centers and Retailers (TAMPF)



Public Relations Association of Türkiye (TÜHİD)



Human Management Association of Türkiye (PERYÖN)



Private Sector Volunteers Association (ÖSGD)



Project Management Institute Türkiye (PMI)



Global Compact Signatories Association



United Nations Global Compact (UNGC)

- Human Rights and Fair Working Conditions
- Business Ethics and Compliance
- Diversity, Inclusion and Equal Opportunity
- Climate Crisis and Energy Management

WOMEN'S EMPOWERMENT PRINCIPLES

United Nations Women's Empowerment Principles (WEPs)

- Diversity, Inclusion and Equal Opportunity



Environmental Protection and Packaging Waste Recovery and Recycling Foundation (ÇEVKO)

- Circularity and Waste Management



Better Cotton Initiative (BCI)

- Sustainable Raw Material Management
- Sustainable Products

Sustainability Focused Initiatives

Our Relevant Focus Area

OUR AWARDS



RLI Awards
Global Retailer of the Year

Stevie IBA Awards
Golden Stevie Award for Corporate Communications Team of the Year

Golden Compass Türkiye Public Relations Awards
B4G Special Award

Gönülden Awards
Most Successful Volunteering Program Award

CIO Awards 2023
IT Scoreboard

Peoplise Digital HR Awards
International Achievement Award, "Silver Award"

2022 Successful Exporters Award Ceremony, "Platinum Award"

ChatGPT AI Content projemizle, Future of Cloud & AI Awards

Future Enterprise Awards Best in Future of Connectedness "IT Scoreboard v2" project, 2nd prize

Stevie MENA Awards
Silver Stevie Award for Most Innovative Corporate Communications Team of the Year

CX AWARDS TÜRKİYE® Customer Experience Awards

Association for Talent Development
ADT Best award

Excellent Customer Satisfaction Achievement Awards
Diamond award for 1st place in the Clothing Brands Category



RLI Awards
Sustainable Retailer of the Year Award



Happy Place to Work
The happiest workplace in retail



Marketing Türkiye Awards
Brand Carrying the Value of the Republic "DeFacto"



Achievement Awards 2022
Best M&A transaction in Central and Eastern Europe

ABOUT OZON TEKSTİL

Ozon Tekstil, a subsidiary of DeFacto, continues its journey in the textile and ready-to-wear sector, exporting to a total of 10 countries, especially European countries. The company, which continues its activities in two factories located in Sivas, performs cutting, sewing, printing and ironing-packaging processes in an integrated manner in Sivas Factory.

Nourished by its deep-rooted corporate values, Ozon Tekstil differentiates itself from its competitors by using its technological infrastructure in the name of pioneering in the sector. While aiming for operational excellence with its quality control system and related technologies through enterprise resource planning, it continuously improves itself through a sustainable quality system, internal and external audits and trainings. Product knowledge, pricing, flexible production capacity and shorter delivery times in the global fashion market are also among its differentiating features in the sector. In addition to supporting DeFacto's production, it also produces for many world-renowned brands. While advancing in the sector with fast and confident steps, it is among the fastest growing industrial companies in Türkiye thanks to its contribution to the country's economy and exports.

Ozon Tekstil focuses on quality and customer satisfaction by optimizing all business processes while adopting lean production and digital transformation perspectives. Aware of the importance of competent human resources in the realization of strategic goals, Ozon Tekstil continues to take steps to continuously improve itself and its teams with 677 employees.

You can access the details about Ozon Tekstil through [this video](#).



 57,000 m² production area	 2.5 million realized cuts (monthly)	 Collaboration with in-house design team and design offices
 Production of 4 million parts (monthly)	 677 employees	 Sample room with a capacity of 500 pieces (monthly)
 4 million cutting capacity (monthly)	 52% female employees	 Membership in SEDEX , the Social Ethics Audit body



HISTORY OF OZON TEKSTİL AND HIGHLIGHTS IN 2023

2000
Ozon Tekstil foundation

2005
Opening of a woven garment factory in Sivas

2006
Commissioning of knitted garment production in Sivas

2011
Capacity increase investments in the Sivas plant and the establishment of the Istanbul Logistics Base

2016
Second factory opening in Sivas

2018
Initiation of the return of mourning project

2020
Initiation of digital transformation projects

2021
Increasing women's employment and production capacity through işkur programs

2022
Receiving the Export Silver award



Annual production capacity of **4,800,000**



Turnover exceeding **1.3 billion TL**



Over **210 million TL** export contribution



100% local supplier ratio



Sustainability training for **66** suppliers



100% FSC certified label rate



120,000 mhw of I-REC certified green energy use



Recycling waste fabrics into fiber in cooperation with accredited institutions



10 different unique customers



99.5% customer satisfaction rate

MEMBERSHIPS AND SIGNATORY INITIATIVES - OZON TEKSTİL

Memberships and Signatory Initiatives



Istanbul Textile and Apparel Exporters' Associations (ITKIB)



Istanbul Ready-to-Wear and Apparel Exporters' Association (iHKIB)



Istanbul Chamber of Commerce (ITO)



Sivas Chamber of Commerce and Industry



Turkish Quality Association (KalDer)



United Nations Global Compact



Environmental Protection and Packaging Waste Recovery Foundation (ÇEVKO)



SEDEX (Supplier Ethical Data Exchange) Type B Membership



Sustainable Apparel Coalition Higg Index



Better Cotton Initiative (BCI)



UN Global Compact Target Gender Equality Programme



SLCP (Social & Labor Convergence Program)

Our Relevant Focus Area

- Human Rights and Fair Working Conditions
- Business Ethics and Compliance
- Diversity, Inclusion and Equal Opportunity
- Climate Crisis and Energy Management

- Circularity and Waste Management

- Responsible Supply Chain Management
- Sustainable Products

- Sustainable Raw Material Management
- Sustainable Products

- Sustainable Raw Material Management
- Sustainable Products

- Diversity, Inclusion and Equal Opportunity

- Human Rights and Fair Working Conditions
- Business Ethics and Compliance
- Responsible Supply Chain Management

CORPORATE STRATEGY

We set ourselves goals that will carry DeFacto forward in every step we have taken since the first day. This year, we realized a significant transformation in the focus of our corporate strategy, renewed our strategy management methodology and processes and created our 5-year strategic plans. Inspired by our past experience, we worked on a strategic plan that will carry us into the future. In this process, we also focused on how our sustainability focus will contribute to the goals we want to achieve with our integrated thinking perspective. You can find the relationship between our corporate strategy and our sustainability approach within the framework of our integrated thinking model in our [Integrated Perspective on Sustainability](#) section.

Thanks to our new strategy management model, OKR (Objectives and Key Results), we have made all our goals measurable, and we have worked on bidirectional key results that are bidirectional and accessible to everyone in order to achieve our goals. While reviewing our vision and principles in this transformation journey, we defined our north star, which we define as a decisive and fundamental goal. While determining our north star, which provides a focal point for our strategic focuses and actions within this scope and determines our direction, we turned our direction towards personalization.



VISION

Being a sustainable and phygital fast fashion brand accompanying renewal of its customers in 180 countries with pleasure.

Why did we change our Strategy Model?

We decided to implement a stronger, more agile and transparent strategy management methodology in order to continue to grow with changing consumer habits, technological developments focused on our sector and an increasingly competitive environment.



MISSION

We will make luxury accessible for happiness.

What has changed with our new Strategy Management Model?

Compared to the previous model, we switched to the OKR (Objectives and Key Results) strategy management model, which is a more widespread, transparent and effective system for defining, adopting and monitoring the objectives related to our strategic focus areas across the entire company.



NORTH STAR

To be the fashion back that best delivers a personalized shopping experience

DeFactoDNA

Whatever makes you who you are and us who we are

Thousands of DeFactonians in hundreds of countries, **we are running towards becoming the world's leading phygital brand in accessible fashion.** With our hard work, our dedication, but **most of all, our original attitude.** On this path, the principles that make who you are and us who we are and **come to life in our countless actions every single day are defined in DeFacto DNA.**



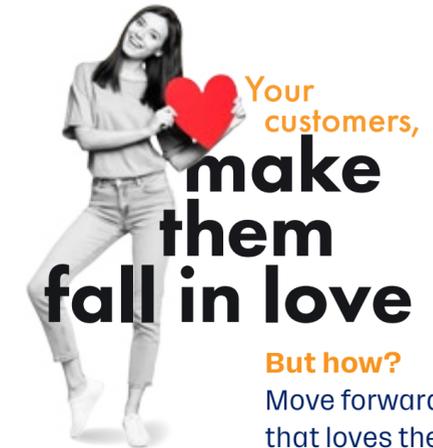
But how?

Question the benefit of each outlay to the customer. Know the value of your time, use it wisely. Stick to impact-effect analysis. Focus on the essentials first. Aim for continuous improvement in all areas. Target the best price to be accessible. Simplify yourself, simplify all.



But how?

Accelerate your business through digital. Trust what data says. Avoid crowds of information that do not lead to action. Be objective. Talk as much as your data. Put the pieces together, create meaning.



But how?

Move forward with a team that loves the brand. Focus on your customer rather than the competition. Make the customer's life easier. Personalize the customer's experience. Try to always say yes. Create WOW experiences.



But how?

Improve yourself in every field. Inspire with your hard work and ethical stand. Take initiative, take full responsibility. Always focus on the solution. Be proactive, fast and agile. Test, learn, improve.



But how?

Step outside your comfort zone. Maintain your curiosity and enthusiasm for renewal. Invest 10% of your time in the future and developing your work. Be the shaper, not only the follower, of innovation. Think long term, focus on growth. Apply ideas at their best, then spread them.



But how?

Discover talent, develop talent. Mentor and coach your team. Create a multi-voiced, democratic atmosphere.

But how?

Always choose open communication and empathy. Get inspired by agile methodology. Be positive and solution-oriented, despite anything. Look for opportunities to receive feedback. Cheer for a good idea, effort, contribution. Don't forget about chitchat and humor :)



But how?

Aim for the whole ecosystem to win. Track the sustainability of everything you do. Calculate long-term impact, not shortcuts. Embrace the differences and be inclusive. Be a role model with your awareness of social issues and the environment.

STRATEGIC FOCUSES

Grow by Gaining New Customers and Increasing 3-Digit Profitability



As DeFacto, we observe local needs with the same global standards in more than 500 stores in 100 countries on 6 continents. We offer innovative services to win new customers by meeting customer expectations in the most accurate way. We support the growth of our business by developing our growth strategy with a focus on high turnover and profitability, and we continue our actions to provide competitive advantage. We aim to further increase our market share, which has been growing year by year, with young people.

Make a Difference with Personalized and Comfortable Shopping Experience



While meeting all the needs of our customers such as clothing, accessories and cosmetics from DeFacto stores, we also aim to provide them with a special and personalized shopping experience. We get to know our customers, understand them and accordingly work to meet their needs and even exceed their expectations. We use big data analysis to understand our customers and provide the best service. We aim to be the brand that offers the right products in a timely manner that can be used in every environment for everyone and that makes you say WOW in every aspect with our designs, product fits and molds that we create in accordance with the expectations of our customers.

Create the Perception of Worth More Than I Pay



With a focus on creating the perception of value for more than the money I pay, we strive to ensure that our customers get more benefit from the products or services they buy from us than they pay, experience satisfaction beyond their expectations, and feel that they get value for their shopping beyond what they pay. With our minimalism perspective, we aim to offer customers a more organized and simple shopping experience. We keep customer satisfaction at the center of our strategy and aim to gain loyal customers. We provide additional advantages to our customers through innovative solutions and the use of technology. We aim to add value to customers in areas such as innovations in our products or services, ease of use, and the development of positive customer experience.

Triple Productivity with JUMP



In today's world where efficiency and sustainability are of great importance, we are working to achieve major improvements in our production and service processes by using the existing resources of our business more effectively and efficiently. With our focus on efficiency, we re-evaluate our business processes from end to end to optimize and make the most effective use of all our available resources. We plan the right number of orders to meet our customers' expectations and improve our stock cycle speed. By automating our processes and identifying the factors that cause inefficiencies, we work to use our resources more effectively. We also aim to shorten the time from the procurement of a product or service to its delivery to the customer through more efficient procurement and logistics processes.

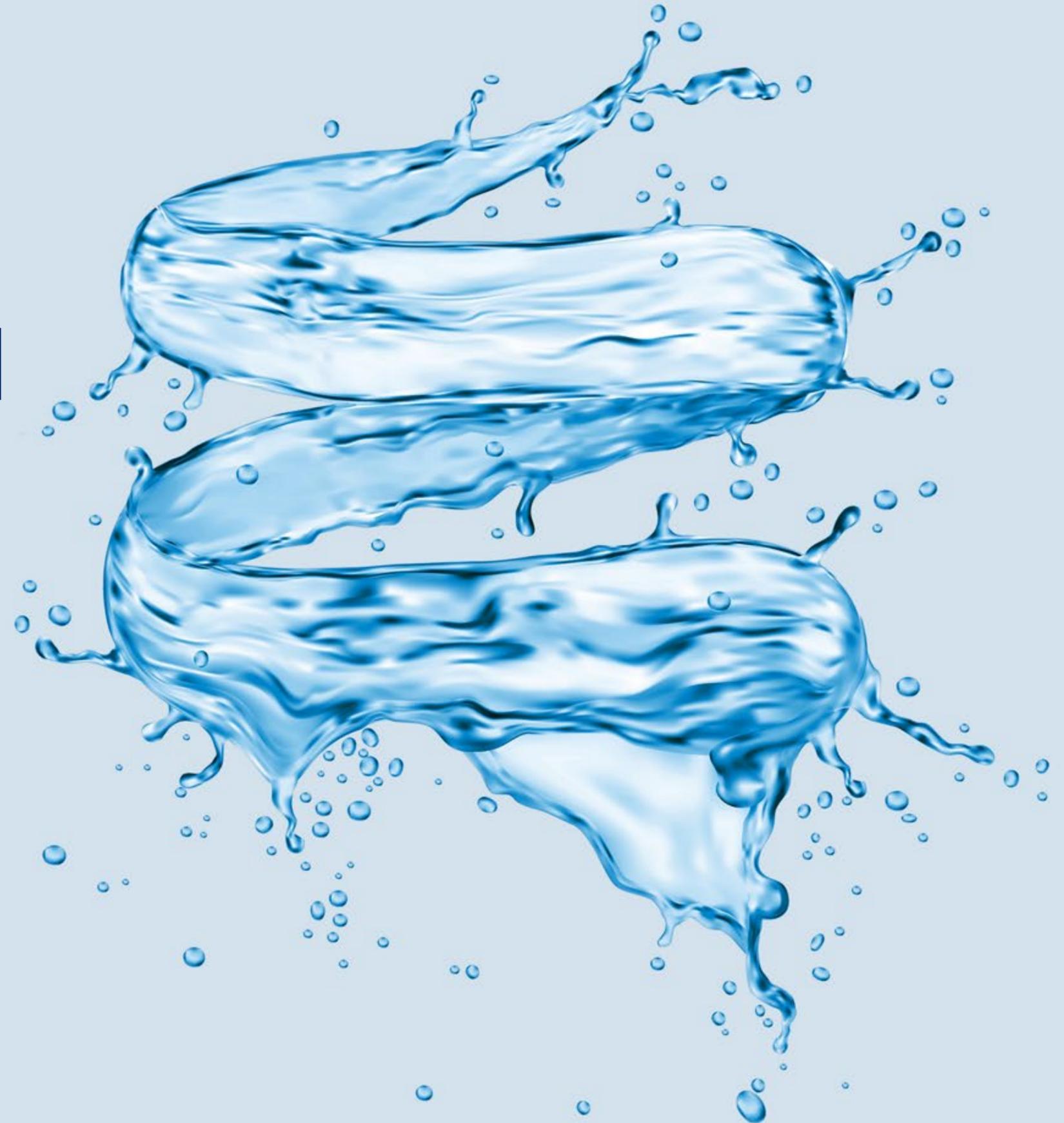
Be the Most Desirable Company to Work for Suppliers and Employees in the Sector



We aim for our employees to reflect their full potential by providing them with appropriate training and development opportunities, encouraging them to learn continuously and creating an efficiency-oriented culture. At DeFacto, we recruit employees who fit our values and culture, support their development and grow with them. We develop strategic business partnerships with our suppliers and other business partners in order to offer our customers the right product at the right time. As we develop our business, we also develop our business partners, create environments where they can develop us, and work very closely with them. We create cooperation mechanisms that will allow us to benefit more from the know-how of our business partners and employees. We aim to increase both employee and supplier satisfaction.

CORPORATE GOVERNANCE WE FEED FROM

As a company that gives priority and importance to a fair, transparent and trust-based corporate governance approach, we manage all our processes in accordance with global standards with our “strong” management team, and act in accordance with ethical rules in our activities.



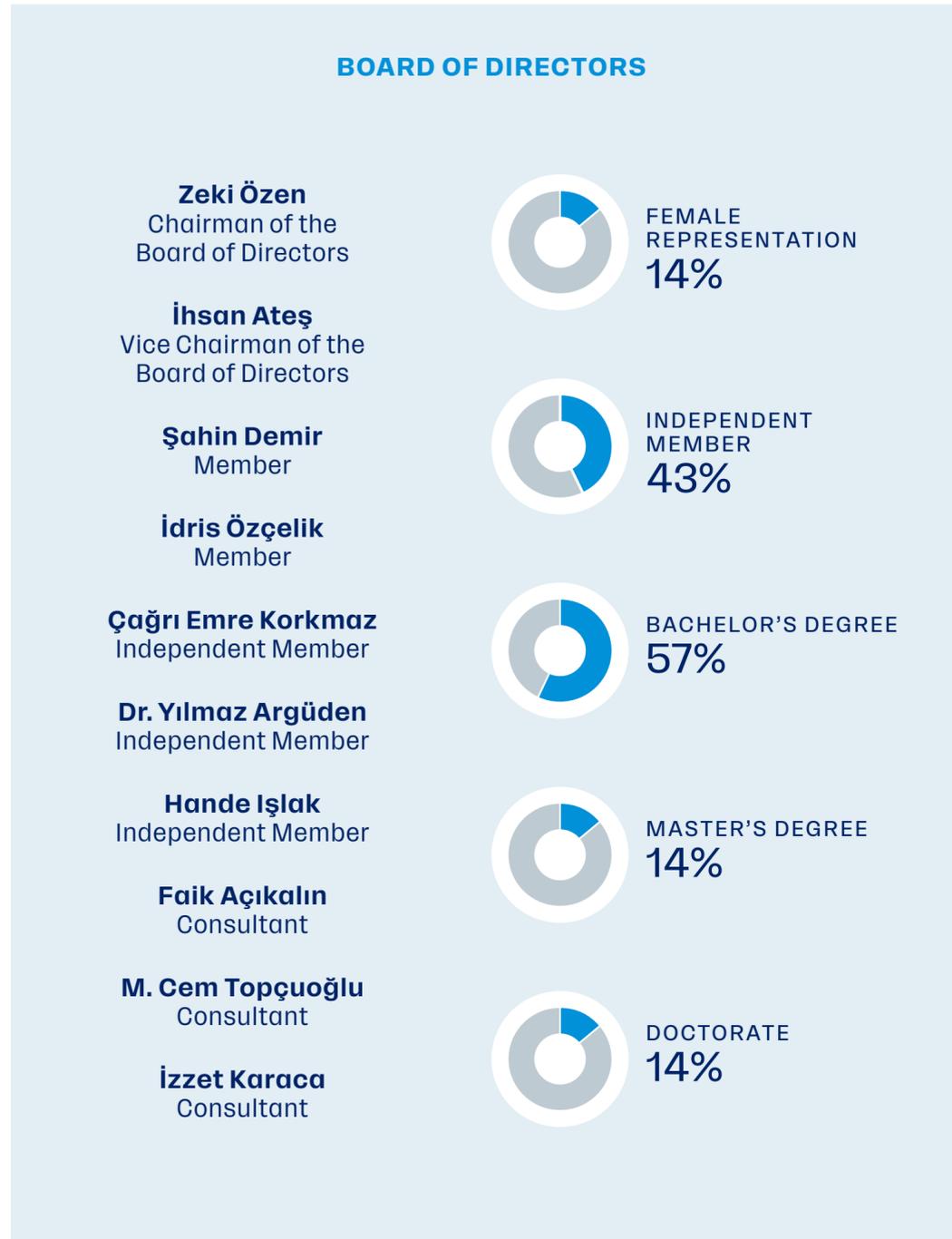
WATER IS POWERFUL

CORPORATE GOVERNANCE STRUCTURE

Our operations in 100 countries and our superior growth performance are driven by our fair, transparent and trust-based corporate governance approach. At DeFacto, we prioritize and attach importance to corporate governance principles as part of our professional management approach. With our strong management team, we act in accordance with our corporate governance and ethical principles in all our activities.

Our board of directors is at the highest level of our corporate governance approach. We always receive guidance from our board of directors on strategic decision-making processes, sector-based orientations, and our financial and non-financial performance. Our 7 member board of directors also includes 3 board advisors. Among our members, 3 members serve as independent members. In the board meetings held 8 times this year, our members showed a participation rate of 95% in total. Through the committees affiliated to our board of directors, we inform our board of directors about the steps we take in areas such as corporate governance, risk and audit and receive the necessary guidance from them.

Under the leadership of our CEO, our senior management consists of managers who are experts in their fields. We manage all our processes with the department and senior management representatives that exist in accordance with our company's activities.



SENIOR MANAGEMENT



İhsan Ateş
CEO



Önder Şenol
Online General Manager



Serdar Ersoy
Alternative Sales Channels &
Business Development
General Manager



Barış Sönmez
Retail & Marketing
General Manager



Çağrı Emre Korkmaz
Strategy & Transformation
Office General Manager



Abdurrahman Kılıç
Chief Information Technology
Officer



Alparslan Dural
Chief Operation Officer -
International



Egemen Polat
Chief Central Planning &
Data Science Officer



Yeşim Çokeker
Chief Human Resources
Officer



Sinem Çolakoğlu
Chief Product Officer -
Women



Rahmi Say
Chief Product Officer -
Men, DF FIT & Sustainability



Funda Küçükmeriç
Chief Product Officer -
Kids & Baby



Seda Dışlık
Chief Production
Officer



Erkan Yorulmaz
Chief Supply Chain
Officer



Berkin Maden
Chief Marketplace
Officer



Emre Adilce
Chief Finance Officer -
International



Ahmet Hamdi Burgaçoğlu
Chief Finance Officer -
Türkiye



Ferdi Arslan
Chief Operation Officer -
Türkiye

Our Board of Directors and senior management are supported by our corporate committees. Through these committees, issues deemed critical to DeFacto’s business structure are discussed, our expert managers come together and strategic decisions are made. The 5 Committees consisting of the Governance, Audit, Disciplinary, KVKK and Ethics Committees guide our corporate governance approach in their respective areas.

The 5 Committees consisting of the Governance, Audit, Disciplinary, KVKK and Ethics Committees guide our corporate governance approach in their respective areas.

Risk Management Committee

- The committee, which is ultimately responsible for our risk management process, reviews the efficiency of risk management processes at least once a year.
- The Committee ensures that when a significant risk-related event/change occurs or is likely to occur, it is reported to the relevant management and Board level.
- Responsible for overseeing risk management strategies and ensuring that they are linked to the organization’s strategic plans.
- Ensures that risk management strategies meet operational and legal obligations.
- Monitors risk trends at the organization level.
- Provides recommendations on risk policies and limits, including risk appetite.
- It reviews the risk model criteria, such as risk tolerance, impact and exposure, and the risk scoring limits of the risk map before it is presented to the Board of Directors.
- Provides recommendations on compliance policies.
- Ensures that Defacto’s compliance with the law is reported at management and Board level.

Committee Participants

- Members of the Board of Directors
- Independent Consultants
- Senior Management
- Audit, Risk Management & Revenue Protection Director
- Risk, Control & Business Continuity Team
- Compliance Team

Frequency of Committee Meetings

Quarterly

KVKK Committee

- It is responsible for taking and ensuring that all kinds of actions are taken to ensure that the KVKK Compliance Process continues as a living business model within the company.
- In this context, it evaluates all kinds of questions and opinions from the departments and provides necessary guidance on the subject.
- Questions and opinions from departments regarding the KVKK Compliance Process, changes introduced within the scope of the law, and issues that need to be routinely controlled within the scope of the KVKK Compliance Process are discussed at committee meetings.

Committee Participants

- Senior Management
- Information Technologies, Human Resources, Legal, Audit, Risk Management & Revenue Protection unit managers
- Compliance Team

Frequency of Committee Meetings

Twice in a month

Ethics Committee

- It is responsible for auditing the Company on behalf of the Board of Directors in order to establish a controlled working environment that adheres to ethical values, is reliable, complies with relevant laws and regulations, evaluates whistleblowing, establishes the necessary preventive / deterrent processes and reports the results of evaluations that require sanctions on an individual basis to the Disciplinary Committee.
- Evaluates the Company’s Anti-Bribery and Anti-Corruption Policy, Ethical Principles and Code of Conduct in terms of their currency and development needs, and updates them when necessary.
- Notifications, reviews and agendas received on the ethics line come together for discussion.

Committee Participants

- Top managers of Audit, Risk Management & Revenue Protection, Legal and Human Resources departments

Frequency of Committee Meetings

With notifications from the ethics line

Audit Committee

- On behalf of the Board of Directors, he/she is responsible for overseeing the implementation effectiveness and added value of the internal and external audit process and the functioning and adequacy of accounting, financial reporting and internal control, as well as the Company’s financial and operational activities.
- Ensures compliance with legal regulations and internal regulations.
- The Committee acts within the scope of its authority and responsibility and makes recommendations to the Board of Directors, with the final decision always resting with the Board of Directors.
- It provides the necessary environment for the independent conduct of audit, control and assurance activities.
- Approves the Audit, Risk and Income Protection Directorate regulations and assures the Board of Directors that the audit activity is carried out in accordance with the procedures and principles set out in the regulations:
 - Compliance of activities with Company policies, plans, procedures and legal regulations, effectiveness and added value
 - Protection, effective and efficient use of the organization’s assets
 - Achievement of desired objectives of operations and programs in accordance with established principles

Committee Participants

- Members of the Board of Directors
- Independent Consultants
- Senior Management
- Audit, Risk Management & Revenue Protection Director
- Internal Audit Team
- Compliance Team

Frequency of Committee Meetings

Quarterly

Disciplinary Committee

- In accordance with the provisions of the Disciplinary Regulation, it is responsible for examining the actions and/or transactions allegedly violated by the personnel, deciding whether to impose sanctions on the personnel within the scope of the Disciplinary Regulation, which disciplinary sanction will be applied, and implementing the provisions of the Disciplinary Regulation.
- When necessary, it requests the initiation of investigations and examinations.
- Authorization or assignment for investigation, review
- Evaluates the results of research and investigation.
- As a result of the evaluation, it is in charge and authorized to give one of the penalties of warning, reprimand or termination of the employment contract.
- Committee members are also authorized to take decisions beyond the sanction items covered in the regulation.

Committee Participants

- HR Assistant General Manager
- Audit Risk Management and Revenue Protection Director
- Legal Affairs Manager/Director
- Payroll and Personnel Unit Manager
- Payroll and Personnel Team Worker
- HR Business Partner to whom the employee reports
- Unit manager to whom the employee reports

Frequency of Committee Meetings

When necessary, with the participation of at least 3 members, upon request from the HR Business Partner.

Within the scope of our management approach, we attach importance to direct communication and carry out our processes in accordance with our existing and developed policies and procedures. We make all our policies, procedures and protocols accessible to our employees and create guidance documents by documenting our processes. All our documents reflecting our corporate governance approach are reviewed through different approval processes depending on the type of document and then enter into force.



SUSTAINABILITY MANAGEMENT

The certificates we obtain in our environmental and social focus areas, which we take into consideration while creating our corporate management approach, directly affect our policies, procedures and protocols. Thus, we ensure the integration of our sustainability perspective into our corporate governance approach and design and manage our processes in line with global standards.

DeFacto

CERTIFICATES OWNED BY DEFACTO

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 10002 Customer Satisfaction Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 17025 Laboratory Accreditation



CERTIFICATES OWNED BY OZON TEKSTIL

- Global Organic Textile Standard (GOTS)
- Organic 100 Content Standard
- Global Recycled Standard
- Recycled 100 Claim Standard

In order to achieve the goals we set, we act with the governance models of our *Sustainability Committee* and the *Sustainability Program* within the committee in order to receive the opinions of all relevant departments and to move forward with the contributions of our senior management.

We manage our processes with a holistic approach in line with our integrated thinking and sustainability strategy. In order to achieve the goals we set, we act with the governance models of our Sustainability Committee and the Sustainability Program within the committee in order to receive the opinions of all relevant departments and to move forward with the contributions of our senior management.

SUSTAINABILITY COMMITTEE

The Sustainability Committee reports directly to the Board of Directors and submits the decisions that will shape our sustainability strategy to the Board of Directors for its review and approval. The Sustainability Committee convenes regularly twice a year and organizes additional meetings when necessary, and all meetings are held with the absolute majority of the committee members. Determining the steps to be taken to achieve our goals with a focus on sustainability, developing projects and preparing the road map are among the duties of the committee. With this perspective, all relevant internal and external stakeholders are included in the processes. DeFacto's sustainability initiatives and reporting are also carried out by the Sustainability Committee. In 2023, our committee met 3 times to discuss our agendas, strategy and future plans with a focus on sustainability.

SUSTAINABILITY PROGRAM

Sustainability Program teams develop projects within the scope of sustainability focuses and targets and present them to the Sustainability Committee. Approved projects are put into practice with the relevant teams. Through the program, targets in different foci are defined,

updated and monitored as necessary. Program leaders are responsible for the coordination of working groups reporting to the Committee, compiling project outputs and reporting to the Committee.

Working closely with the Committee, Program members also play an important role in the integration and adoption of the sustainability perspective throughout the company.

SUSTAINABILITY PROGRAM MEMBERS

- Sustainability
- Strategy
- Law
- Risk, Control and Business Continuity
- Internal Audit and Ethics
- Corporate Communications
- Finance
- Operation
- Marketing
- E-Commerce
- Human Resources
- Administrative Affairs
- Construction and Technical Works
- Occupational Health and Safety
- DeFacto Academy
- Happiness and Human Resources
- Social Compliance and Supply Chain
- Fabric Quality and Supply
- Product Technology and Quality
- Product Management and Planning
- BTO
- Compliance

OUR RISK MANAGEMENT APPROACH

In order to sustain DeFacto’s existence in a rapidly changing world, we identify the risks we face and are likely to face, analyze and control these risks, and carry out monitoring and prevention activities. We follow our Enterprise Risk Management procedure to identify and evaluate threats and opportunities that affect the achievement of our goals, to determine the measures to be taken and to report them. As a company operating on a global scale, we implement structured, planned, harmonized and consistent risk management processes at every point and level of DeFacto. **The factors that make up our enterprise risk management approach include our approach to sustainability risks, internal audit processes, business continuity and information security issues, and customer privacy actions.**

Our Enterprise Risk Management approach, which supports us in identifying the positive or negative impacts of the risks we face and managing them in line with our corporate risk appetite, consists of four steps.

Step	Objective	Process
 Identifying and Defining Risks	Identifying and defining in detail the risks that may prevent DeFacto from achieving its goals	Our Risk, Control and Business Continuity team identifies risks through face-to-face or online interviews and workshops with our management team and process owners and enters them into the risk inventory. In this process, internal and external audit reports are reviewed, industry reports are utilized, company-wide surveys are conducted and operational process analyses are performed.
 Analyzing and Assessing Risks	Performing probability and impact analysis of the identified risks and making risk assessment	A five-step scale is used, with 1 being the lowest and 5 being the highest, regarding the likelihood of risks occurring. Analyses and assessments of risks are completed by coming together with our management team and process owners when necessary.
 Prioritization and Management of Risks	Risk analysis and assessment of risks according to the risk levels emerged as a result of risk analysis and assessment studies prioritization	Our Risk, Control & Business Continuity team and process owners determine the response to the risk, taking into account the company’s risk appetite and risk tolerance. While responding to the risk, root causes are first identified, then existing controls are addressed and evaluated. From this perspective, risks are scored according to critical, high-grade, medium-grade, low-grade and insignificant levels. When determining the response to risks, care is taken to ensure that the benefit obtained is not less than the resources spent.
 Monitoring and Reporting of Risks	Evaluating the risk portfolio as a result of changing conditions and/or changes in business practices and determining whether the risk management process is effective	The risk inventory created as a result of all steps is updated and reported periodically or instantly when necessary, as a result of workshops held with C-Level and/or process owners. Each identified risk is monitored until it is mitigated or eliminated with action. For accepted risks, monitoring and re-evaluation are carried out within the periods approved by the Board of Directors. Current risk analysis outputs are shared at periodic Risk Committee Meetings.

Within the scope of our Corporate Risk Management approach, we define risk as the probability of an event occurring and the impact in the event of its realization. Within the framework of this definition, we categorize our risks into 5 different types with a focus on their impact.

Financial Impact	Negative impact on the company's financial structure and the resources it needs to maintain its financial activities.
Reputation Impact	A bad reputation for the company. Negative impact on employees, customers, subsidiaries and/or other key stakeholders.
Strategic Impact	Potential strategic impact. Disruption of management, planning, key initiatives and execution.
Operational Impact	Potential operational impact on sales and marketing, performance, supply chain, production, people, information technology, potential accidents and fixed assets.
Harmony Effect	The impact of potential non-compliance with laws, regulations, standards and DeFacto's policies and procedures.

While we define and categorize our risks with a focus on their impact, we prioritize them according to the likelihood of the risks occurring in addition to this impact dimension. We score our risks by multiplying these two values. We carry out our Enterprise Risk Management processes not with the responsibility of a single person or team, but with the integration of relevant employees from all levels. From our Board of Directors to our Risk Committee; from the Risk, Control and Business Continuity Team to Senior Management and all our employees, all DeFacto employees take different responsibilities according to our risk levels.

Risk Score	Risk Rating	Risk Assessment	Risk Acceptance Approval Authority
25	Critical Risk	The risk is unacceptable, an urgent action plan is needed.	Board of Directors
15-20	High Grade Risk	An action plan for the risk should be determined and controlled.	Senior Management
9-12	Moderate Risk	Controls for the risk should be identified and monitored.	Director
5-8	Low Degree Risk	Risk should be monitored.	Director
1-4	Insignificant Risk	The risk is acceptable.	Unit Manager

OUR PERSPECTIVE ON SUSTAINABILITY RISKS

We assess our sustainability-related risks in line with the guidance of international initiatives and rule-makers, global risk reports, and the environmental and social impacts of our operations. Although sustainability poses risks with an environmental and social focus, sustainability-related risks appear in almost all of our risk categories as we assess our risks from an impact perspective. Thanks to this perspective, we integrate our sustainability-related risks into our overall risk management process. When assessing our sustainability risks,

1. We analyze global and regional trends in our sustainability focus areas.
2. We define the sectoral impact and challenges of the trends we identify.
3. We identify potential risks by assessing these definitions and the impact on DeFacto's financial adequacy.
4. We map the identified risks in 5 risk categories categorized under our Enterprise Risk Management approach and under the heading of sustainability risks.

We define success as the environmental, social and economic value we create for all stakeholders we touch beyond financial performance, and we approach our risks from this perspective. Apart from our main risk categories, we categorize risks related to climate change as acute and chronic physical risks.

INTERNAL AUDIT

At DeFacto, we take care to ensure the effectiveness of our operations, the reliability of financial and operational information, the protection and regulation of assets, and compliance with policies and procedures in order to achieve our strategic goals. In this context, our internal audit activities constitute one of the important elements of our corporate governance approach. In our audits, we evaluate the effectiveness of existing internal controls against the risks inherent in business processes. We analyze the causes and effects of identified control deficiencies, plan actions to eliminate problems and follow up on them.

Our Internal Audit unit, which reports to the Risk Management and Revenue Protection Directorate, is responsible for planning, performing and reporting internal audits in our company. While all our audit activities are coordinated in line with the Internal Audit Standards published by the Institute of Internal Auditors (IIA), our audit processes are guided by our DeFacto Internal Audit Procedure, which includes templates that should be used in accordance with IIA standards.

While we periodically inform our Audit Committee about our internal audit activities, which we conduct in accordance with international internal audit standards, all our internal audit processes are approved by our Board of Directors.

In addition to our internal audit processes, the Retail Audit, Risk Management and Compliance, Loss Prevention and Case Investigation Units under the Risk Management and Revenue Protection Directorate conduct internal control and risk management activities and perform audits on merchandising, retail and loss prevention.



MERCHANDISING AND RETAIL SUPERVISION

Our Retail Audit Department checks the compliance of DeFacto Retail Trade Inc.'s sales channels, related departments and all stores both in Türkiye and Overseas with company policies, procedures, instructions and legal regulations. The aim is to correct non-standard practices identified during merchandising and retail audits, to identify risk factors in advance, to take precautions, and to minimize the loss rates of company assets. While conducting audits, steps are also taken to improve and develop the general management processes identified in stores. At the same time, while reporting these controls, the actions to be taken by the process owners are monitored.

In 2023, within the scope of Merchandising and Retail Audit activities, we conducted a total of 4,971 audits, including on-site store audits, remote store audits and online sales channels audits. Among these audits, domestic audits accounted for 63%, while international audits represented 37%. **In these audits, all our stores received a total of 74 points out of 100.** In addition to on-site audits, thanks to the remote audits we conducted, we monitored Cash Register Authorization Uses, Alarm System Installations and Cash Register Balances of all our stores on a monthly basis, and Personnel Time Management Monitoring on a weekly basis. In the audits we conducted in online sales channels, we carried out corrective practices and took the necessary measures in line with the findings we identified regarding user experience and customer satisfaction.

In 2023, within the scope of Merchandising and Retail Audit activities, we conducted a total of **4,971 audits**, including on-site store audits, remote store audits and online sales channels audits.

LOSS PREVENTION AND REMOTE MONITORING AUDIT

All our units work in partnership to ensure that our assets are protected and cash and physical losses are reduced. Through Loss Prevention and Remote Monitoring Audits, we identify, investigate and prosecute cases of internal irregularities in our central warehouses and stores.

BUSINESS CONTINUITY, INFORMATION SECURITY AND PRIVACY

BUSINESS CONTINUITY

Business continuity stands out as another element of our Enterprise Risk Management approach. Thanks to our business continuity approach, we work to eliminate or minimize all issues that have the potential to negatively affect our operations, work integrity and customer satisfaction. With our DeFacto Business Continuity Management System that we use in our processes, we focus on many areas to increase our company’s resilience against adverse conditions and ensure its stability.

Guided by our DeFacto Business Continuity Management System, we first take various measures to ensure the safety of our most valuable resource, “people”. We identify potential emergency scenarios and regularly test these scenarios to ensure the continuity of critical processes. We also reinforce our strong cooperation with our suppliers to minimize the risks of service interruptions. In dealing with interruptions in business and information technology processes, we aim to return to normal with the least possible loss. By securing the continuity of information systems with information security policies, we strive to ensure the smooth continuity of information systems from our emergency centers.

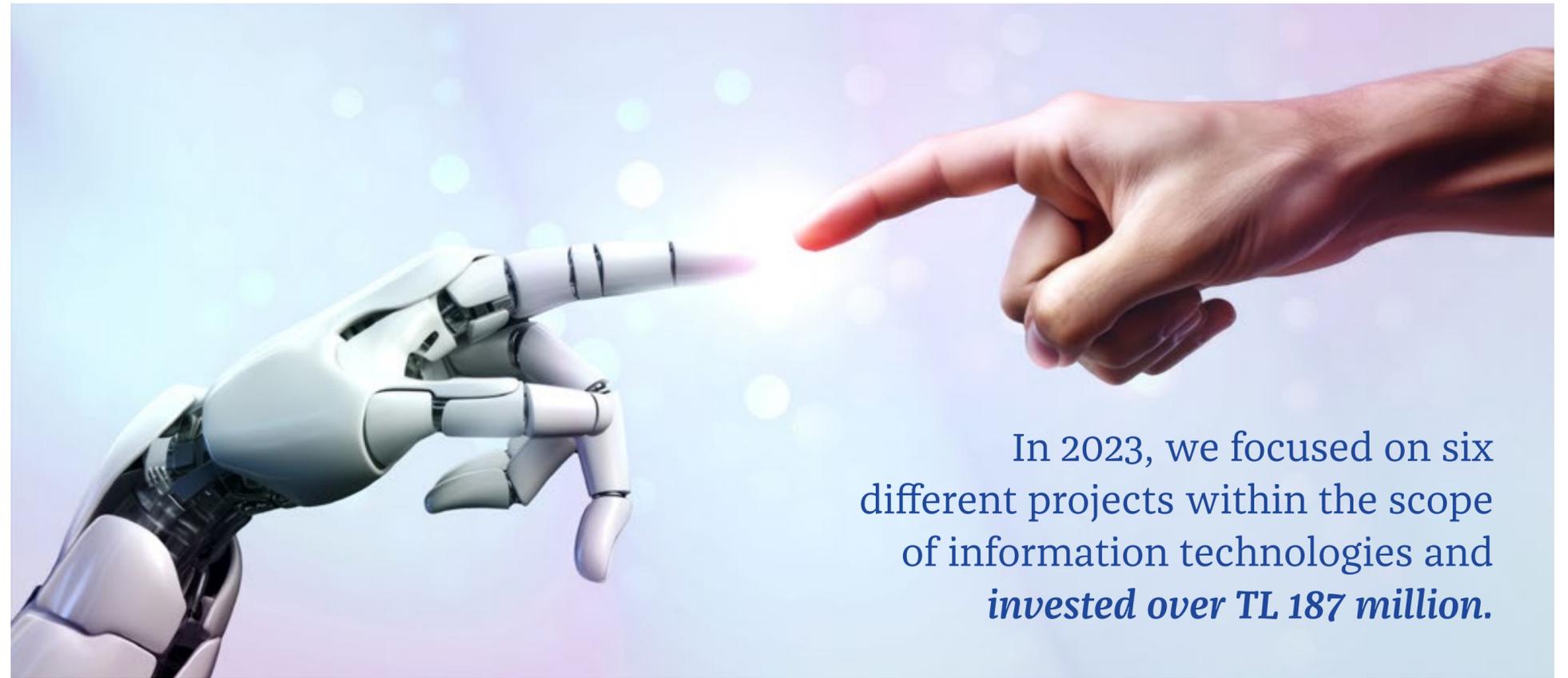
DeFacto Business Continuity Management System that we use in our processes, we focus on many areas to increase our company’s resilience against adverse conditions and ensure its stability.



INFORMATION TECHNOLOGY AND SECURITY

In addition to being a fashion and ready-to-wear brand, we also define ourselves as a technology company with our multi-channel sales network and digital solutions. Through our DeFacto Technology company, we provide infrastructure, database management, system management, network and security services within the scope of information technologies. In 2023, we focused on six different projects within the scope of information technologies and invested over TL 187 million.

E-Commerce Cloud Transformation	Moving the e-commerce platform from the data center to Huawei Cloud and completely replacing its infrastructure
Data Governance Project	Establishing Data Governance processes, establishing data ownerships and data policies
Data Scanning-Discovery-Anonymization Application	Finding, deleting, anonymizing and maLeatherg sensitive data on company servers, databases and computers by scanning within the scope of KVKK
Identity and Access Management Transformation	Replacing the current Identity and Access application with a more effective application
CDP Transformation	Deduplication of customer data in Cloud environment
Enterprise Privilege Management	Project to manage privileged access rights on employee computers



In 2023, we focused on six different projects within the scope of information technologies and *invested over TL 187 million.*

As DeFacto, we feel responsible to our employees, customers and suppliers regarding information security and privacy, which we closely monitor. With this sense of responsibility, we fulfill our existing obligations through our DeFacto Information **Security Management System, which we have established in line with the ISO 27001:2015 standard.** In this way, we adopt the principle of identifying potential information security breach risks and incidents, eliminating them together with their root causes and keeping the awareness of our entire organization on information security high.

WITH OUR INFORMATION SECURITY MANAGEMENT SYSTEM

- Managing information security risks, trusting our employees and making their work secure and continuous,
- Support decision-making with complete, accurate and accessible information,
- Ensuring that only and only authorized persons have access to information,
- Securing the method of change while continuously improving information systems and components,
- Identifying potential information security breach risks and incidents and eliminating them together with their root causes,
- We aim to keep the information security awareness of the whole organization high.

In total, we manage 20 applications and 8 processes through our information security management system. In order to ensure our business continuity, we continuously improve our systems and their components, continuously make infrastructure investments to protect against possible cyber-attacks, and periodically perform scans and tests. As a result of the scans and tests we conducted, we managed to prevent more than 6 million malicious e-mails and more than 3.3 million attacks involving data loss in 2023. We also completed 3 different information security and cyber security projects during the year.

We create plans to ensure the continuity of critical business processes and information resources in order to provide uninterrupted service in all channels we provide services, including systems located in different geographies and dispersed systems, and we review the effectiveness of these plans. We provide trainings for our employees to maximize their attention to information security in their relations with third parties. We organize periodic audits and management review meetings to measure the effectiveness and efficiency of every step we take. Thus, we ensure that information security is seen as a part of process management in organizational business processes.

We evaluate the compliance and effectiveness of our activities with our objectives through periodic audits and management review meetings. Thus, we strive to fulfill our commitments on information security and confidentiality more effectively.

IAFP Finding Assignment	Instead of penetration tests, manual detection and tracking of detected system vulnerabilities, this project enables tracking by assigning findings to individuals.
Imperva Database Security App	It is aimed to ensure the security of DeFacto's system databases.
Information Security Policy and System Tightening	By analyzing information security systems, security policies are tightened and all systems are made secure.

We manage **20 applications** and **8 processes** through our information security management system.

We managed to prevent **more than 6 million** malicious e-mails and **more than 3.3 million** attacks involving data loss in 2023.

We also completed **3 different information security and cyber security projects** during the year.

CUSTOMER PRIVACY

We believe that customer confidentiality plays a key role in ensuring our credibility in the eyes of all our stakeholders. As a reflection of the trust our customers place in us, we consider customer confidentiality as one of the fundamental principles of our business conduct. We ensure transparent communication of our decisions, new regulations or rule sets, thus ensuring accountability.

We protect the personal data we obtain from our customers in cases of becoming a member of our website, contacting us through our various channels and placing orders without being a member, in accordance with the decisions, guidelines and public announcements published by the Personal Data Protection Authority (KVKK) in all activities we carry out. While our Customer Big Data Directorate ensures the follow-up of KVKK legal processes, the same team also provides the support needed by the Legal Department in relevant cases. Provided by KVKK audits.

We also provide trainings to our employees to raise awareness on this issue. At the same time, we regularly conduct KVKK audits to protect DeFacto's customer data both legally and auditorially.

BUSINESS ETHICS AND COMPLIANCE

At DeFacto, we believe that **honesty, transparency and accountability** are the core values of sustainable relationships based on trust with all our stakeholders. By adopting these basic principles, we take care not to engage in any behavior that may damage mutual trust in our relations with our employees, customers, business partners, suppliers, competitors, environment and society. In all areas in which we operate, we adopt the principle of complying with laws and regulations on anti-competitive behavior, corruption and bribery, and universal rules of law.

Aware of our responsibility towards our stakeholders, we continue our activities in line with our **DeFacto Business Ethics and Principles Handbook**, which we have established in line with our ethical principles, focusing on issues such as the effective use of resources, conducting all services and activities in a transparent, open and compliant manner, effectively preventing unfair competition, and strengthening corporate and social responsibility awareness among managers, directors and employees. The principles we have adopted positively distinguish us in our fields of activity in Türkiye and Overseas.

We expect our employees to conduct all their activities in accordance with the laws, **DeFacto Business Ethics and Principles Handbook**, Disciplinary Regulation and the corporate standards and values specified in all relevant internal documents. In addition, **our Ethics**

Committee, which reports to our Board of Directors and consists of senior managers from the Audit, Risk Management and Revenue Protection, Legal and Human Resources departments, carries out processes such as auditing, evaluating complaints, investigating, taking necessary preventive measures and establishing disciplinary procedures in order to ensure an ethical, reliable working environment in our company in accordance with the relevant laws and regulations.

All our employees and suppliers can report any incident or situation related to bribery and corruption, any behavior that does not comply with DeFacto Code of Ethics, laws and regulations through the Ethics Line. We confidentially collect all notifications made via the number **0212 401 3799** or the e-mail address **defacto@etikhat.com**. **In 2023, we received 285 notifications through the Ethics Line and resolved all of them.**





0212 401 3799



defacto@etikhat.com

All notifications received by the Ethics hotline are transferred to our Ethics Committee by the Audit, Risk Management and Revenue Protection Directorate. A committee meeting is then organized to discuss the notifications received and all

agendas. The committee collects the necessary evidence and documents related to bribery and corruption cases, reports and similar topics, and evaluates the issues in detail. At the end of all evaluations, the committee takes the necessary decisions with a common opinion and submits the results of the evaluation to the Disciplinary Board.

Working together with the Ethics Committee, our Compliance Unit prepares, develops and updates the Anti-Bribery and Anti-Corruption Policy, Business Ethics and Principles Handbook, Competition Compliance Policy, Economic Sanctions Policy and other related procedures, and carries out training activities in this context. In addition, with the Competition Compliance Program, which we implement as part of our management approach, we aim to ensure that our managers and employees are aware of issues that may be considered as competition violations, that they do not engage in anti-competitive behavior in communication with competitors and suppliers, and that our company carries out all its activities in compliance with competition law regulations. All our managers and employees carry out their work in accordance with the Competition Compliance Program.

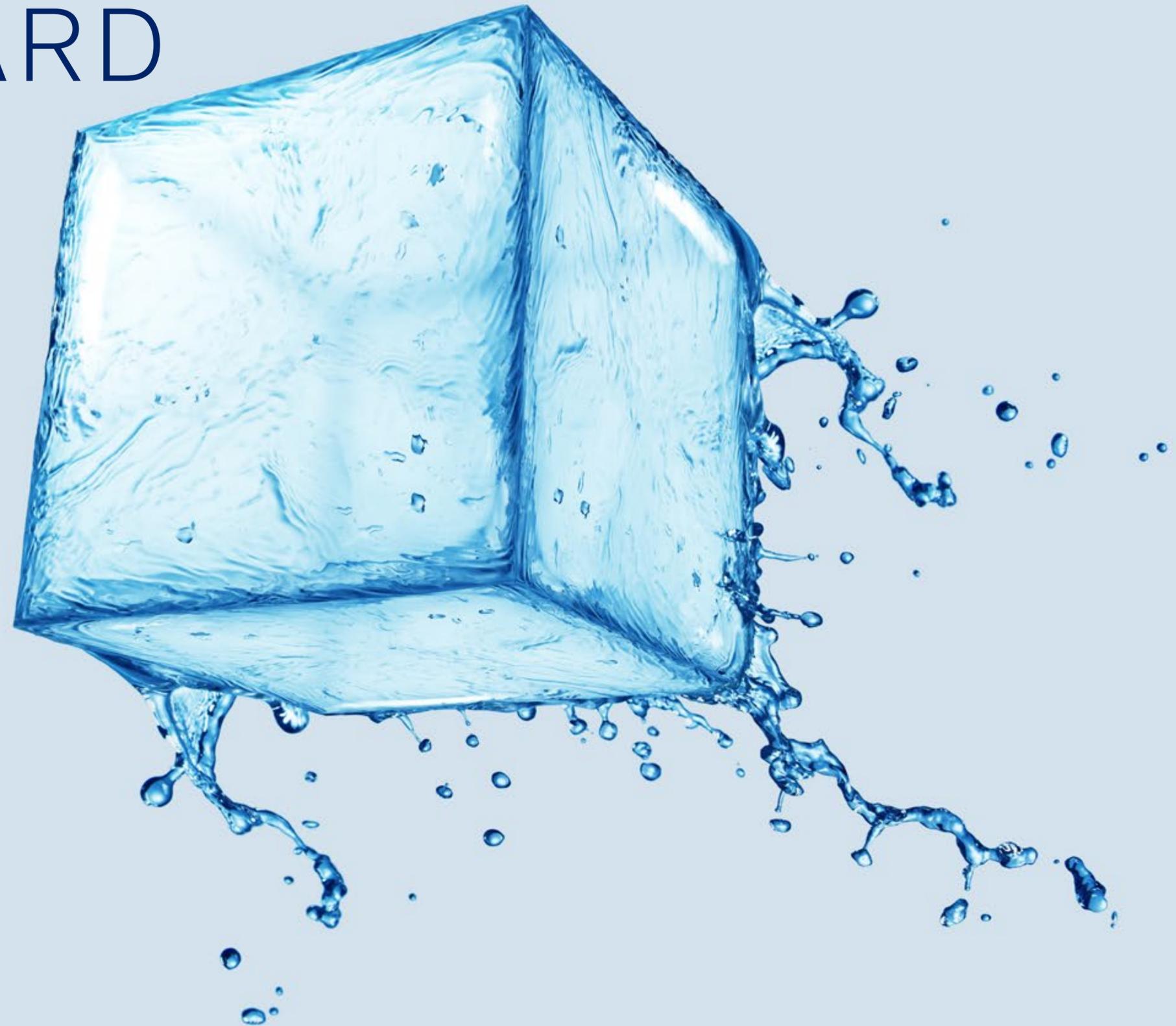
Thanks to all the activities we carry out within the scope of business ethics, there is no investigation or lawsuit against our company for anti-competitive behavior. Likewise, we do not have any case or penalty for bribery and corruption.



In all areas in which we operate, we adopt the principle of complying with laws and regulations on anti-competitive behavior, corruption and bribery, and universal rules of law.

MOVING FORWARD WITH AN INTEGRATED PERSPECTIVE

At DeFacto, we derive our strength from the value we create for all our stakeholders. In the light of this value that we have created with our integrated thinking structure that enables us to establish a link between our understanding of sustainability and our corporate strategy; we move towards our goals with “determination” by taking into account our focus on environment, people and innovation.



WATER IS STABLE

OUR SUSTAINABILITY STRATEGY

Since the day we were founded, we aim to **make a difference** in all the geographies we exist in and in every step we take. From our products to our merchandising approach, from our digitalization journey to our people-oriented business approach, we believe that our **sustainability perspective is behind every moment we succeed in making a difference.**

For 10 years, we have been taking firm steps forward on our sustainability journey, we set out with this understanding while creating our integrated perspective and we align our sustainability strategy **under 3 focus areas in order to make a difference for good.**

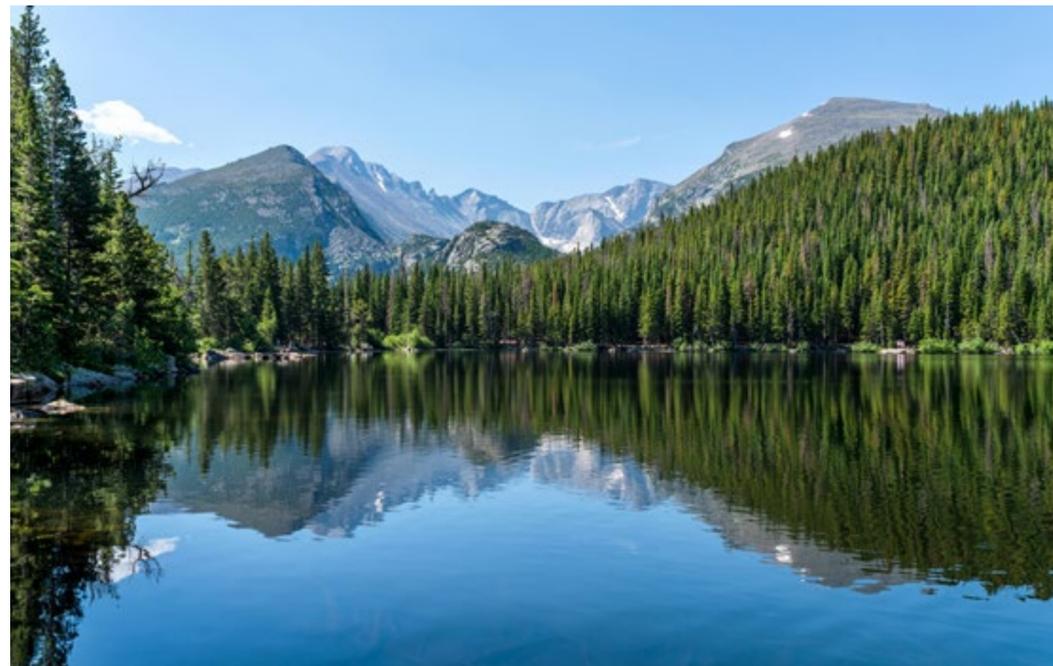
As we continue our journey to this end, we draw our strength from the value we create for our stakeholders.

We are “Inspired by Nature” as we seek ways to use our existing resources more efficiently. We **“Grow People-Oriented”** thanks to our people-oriented business approach and the support of all our stakeholders, especially our employees, throughout our value chain. At the end of this journey, we **“Create Economic and Innovative Value”** with the innovative products we launch with the power of technology and digitalization and our operations all over the world.

With operations in 100 countries, we have the power to transform and influence a wide ecosystem. By utilizing this transformative power, we aim to increase the sustainability awareness of all stakeholders we touch, in addition to the transformation of our own business.

We make a difference

We align our sustainability strategy under **3 focus areas** in order to make a difference for good.



OUR SUSTAINABILITY STRATEGY

We see the **3 focus** areas that make up our sustainability approach and every step we take in this context as differentiators that carry us to future success and our world to a better future. We determine our priorities under our sustainability focus areas based on the issues that most need **to make a difference** in our sector and trigger transformation for the better. At the point we have reached in our sustainability journey, today, we are integrating our corporate and sustainability strategies and aiming to create a strategic model that draws strength from each other. At the end of this journey, we aim to quickly reach our **“north star”** where we aim to be the fashion back that offers the best personalized shopping experience as DeFacto, which is sustainable and makes a difference.

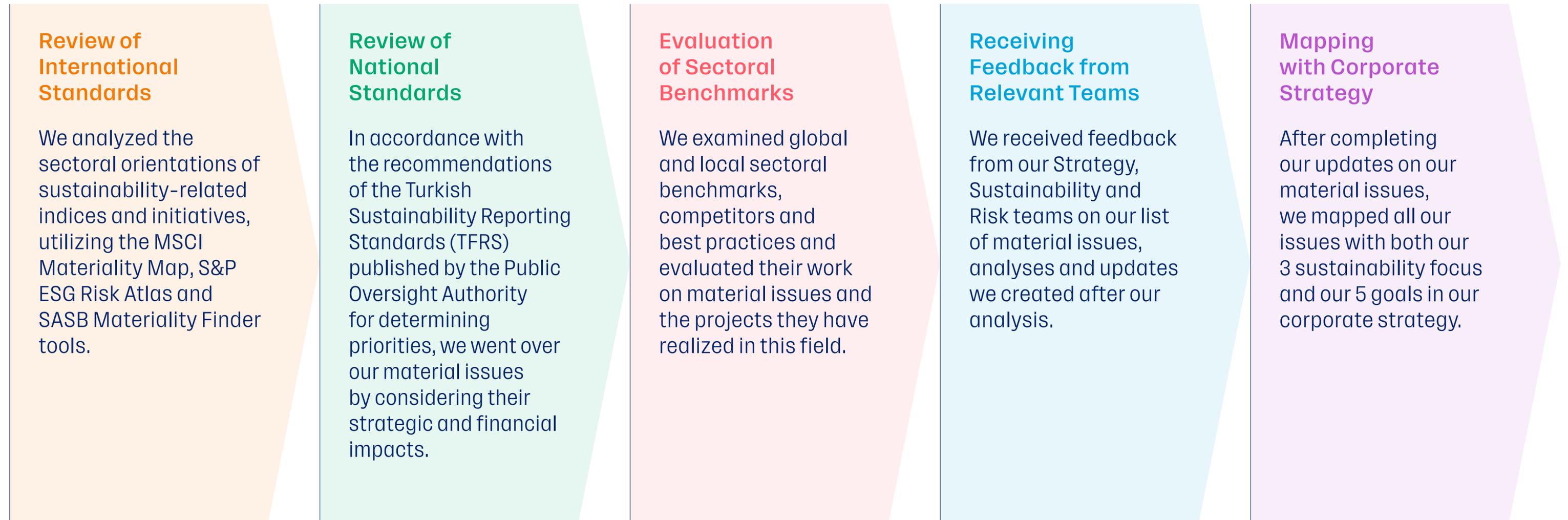


OUR MATERIALITY ANALYSIS

We know that it is of great importance to set the right goals in the world of sustainability and to allocate our resources to the issues where we can manage our impact in the best way possible. For this reason, after determining our sustainability foci, we conducted studies to identify the issues where we will develop projects that will make a difference in these foci, maximize our performance and set targets. We looked for ways to expand our sphere of influence in areas where

we can create a positive impact, while looking for answers to where our possible negative impacts are concentrated within our sector and business model and how to turn the direction of this impact into a positive one. We also map the capital elements in our integrated thinking model, which we see as a means of creating value, in relation to these foci and material issues. Thus, we aim to manage our resources and outputs in the most effective way. We built our materiality analysis on this perspective.

In 2022, we conducted a materiality survey with nearly 100 stakeholders, and this year we took certain steps to update it with our *integrated thinking model*.



OUR MATERIALITY ANALYSIS

As a result of our materiality analysis that we updated after these steps, we classified our material issues into 3 categories. We intensify our efforts within the scope of our sustainability focus with 9 very high priority, 10 high priority and 3 material issues.



OUR INTEGRATED THINKING APPROACH

Thanks to our integrated thinking, we connect our sustainability strategy with our corporate strategy and increase our impact in our journey to make a difference for good. We combine the strength of our corporate strategy, which has made DeFacto a global fashion brand, with our vision of becoming a sustainable fashion brand. In this way, we consider our focus on environment, people and innovation while pursuing our corporate goals.

Our Focus Area	Our Material Topics	Corporate Strategic Focuses	Capital Items We Create Value	Contributed SDGs
<p>We Are Inspired by Nature</p> 	<ul style="list-style-type: none"> Climate Crisis and Energy Management Efficient Water Consumption and Waste Water Circularity and Waste Management Management of Hazardous Chemicals Responsible Supply Chain Management Sustainable Products Sustainable Raw Material Management 	<ul style="list-style-type: none"> Triple Productivity with JUMP Create the Perception of Worth More Than I Pay Be the Most Desirable Company to Work for Suppliers and Employees in the Sector 	<ul style="list-style-type: none"> NATURAL CAPITAL SOCIAL AND RELATIONAL CAPITAL 	
<p>We Grow People-Oriented</p> 	<ul style="list-style-type: none"> Human Rights and Fair Working Conditions Diversity, Inclusion and Equal Opportunity Talent Management and Development Employee Health, Safety and Welfare Employee Engagement and Satisfaction Contributing to Society Customer Satisfaction and Loyalty 	<ul style="list-style-type: none"> Triple Productivity with JUMP Be the Most Desirable Company to Work for Suppliers and Employees in the Sector 	<ul style="list-style-type: none"> HUMAN CAPITAL SOCIAL AND RELATIONAL CAPITAL INTELLECTUAL CAPITAL 	
<p>We Create Economic and Innovative Value</p> 	<ul style="list-style-type: none"> Sustainable Economic Impact R&D and Innovation Product Safety and Quality Protection of Intellectual Property Rights 	<ul style="list-style-type: none"> Grow by Gaining New Customers and Increasing 3-Digit Profitability Make a Difference with Personalized and Comfortable Shopping Experience Create the Perception of Worth More Than I Pay 	<ul style="list-style-type: none"> FINANCIAL CAPITAL MANUFACTURED CAPITAL INTELLECTUAL CAPITAL SOCIAL AND RELATIONAL CAPITAL 	

OUR VALUE CREATION MODEL

We believe that the inputs and outputs of each of our capital elements are interchangeable.

As our sustainability strategy comes together with our corporate strategy and gives way to our integrated thinking, the most important step is our value creation model. Our value model, which centers on our motto “We make a difference for the future for good”, reveals how we create value for all our stakeholders with the resources we have and use.

Through this model, we describe what the six capital elements defined by the Integrated Reporting Framework mean to us, as well as the value we create under these elements. In our table where we build our integrated thinking, we reveal the connection between our focus areas, material issues, corporate strategy and capital elements, while in our value creation model, we align the outputs we achieve and the value we create thanks to this synergy.

We believe that the inputs and outputs of each of our capital elements are interchangeable. For example, we differentiate ourselves within the sector through our R&D investments, one of our intellectual capital inputs, and contribute to profitability, one of our financial capital outputs. Thanks to this transitive movement in all our capital items, we maximize the contribution and experience of working together between our operations and units.



FINANCIAL CAPITAL

With our investments, strong capital and subsidiary structure, we define our assets that contribute to our multi-channel growth target in all geographies where we are present and where we aim to be, and all financial items that create sustainable economic impact as our financial capital.



SOCIAL AND RELATIONAL CAPITAL

We manage our relationships with all our stakeholders with a value creation perspective. We define our contribution to the development of our suppliers, customers and stakeholders from all segments of society as our social and relational capital.



MANUFACTURED CAPITAL

We define our physical and online stores that enable us to provide uninterrupted service to our customers, our facilities where we carry out our production and design processes, and the tools we use to ensure a fast supply and logistics network as manufactured capital.



INTELLECTUAL CAPITAL

While working with a focus on growth, we see new designs, innovative approaches we develop through collaborations and the steps we take in digitalization as our intellectual capital.



HUMAN CAPITAL

Depending on the principles we define in DeFacto DNA, we define all our investments and projects that we aim to increase the competencies, loyalty and happy moments of our employees as our human capital.



NATURAL CAPITAL

We define all of the natural resources we use in our operations throughout our value chain as our natural capital. We aim to minimize our use of natural capital inputs with our goals and projects that focus on “Inspired by Nature”.



FINANCIAL CAPITAL

- 8.2 billion TL equity capital
- Over 787 million TL investment expenditures
- Diversity of financing
- Effective and systematic risk management approach



MANUFACTURED CAPITAL

- 290 physical stores in Türkiye and 195 Overseas
- 32,526 m² sales area with 40 franchise stores
- Design Center approved by the Ministry of Industry and Technology
- 9 sub-brands
- 67 warehouses with a widespread and efficient warehouse network
- Cerkezkoy e-commerce center
- Physical and digital store investments
- Green transportation concept



NATURAL CAPITAL

- Total energy consumption
- Total water consumption
- Project investments targeting emission reduction
- Project investments targeting water consumption reduction
- Sustainable and innovative product approach
- Rate of use of raw materials with certified sustainability
- Sustainable raw material utilization studies
- Better Cotton Initiative membership
- Transition to eco-label



INTELLECTUAL CAPITAL

- Over 96 million TL R&D and Design Center investments
- Nearly 50 million TL R&D and Design Center incentives
- 99 member Design Center team
- Smart design warehouse investment
- 239 trademark registrations during the year
- Information technology investments
- Digital solutions that support customer experience



SOCIAL AND RELATIONAL CAPITAL

- The social responsibility approach we created with the Happiness Ambassadors Group (MEG)
- Contribution to employee ecosystem in 100 countries
- 393 suppliers actively working with
- Sustainable supply chain understanding
- Supplier development and evaluation programs
- Seamless communication with customers
- Apps that enhance customer experience



HUMAN CAPITAL

- 12,981 employees
- Diverse, inclusive and equitable work environment
- Happy Woman Movement
- Competent and individualized training programs with DeFacto Business Academy
- Transparent and fair performance management tools
- "Right job, right person" philosophy
- Happiness Apps
- Proactive employee health and safety actions

OUR VALUE CREATION MODEL



Output / Indicator

- 30.4 billion TL revenue
- 4.6 billion TL export contribution
- 47,627,761 TL corporate tax and 228,420,418 million TL VAT refund payment

Stakeholder Group for which Value is Created

- Management and Shareholders
- Investors
- Financial Institutions and Banks
- Organs of State

- Meeting DeFacto products with customers in 100 countries
- Annual production capacity
- Sales ratio of physical and digital stores
- Emissions avoided through green transportation efforts
- Amount of fuel saved through green transportation efforts

- Customers
- Employees
- Business Organizations
- Suppliers

- Energy efficiency achieved
- Water efficiency achieved
- Amount of emissions avoided
- Amount of material recovered after circularity studies
- Share of sustainable products in DeFacto collections
- Rate of organic cotton use in DeFacto collections
- Rate of recycled cotton and polyester use in DeFacto collections
- Sustainable viscose utilization rate in DeFacto collections
- Proportion of FSC-certified labels

- Customers
- Suppliers
- Certification Bodies

- Completed 17 R&D projects
- 5 inhouse digital transformation products
- 7 different patent and design registrations
- 12 copyright received
- Completed 3 information security and cyber security projects
- More than 14 million DeFacto Gift Club members
- Nearly 2 million sales made with the Pay in Store app
- Child-Baby product innovations

- Employees
- Customers
- Universities
- Business Organizations

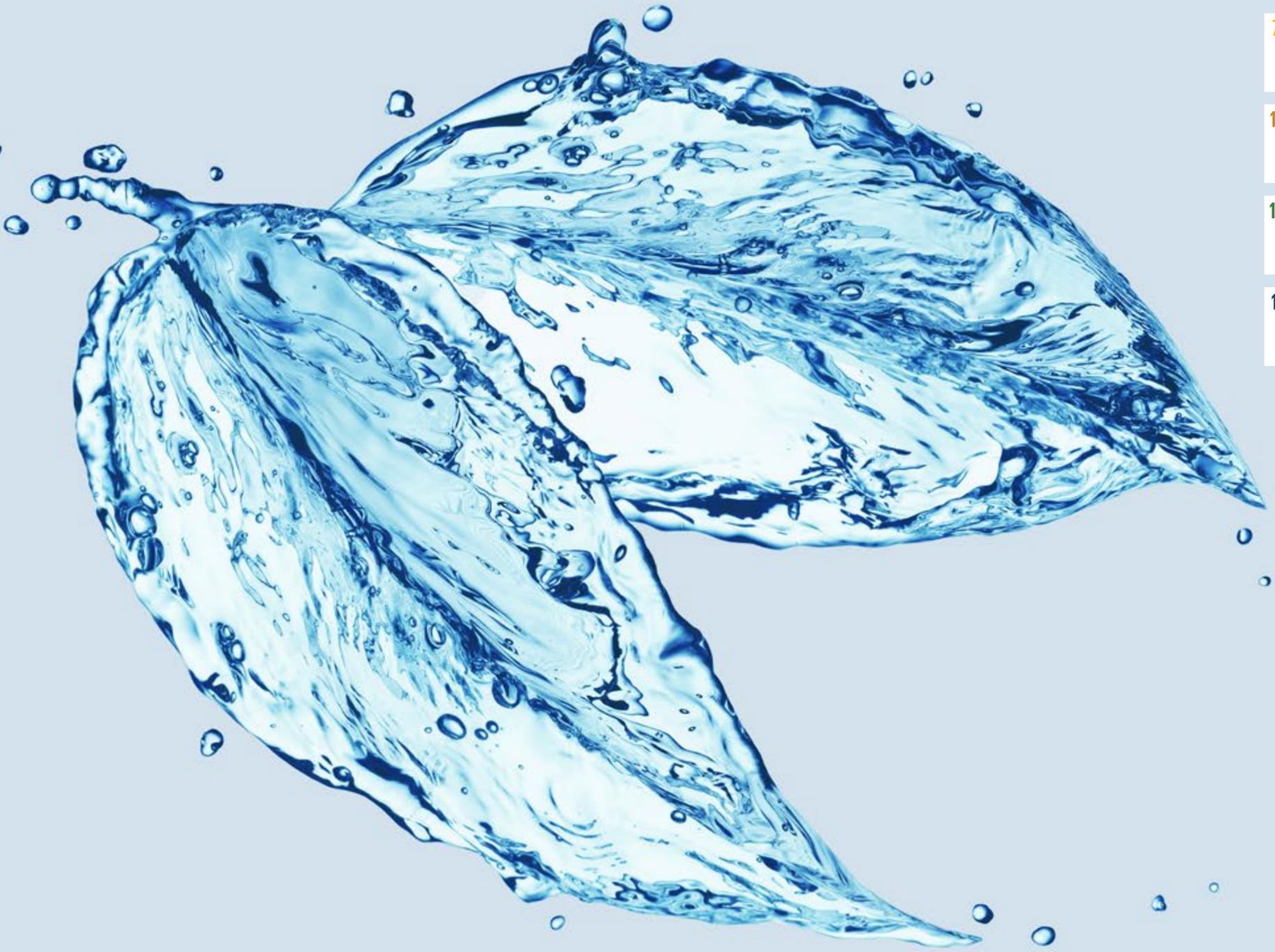
- Over 4,500 students reached through the Fabric Dreams social responsibility project
- 124 social responsibility projects we realized with MEG in 9 years
- Employment contribution with 9,224 employees hired during the year
- 94% youth employment under 30 years of age
- Proportion of local suppliers
- Increase of suppliers in the green category

- Civil Society Organizations
- Associations and Member Institutions
- Suppliers
- Customers

- 60% female employees, 43% female managers
- 63% Generation Z employees
- 75% employee experience and 77% employee motivation rate
- 9% reduction in employee turnover rate
- Successful filling of vacancies with internal talent
- 360-degree performance evaluation of 2,197 employees
- 456.089 hours of training in total and 35,14 hours per employee

- Employees
- Universities

WE ARE INSPIRED BY NATURE



“We are inspired by nature” as we look for ways to use our existing resources more efficiently. In 2050, we set out with the goal of becoming net zero in our own operations; we continue to run towards our goals focused on water consumption, sustainable raw material use and sustainable packaging.



WATER IS NATURAL



NATURAL CAPITAL



SOCIAL AND RELATIONAL CAPITAL

OUR PERSPECTIVE ON MEGA TRENDS AND RISKS



MEGA TREND IMPACTS

- Defining climate crisis adaptation and avoidance actions
- Increase in global, regional and local regulations on the environmental focus of sustainability
- Accurate and efficient management of climate-related impacts in my supply chain
- Raw materials and the climate crisis
- Management of natural resources and chemicals in the textile industry



CHALLENGES FACED

Accurately defining the steps taken to prevent climate change and determining the necessary actions and roadmaps to achieve the targets are critical throughout the entire value chain. In this process, it is expected that the actions and progress towards the announced targets are transparently disclosed. Compliance with increasing legal regulations to combat the climate crisis is among the priority risks for commercial and operational sustainability. Responsible management of the supply chain, which has a major role along the textile industry value chain, with a focus on the environment and limiting impacts is expected. Supply chain management needs to be designed in the most effective way so that sustainable raw material supply is not disrupted as a result of extreme weather events, water scarcity and stress that may be experienced as a result of the climate crisis.



ENTERPRISE RISK MANAGEMENT COMPLIANT RISK CATEGORY

Operational Risk

Strategic Risk

Chronic Physical Risk

Reputation Risk

Compliance Risk



POSSIBLE RISKS

- Resource crisis and/or difficult access to resources as a result of the climate crisis
- Risk of interruption of production and operation in case of an energy crisis (power outages, etc.)
- Negative impact on business objectives as a result of the global supply chain crisis
- Risk of changing customer preferences due to changes in climate conditions and failure to adapt to this situation in an agile manner
- Risk of disruption in access to raw materials and production due to increased water scarcity and water stress
- Disruption of raw material supply and logistics operations due to extraordinary weather events caused by the climate crisis
- Negative impact on the environment and human health as a result of unsafe and ineffective management of hazardous chemicals used in the sector
- Loss of reputation as a result of incomplete or misleading statements regarding environmental and sustainability actions
- Damage to brand value in possible non-compliance with environmental-oriented legal regulations
- Failure to comply with global and national legal regulations announced/planned for carbon markets and taxation

FIGHT AGAINST CLIMATE CRISIS

We see the climate crisis as one of the most serious problems facing the world. As one of the leading players in the apparel and fashion industry, we take responsibility to prevent the deepening of the crisis, adapt to the changing conditions caused by climate change and minimize its impact. We strive to reduce the environmental impact of our products in all our activities, aim to zero our carbon footprint and work with our stakeholders in this context.

We prioritize many issues in our understanding of combating the climate crisis, which is based on working together with our stakeholders and mobilizing our entire ecosystem. These priorities include reducing and zeroing our carbon footprint resulting from our operations, minimizing the need for water in our production processes and designs, supporting circularity by using our textile wastes as input in different areas, and investing in sustainable products in terms of design, raw material use and product features.

Utilizing the power of our innovation capability, we create products with sustainable features in our collections and designs and break new ground in the sector.

HOW DO WE MAKE A DIFFERENCE?

In order to combat the climate crisis, we have SMART targets in many areas from our raw material preferences to our designs, from energy and water use to waste reduction. In line with these goals, we aim to be a net zero company by 2050. We use the innovative perspective we use in our designs and products to minimize our impact on the environment, and we create collections that are a first in our industry.

OUR POLICIES

- Environmental Policy
- Energy Policy

WHICH FIRSTS DID WE BREAK?

- Olive Leather Collection made entirely from olive leather
- The first domestic brand to use Wiser wash technology
- We are one of the first two signatories of the United Nations Global Compact (UN Global Compact) in the apparel and fashion industry in Türkiye.



OUR 2030 AND 2050 TARGETS

In the road map we prepared, we set ambitious targets for ourselves in 2023, 2030 and 2050 in every issue we prioritized within the scope of combating the climate crisis. We have made significant progress in the targets we set for 2023.

- We have ensured that 20% of our ready-to-wear collection is sustainable and we are one step closer to our target of 35%. We have put in place plans to achieve this target in the coming year.
- In our target of using 20% sustainable cotton and recycled fiber in our raw materials, we achieved 15% Better Cotton certified cotton and 3% recycled fiber. We aim to fulfill this commitment in the coming period.
- In order to ensure that 100% of our shopping bags, cardboard, paper and other packaging is sustainably FSC certified, we have made all of our price tags FSC certified. At the same time, we have ensured that our inner labels with washing instructions are made of 100% recycled materials and 70% of our waist labels are made of FSC certified materials. We create our product packaging packages from 100% recyclable packaging.
- In line with our zero waste target, we have been awarded a Zero Waste Certificate at all our locations to ensure that all waste generated in our offices, logistics centers and stores is recycled or reused.

With these steps, we are making progress in all of our 2030 targets and we are taking firm steps towards our ultimate goal of becoming a net zero company in 2050.

2030



Ensuring that **90%** of our Ready-to-Wear Collections are sustainable



Reduce our Scope 1 and 2 greenhouse gas emissions by **55%**



Reducing our Scope 3 emissions by **51.6%** per TL value-added within the scope of goods and services purchased



Reduce water impact in our supply chain by **25%**



To obtain **100%** of the electricity used in our operations from renewable sources

2050

Zero emissions from our operations

Become a climate-positive brand in the following periods



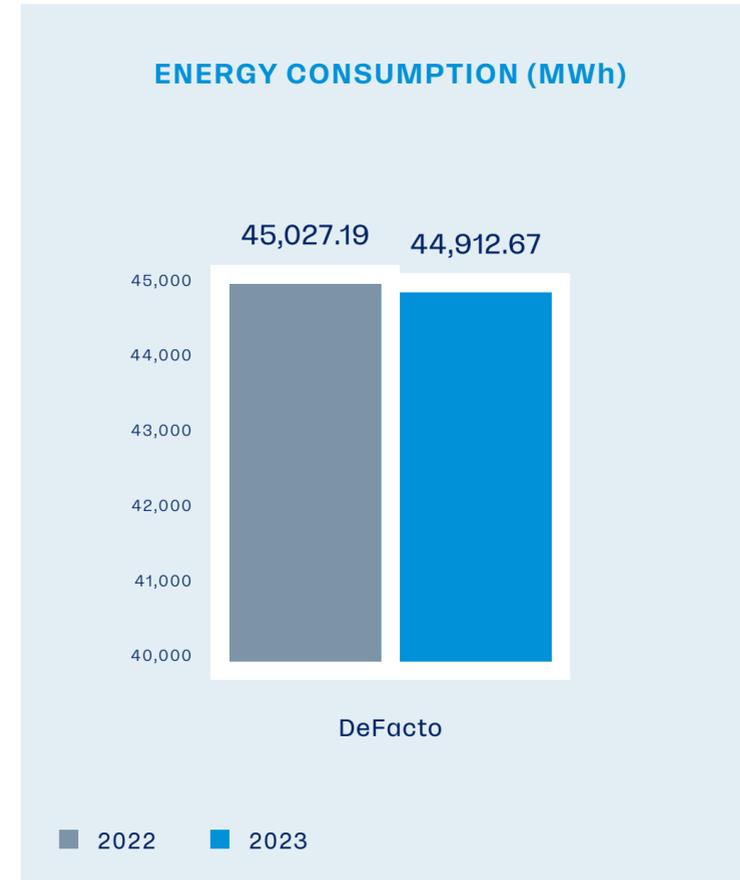
ENERGY MANAGEMENT AND GREENHOUSE GAS EMISSIONS

In order to reduce our Scope 1 and 2 greenhouse gas emissions, which we are committed to reduce by 55% in 2030 and 100% in 2050, we follow a process starting from energy management. We advance our energy management processes in accordance with the ISO 50001 standard, and we see **our Energy Policy**, which we have created in accordance with these criteria, as a guide to support our operations.

We attach importance to regular data monitoring within the scope of energy consumption reduction and efficiency. We monitor our energy consumption broken down on the basis of our operations. We identify our energy road steps and prioritize these areas. **In 2023, our total energy consumption amounted to 44,912.67 MWh. With the solar energy systems in our Çerkezköy warehouse and Basın Ekspres Caddesi store, we consumed 269.18 MWh of renewable energy.**

We are working on renewable energy solutions and developing energy efficiency projects to reduce our energy consumption from fossil fuels, one of the most important causes of climate change. In order to reduce energy consumption from our own operations, we focus on energy efficiency in lighting and air conditioning in our stores and buildings, and lighting and automation systems in our warehouses.

As a growth-oriented company, we carry out store transformation activities in order to keep our energy consumption within a certain limit with the increase in the number of our stores. Switching to LED systems in lighting systems and using energy-friendly air conditioning systems are among the steps we take in this context.



Ozon Tekstil took an important step in energy management processes in 2023. The project aims to provide the energy used in production processes in factories from renewable sources in order to reduce energy consumption from fossil fuels and to reduce greenhouse gas emissions. In 2023, 120,000 MW of I-REC certified green energy will be used in this context, while 100% renewable energy use is aimed in 2025.





The point where we want to get the most results with efficient energy management processes is the reduction of our greenhouse gas emissions. We calculate our greenhouse gas emissions for DeFacto and Ozon Tekstil in accordance with ISO 14064 standard. In 2023, DeFacto emitted 4,590.9 tons of CO₂e Scope 1 and 15,884.91 tons of CO₂e Scope 2 emissions. Thanks to our performance this year, we reduced our greenhouse gas emissions by 11.16% compared to the previous year, bringing us one step closer to our 2030 and 2050 targets.

Thanks to our performance this year, we reduced our greenhouse gas emissions by **11.16%** compared to the previous year, bringing us one step closer to our 2030 and 2050 targets.

- #### Scope 3 Categories We Include in Our Emissions:
- Purchased goods and services
 - Fuel and energy related activities
 - Upstream transportation and distribution
 - Waste generated in operations
 - Business travel
 - Employee transportation
 - Upward leased assets
 - Downstream transportation and distribution
 - Use of products sold
 - End-of-life operations of products sold
 - Franchises
 - Investments

As we continue our work in this direction, we are working on a roadmap to reach our net zero target. Our goal is to make our 2050 net zero target a science-based target and to move forward with the approval of the Science Based Target initiative. In this context, we are aware of the importance of the emissions we cause indirectly throughout our value chain as well as our emissions from our own operations. We measure and monitor our Scope 3 emissions in 13 different items.

Our total emissions in all these categories increased slightly compared to the previous year and amounted to 439,893.19 tons of CO₂e. The highest share in our Scope 3 emissions was measured in the purchased goods and services step with 59%. This category was followed by the use of products sold with a share of 24%.



GREEN LOGISTICS STUDIES

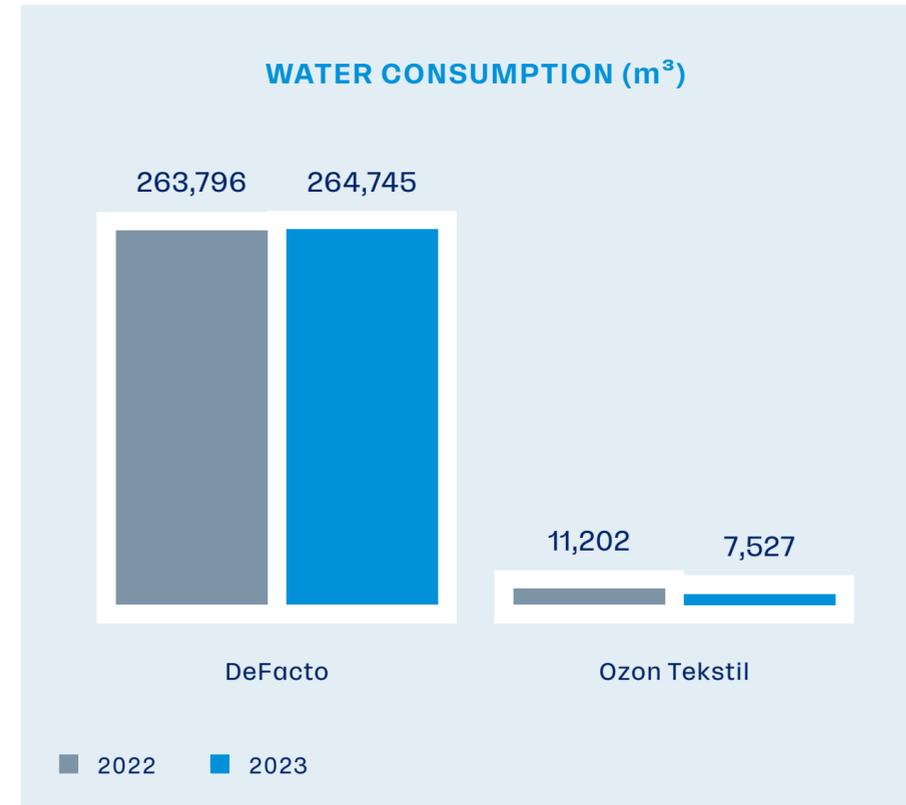
We follow sustainable logistics activities to limit our greenhouse gas emissions. We cooperate with contracted logistics companies to use transportation models with lower greenhouse gas emission impact. We aim to reduce our environmental impact by following intermodal transportation practices, defined as transportation using at least two different modes of transportation without changing the transport container. In 2023, in our transportation activities with Mars Logistics, we carried out our product shipments by train and road transportation, mostly by sea. In this way, **we prevented 27.5 tons of CO₂e greenhouse gas emissions compared to traditional land transportation and saved 1,250 trees.** We also pursued green transportation alternatives with Ekol Logistics, another logistics partner, and thus managed to prevent 5.4 tons of CO₂e greenhouse gas emissions and save 245 trees.

EFFICIENT WATER CONSUMPTION AND WASTE WATER

Our understanding of efficient water consumption consists of two pillars: reducing our water consumption from our own operations and creating our products with raw materials and production processes that require less water use, starting from the design stage. Within this framework, we believe that accurate measurement of the water footprint and setting targets based on accurate data play an important role. We first conducted a water footprint study on the water used by our headquarters, warehouses, high street stores and suppliers for the production of our products, which we started in 2022. This year, we continued to measure our performance in this area.

Our efforts to reduce water consumption, starting with raw material procurement, begin with the use of fibers produced using lower amounts of water. In our production processes, we strive to develop water-efficient production techniques. In addition to our efforts to use water efficiently, we act with the understanding of permanent and continuous savings that will fundamentally reduce our water use. **In 2023, we caused a water footprint of 264,745 m³ within the scope of our direct water consumption. Our water consumption resulting from indirect processes such as material consumption for products sold and packaging, disposal of products sold, and wastewater augmentation amounted to 93,482,755.49 m³. Ozon Tekstil reduced its water consumption by 33% compared to the previous year and consumed 7,527 m³ of water during the year.**

We attach great importance to the reduction of water use in our value chain through our collections and designs. We produce our collections with the perspective of protecting water resources from the design stage and with environmentally friendly production techniques. We use materials that are certified to consume less water such as certified LENZING™, ECOVERO™ viscose, European Flax™ linen fabrics.



Our waste water management is part of this approach. We discharge our wastewater in accordance with legal regulations and legislation. We direct all domestic wastewater from our Headquarters and logistics operation centers to municipal treatment centers.

In 2030, we want our suppliers to have DeFacto's principles and perspective on water and wastewater management within the scope of our goal to reduce the water impact by 25% in our supply chain, which is one of the critical parts of our value chain. In this direction, we aim to increase the awareness of our suppliers and to realize collaborations that will reduce water use.

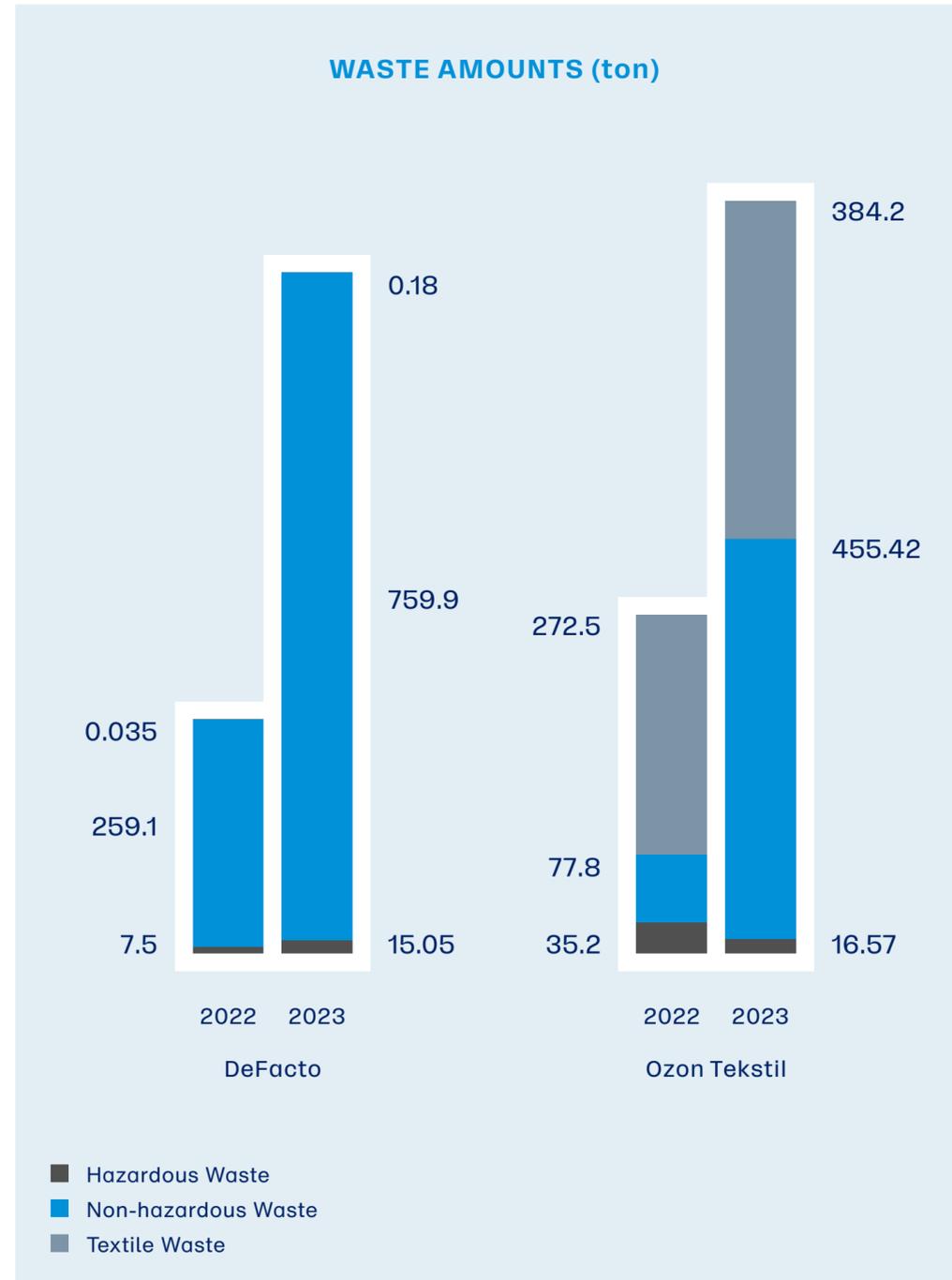


Within Ozon Tekstil, it is aimed to reduce domestic waste water use by 5%. Within the scope of the Green Ozon project, 3% water saving was achieved by installing water-saving faucet apparatus in the sinks used for hygiene purposes in order to reduce domestic water use. In order to reduce water use in production processes, a water-efficient process improvement step was taken by starting to perform printing mold washing processes with a pressurized water gun and 2% water saving was achieved.

CIRCULARITY AND WASTE MANAGEMENT

One of the key themes behind our motto “We are inspired by nature” is circularity. According to an assessment by the Ellen MacArthur Foundation, every second, a garbage truck full of clothes is incinerated or buried in the garbage. While textile waste poses a significant threat to the industry we are in, we take steps to reduce waste in many steps from our production processes to the utilization processes of our products. In this context, we adopt circular business models that reuse products and resources as much as possible before ultimately recycling them to reduce our impact on the climate. We see it as part of our workflow to utilize existing resources without depleting them.

In 2023, we generated a total of 775.2 tons of hazardous and non-hazardous waste. 63% of our 759.9 tons of non-hazardous waste, which constituted 98% of our total waste, was paper and cardboard packaging. Ozon Tekstil generated 16.57 tons of hazardous waste, 455.42 tons of non-hazardous waste and 384.2 kg of textile waste. Within the scope of Ozon Tekstil, 100% of non-hazardous waste and 96.5% of total waste was recycled.



We reuse products that can be recycled in all our operations and locations. With the Zero Waste principle, we work towards our goal of ensuring that all waste, including textile waste, generated at our head offices, logistics centers and stores is recycled or reused. The basis of our circularity approach is to reuse waste as products and resources as much as possible before sending it for final recycling. When this is not possible, we recycle our wastes in a way that does not have a negative impact on the environment. We dispose of our wastes containing or contaminated with residues of hazardous substances resulting from our activities in accordance with the relevant legal regulations.

In this context, reducing the amount of cardboard boxes, paper and plastic packaging used in our shipment processes is among our priorities. In this area, we carry out studies on reuse as well as improvements in the operations in our warehouses. In 2023, we continued to work to reduce our parcel usage and thus minimize the use of materials caused by packaging.

At the same time, **With the Digital Sales Document project developed by DeFacto Technology in direct proportion to its digital retailing focus and the principle of “It’s your world, treat it well”, we increased our rate of sending digital sales documents to 58.63% of all sales in 2023. In this way, by sending a total of 16,709,814 digital sales documents, we saved 22 tons of paper and achieved a financial saving of nearly TL 2 million. In our B2B and B2C processes, we cut a total of 12,242,295 delivery notes using e-dispatch notes, using completely digital methods.**

We paid attention to selecting reusable materials for our pallet use in our warehouses, and during the year, we selected 9,287 pallets from reusable materials, preventing the purchase of new pallets. **In addition, thanks to the project we developed to reuse our parcel packaging, while we shipped approximately 3,842,331 parcels of products, excluding non-commercial ones, to all channels, we received only 723,080 new parcels and realized 81% of the total traffic with the parcels we reused.**

Waste generation from our packaging is another part of our understanding of circularity and waste management. As we strive to reduce packaging waste, we also work to minimize the environmental impact of our existing packaging. During the year, we took important steps towards our goal of having 100% of our shopping bags, cardboard, paper and other packaging sustainably FSC certified. We made all of our price tags FSC-certified. At the same time, **we ensured that our inner labels with washing instructions are made of 100% recycled materials and 70% of our waist labels are made of FSC-certified materials. We create our product packaging packages from 100% recyclable packaging.**

Saving 22 tons of paper
9,287 reused pallets
81% reused parcels



Ozon Tekstil, one of our largest suppliers and our subsidiary, continues to work on circularity and waste management. With the Recycling Ozon and Upcycling Ozon projects, it takes important steps that bring a circularity perspective to production and waste management processes. Within the scope of the Recycling Ozon project, it transforms the waste fabrics from production into fiber again in cooperation with accredited recycling companies and restarts the life cycle. With the Upcycling Ozon project, it accelerates its upcycling efforts by transforming raw materials, which are the output of production, into works of art with the participation of its employees. In addition to these special projects, improvements in production processes aim to reduce production-related waste. In all contract operations, a project is carried out in which the waste fabrics from production are collected at the collection center, sorted and recycled and brought into the life cycle.

SUSTAINABLE RAW MATERIAL MANAGEMENT

All materials have an impact on the environment from their production to their use and ultimately to their end-of-life and disposal. As DeFacto, we aim to sustainably source 90% of our products by 2030 in order to reduce our environmental impact and increase the sustainability of the raw materials used in the production of our products.

In this target journey, the share of these sustainably supplied products in all DeFacto ready-to-wear collections increased by 6% compared to last year and amounted to approximately 21% in 2023. In addition to our ready-to-wear products, we also care that our accessories within our products have sustainable features. While 50% of all trims were sustainably sourced in 2023, we aim to increase this ratio to 100% in 2024. We also produce 100% of our metal buttons from recycled materials and provide 100% recycled shopping bags to our customers.

ORGANIC COTTON

Ecologically grown cotton is grown without chemical pesticides or fertilizers and does not contain genetically modified organisms (GMOs). This helps to preserve seed biodiversity and soil fertility. This process benefits climate change mitigation by limiting water consumption and greenhouse gas emissions.

Working with the awareness of these benefits of organic cotton, DeFacto uses only ecologically grown cotton certified by the Organic Content Standard (OCS) or Global Organic Textile Standard (GOTS), which controls the entire process from raw material to the final product.

BETTER COTTON MEMBERSHIP



We are the second Turkish member of Better Cotton, a non-profit organization that educates farmers on the principles of honorable work, efficient water use, and soil and natural environment protection. Better Cotton is supplied through a chain of custody model called mass balance, where Better Cotton farmers benefit from demand for Better Cotton in volumes equivalent to the quantities supplied.

With our Better Cotton membership, which supports environmental health and the development of cotton farmers, we support more than 2.4 million cotton farmers in 25 countries, including Türkiye, to implement sustainable agriculture principles. As a result of our Better Cotton membership, which we launched in 2022, we plan to realize 16% of our total cotton consumption as Better Cotton by the end of 2023 and increase this rate to 50% in 2027.

The share of these sustainably supplied products in all DeFacto ready-to-wear collections increased by **6%** compared to last year and amounted to approximately **21%**

We plan to realize **16%** of our total cotton consumption as **Better Cotton** by the end of 2023 and increase this rate to **50%** in 2027.



RECYCLED COTTON AND POLYESTER

Another issue in our sustainable raw material focus is the use of recycled cotton and polyester, which is also an indicator of our circularity approach. Thanks to these raw materials, which are made from textile residues from production or post-consumer textile waste from collected garments, we reduce the use of virgin materials used in raw material production. At the same time, we contribute to reducing the consumption of water, energy and natural resources thanks to the classification, milling and blending of recycled yarn and raw yarn steps followed during the production of recycled raw materials.

We work in collaboration with our suppliers to create a circular system that enables textile waste to be used in new garments. In this context, we use recycled raw materials certified by the Global Recycled Standard (GRS) or Recycled Content Standard (RCS), which ensures control of the entire process from raw material to the final product.



SUSTAINABLE VISCOSE

Sustainable viscose is an all-natural material derived from trees grown for industrial purposes in a controlled manner and with programs that guarantee reforestation

This sustainable raw material, whose production process is water-friendly and reduces greenhouse gas emissions, helps us protect biodiversity and prevent climate change.

As DeFacto, we also benefit from the power of sustainable viscose material and use viscose fibers obtained from renewable wood resources certified by the Forest Stewardship Council® (FSC) or LENZING™ ECOVERO™ with an environmentally friendly production process that ensures the control of the entire process from raw material to the final product.



Our sustainable raw material focus also includes the use of *recycled cotton, polyester* and *viscose*, which is an indicator of our circularity approach.



SUSTAINABLE PRODUCTS

Our sustainability perspective includes triggering transformation not only in our own operations but also in our entire value chain. In this context, we work to ensure that our customers make sustainable choices, adopt sustainable shopping practices and minimize our environmental impact while creating our collections.

In order to make sustainable and eco-friendly shopping choices easier for our customers, we use sustainable raw materials and design sustainable collections that conserve the Earth's resources.

We offer these products with our DeFacto LIFE collections. Each **DeFacto LIFE** product is made from materials derived from sustainable sources such as organic cotton, Better Cotton cotton and recycled polyester. In addition, we develop production methods that save energy and water, thus reducing the negative impact on nature.

In 2023, in addition to these production and design practices, we introduced our customers to collections that have proven to have much less environmental impact than traditional methods.



OLIVE LEATHER COLLECTION

The environmental benefits of products produced from olive industry and other plant-derived wastes with minimal petrochemical use are measured twice as much as products produced with traditional production techniques. This approach, which we started with our 100% vegan apple leather collection made from apple peel and pulp, continues with our olive leather collection this year.

In our Olive Leather collection, which we designed with 100% vegan and recyclable materials, we used artificial leather produced from olive waste.

There were also pieces such as bags, wallets, belts and shoes in natural and classic colors with vegan olive leather, which does not contain any animal fibers such as wool, fur and silk and at the same time does not use animal substances at any stage of the production process. In this way, we avoided the use of unprocessed raw materials and prevented greenhouse gas emissions during the production phase.

While bringing approximately 300 grams of waste per square meter of fabric into production, we prevented the use of 400 grams of petroleum-based materials. We also reduced greenhouse gas emissions during the production phase by 94% with the use of vegan leather.

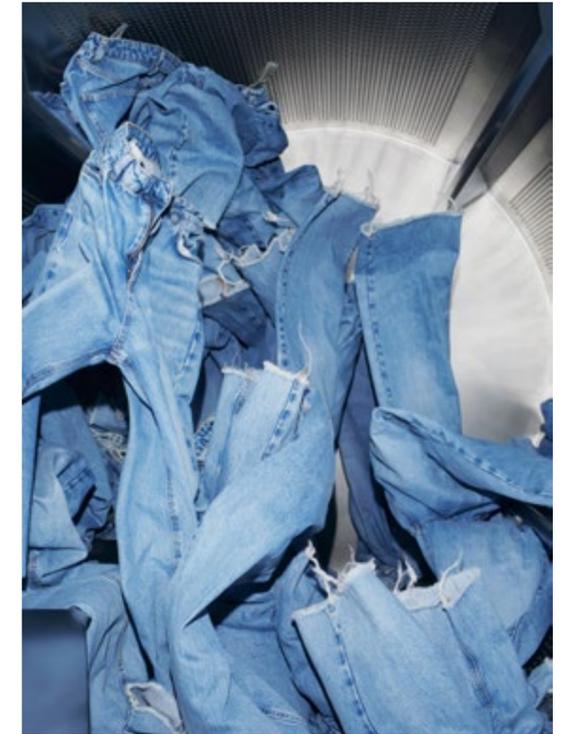
You can click [here](#) to take a closer look at our Olive Leather Collection.



WISER WASH SUSTAINABLE DENIM COLLECTION

This year, we designed a collection using Wiser Wash technology, which limits the environmental impact of denim fabric production. Using a mix of electric ozone gas and laser, Wiser Wash reduces the ecological and water footprint of products, resulting in more sustainable denim, while shortening the production process thanks to improved working conditions.

Thanks to its special treatment process, Wiser Wash significantly reduces water and energy consumption without affecting the desired result. While it normally takes 16 liters of water to bleach a pair of jeans, this process reduces it to just one glass of water. It also reduces climate change impacts by 59%.



[▶ You can click here to see the details of our Wiser Wash Collection.](#)

COMPARATIVE LIFE CYCLE ASSESSMENT: WISER WASH VS CONVENTIONAL WASH

We have conducted an important study to demonstrate the positive impact of Wisier Wash technology on the relationship between denim and the environment. We have completed a comparative life cycle analysis of a denim product using conventional washing methods and a denim model produced using wisier wash technology. With this comprehensive analysis focusing on comparing the environmental impact of two different production methods, we aimed to provide our customers with valuable information on the environmental impact of our products, enabling them to make informed decisions and choose low emission products. In the life cycle analysis, we adopted a cradle-to-grave approach and considered the entire life cycle, including raw material procurement, production process, packaging, logistics, and even the end-of-life use and disposal of the product. In the assessments we conducted using the IPCC 2013GWP100a method, the climate change impact category, ReCiPe Endpoint (H) V1. 13/ WorldReCiPe H/A calculation method. Denim produced using Wisier Wash, an innovative washing technology, produces the most emissions during the drying process, while reducing emissions from conventional washing by almost half. In addition, conventional washing uses much more water than modern washing. While 60 kg of water is consumed in conventional washing, 12 kg of water is consumed with Wisier wash. In addition, the washing phase of Wisier Wash causes much less wastewater than conventional washing.



FIGUS NATURAL DYE PROJECT

Another one of our sustainable collections is our FIGUS Natural Dyeing project. In the collection where only natural resources are used for dyeing and printing, natural plant extracts are used as dyestuffs, while bio resins, plant-based oils and clay are used as natural binders. In this way, chemicals such as metal mordants, aluminum salts, formaldehyde and azo dyes are not used in the dyeing of fabrics.



NATURAL COLORED COTTON COLLECTION

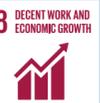
Our newest collection inspired by nature is our **natural colored cotton** collection. In our collection, which is produced from non-GMO colored ancestral cotton seeds, we designed home wear products, clothes for girls and boys, where we highlighted beige and light brown colors dominated by natural tones.

Since seed-colored cotton is produced without dyeing due to its nature, we used natural coloring without using chemicals with these cottons, which have natural tones by nature. With the collection, **we achieve energy and water savings of up to 35% and a 90% reduction in chemical use.**



WE GROW PEOPLE-ORIENTED

Thanks to the collaborations we realize throughout our value chain, the insights we gather and the support of our employees, we “Strengthen with our stakeholders”. We continue to create “value” for our employees and all our stakeholders with our human-centered perspective.



WATER IS PRECIOUS



HUMAN CAPITAL



SOCIAL AND RELATIONAL CAPITAL



INTELLECTUAL CAPITAL

OUR PERSPECTIVE ON MEGA TRENDS AND RISKS



MEGA TREND IMPACTS

- Change in employee expectations
- Gen Z effect in the workforce
- Accurate and effective management of human rights and labor impacts in the supply chain
- Impact of social impact and social investments on brand awareness



CHALLENGES FACED

Employees are more committed to companies that not only create financial value for the company but also take steps to respond to environmental and social concerns. In addition to the financial benefits provided to employees, ensuring company integration through development, training and communication tools plays an important role in preventing the risk of talent loss today.

In the supply chain, one of the main stakeholders of the sector, human rights, working conditions and traceability come to the fore beyond environmental responsibility. In this context, the adoption of an effective management approach comes to the fore in many areas, from disruption of operations to brand reputation.



ENTERPRISE RISK MANAGEMENT COMPLIANT RISK CATEGORY

Operational Risk

Reputation Risk

Compliance Risk



POSSIBLE RISKS

- Loss of quality employees in critical roles and responsibilities if employee expectations are not met
- High employee turnover and consequent disruption of business continuity in operations
- Lack of standardization in work output quality
- Loss of reputation as a result of a possible incident related to human rights and fair working conditions in the supply chain
- Non-compliance with business ethics and country-based legal regulations in the supply chain

At DeFacto, we make decisions and act by putting people at the center of every step we take. We define our human-centered business approach as continuing our activities by taking into account the impact we have on our employees, suppliers, customers and every social representative we touch in the geographies where we operate.

We strive to create an egalitarian work environment for **our employees**, where they can freely express their opinions, develop themselves while creating value for DeFacto and feel happy. We support **our suppliers**, with whom we work hand in hand while producing our products and supplying the raw materials required for production, to grow with us, and we care that they adopt our people-oriented way of doing business. We always pursue innovation and offer **our customers** quality, reliable and distinctive services and products. We work hard to make our customers' DeFacto experience the best it can be. We see benefiting **the society** we live in as one of our responsibilities, and we aim to create a long-term positive impact through our social investments.

OUR EMPLOYEES

Today, we are a big family of 12,981 people with our domestic and international employees, who are one of the biggest shareholders of DeFacto’s success. One of our priorities is to create a work environment where all our employees feel safe, adopt equal opportunity as a principle, and focus on employee development and happiness. Within this framework, we manage our relationship with our employees in accordance with the criteria in our DeFacto Business Ethics and Principles Handbook. **65% of our colleagues are full-time employees. White-collar and blue-collar employees make up 93% and 7% of our employee ecosystem, respectively.** When we look at our location-based employee distribution, 75% of our employees work in our stores, 17% in our head offices and 8% in our warehouses.



Our Ozon Tekstil family, which adopts the same working principles, consists of 677 employees. In Ozon Tekstil, all employees are full-time employees, while white-collar and blue-collar employees represent 31% and 69% of total employees, respectively.

HOW DO WE MAKE A DIFFERENCE?

The fashion and apparel industry is a labor-intensive sector that requires a creative work environment. At the same time, in a sector shaped by innovation, it is of great importance to invest in the talents for tomorrow’s jobs today. At DeFacto, we see our employees as one of the most important shareholders behind our success. We always strive to create a work environment that listens to them, supports their creative ideas and makes them feel happy. We base all our processes and policies on equal opportunity and inclusiveness.

WHICH FIRSTS DID WE BREAK?

- We are the first retail company in Türkiye to sign the United Nations Women’s Empowerment Protocol in 2015.
- In order to strengthen the position and participation of women in the business world, we launched the “Happy Women Movement”, a first in the sector.

WOMEN’S EMPOWERMENT PRINCIPLES

NEW FOCUSES

In order to enhance the development of our employee ecosystem, we are focusing on recognition, rewarding, feedback and meeting management in the coming period. In this context, we prioritize the implementation of new rules and practices to strengthen employee loyalty through personalized and instant recognition and rewarding practices, increase the frequency of feedback we receive from our employees and increase meeting efficiency.

Employee Categories	Domestic	Overseas	DeFacto Total	Ozon Tekstil
White Collar	8,344	3,705	12,049	213
Blue Collar	923	9	932	464
Full Time	6,029	2,389	8,418	677
Part Time	3,238	1,325	4,563	0



We see our employees as a member of the DeFacto family and we grow with their contributions. With a focus on our employees, **we prioritize 4 issues: Diversity, Inclusion and Equal Opportunity; Talent Management and Development; Employee Health, Safety and Welfare; and Employee Happiness.**

We succeeded in increasing our female employee ratio to **60%** in total.

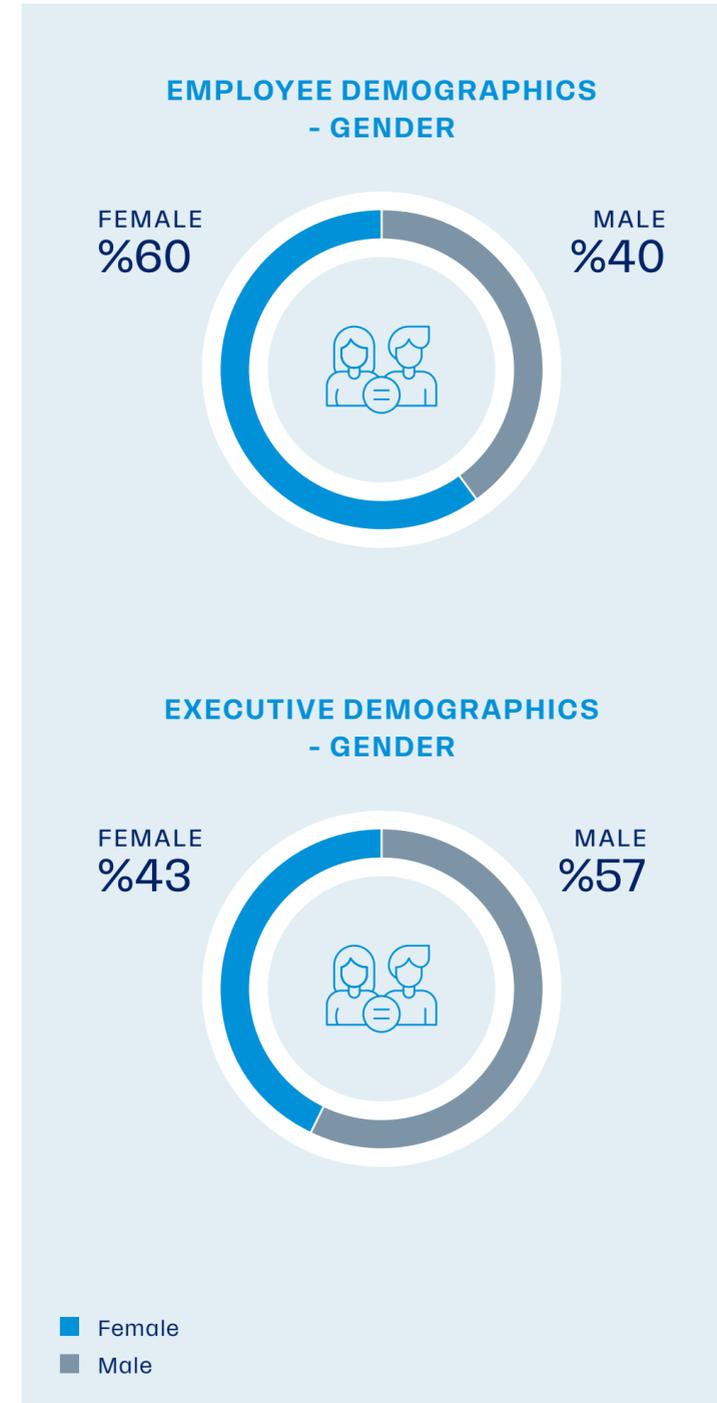
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

Creating an equitable, inclusive and fair work environment for our employees is among our top priorities. We define our Diversity, Inclusion and Equal Opportunity approach in three different focuses: ensuring gender equality at all levels, youth participation in business life and employment of disabled people. In this context, we do not discriminate on the basis of gender, age, religion, ethnic origin, sexual orientation, gender identity, marital status or disability in human resources and recruitment processes, and we manage all our processes with an egalitarian perspective based on the principle of equal opportunity.

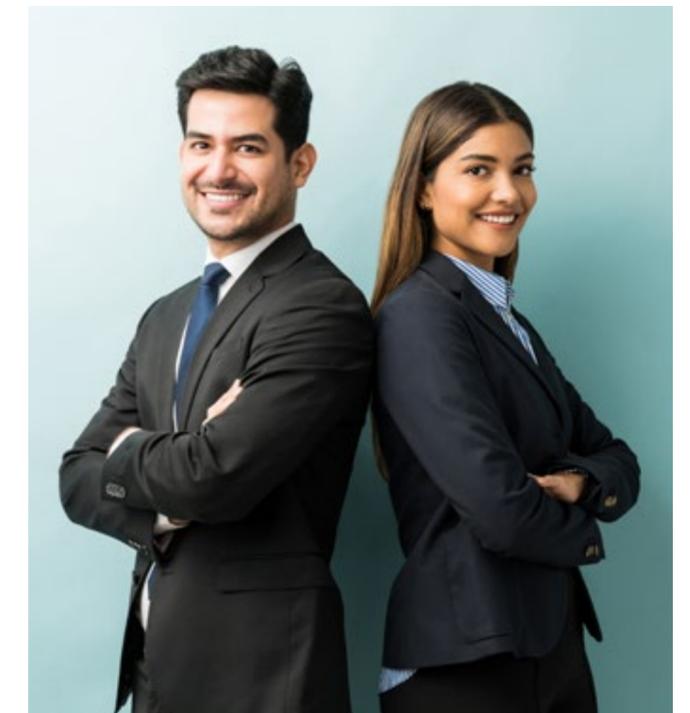
GENDER EQUALITY

With the responsibility of being the first signatory of the United Nations Women’s Empowerment Principles (WEPs) in our sector in Türkiye, we are working to increase the ratio of female employees at all levels within our employee ecosystem and to encourage women’s participation in business life. In 2023, we continued to increase our female employee ratio. **While we succeeded in raising the ratio of female employees to 60% in the total of our domestic and international employees, we increased this ratio to 62% in domestic operations and 55% in international operations. Our white and blue collar employees are also represented by more than 50% female employees.**

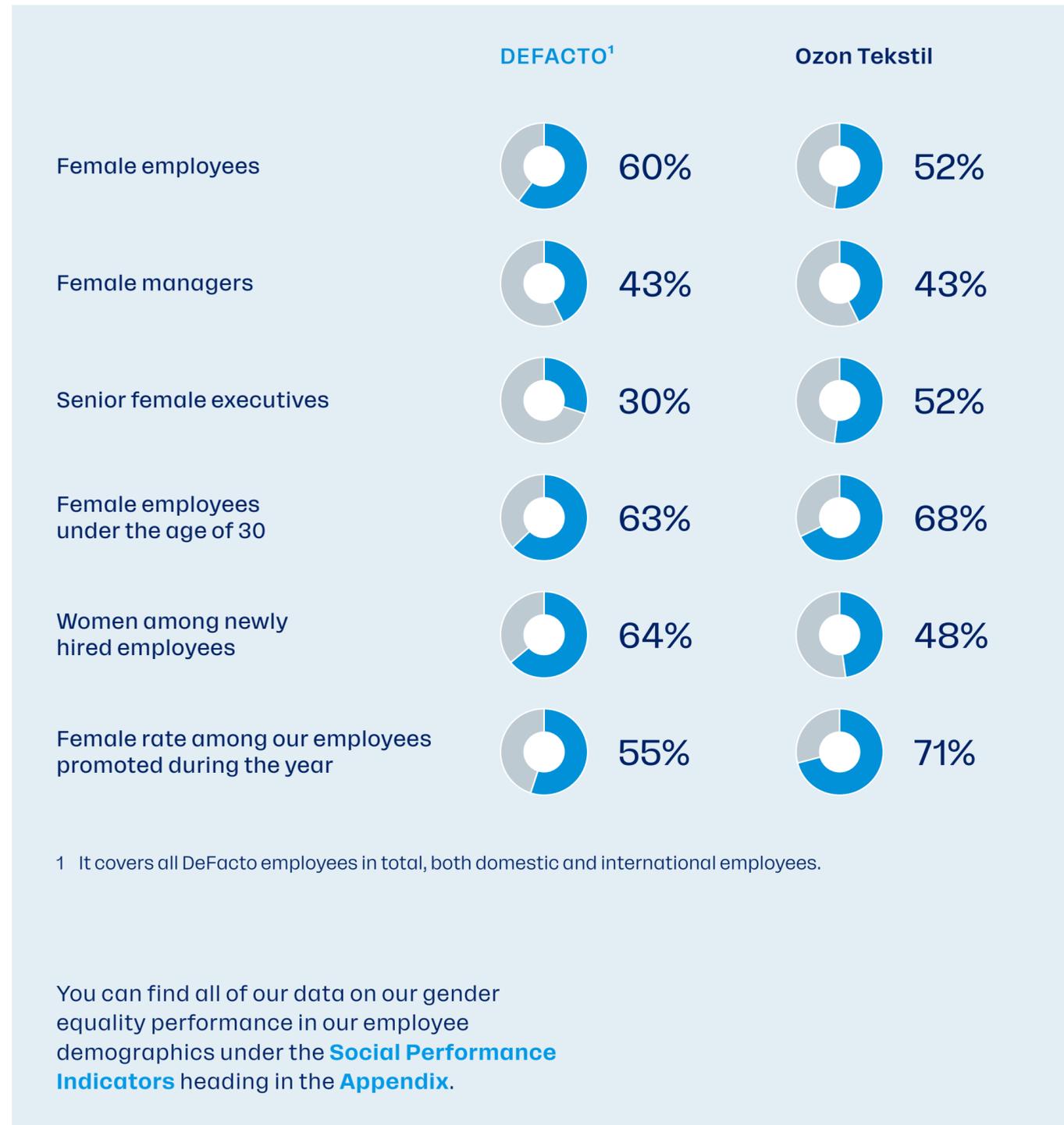
While measuring our performance in the field of gender equality, we also regularly monitor the ratio of female managers in decision-making roles. **While the ratio of female managers among all our managers reached 43% this year, this ratio reached 30% among senior managers.** Following our commitment to increase women’s employment, we are working to increase the number of women in every age group among our new hires. While 65% of our employees hired during the year were women, we observed that the impact of female employees hired under the age of 30 was particularly high.



In Ozon Tekstil, a significant increase was observed within the scope of the female employee ratio and Ozon Tekstil’s female employee ratio reached 52% with an 8% increase compared to last year. When we look at the executive demographics of Ozon Tekstil, we are happy to see that the ratio of female managers is 43% among the total executive staff and 52% among senior managers.



HIGHLIGHTS OF WOMEN’S PARTICIPATION IN BUSINESS LIFE



HAPPY WOMAN MOVEMENT

In addition to monitoring our performance on many different indicators in the field of gender equality, we support women in the DeFacto family with the projects we develop. One of these projects is the Happy Women Movement, which is one of the best in our sector, and we provide extra opportunities to our female employees by offering practices beyond positive discrimination. We care about our female employees returning to their jobs after giving birth. In this context, we provide three months of unpaid leave in addition to the legal rights after childbirth, and we present the “Happy Mother Package” to our new mother employees who start work after childbirth. In 2023, almost all of our employees who went on maternity leave in Türkiye returned to work, while almost 50% of them continued to work for DeFacto after 12 months. In our overseas employees, the rate of female employees returning from maternity leave and continuing to work for 12 months is 85%.

Within the scope of this movement, we provide our pregnant employees working in our stores with additional breaks in addition to their legal rights. All our parent employees are entitled to half a day off to be with their children on the first day of school and on report card day. At the same time, within the scope of the Happy Women Movement, we are creating Executive Training Groups consisting of only women in order to increase the representation of women in the executive demographic. Thus, our female managers provide guiding advice to management candidates and benefit from each other’s experiences.

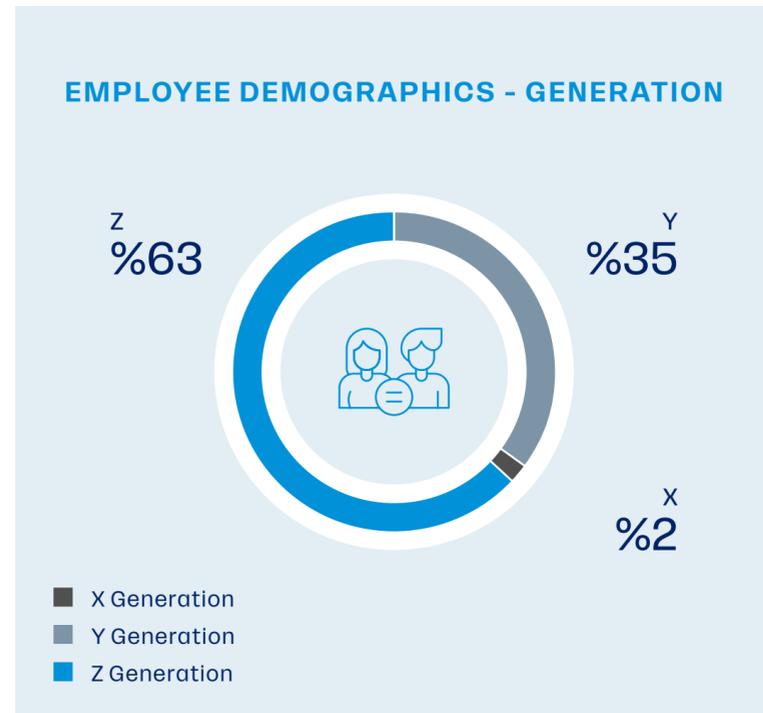


	2022		2023	
	Domestic	Overseas	Domestic	Overseas
Female Employee on Maternity Leave	145	120	122	169
Female Employee Returning from Maternity Leave	122	56	132	26
Female Employee Still Working in the Company 12 Months After Returning from Maternity Leave	41	16	65	22

YOUTH PARTICIPATION IN THE WORLD OF WORK

Another important aspect of our focus on Diversity, Inclusion and Equal Opportunity is the **participation of young people in the workforce. 94% of our 9,224 employees hired in 2023 are under the age of 30.** When we look at the distribution of young people in our employee ecosystem, Generation Z constitutes our youngest employee group with 63%. Our Y generation employees represent 35% and X generation employees represent 2% of our employee ecosystem.

We continue the **GenZ Board** application in order to increase the effectiveness of young people within DeFacto. At the same time, we care that the ideas of young people are on the agenda of our managers. With the **Reverse Mentoring Practice** we have implemented in this context, we ensure that our managers who make strategic decisions on behalf of DeFacto benefit from the ideas of young people.



INTERNSHIP OPPORTUNITIES FOR YOUNG PEOPLE

We provide internship opportunities for both university and vocational high school students to gain experience in the business world. University students have the opportunity to do full-time internships during the summer semester and vocational high school students have the opportunity to do part-time internships at our head office three days a week during the winter semester.

In order to increase the effectiveness of young people within DeFacto and to collect their ideas first-hand, we created a board with the participation of our young employees with the **GenZ Board**.



EMPLOYMENT OF PERSONS WITH DISABILITIES

We believe that the active participation of people with disabilities in business life will contribute positively to both their individual lives and our company's diversity and employee engagement performance. For this reason, we also address the participation of people with disabilities in business life within our diversity and inclusion approach. To this end, we are in constant communication with employment agencies and follow up on opportunities to employ more people with disabilities. In line with our increasing employment need in direct proportion to our growth, our quota of disabled employees is constantly increasing. **As of 2023, we have 265 disabled employees within DeFacto and 5 disabled managers at the management level. We aim to increase the rate of our disabled employees, who represent 2% of our total employee ecosystem, to 5%.**

TALENT MANAGEMENT AND DEVELOPMENT

We strive to provide a work environment where our employees can develop themselves with a perspective that contributes to their career journeys. Our talent management and development approach is based on the training and development opportunities we provide to our employees, fair performance management and our feedback perspective. Thanks to the steps we take in this context, we aim to be an employer brand where we always retain and attract talents.

At the same time, we carry out recruitment processes with our “Right Person for the Right Job” philosophy and work to hire the most suitable candidate for the role without evaluating any criteria other than the suitability of the candidates for the position, role and responsibilities required by the role. In addition to bringing the right talents to DeFacto, one of our most important issues within the scope of talent management and development is to succeed in retaining our talents. In this context, we monitor our performance through the turnover rate indicator. **In 2023, our voluntary employee turnover rate, which we calculate based on our employees who voluntarily left their jobs, decreased by 7.5% compared to the previous year to 37%. We managed to reduce our total employee turnover rate by 9% to 41%.**

7% decrease in voluntary employee turnover and 9% decrease in total employee turnover

PERFORMANCE MANAGEMENT

We believe that accurate, fair and transparent performance management and feedback play a critical role in the development of our employees. In line with our company vision, we are working to keep the competencies of these talents at the highest level while recruiting talents. In this area, we attach importance to performance management processes and implement the DeFacto Performance Management System. Thanks to this system, we regularly evaluate the performance of our domestic and international employees. **In 2023, we included a total of 2,197 domestic and international employees in the full-scale performance evaluation process.** We keep career opportunities within the company open for our employees, conduct performance evaluations of our employees through our Talent Committee, and create talent pools by analyzing their potential.

We ask our employees to set two different SMART goals: individual and leadership, and we monitor their performance towards these goals. After our employees set their goals in line with DeFacto targets, we conduct interim and year-end evaluations and conduct interviews with our employees regarding the progress in their goals. As part of the interim evaluation, our employees review their goals with their managers, receive feedback and determine their personal development plans. In the year-end evaluation, corporate and individual goal realization is assessed, while the outputs provided in the performance management system provide input to talent management, remuneration and rewarding processes.

Our remuneration management process, which is an important part of performance management, is based on objective and measurable criteria. We have customized performance criteria for our head office, domestic and international retail, blue collar and expat employees. Within the scope of our remuneration policy, we closely monitor the economic conditions of the countries in which we operate and carry out regular wage revisions to prevent a decline in living standards and purchasing power. As one of the primary focuses of our understanding of equality, we do not make any difference in the remuneration of our male and female employees. In order to ensure that our employees are not victimized due to the inflationary effect in Türkiye, we supported their living standards by making wage increases twice a year in 2023.

We ensure that our employees take responsibility within the organization in accordance with their skills and are evaluated in accordance with their development in promotion processes. In this context, we offer career opportunities to our employees through horizontal and vertical movements within the company. We take care to fill the talents we need from within our own team and invest in our employees in this direction. **This year, we had a total of 117 open positions in our domestic and international operations, and we filled many of these positions from within our own talents.**

We offer promotion opportunities for our Head Office employees once a year, and for our store employees in various periods when the need arises. Especially in our retail operations, we prioritize the training of company leaders within our own talents. **As a result of evaluations in accordance with the DeFacto Performance Management System, a total of 304 employees were promoted during the year. The share of female employees among these employees reached 55%.**



Ozon Tekstil is taking important steps in the name of performance management and new system applications are planned. Within the scope of performance management, Ozon Tekstil aims to improve the performance of its employees and to reduce the employee turnover rate. In this context, with the performance and bonus system established, employees' performances are measured and information on their productivity and skills is collected. As a result of the evaluations made, employees are included in the bonus system in order to increase their motivation.

We close our talent gaps with our employees and our internal promotion system.

TRAINING AND DEVELOPMENT PROGRAMS

We care about the development of our employees, who play a decisive role in the success of our company, and their ability to acquire the skills they need. We support them with the training and development programs we develop within this framework. While preparing these programs, we consider the performance of our employees, listen to their needs and aim to increase their competencies throughout their career journey. **In 2023, we provided 456,089 hours of training to our employees in total, both in Türkiye and Overseas, while our training hours per employee amounted to 35.14 hours/employee. A total of 18,460 different employees participated in these trainings, thus ensuring the participation of 88% of our employees in our training activities. In 2023, we managed to meet the expectations of our employees with a high training satisfaction score of 4.6 out of 5.**

We conduct our trainings through many different learning methods such as classroom, virtual classroom, on-the-job training, coaching, mentoring, observation and distance learning. Thus, we increase our employees' participation in trainings and learning curves. **In 2023, 65% of our trainings were on-the-job trainings, 25% were digital trainings and 10% were classroom trainings.**

We conduct our training and development programs under the roof of DeFacto Business Academy. While designing the programs at DeFacto Business Academy, we aim for our employees to be fashion retailers who live by our company values, move forward with a leadership vision, carry out sensitive work with social responsibility awareness, have high team awareness and strong professional equipment. We support our employees with different contents suitable for all levels. Within the scope of the Academy, we categorize our programs with the FIT theme and nurture talents with training content suitable for each employee group. We have 5 different FIT programs created in this direction.

With DeFacto Business Academy, we support the careers of our employees and realize various development projects and practices together with universities, vocational colleges and many collaborators.

We are committed to social benefit by training qualified human resources and working together with our suppliers, employees' families, customers, universities and many NGOs.

456,089 hours in total and **35.14** hours of employee training per employee

Original Fit

- It consists of the programs we have prepared to convey our corporate culture, principles and strategy to our employees.
- It covers the trainings that are legally required to be given to all employees who start working at DeFacto.
- It introduces DeFacto's mission and vision, story and all its activities in the value chain.

Business Fit

- It consists of 6 different school modules: Merchandising School, Product Management School, Supply Management School, Franchise School, E-Commerce School and Internal Training School.

Personnel Fit

- It focuses on the personal development and interests of our employees
- It brings our employees together with training programs in many different fields such as English, design thinking or astrology.

Leaders Fit

- It focuses on developing the leadership skills of our employees.
- It consists of programs suitable for the levels of existing and new leaders within the organization.
- Trainings are differentiated according to the competency assessment results and leadership competencies of the leaders.

Talent Fit

- It includes promotion and young talent development programs to increase the talents of our employees. We aim to support the career development of our talented employees and train young talents as the leaders of the future.

Another issue we focus on in employee training and development is training internal trainers. DeFacto Business Academy creates the corporate memory of the company and standardizes the knowledge and experience that employees need. Especially in our Business Fit Programs, our internal trainers are one of our strongest sources of knowledge and experience transfer. With the internal trainer system, we record corporate memory, strengthen internal communication and support the development of employees in their areas of expertise. We ensure that our managers, who will become internal trainers, learn and internalize our human resources approaches and practices faster.

In 2023, 171 internal trainers contribute to different training programs in our Internal Trainer School development model. Thanks to this system, our employees benefit from the knowledge of our internal trainers and our internal trainers have the chance to add new competencies to their career journey. Recognizing this competence of our managers and manager candidates who are internal trainers, we position them as "Managers with HR Hats".



Ozon Tekstil also carries out activities for the training and development of its employees. In addition to basic and compulsory trainings, training activities are carried out in areas that employees need and want to increase their competencies. With the support of internal trainers, it is aimed for employees to internalize the trainings more while using company experience. In 2023, Ozon Tekstil has 40 internal trainers. During the year, 2,483 hours of training was provided to employees, while training hours per employee reached 3.67. At the same time, 750 hours of environmental training was organized with a focus on reducing the company's environmental impact.

MULTIPLE SKILLS DEVELOPMENT PROGRAM

The program, launched by Ozon Tekstil last year, aims to increase the competence levels of employees and help them make more efficiency-oriented decisions in production processes. While 450 employees have benefited from the training so far, employees have been provided with support on what they can do for product-oriented efficiency as well as operational efficiency in business processes.

DEVELOPMENT PLAN PROJECT

The Development Plan project, for which the infrastructure work has been completed and is expected to be put into practice in the coming period, aims to involve employees more in development processes, enable them to create their own development plans and thus increase employee engagement rates. The project primarily focuses on low-performing employees. In this context, the aim is to support the development of employees and bring them back with better performance. While issues such as the promotion process and role mergers are covered within the system, in the coming period, it is aimed to include their own development plans with the guidance of managers and colleagues in the system.

EMBEDDING AND DEVELOPING AGILE ROLES

Thanks to the “Unit Agile Coach Training Program” consisting of 14 modules, 13 employees were trained as coaches in order to define agile role definitions and support internal transformation. In the “Product Owner Development Program”, 60 employees completed their training on agility and organizational simplification with 5 different modules.



CULTURE TRANSFORMATION

We care that DeFacto DNAs, which we define as DeFacto working principles, are adopted by our employees and guide us in the field of employee management. We look at the organizational culture transformation journey we have implemented from 4 different dimensions. **With our cultural transformation movement consisting of Unity of Meaning and Purpose, Organizational Mindset, Leadership and Management, and People Orientation, we aim to make our employees work more efficiently, adopt DeFacto more, and make our business processes more effective.**

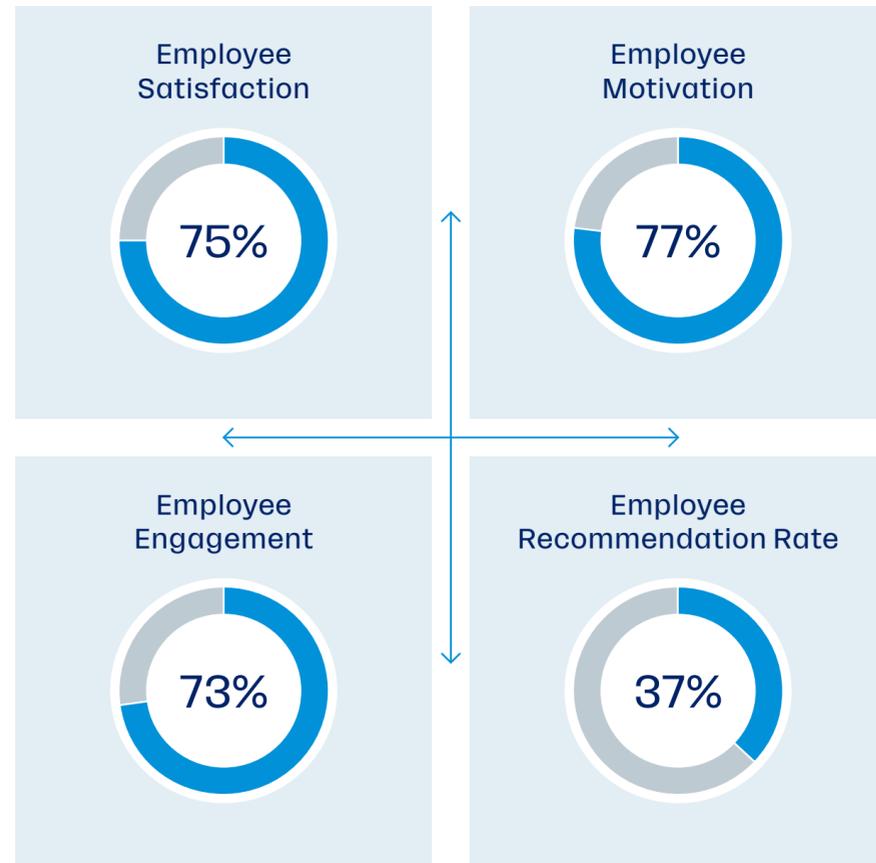
As we run towards becoming the leading digital brand in the accessible world with thousands of DeFacto people in hundreds of countries, our 7 different principles that make us who we are continue to be our guiding principles. We have taken important steps by focusing on these principles in our cultural transformation steps.

Our culture transformation journey, guided by **DeFacto DNA** and addressed in 4 different dimensions, continues.

DeFacto DNA		Our Transformation Steps
	<p>Your customer, make them fall in love</p>	<ul style="list-style-type: none"> We have revised the Contact Your Customer with Love seating process. We provided trainings focusing on customer satisfaction and loyalty under the titles of Customer Focused Problem Solving, Start with the Customer and End with the Customer. We launched the Internal Customer Satisfaction Survey. We organized Voice of the Customer meetings. We made senior management visits to stores with high Customer Promoter Scores (NPS). We conducted Organizational Culture Surveys.
	<p>Your field, get in the game</p> <p>Your dream, think of the leap</p>	<ul style="list-style-type: none"> Thanks to the OKR system, which has an important place in our strategic transformation work with performance, target and talent management, we have made it easier for our employees to realize their goals. With this system, which directly serves the corporate strategy and enables our employees to understand how they serve, we gave them the opportunity to set common goals with their colleagues. We have identified our cultural ambassadors.
	<p>Your path, make a difference with data</p>	<ul style="list-style-type: none"> We have enhanced our existing systems to strengthen the customer experience. We worked to measure and disseminate the impact and effort of our work and developed 35 new tracking dashboards. We organized an Artificial Intelligence Maturity Workshop. We focused on data governance efforts. We organized Culture Workshops.
	<p>Your strength, use it efficiently</p>	<ul style="list-style-type: none"> We worked to strengthen internal efficiency and improve meeting management. We strengthened our project prioritization in line with the strategy, handshake in governance and lean steps. We worked on the agility of the organizational structure and completed the organizational agile maturity measurement. We held a meeting to identify cultural focal points.
	<p>Your team, walk together</p> <p>Your world, treat it well</p>	<ul style="list-style-type: none"> We implemented Appreciation, Rewarding and Feedback practices. We completed our organizational culture measurement. We have determined our actions for culture transformation and established a follow-up mechanism.

EMPLOYEE HAPPINESS

As the first company in Türkiye to have a Happiness Directorate, we attach great importance to the satisfaction of our employees and ensuring that they have a working life in which they feel good. With the motto "Happiness Suits Us!", we realize projects and practices based on the demands and suggestions of our employees. We collect insights on how our employees view DeFacto through regular employee experience and loyalty surveys. Through these surveys, we analyze employee expectations and recommendations and work on how to integrate them into our business plans. This feedback also allows us to see areas and opportunities where we can improve ourselves.



In 2023, 59% of our employees participated in the Employee Satisfaction Survey, which we conducted by including our domestic operations, and their evaluation of the employee experience was 75%. In this survey, we also had the opportunity to measure insights such as employee engagement, motivation and recommendation rates. These rates were 73%, 77% and 37%, respectively.

HAPPINESS SUITS US PROGRAM

Thanks to the program, we implement practices that support company culture and belonging, and make our employees feel good about themselves at all times. In line with the expectations of our employees, we work to ensure work-life balance and support social life.

DeFacto Social Clubs enable all DeFacto employees to gain knowledge and skills in culture, arts and sports and socialize as a team. DeFacto has Music, Theater, Social Responsibility, Table Tennis, Chess and Rowing Clubs. Our employees also have the opportunity to spend their free time in an even more enjoyable way by having conversations in the happiness room and using our book reading area and rich library with a variety of content.

DEFACTO SOCIAL CLUBS

- Music
- Theater
- Social Responsibility
- Table Tennis
- Chess
- Rowing



DeFacto Social Clubs enable all DeFacto employees to gain knowledge and skills in culture, arts and sports and socialize as a team. DeFacto has Music, Theater, Social Responsibility, Table Tennis, Chess and Rowing Clubs. Our employees also have the opportunity to engage in conversations in the happiness room and access various content through the book reading area.

They also have the opportunity to spend their free time in an even more enjoyable way by using our rich library. Through social clubs, our employees are provided with free training by professional trainers and consultants. Club members also organize various events and shows in their own branches. For example, this year they represented DeFacto in corporate organizations such as Dragon Festival and Bicycle events.



PRACTICES WE IMPLEMENT WITHIN THE SCOPE OF HAPPINESS MANAGEMENT

- Breakfast, lunch and snacks for our employees
- Healthy life seminars, free examinations from health institutions with which they have agreements
- Webinars and workshops on healthy living and nutrition
- Mediterranean-themed garden and break areas
- Yoga, coffee making, aromatherapy and cooking workshops
- WOW Times by DeFacto: Our monthly online magazine with news about what's on the company agenda, wellbeing tips, webinar recordings, talents within us, inspiring career journeys, employee interviews, event, book and movie recommendations.
- Hobby areas
 - Wellbeing Project consisting of workshops organized for the psychological well-being of DeFacto people
 - Open Seminars on different topics by experts in their fields
 - Happiness rooms



Through social clubs, our employees are provided with free training by professional trainers and consultants. Club members also organize various events and shows in their own branches. For example, they represented DeFacto in corporate organizations such as Dragon Festival and Cycling events this year. DeFacto employees are predominantly from Generation Y and Z, who attach importance to socializing in business life. This makes it a priority for us to balance work life and private life. To help our employees achieve this balance, we offer them sports and health insurance services. We encourage our employees to spend time in the “Happiness Room” Mediterranean Gardens located within the company and to make better use of their break times through social clubs. We also support our employees’ work-life balance with flexible working hours. In addition, we create different playgrounds for our employees to have a pleasant time during lunch breaks.

At DeFacto, listening to and learning from our employees is part of our culture. In addition to the surveys we conduct, in line with our Open Door Policy, all our employees, regardless of seniority and position, have the chance to meet with their managers and convey their opinions and suggestions. Thanks to these meetings, our employees have the opportunity to express their opinions freely and receive feedback from their managers to improve themselves.

DEFACTO ON AIR

In our domestic operations, our employees regularly meet with the CEO and senior executives through the DeFacto On Air program. With DeFacto On Air, which is an important practice in terms of communication with senior management, information about the company’s agenda and strategy is provided and the role of our employees in achieving these goals is once again underlined. As a company with operations all over the world, due to the time difference between countries and differences in working processes, we record the program and communicate it to our employees Overseas for their listening. In order for all our employees to be easily included in this communication, we translate these recordings into local languages and add subtitles.

EMPLOYEE HEALTH, SAFETY AND WELFARE

We support a safe working environment for all employees working within DeFacto and producing for DeFacto throughout our value chain. We take the necessary measures and work to raise awareness in order to ensure that our own operations and those of our suppliers have a healthy and safe environment in their operations. We proactively identify our occupational health and safety risks and work to take preventive steps. We regularly communicate with our 316 OHS-oriented employee representatives and listen to them about our areas open to improvement. We work on the risk analyses and findings we have conducted with a focus on the health and safety of our employees. This year, we closed 1,553 findings with the actions we took in our risky processes at all our locations in Türkiye.

We follow occupational health and safety processes in all our operations in accordance with the relevant legal regulations. In our warehouses and logistics centers, we carry out our processes in accordance with our ISO 45001 certificate. With our existing performance indicators and the audits we conduct in this area, we ensure that we always keep our occupational health and safety performance at the highest level. A total of 411 occupational accidents occurred in 2023. The number of lost days due to accidents was 661 days. As an indicator of our OHS efforts, there were no fatal accidents or occupational diseases during the year.

Regularly with a focus on employee health and safety;

- We conduct root cause analyses.
- With the OHS bulletins we prepare, we publish awareness-raising announcements to our store employees within the scope of occupational accidents and preventive actions.
- Working in partnership with the operations and construction departments, we plan permanent measures to reduce or prevent the recurrence of occupational accidents.
- In our stores with 50 employees or more, we organize OHS committee meetings.
- We have OHS employee representatives at all locations.
- We conduct emergency plans and drills.

We take regular and systematic actions to increase the awareness of our employees and to spread our occupational health and safety culture to all our operations. During the year, we conducted 21,250 hours of training in total to raise OHS awareness. We also organized 4 emergency drills in our warehouses and headquarters.

We care about occupational health and safety not only for our own employees but also for our subcontractors. In this context, we also monitor the OHS performance of our subcontractors. In 2023, 123 occupational accidents were reported within the scope of our subcontractors, while the number of lost days was measured as 38 day. As in our own processes, no fatal accidents or occupational disease cases were observed within the scope of our subcontractors. Within the scope of subcontractors, a total of 7,049 hours of training was organized to raise awareness on OHS.

OHS Indicators*	DeFacto	Ozon Tekstil
Number of Accidents	411	25
Number of Lost Days	661	50
Accident Frequency Rate	2.34	10.98
Number of Fatal Accidents	0	0
Number of Occupational Diseases	0	0

* DeFacto OHS indicators cover Headquarters, Stores, Istanbul Warehouse and Çerkezköy locations.

Accident Frequency Rate is calculated over 200,000 hours.

21,250 hours of training for our employees increase OHS awareness

OHS-oriented **316** employee representatives

OHS risk-oriented studies at all locations

OUR SUPPLIERS

One of the most important parts of our value chain is our suppliers. We work hand in hand with our suppliers to create social, environmental and innovative value in steps such as production, raw material supply, sales and distribution. While supporting the operational and financial growth of our suppliers, we manage their social and environmental impacts with our responsible and sustainable supply chain approach. By creating processes based on trust, proactively managing capacities, we develop business models where both parties win and we communicate intensively.

In 2023, we have 347 suppliers that we actively work with, while we have 1,683 suppliers in our supplier pool. Local suppliers originating from Türkiye constitute 82% of our suppliers. Among all our suppliers, Ozon Tekstil, a DeFacto subsidiary, is our largest supplier with whom we work in cooperation. We make joint planning and annual capacity allocation agreements with our suppliers in order to manage their production schedule effectively. Thanks to our high local supplier ratio, we work with shorter delivery times according to the proximity to the store network, reducing our logistics-oriented costs and environmental impact.

We are aware of the importance of responsible and sustainable supply chain management in the fashion and apparel industry. Our sustainable supply approach covers many steps from the efficient use of raw materials and indirectly natural resources to sustainable packaging; from the transportation of products to stores and customers to the evaluation of waste generated after use. In order to minimize our environmental impact at these stages, our most important supporters are our suppliers to achieve our goals of reducing the carbon footprint of products, reducing water consumption in production processes and increasing the circularity of products.

Supplier Locations

Bangladesh	17
China	40
Egypt	23
India	4
Morocco	7
Myanmar	1
Pakistan	3
Türkiye	293
Uzbekistan	1
Spain	3
Taiwan	1

393 suppliers we are actively working with, **1,683 suppliers** in total

75% local supplier ratio



SUSTAINABLE SUPPLY MANAGEMENT

In this process, we attach importance to the adoption of our effective supply management and sustainability approach by our suppliers. While we expect our suppliers to comply with the responsibilities imposed by legislation and laws without exception, we have created **the DeFacto Sustainable Supplier Working Principles** in order to carry our suppliers even further.

These principles, which represent our understanding of corporate and ethical business ethics, convey the DeFacto vision and profile to our suppliers in its most basic outlines. Consisting of 11 main headings, the principles explain our expectations from our suppliers and underline the areas where they should show sensitivity. The criteria determined to protect and improve the infrastructure of the business relationship between us and our suppliers also serve as a guide for working conditions, honesty, legal compliance, responsibility and sustainability that our suppliers must comply with. Before starting to work with our suppliers, we expect them to commit to full compliance with the criteria we expect them to comply with within the scope of **the Sustainable Supplier Code of Conduct**.



DEFACTO SUSTAINABLE SUPPLIER CODE OF CONDUCT FOCUS AREAS

- Compliance with Laws and Regulations
- Prevention of Child Labor
- Prevention of Forced Labor
- Prevention of Discrimination
- Human Approach
- Wages and Social Benefits
- Working Hours
- Freedom of Association
- Healthy and Safe Workplace and Worker Working Conditions
- Environmental Protection
- Anti-Corruption

At the same time, within the scope of **DeFacto Sustainable Supplier Code of Conduct, we have “Red Lines”** that we consider indispensable for us. Our red lines include child labor, high fire risk and building safety, and illegal labor. Our red lines are impassable and intolerable areas for us. If we encounter any non-compliance in these areas during our regular supplier audits, we immediately terminate our business relationship with our supplier.



OUR RED LINES

Child Labor
We do not tolerate child labor at our main suppliers or their subcontractors under any circumstances.

High Fire Risk and Building Safety
Within the scope of our principle of Healthy and Safe Workplace and Worker Working Conditions, we demand and follow up the immediate elimination of nonconformities that do not comply with occupational health and safety requirements and that may lead to the risk of individual or collective loss of life of employees.

Illegal Labor
We strongly oppose the use of illegal and/ or illegal labor by our main suppliers or their subcontractors.

In line with their commitment, our main suppliers are regularly subjected to third-party audits by SEDEX, BSCI and accredited institutions. In this way, we ensure transparency and accountability of our suppliers’ sustainability performance. When we identify situations that do not comply with our principles, we give our suppliers a certain time for improvement and carry out the necessary controls.



SUPPLIER EVALUATION SCALE

Category	Score
Gold	>85%
Silver	85%-75%
Bronze	75%-70%
Supplier Development	70%-60%
Capacity Control	<60%

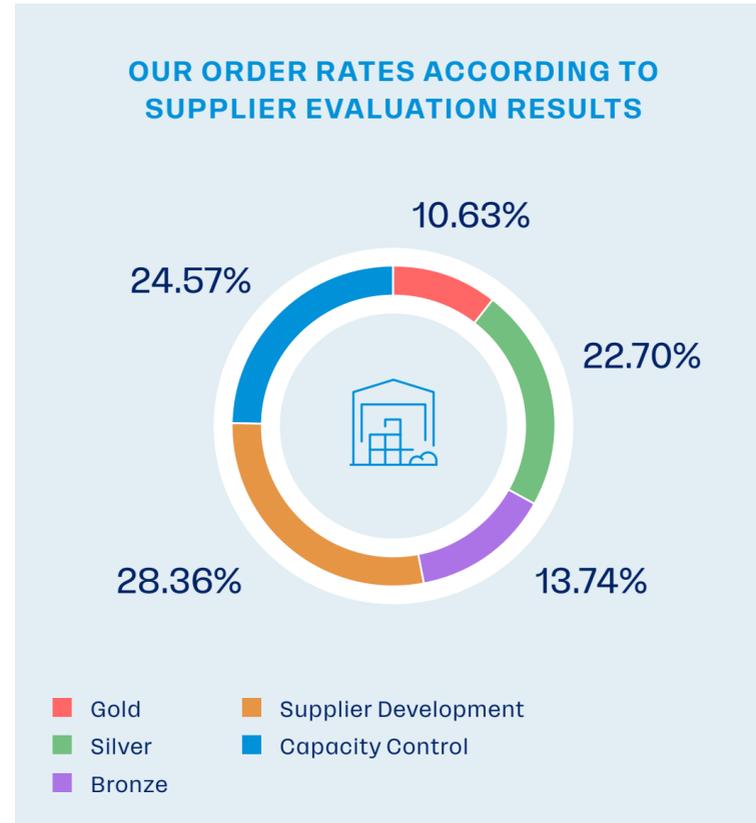
SUPPLIER EVALUATION AND IDENTIFICATION PROCESS

Regularly monitoring and evaluating the performance of our suppliers and keeping them at the expected level plays a critical role in DeFacto product and service quality.

In the evaluations we conduct every month, we evaluate and record our orders coming to the warehouse according to **order delivery, audit performance and average purchase price**. As a result of these evaluations, we determine the performance scores of our suppliers. The scoring impact of the criteria is evaluated as 40% for order delivery, 40% for audit performance and 20% for average purchase price. As a result of all evaluations, we classify our suppliers in 5 categories and share the results transparently with all our suppliers.

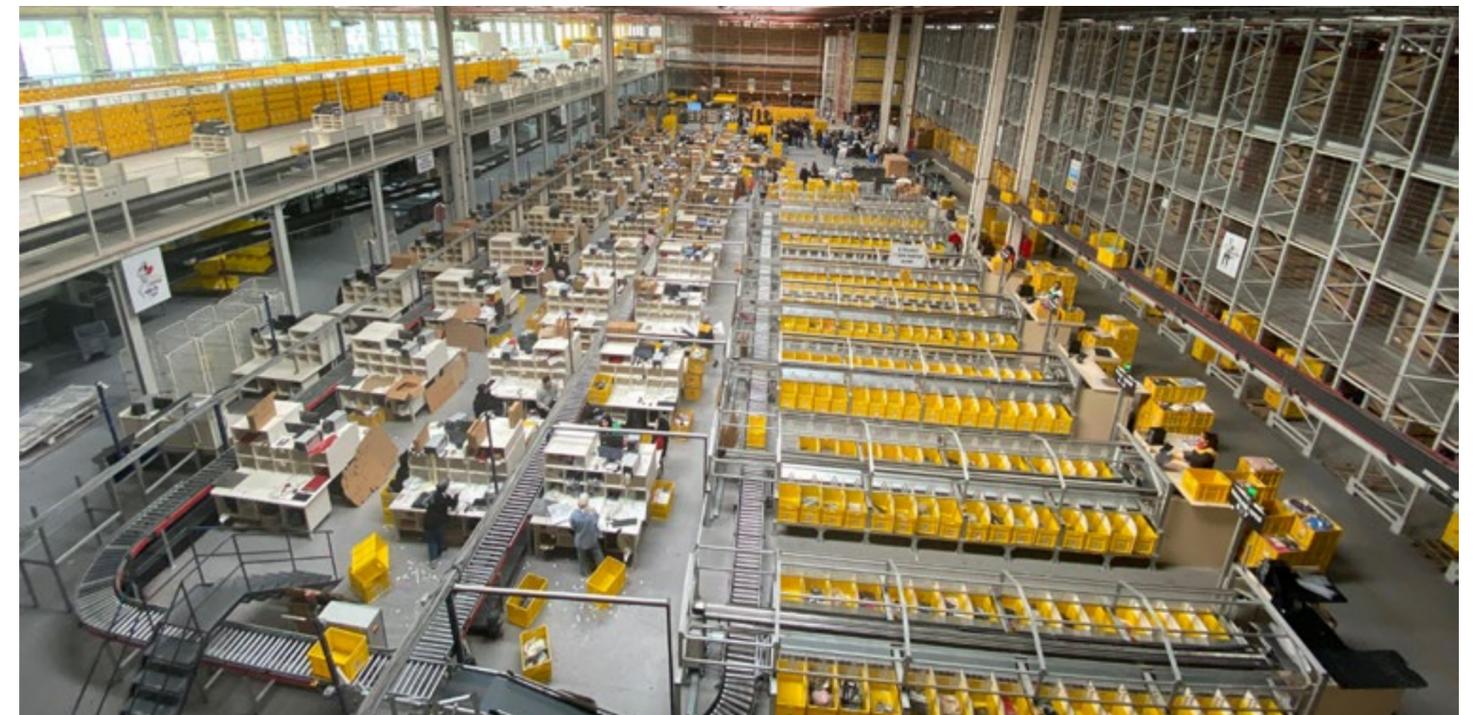
While we comply with our criteria with our suppliers in the Gold, Silver and Bronze categories, we demand improvement from our suppliers in the Supplier Development process scale in areas where they are deficient. We terminate our relationship with our suppliers who are in the capacity control process.

In the evaluations we conducted in 2023, 10.63%, 22.70%, 13.74%, 28.36%, 28.36% and 24.57% of our total number of orders were produced by our suppliers with Gold, Silver, Bronze, Supplier Development and Capacity Control status, respectively. In terms of performance, efficiency and continuity, we aim for our suppliers to continuously improve their performance, reach and remain at the Gold level.



We carry out sub-supplier identification processes to increase the capacities of our suppliers that have reached the Gold level, and we update the production capacities of our Silver and Bronze level suppliers according to their performance throughout the year. We reduce the purchasing capacities of our suppliers whose average for the last three months has decreased and who do not take the agreed upon actions.

We also subject our suppliers to quality and Sustainable Supplier Code of Conduct compliance assessments throughout the time they produce for us.



SUPPLIER AUDITS

The audits we conduct in our supplier evaluation processes are very important for us to understand how much DeFacto’s vision, quality and sustainability approach is adopted by our suppliers. We regularly conduct supplier audits before they start working for us and throughout our business partnership. In this context, we include our suppliers in “Technical and Social Compliance” audits. Thanks to these audits, where we observe compliance with our criteria such as product quality, production processes and social compliance, we realize our supply chain management without compromising DeFacto standards.

Audit processes include field audits conducted by DeFacto teams as well as audits conducted by third parties. All our main suppliers are visited by our technical and social compliance teams before they start working with us, and a general assessment is made in terms of quality and social compliance. In this evaluation, conformity regarding apparel quality, especially our Red Lines, is determined. Companies with valid points are approved and can start production.

In order to carry out our audits regularly, effectively and efficiently, we have created **our Social Compliance Scoring System**, which we evaluate our suppliers based on DeFacto Sustainable Supplier Code of Conduct and Commitment. After completing our evaluation through this system, we categorize our suppliers in 3 groups as “Green”, “Yellow”, and “Red” in accordance with the results. **As a result of the audits we conducted in 2023, 81% of our suppliers were in the Green category, 11% in the Yellow category and 8% in the Red category.** For us, the audit processes we carry out mean much more than subjecting our suppliers to a test, it means showing them the areas where they can improve themselves. When we look at the performance of our suppliers today compared to 2017, when we first started audits with this system, we see how much they can improve themselves.

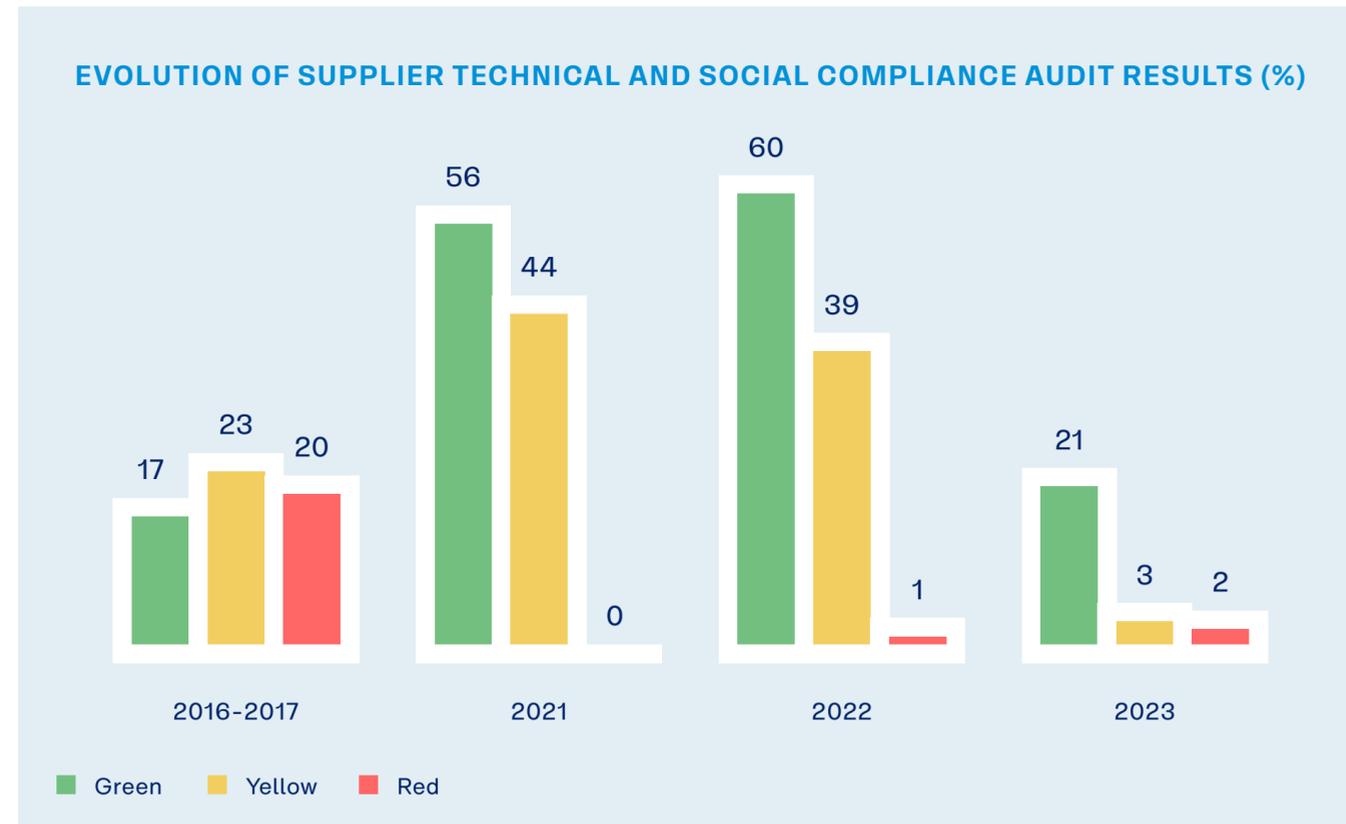
SUPPLIER DEVELOPMENT PROGRAMS

As a result of our supplier evaluation processes, we not only identify the suppliers we will work with, but also contribute to their development through the improvement programs we define for our suppliers. As a result of the evaluation, we identify areas for improvement and share the results with our suppliers. We determine the actions that will improve their performance together, and we observe whether the actions are implemented and their results through recurring audits.

Our industrial engineers regularly visit our suppliers and provide guidance for capacity studies. We also hold one-on-one meetings with our stakeholders during our field visits.

As a result of the trainings we provide to our suppliers, we ensure that they move forward with us in the steps we take as DeFacto. Our suppliers benefit from our supplier-focused trainings on the DeFacto Business Academy platform, which includes our training and development programs. We expect our suppliers that we decide to work together to complete the audit, fabric quality, fabric supply and supplier development trainings assigned to them within a week.

At the same time, we examine the creations of our suppliers together and exchange ideas through the Supplier Days we organize for the development of our suppliers.



Supplier Audit Scale

Category	Score
Green	>80%
Yellow	<80% – Full Compliance with Red Lines
Red	Negative Outcome in 1 of the Red Lines

OUR CUSTOMERS

As a global brand, we touch our customers all over the world and always strive to offer the best service quality. While focusing on customer expectations and needs, we aim to provide our customers with a seamless and holistic experience.

By leveraging the power of technology and digitalization, we aim to make our customer relations processes easier and to increase customer satisfaction and loyalty with the individual advantages we offer to our customers. We strive to collect the needs and expectations of our customers at every point of contact with them. We conduct value-added analyses with our relevant teams to make sense of the data we collect in an accurate and high-quality manner.

OUR APPLICATIONS PROVIDING UNINTERRUPTED CUSTOMER EXPERIENCE

The expectations of our customers are changing direction with the impact of digitalization and technology. In this context, interest in a faster and more accessible shopping experience is increasing. We are working to meet these expectations with our omnichannel applications where we use different channels actively and simultaneously to reach our customers. As the first fashion brand to implement omnichannel for the first time in Türkiye, we continue to lead the sector with mobile and web-based projects. We facilitate our customers' shopping experiences with 3 different omnichannel applications: "Pay in Store", "Pick Up in Store" and "Ship from Store".

Omnichannel Implementation

Pay in Store

We offer a connected shopping experience between online sales platforms and stores, enabling our customers to easily access products that are not in store stock.

Store Pickup

We offer our customers the opportunity to pick up their e-commerce orders from the store of their choice.

Shipping from the Store

We ensure that e-commerce and Pay from Store orders are shipped from stores where products are available.

2023 Performance

- Over **725 thousand** transactions
- **1.8 million** product sales
- Over **470 million TL** turnover contribution
- The share of "Pickup from Store" orders in our e-commerce orders is **25**
- **8%** increase in the last 3 years
- Approximately **275 million TL** turnover contribution



CUSTOMER SATISFACTION AND LOYALTY

It is very important for us to measure and understand customer satisfaction and loyalty, and to take new steps based on our analysis. Every year, we work to take ourselves further in this area and guide our strategy with the analysis we put forward. In this context, we prepare Customer Loyalty, Communication and Sustainability reports by analyzing the insights we receive from DeFacto Gift Club. At the same time, our Customer Big Data team develops many projects to increase customer satisfaction and loyalty and maximize the quality of service we offer to our customers.

DEFACTO GIFT CLUB

Launched in 2021, our DeFacto Gift Club application plays a critical role in our communication with our customers and customer sustainability. With DeFacto Gift Club, we reached **13.9 million** members and **13.1 million** shoppers by the end of 2023. **96%** of these customers used offline shopping channels such as physical stores, while **4%** shopped using online channels.



BENEFITS OF DEFACTO GIFT CLUB FOR CUSTOMER SUSTAINABILITY

- It increases the loyalty of existing customers and builds a stronger bond with new customers,
- It gives our customers a reason to come back to DeFacto and ensures its continuity,
- It provides the same shopping experience at every point of interaction with customers,
- By depicting the customer life journey and providing a smooth shopping experience, it increases customer retention,
- Increases customer satisfaction and loyalty by segmenting customers and communicating with personalized campaigns,
- It collects accurate and high quality data from every touch point that touches the customer, makes sense of the singularized data with analytical techniques and reaches customer insights,
- Develops and supports customer-dependent processes with insights based on the data obtained,
- It provides offline customers with opportunities to experience the online experience, while driving online customers to the offline channel.

Through DeFacto Gift Club, which we put at the center of the strategy we have created for our omnichannel sales channels, we follow different strategies both to introduce new customers to DeFacto and to increase the loyalty of our existing customers. We carry out strategic collaborations and sponsorship activities for new customer acquisition.

Thanks to DeFacto Gift Club, we realized our target of **4.5 million** new customers in 2023 by **104%** and introduced **4.7 million** new customers to DeFacto.

With the strategies to increase customer loyalty and sustainability that we pursue with DeFacto Gift Club, we aim to maintain the continuity of existing DeFacto Gift Club members and support the omnichannel structure by ensuring that our customers have the same experience in their online or store purchases from DeFacto. In this context, we established smart and efficient communication with our customers throughout the year. We offered our customers the chance to earn points and different campaigns in line with their focus of interest. In 2023, we also designed games for our customers to participate in our stores to include store visitors and existing DeFacto customers in the loyalty program. Thanks to these games, in which we also included our teams, we offered our customers a pleasant shopping experience.

Thanks to the extra opportunities we offered to our customers with the DeFacto Gift Club application during the year, we ensured that it was very effective especially during campaign periods. **As of the end of 2023, the share of DeFacto Gift Club in total turnover reached 67%. 49% of customers who were DeFacto Gift Club members in the previous year continued to shop in 2023.**

COLLECTION TESTS

We seek the opinions of our customers to ensure that our products and collections meet their expectations and needs. Before launching our products to the market, we create questionnaires based on the product images and pricing received from our product teams, and calculate our customers' liking and purchase scores for existing or planned products. Within the scope of the research, we elaborate our questions and get our customers' opinions on product features such as fabric, elastic, pockets, waist, cuffs and hood.

PROMOTER SCORE SURVEY

We conducted an important analysis to investigate our customers' recommendation scores for DeFacto both in Türkiye and Overseas and the variables affecting this process. Thanks to this analysis, which we conducted with a focus on both customer profile and shopping categories, we aimed for our relevant departments to take more accurate actions. In addition to our domestic and international stores, we also included the opinions of our franchise stores and tourists visiting our stores in our analysis.

4.7 million
customer through
DeFacto Gift Club

SOCIETY

In addition to contributing to economic development and employment in the countries where we operate, we also carry out social benefit projects. In this context, starting from our country, we implement social assistance and education-oriented programs with the support of non-governmental organizations.

Our most important supporters in this field are DeFacto volunteers. Our social responsibility club called Happiness Ambassadors Group (MEG) within DeFacto, which we established on a voluntary basis, has been developing various social benefit projects since 2015. At the same time, in order for our employees to support social responsibility projects, 2 days of social responsibility leave is included in our leave definitions. The Happiness Ambassadors Group, consisting of volunteers who aim to benefit the society and the environment, carry out the social responsibility projects they want to realize within the company or under the DeFacto brand in cooperation with voluntary non-governmental organizations or with the teams they have formed within themselves. **Within MEG, we have realized 124 social responsibility projects over the past 9 years.**

In 2023, we formed a focus group of 15 people from the Happiness Ambassadors group who could allocate more time to projects, lead, plan and collaborate. With this focus group, which we called the "Happiness Ambassadors Head Team", we set out to identify areas where we could increase our environmental and social benefits and turn them into long-term projects. **In 2023, with the structuring of the MEG Head Team, we realized many projects in line with the Sustainable Development Goals.**

124 social responsibility projects in 9 years with MEG



- As DeFacto Happiness Ambassadors, we continued to run for good in the Istanbul Marathon, the world's only intercontinental marathon. This year, we ran for the "Strong Children, Strong Tomorrows" campaign of UCIM Saadet Teacher Association for Combating Child Abuse, which was established to ensure the healthy upbringing of children, to protect children from all kinds of emotional, physical and sexual abuse and all kinds of neglect, and to prevent these incidents from happening.
- Within the scope of responsible production and consumption sustainability goal, we turned waste plastics into clean water sources for stray animals with the advanced and recycling technique together with DeFacto Happiness Ambassadors and their families.
- Çerkezköy Smart Warehouse Happiness Ambassadors team organized a coastal cleaning activity in Kiyıköy. Thanks to this, we sorted and cleaned 60 kg of garbage consisting of plastic, glass, metal, etc. waste.
- We realized the Happy Tales Project with the Laughter Heals Association again this year. On April 23rd National Sovereignty and Children's Day, the gift of our leader Mustafa Kemal Atatürk to all our children, we presented the tales we performed to children in earthquake zones.

DREAMS MADE OF FABRIC

In addition to the projects of the Happiness Ambassadors Group, we continued to support upcycling, the economy, education, students' imagination and hope through our corporate social responsibility project Dreams Made of Fabric. We send surplus fabrics and accessories obtained from our factories and suppliers to vocational high schools through the provincial and district Directorates of National Education, with which we have signed a protocol. Our students in vocational high schools turn waste fabrics into products with their own imagination and design skills in Fashion and Design courses.

Thanks to Dreams Made of Fabric, we reached a total of 4,514 students in 92 schools in 21 provinces. We sold 1,206 products designed by students and donated the proceeds from the products sold in our stores to KAÇUV. With the project, we upcycled 15 tons of fabric.


KUMAŞTAN
HAYALLER

SUPPORTING YOUTH

This year, as in previous years, we continued to support young designers in order to strengthen the employment of young people and their place in society, which is one of our inclusion focuses. We include their designs in our collections to encourage and empower young designers. This year, the designs of young designer Ahmet Atalay met with our DeFacto Cool products.



COOPERATION WITH NGOS

We work in cooperation with Non-Governmental Organizations (NGOs) to increase our community-oriented contribution. In 2023, we realized many projects with 16 different NGOs.



LÖSEV

We conducted a physical awareness campaign in collaboration with LÖSEV for the Children with Leukemia Awareness Week.



SHARE LIFE ASSOCIATION

We identified two schools in need and realized the New Year wishes of the children there.



SPINAL CORD PARALYTICS ASSOCIATION OF TÜRKİYE

We support the “Blue Cap Project”.



TÜSEV

We raised awareness by sharing the “World Day of Sharing” activities organized by the association to prevent excessive consumption after the “Black Friday” discounts every year through our internal and external channels.



ÖSGD

We participated in the “E Coaching Program” organized by ÖSGD for the first time after the pandemic.



DARÜŞŞAFKA

On the occasion of Women’s Day, all our female employees donated certificates to Darüşşafaka, which provides educational support on behalf of girls.



TEMA FOUNDATION

We donated saplings to TEMA Foundation during the sad forest fires in our country.



UNICEF TÜRKİYE

We donated water pumps on behalf of all our employees for the regions in Africa where water supply is difficult.



AÇEV

We participated in the Istanbul Marathon.



KIZILAY

We donated blood with a total of 48 blood donors.



LIFE WITHOUT CANCER ASSOCIATION

Clothes were donated.



LAUGHTER HEALS ASSOCIATION

We launched the “Happy Tales Project” with the Laughter Heals Association for children struggling with challenging illnesses.



TURMEPA

We participated in the “Caddebostan Coastal Cleanup” project organized by the Turmepa Association, which strives for cleaner seas and a more sustainable future.



KAÇUV

In line with the motto “#YellowYellowFarkEt!”, which we realized jointly with KAÇUV, we made yellow color claddings in public areas such as elevators in our headquarters.



KORUNCUK FOUNDATION

Our happiness ambassadors participated in the April 23rd project organized by the Foundation by sharing photos.



TOHUM AUTISM FOUNDATION

We participated in the Runtalya Run for the benefit of Tohum Autism with our headquarters and Antalya region field employees.

WE CREATE ECONOMIC AND INNOVATIVE VALUE



“We create economic and innovative value” with the innovative products we launch and our operations around the world. We believe that innovation and digitalization play a key role in achieving all our goals, and we focus on creating sustainable impact for the “future” as well as improving our economic performance.



WATER IS FUTURE



OUR PERSPECTIVE ON MEGA TRENDS AND RISKS



MEGA TREND IMPACTS

- Increasing demand and interest in sustainable products with customer expectations
- Macroeconomic fluctuations
- The relationship between circular designs and innovation
- Changing expectations about the shopping experience



CHALLENGES FACED

The impact of the inflationary environment that emerges on a global scale as a result of macroeconomic fluctuations on the financial performance of companies on the one hand and on the purchasing power of customers on the other has a significant impact on financial capital. While customers' expectations on products tend towards sustainable preferences in the textile sector, finding innovative solutions that can be implemented without compromising product safety and quality in order to respond to these preferences stands out as differentiating features in the market.



ENTERPRISE RISK MANAGEMENT COMPLIANT RISK CATEGORY

Financial Risk

Strategic Risk

Compliance Risk



POSSIBLE RISKS

- Deviation from company targets, loss of income, negative impact on operations, downsizing, etc. as a result of stagnation of economic growth due to inflation and hyperinflation, increase in prices and decrease in consumer purchasing power
- Possible negative effects on operations, income and business targets as a result of macroeconomic and political uncertainties
- Increase in production costs due to high exchange rates, negative impact on revenue, deviations in business targets, etc.
- Changes in the customer base and customer expectations due to changes in the social structure as a result of internal and external migration, and the inability to respond to these changes in a timely and appropriate manner, failure of the current strategy and failure to realize the targets
- Decrease in satisfaction level as a result of inability to meet the demand expectations of customers due to internal and external factors and failure to provide after-sales service at the expected level
- Failure to retain existing customers, failure to create a loyal customer portfolio
- Failure to meet customer expectations for products and practices with sustainable features
- Difficulties in scaling and economic viability of circular innovative business models
- Losses that may arise as a result of lawsuits and/or criminal sanctions that may be encountered due to non-compliance/non-compliance with the Intellectual and Industrial Rights Law and the relevant regulations/legislation/law within the scope of the Industrial Property Law

SUSTAINABLE ECONOMIC IMPACT

OUR TAX APPROACH

As DeFacto, we are aware of the effects of tax on social security and its importance in sustainable development. We believe that tax constitutes the most fundamental source of financing in realizing sustainable development goals and its potential to affect the components of sustainable development as it can be used for economic, social and environmental purposes. With this sense of responsibility, we base our tax strategy on transparent, objective, ethical, reliable and sustainable principles. We follow this strategy with a solid structure through the audits and controls of our Financial Advisors and Independent Audit companies, from which we receive consultancy in Türkiye and Overseas. As a result of this principled process management, in 2023, we realized a corporate tax refund payment of over TL 47.6 million and a VAT refund payment of over TL 228.4 million.

In Türkiye, all our financial processes are carried out by our Certified Public Accountants within the scope of full attestation audit and by Independent Audit Companies within the scope of independent audit, ensuring all controls. Overseas, our Certified Public Accountants and Independent Auditors provide the necessary controls in each country. In all countries where we operate, we organize our processes according to the local Tax Legislation practices of the relevant country and act accordingly.

While all our units maintain a working order in line with the determined tax strategy, all practices affecting tax are monitored by the Financial Affairs and Finance Unit.

In order to minimize the risk in all our processes, we take full and complete fulfillment of tax obligations as a basis. Our Internal Audit Unit and Ethics Committee within our organization examine all processes in Türkiye and Overseas and perform the necessary controls in this context. In addition, all controls are carried out by Certified Public Accountancy and Independent Audit Companies to prevent risk.

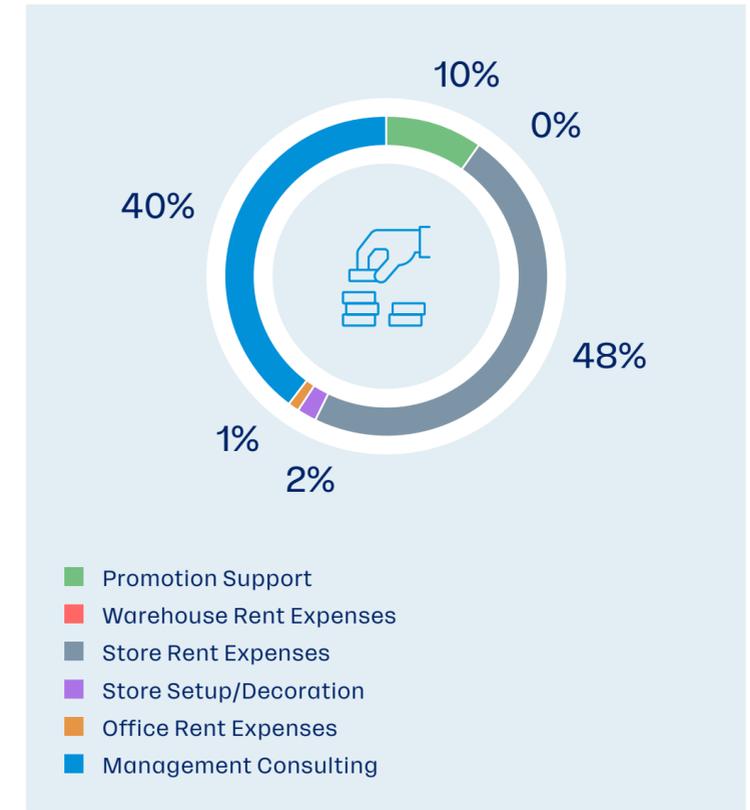
Within the framework of our responsible taxation approach, we fulfill all our duties and responsibilities in order to contribute to the country's economy and development.

Over 47.6 million TL corporate tax

Over 228.4 million TL in VAT refunds

GRANTS AND SUPPORTS

Since 2013, we are among the companies benefiting from Turquality®, the world's first and only state-sponsored branding program managed by the Ministry of Trade of the Republic of Türkiye. In 2023, we benefited from 142,959,015 TL incentives within the scope of Turquality®. In this context, we use the incentive support in our domestic and international investments in the areas of promotion support, warehouse rents, store rents, store installation, decoration, office rents and management consultancy.



We benefited from **142,959,015 TL** incentives within the scope of Turquality®



R&D, INNOVATION AND DIGITALIZATION

As the most dynamic and open to innovation sector of the world economy, retail is one of the sectors most affected by rapidly developing technologies and digital transformation. We believe that this transformation within the sector is a long-term journey, and we are a pioneer in the sector with our pioneering investments in technology and digitalization. As one of the first companies to bring the fashion and ready-to-wear industry together with technology, we add new milestones to our story every year and continue on our way without slowing down.

We strive to integrate our understanding of technology and digitalization into every step of our business conduct. We take inclusive steps with product-oriented innovations that will increase our product range and quality, technological solutions and information technologies investments that provide digital-based services to our customers and improve their shopping experience. We carry out our work in this field through our own technology company DeFacto Technology and DeFacto Design Center.

HOW DO WE MAKE A DIFFERENCE?

Almost all studies focusing on the fashion and apparel industry indicate that technology will be one of the biggest factors shaping the future of the industry. At DeFacto, we focus on developing in-house and customer-oriented digital tools, improving our customers' shopping experience, bringing our products to the market faster, and digital merchandising applications by using the power of digitalization and artificial intelligence. As the number of consumers who value their digital personalities as much as their physical appearance increases, we are aligning with changing expectations with the metaverse world we have created and the collections we have developed.

WHICH FIRSTS DID WE BREAK?

- With DeFacto Technology, we are among the first companies in the ready-to-wear and fashion industry to establish its own technology company.
- We opened Türkiye's first smart fashion store where customers can examine digital copies of products with smart screens and virtual reality glasses.
- We opened Türkiye's first "Fijital Smart" store, which brings together the physical and digital experience and brings the convenience of online shopping to stores with the shopping experience realized through digital screens.
- We became the first 'Principal' member of The Metaverse Standards Forum from Türkiye and the first fashion brand on the platform.
- As the first clothing brand to take part in Teknofest.



DEFACTO TECHNOLOGY

In 2015, we became one of the rare companies in the ready-to-wear and fashion industry to establish its own technology company with DeFacto Technology, our technology company. With DeFacto Technology, which operates in Istanbul Technopark, we carry out innovation and new technology development studies with over 350 employees. Within DeFacto Technology, we develop many applications used in the sector under the titles of digital infrastructure services, business intelligence, e-commerce and corporate applications, information technologies system and database management, and offer R&D solutions. In 2023, we carried out 29 R&D projects under the umbrella of DeFacto Technology. During the year, we benefited from incentives amounting to TL 72.9 million, and in addition to our R&D projects, we carried out nearly 350 small development and product development studies within the scope of software development activities.

As DeFacto Technology, we realize many value-added collaborations. We have made an important project application under Eureka, an international cooperation platform established to encourage the research and development of advanced technologies, products and services that will increase the competitiveness of industry and research institutions in European countries in world markets, and to create and carry out joint projects between countries. Within the framework of the 1509-TÜBİTAK International Industrial R&D Projects Support Program, we were included in the project consortium in which 17 companies from 5 countries participated. Our project application has passed the TÜBİTAK approval stage, and we plan to start the project in the 2nd quarter of 2024.

DEFACTO DESIGN CENTER

At the beginning of 2023, DeFacto Design Center received “Design Center” approval from the Ministry of Industry and Technology. In our design center, we work to realize sustainable, environmentally friendly, digitalization and customer-oriented innovative projects with our team of 99 people. Thanks to the innovative projects we realize and plan, we try to create awareness focused on sustainability; we focus on adding added value to production and design through university and industry collaborations.

In 2023, we invested over 96 million TL in R&D and design centers in total and benefited from nearly 50 million TL incentives.



29 R&D projects

Nearly 350 process and product development studies

Over 96 million TL R&D and design center investment



DIGITALIZATION PROCESSES

Our digitalization approach is based on more efficient and effective business processes, financial savings and increasing the satisfaction of our customers. **Throughout 2023, we launched 70 different digitalization-focused developments within DeFacto Technology. While we have successfully completed 58 of the 70 developments we launched, we continue to work on 12 of them.**

Apart from our small digitalization-focused developments, we started 9 comprehensive project studies during the year and we plan to implement these projects in 2024. Within our digitalization approach, we are working to improve the quality of service we offer to our customers and to perfect DeFacto's business conduct. In this context, we have many in-house digital products that we have developed.

70 different digitalization studies carried out within DeFacto Technology

OPERATION ORIENTED

We developed **DFHR**, which enables us to reach an end-to-end integrated structure with other applications by gathering the modules needed in our DeFacto Human Resources processes under a single platform. Thanks to the application, we realize our employee-oriented performance management.

We developed the **VMSmart** warehouse management system for the management of our domestic and international warehouses. Thanks to this application, which increases the speed and efficiency of operation, we reduced the time we experienced during the integration process in non-in-house software by 75%. With the new and user-friendly interfaces developed with the project, we aim to carry out the warehouse acceptance and shipment processes of the products more effectively.

With the Retail Master application we have developed, we instantly provide customers with all product and store stock information in

approximately 0.95 milliseconds. 94% of our Pay from Store transactions are also made through this application.

With our **LabDMS** project, we aim to save 95% in paper usage thanks to digitalized laboratory documents.

With our **Smart Shipment and PLM Management** project, we are breaking new ground in the sector by digitizing the processes that are carried out manually and via e-mail, and including our suppliers in all processes.

With our **Data Lake** project, we aim to prevent sales losses due to lack of stock. Within the scope of the project, we saw that the share of sales losses in total turnover was 22% in 2021 data. Thanks to this digitalization project we have developed, we aim to improve this ratio by a minimum of 5% and reduce it to 17%. After the completion of our project, we foresee an annual increase in sales turnover of 98 million TL in Türkiye and 24 million TL Overseas.

With our **Piecemeal Counting** project, we digitize our store counting operations, thus minimizing the costs of stocktaking and unplanned shifts. At the same time, we increase the assurance of stock accuracy.

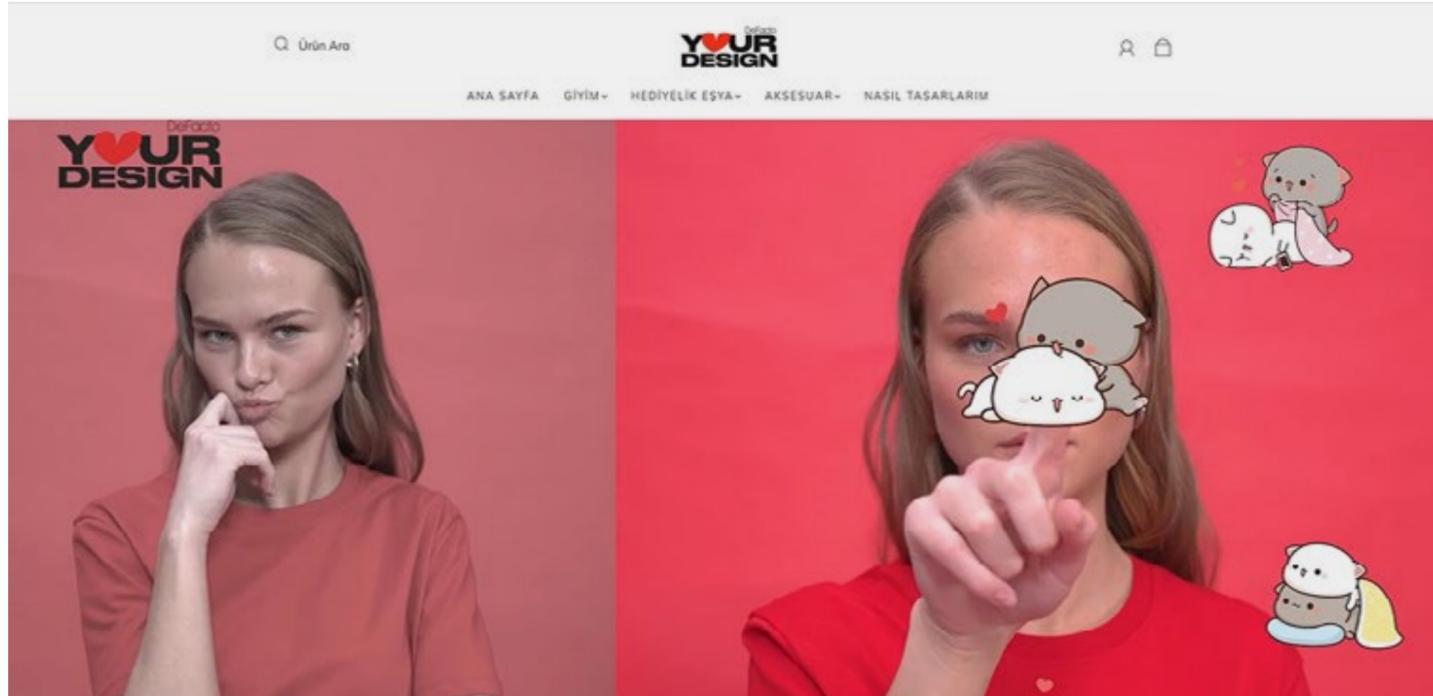
With the steps taken within the scope of the Financial Transformation project, we aim to transform the purchasing processes into a more efficient, reportable, auditable structure where management reports can be prepared. Thanks to the **Purchasing Automation** project, we aim to gather all of DeFacto's purchasing processes both in Türkiye and Overseas on a single platform and turn them into a structure that can be centrally managed and audited.

CUSTOMER EXPERIENCE ORIENTED

We offer a fast and uninterrupted customer experience with **DeFacto App**, which enables our customers to shop from the app. **DeFaccto App, whose number of users increased by 250% compared to last year, has over 10 million users as of 2023.**

With the GiftClub project we have developed, we aim to become the first brand of choice for our customers in their retail shopping by providing personalized advantages to our customers who constantly prefer our brand in their shopping. **By the end of 2023, the Gift Club application reached over 14 million members and managed to increase the number of members by 55% compared to January 2023.**

HIGHLIGHTS OF 2023 ON THE TECHNOLOGY AND DIGITALIZATION JOURNEY



DEFACTO YOUR DESIGN

With Yourdesign, a personalized marketplace project, we bring fashion and creativity together by offering our customers the opportunity to discover original designs and express themselves. In this way, we aim to provide our customers with an experience beyond personalized products. With Yourdesign, our customers can reflect their own designs on products as they wish, while they can also bring their imagination together with licensed products.



DEFACTO FIT WORLD

With the introduction of the metaverse to the fashion world, we are taking many steps to be a part of this new world. We say hello to the metaverse world with DeFacto Fit World. With DeFacto Fit World, we designed an interactive island on the spatial.io platform that allows you to create virtual stores, trainings and activities. In this world where 500 users can instantly make voice and video calls, participants can personalize their avatars. In this world, which can be visited with virtual reality glasses and mobile devices, there is also an area where we exhibit digital DeFacto clothes.



FUTURISTIC DIGITAL CLOTHING COLLECTION

We continue our projects in Web 3.0, which we first entered with NFT, which we launched with the character Firat, brought to life by successful cartoonist Uğur Gürsoy, with DeFacto Fit World metaverse world. We are preparing a futuristic digital clothing collection to be used in this digital world. We aim to use and exhibit the digital clothes as avatars in DeFacto Fit Verse on the spatial platform.



DIGITALVM STORE

In order to carry out the design and placement of physical stores more effectively and efficiently, we prepared three-dimensional models of the denim models that help design the denim area in the stores and placed them in the digital environment. In this way, we provided convenience and time savings for the design team to make decisions on store layout and interior design optimization.



NEXT GENERATION PRODUCTION PRACTICES WITH DEFACTO x CLO

We have developed a very important project in order to increase digitalization and efficiency in our production processes. In collaboration with DeFacto x CLO, we have developed a program that allows us to make unlimited designs without sewing samples and to see the worn posture of our designs in 3D version. Thus, we can see the changes made in the 2D mold simultaneously worn in 3D, and we can design a model in seconds. Using virtual avatar mannequins, we develop our designs in accordance with different body types and features. By preventing the sewing and fitting of physical samples, we realize both resource and material savings, as well as labor and cost savings. At the same time, we can see all sizes of smart fit models in series at the same time and we can easily follow all body postures. Thanks to the project, we complete processes such as fabric selection, pattern making, sample sewing and product preparation, which take an average of 90-110 hours, in an average of 4 hours.

In 2023, we fit 593 models through this program and prevented the preparation of 2 different samples for these models. Thus, we ensured that 1,186 models were produced without using fabric and labor resources and without incurring logistics costs and impacts after sample production. In this way, we achieved a financial saving of 1,171,500 TL.



DEFACTO FIT HEALTH

While bringing the fashion world together with technology, we bring our designs together with applications that will enable our customers to take healthier steps in their daily lives. With our DeFacto Fit application, we bring together products related to exercise, healthy and fit life under a single roof. Thanks to this application, we offer content on nutrition, exercise and sports products and bring professionals in these fields together with users. The DeFacto app, which hosts more than 700 exercise content and free lessons and content from more than 100 professionals, has a new dimension this year with the DeFacto Fit Health design. Thanks to DeFacto Fit Health, we design smart clothes from fabrics with sensors on them. Thanks to the sensors on the fabrics, users' health data such as body temperature, pulse, respiratory rate and sweating level will be transferred to the DeFacto Fit application.

HEATED COAT PROJECT

We care about integrating the technologies we develop into our designs, developing wearable technologies and creating health-oriented designs. In this context, under the DeFacto Fit brand, we created the “Heated Coat” series, which we specially developed in cooperation with TÜBİTAK MAM Polar Research Institute and the Vice Presidency of Material Technologies, which includes technical features equipped with heating. Our prototype smart clothes were used by the research team that went to the North Pole.

The garment, which primarily enables health monitoring, helps to access important information about the user’s health status by monitoring data such as body temperature, pulse, respiratory rate, sweating level, etc. thanks to the sensors on it. This information is also important for the safety of the wearer. For example, in the event of a fall, health data is received by the sensor, enabling emergency intervention.

The heating equipment in the front and back body of the heated coats are activated by receiving energy from the powerbank connected to the USB port in the product pocket. The coats, which users can adjust according to the temperature they need, have low, medium and high temperature levels, while the temperature level can be seen on the color-changing logo on the sleeve of the coat.

At the same time, we became the first clothing brand to take part in Teknofest this year with our Heated Coat project. We signed a ‘Goodwill Agreement’ with TÜBİTAK MAM to accelerate our efforts to create wearable technologies. Thus, we aim to support scientific development based on domestic and national values by encouraging future collaborations.

BABY AND CHILD INNOVATION PROJECTS

- Glow-in-the-Dark Pajamas
- Products with Extendable Arm - Waist - Leg
- Diaper Grip Underpants
- Hand Covering Products Instead of Gloves
- Moving Graphs
- Color Changing T-Shirt Collection Project
- Taso Collection Hologram Design Project
- Water Color Changing Swimsuit
- Licensed Product Collection Design Project

OUR DIGITALIZATION AND DIGITAL INNOVATION PRACTICES

We continue to work to further enhance the experience of the DeFacto Digital Store concept, which provides our customers with the opportunity to physically see and try the products up close, without going through the complicated processes of the checkout line and payment steps, and to purchase the products they like on smart screens. In this context, we launched the “Scan&Go” project. Thanks to the project, we offer our customers an online sales experience in physical stores using new generation payment methods through the mobile application, without queuing at the cash register. Thus, we aim to be a pioneer in the sector by offering our customers a faster, modern and streamlined in-store shopping experience.

Another innovative application we launched to improve the physical retail experience is the “KabinQR” application. Thanks to this application, when our customers want to get support while in the cabin, they can reach customer advisors by scanning the QR code located inside the cabin without having to leave the cabin.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

We prioritize the protection of our intellectual property rights while conducting our R&D activities. For every R&D project we complete, we apply for copyright, register our designs and work to increase our license rights.

Thanks to the R&D and design studies we have carried out to date, DeFacto has managed to obtain 7 patents and 8 design registrations. In 2023, we increased our total number of copyrights to 20 by obtaining copyright for our 12 project.

You can find details about our patent and design registrations in our [sustainability report for 2022](#).

As DeFacto, we have many licenses to use in our products. In 2023, while we held 24 different license rights, the number of sales of our licensed products reached 6.5 million. In this way, its share in our total turnover reached X% .

2023 PROJECTS FOR WHICH WE WON COPYRIGHT IN 2023

- Procurement Automation Product
- LabDMS Project
- WM Smart Project
- Roar E-Studio Product
- Domestic / International E-Waybill
- Datalake Project
- RFID Project
- Crossborder Project
- Partial Count
- DFPOS Application
- DeFacto App Project
- CIS QR Project



PRODUCT SAFETY AND QUALITY

As a company that has adopted the principle of continuous development with our innovative and dynamic perspective, we strive to offer our customers products at affordable prices, in a variety suitable for every moment of the day, at the right time and at the expected quality in all sales channels we carry out globally. We do not compromise our understanding of quality throughout our entire value chain, starting from the raw materials we supply to the step where our products reach our customers.

We develop our motivation to develop products and services that appeal to our customers by focusing on quality. We define our understanding of quality as the proper management of customer health and environmental impacts. In this context, we take international quality systems and standards as reference and proceed in accordance with the regulations and legal arrangements of all countries where our products meet consumers.



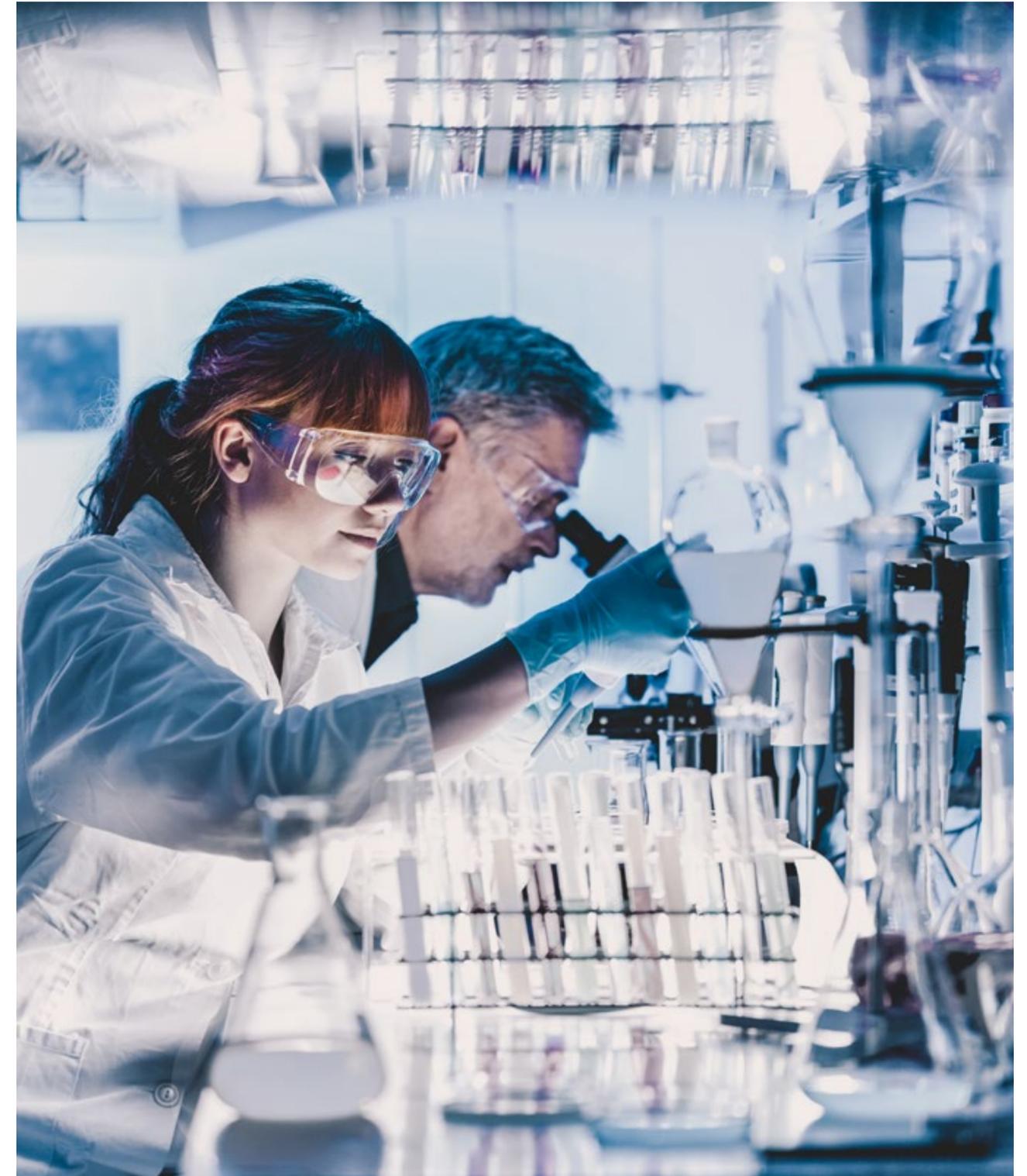
PRODUCT SAFETY

We are committed to ensuring that our consumers can safely use the products they buy and that we take all measures to ensure this. To this end, we conduct numerous tests and safety practices beyond meeting legal requirements to ensure product safety.

We follow the legal regulations regarding the use of chemical substances such as dyes or adhesives that we use in clothing and accessory products, and with the measures we take in our production processes, we ensure that our end products are used well below the chemical substance limit specified in the legal regulations and that they do not pose a risk to the health and safety of any of our consumers. We carry out this process through the tests we perform in our laboratories, and we do not ship any of our products to our stores if the residue amount is above the required level.

We restrict the use of phthalates, azo colorants and similar chemicals in our products, which are classified as proven or suspected harmful to human health by the World Health Organization. We assure all these processes with the tests we carry out in our laboratories.

At the same time, we provide trainings to our manufacturers and employees on the use of materials regarding DeFacto's product safety and quality standards and the steps to be taken to meet these standards. We also provide our employees and suppliers with guidance on all our product quality and assurance principles and processes through the DeFacto Product Safety Handbook.



PRODUCT TESTING

We ensure consumer health and product safety by subjecting our products to tests and controls in our laboratories accredited in accordance with TS EN ISO/IEC 17025:2017 standard. We conduct our tests in our analytical and physics laboratories accredited by TURKAK within the scope of TS EN ISO/IEC 17025:2017 Standard. We test and inspect the quality and ecological standards of our products in our laboratories in accordance with the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (KKDIK) in Türkiye, and Overseas in accordance with the customs legislation of the countries based on REACH Annex VII and OEKO - TEX Standard 100 criteria.

As an indication of our understanding of going beyond mandatory requirements with a focus on product health and safety, we conduct a wide range of tests in accordance with our high quality, safety and health standards. Thanks to these tests, we ensure that products that would put human and environmental health at risk are not put on sale.

In the physical and chemical tests of the fabrics coming from our suppliers, we act by taking into account the legal obligations of the countries where the products will be sent. We also receive label information from our suppliers and check the accuracy of the information on the product labels during the quality control of the products.

Another purpose of these tests is to detect production-related errors in advance, to identify remedial steps for operational excellence, and to minimize the rate of customer returns. Thanks to the presence of our test laboratories within our own organization, we carry out production-approval processes more efficiently, thus increasing product safety and supplier satisfaction.

PHYSICAL LABORATORY TESTS

We subject the fabrics and accessories that will be used in our ready-to-wear and accessory products to textile-oriented physical tests. We perform an average of 100 fabric and 100 finished product tests per day such as color fastness, pilling, pilling, dimensional stability and strength tests. We also include our accredited dyehouses in the testing processes.

IN 2023

- 27,463 Bulk fabric and Gold Seal test requests were made.
- 1,613 bulk tests were carried out by our accredited dyehouse.
- 4,126 physical dmy tests and pre-production tests were performed.
- 97.3% test pass rate
- 99% of tests were completed on time.

ANALYTICAL LABORATORY TESTS

We analyze harmful chemicals that may arise from raw materials and production conditions in our textile and accessory products.

IN 2023

- 26,437 Bulk fabric and Gold Seal test requests were made.
- 105,748 tests performed
- 90% test pass rate
- 99% of the tests were completed on time.

BABY AND CHILDREN PRODUCTS

Our baby and children's products constitute the product group for which we have the highest responsibility in terms of product quality and safety. While producing innovative products in this category with our innovative approach, we perform many tests and controls regarding their quality and safety. Within the scope of these product groups, we work in compliance with special safety requirements such as TS EN 14682 and TS EN 17394-1,2,3 and 4 Safety Standards for Children's Clothing, which are included in Turkish and European Union legislation. With the DeFacto Product Safety Handbook, we publish the required technical apparel standards and detailed information about the production methods that must be followed to meet these standards.



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STAKEHOLDER COMMUNICATION AND EXPECTATIONS

As DeFacto, we are strengthening our vision of becoming a global fashion brand day by day thanks to the relationships we have established with our stakeholders and we are moving towards our goals without slowing down. We pay attention to be in transparent and sustainable communication with all stakeholders in our ecosystem. For our focal stakeholder “our customers”, we strive to keep their satisfaction at the highest level with innovative, personalized and unique services simultaneously with this communication.

We base our stakeholder relations on transparency, trust and mutual benefit, and interact with all our stakeholders through many communication channels. We support our business partners and stakeholders in line with our globalization, digitalization and sustainability goals.

Key Stakeholder Groups	Stakeholder Needs and Expectations	Communication Method	Communication Frequency
Employees	A good working environment, employee rights, performance evaluations, health and safety measures	Employee satisfaction survey, DeFacto Business Academy, information bulletins, ethics line, open door, suggestion mechanism, meetings	Continuous
Customers	Reliability, quality, price performance, innovative products, sustainable products, product capacity	Wish, complaint suggestion system, customer experience surveys, customer experience days and cheerleading activities, EPS & customer experience, experience merchandising, online surveys, messages, e-mails, telephone, social media interactions	Regular
Suppliers	Procurement, long-term agreements, timely payments, volume increase, information on business practices, training	Supplier assessments, supplier days, empowerment and training programs, meetings, e-mail, telephone, online surveys	Continuous and Regular
Management and Shareholders	Profitability, growth, increased brand value, operational efficiency	Regular management meetings, regular shareholder meetings, public disclosure platforms, notifications, annual reports	Continuous and Regular
Investors	Financial performance, transparency, growth	Public disclosure platforms, annual reports, corporate sustainability reports	Regular
Certification Bodies	Reporting on standards, compliance with requirements	Audits, meetings	Regular
Business Organizations	Evolving industrial approaches, collective action	Meetings, seminars, conferences, online surveys	Regular
Civil Society Organizations	Social and environmental projects, awareness	Workshops, projects	Regular
Organs of State	Compliance with the law	Conferences, projects, face-to-face meetings, audits, reporting	Continuous and Regular
Associations and Member Institutions	Compliance with local, national and international laws and regulations compliance with social and environmental regulations, permits, financial assistance and incentives	Trainings, seminars, meetings, joint projects, newsletters	Regular
Financial Institutions and Banks	Sustainable financial performance, transparency, governance	Public disclosure platforms, annual reports, financial statements	Regular
Universities	Training and development, sectoral experience sharing	Mentoring, trainings, conferences, promotions, collaborations with R&D and design centers	Regular

FINANCIAL PERFORMANCE INDICATORS

Economic Performance (TL)	DeFacto		Ozon Tekstil	
	2022	2023	2022	2023
Revenue	29,554,460,974	30,365,526,431	207,600,314	365,784,029
Revenue from Online Channels	4,681,015,181	4,886,413,715	-	-
Total Store Capital Expenditures	662,000,000	787,000,000	-	-
Equity Share Capital	7,287,003,897	8,245,284,453	357,065,287	313,851,576

ENVIRONMENTAL PERFORMANCE INDICATORS

Energy Consumptions (MWh)	DeFacto		Ozon Tekstil	
	2022	2023	2022	2023
Total Energy Consumption	45,027.19	44,912.67	0.00	0.00
Natural Gas	3,240.32	4,247.52	-	3,106.371
Diesel (fixed)	118.68	276.77	-	14.67
Diesel (on-road)	1,478.35	1,375.71	-	627.74
Diesel (off-road)	147.25	80.27	-	1.49
Gasoline	2,016.79	2,478.92	-	0
Electricity Consumption	38,025.81	36,453.48	0,00	1,398.88
Network Resources	0	269,181	-	1,398.88
Renewable Energy Sources	38,025.81	36,184.30	-	0

Water Consumption (m ³)	DeFacto		Ozon Tekstil	
	2022	2023	2022	2023
Mains Water	263,796	264,745.18	11,202.00	15,372.41
Underground Water	-	-	0.00	0.00
Surface Water	-	-	0.00	0.00
Total Water Consumption	263,796	264,745.18	11,202.00	7,527.00
Waste Water	-	-	10,081.80	6,774.30

Waste Generation (tons)	DeFacto		Ozon Tekstil	
	2022	2023	2022	2023
Non-Hazardous Waste	259.18	759.98	350.27	455.42
Textile Waste	0.04	0.18	272.47	384.20
Hazardous Waste	7.56	15.05	35.17	16.57
Total Waste Amount	266.74	775.04	385.45	471.99
Amount of Waste Recycled	-	677.58	350.27	455.42

Greenhouse Gas Emissions (tons CO ₂ e)	DeFacto		Ozon Tekstil	
	2022	2023	2022	2023
Scope 1	6,317.14	4,590.90	1,160.76	825.10
Scope 2	16,731.36	15,884.91	1,109.37	613.89
Scope 1+2	23,048.50	20,475.81	2,270.13	1,440.39
Scope 3	413,486.98	439,417.39	78,408.88	67,707.39
Purchased goods and services	268,409.27	263,642.85	49,627.98	41,258.62
Fuel and energy related activities	2,020.68	2,004.03	-	203.09
Upstream transportation and distribution	6,944.70	6,868.13	1,025.51	683.68
Waste generated in operations	12.64	38.28	-	12.12
Business travel	1,083.44	1,869.95	43.96	13.35
Employee transportation	968.58	1,341.07	163.41	80.96
Upward leased assets	145.10	42,809.81	-	-
Downstream transportation and distribution	8,530.27	6,655.84	1,249.84	1,347.15
Use of the products sold	118,476.69	105,374.16	25,216.01	23,116.36
End-of-life operations of products sold	4,625.48	4,531.96	1,082.18	992.07
Franchises	-	2,840.91	-	-
Investments	2,270.13	1,440.39	-	-
Total (Scope 1+2+3)	436,535.48	459,893.19	80,679.01	69,146.39

SOCIAL PERFORMANCE INDICATORS

	2022				2023			
	DeFacto Domestic	DeFacto Overseas	Total	Ozon Tekstil	DeFacto Domestic	DeFacto Overseas	Total	Ozon Tekstil
Number of Employees	10,106	3,498	13,604	802	9,267	3,714	12,981	677
Woman	6,139	1,915	8,054	353	5,759	2,039	7,798	353
Male	3,967	1,583	5,550	449	3,508	1,675	5,183	324
White Collar Employee	9,063	3,491	12,554	309	8,344	3,705	12,049	213
Woman	5,630	1,911	7,541	139	5,290	2,032	7,322	98
Male	3,433	1,580	5,013	170	3,054	1,673	4,727	115
Blue Collar Employee	1,043	7	1,050	493	923	9	932	464
Woman	509	4	513	214	469	7	476	255
Male	534	3	537	279	454	2	456	209
Full Time Employee	6,578	2,258	8,836	11,094	6,029	2,389	8,418	677
Woman	3,706	1,210	4,916	353	3,451	1,296	4,747	353
Male	2,872	1,048	3,920	449	2,578	1,093	3,671	324
Part-Time Employee	3,528	1,240	4,768	0	3,238	1,325	4,563	0
Woman	2,433	705	3,138	0	2,308	743	3,051	0
Male	1,095	535	1,630	0	930	582	1,512	0
Employees by Age Groups								
Employees Under 30	7,476	2,751	10,227	240	6,575	2,796	9,371	171
Woman	4,729	1,545	6,274	108	4,291	1,571	5,862	116
Male	2,747	1,206	3,953	132	2,284	1,225	3,509	55
Employees between 30-50 Years of Age	2,559	735	3,294	535	2,610	897	3,507	451
Woman	1,392	362	1,754	230	1,443	454	1,897	209
Male	1,167	373	1,540	305	1,167	443	1,610	242
Employees Over 50	71	12	83	27	82	21	103	55
Woman	18	8	26	15	25	14	39	28
Male	53	4	57	12	57	7	64	27

	2022				2023			
	DeFacto Domestic	DeFacto Overseas	Total	Ozon Tekstil	DeFacto Domestic	DeFacto Overseas	Total	Ozon Tekstil
Newly Recruited Employees								
Employees Under 30	7,101	2,628	9,729	82	6,329	2,340	8,669	20
Woman	4,481	1,651	6,132	56	4,165	1,449	5,614	11
Male	2,620	977	3,597	26	2,164	891	3,055	9
Employees between 30-50 Years of Age	494	208	702	104	311	214	525	12
Woman	250	110	360	53	154	130	284	4
Male	244	98	342	51	157	84	241	8
Employees Over 50	11	10	21	5	19	11	30	1
Woman	3	9	12	1	3	10	13	1
Male	8	1	9	4	16	1	17	0
Total	7,606	2,846	10,452	191	6,659	2,565	9,224	33
Total Employee Turnover Rate	38	62	50	0	35	47	41	16
Voluntary Employee Turnover Rate	33	56	44.5		31	43	37	0
Mandatory Employee Turnover Rate	5	6	5.5		4	4	4	16
Employees by Duration of Employment								
0-5 Years	8,291	3,120	11,411	0	7,291	3,245	10,536	376
Woman	5,198	1,760	6,958		4,669	1,830	6,499	226
Male	3,093	1,360	4,453		2,622	1,415	4,037	150
5-10 Years	1,425	365	1,790	0	456	27	483	198
Woman	798	152	950		168	6	174	56
Male	627	213	840		288	21	309	142
Over 10 Years	390	13	403	0	1,520	442	1,962	103
Woman	143	3	146		922	203	1,125	71
Male	247	10	257		598	239	837	32
Disabled Employees								
Number of Female Employees with Disabilities	58	22	80	5	54	14	68	5
Number of Disabled Male Employees	162	31	193	19	170	27	197	17
Total	220	53	273	24	224	41	265	22

	2022				2023			
	DeFacto Domestic	DeFacto Overseas	Total	Ozon Tekstil	DeFacto Domestic	DeFacto Overseas	Total	Ozon Tekstil
Maternity Leave								
Number of Employees on Maternity Leave	228	126	354	8	210	193	403	10
Number of Female Employees on Maternity Leave	145	120	265	8	122	169	291	10
Number of Male Employees on Maternity Leave	83	6	89	0	88	24	112	0
Number of Employees Returning from Maternity Leave	203	62	265	8	220	56	276	1
Number of Female Employees Returning from Maternity Leave	122	56	178	8	132	26	158	1
Number of Male Employees Returning from Maternity Leave	81	6	87	0	88	30	118	0
Total Number of Employees Continuing to Work 12 Months After the End of Maternity Leave	122	16	138	5	124	43	167	1
Number of Female Employees Returning to Work after the End of Maternity Leave	41	16	57	5	65	22	87	1
Number of Male Employees Returning to Work after the End of Maternity Leave	81	0	81	0	59	21	80	0
Employee Trainings								
Total Training Hours	411,780	99,680	511,460	8,312	380,359	75,730	456,089	2,483
Training Hours per Employee	40.75	28.50	37.60	10.36	39.50	20.39	35.14	3.67

	DeFacto	Ozon Tekstil
OHS Indicators - Employees		
Number of Accidents	411	25
Accident Frequency Rate	2.34	10.98
Number of Days Lost due to Accidents	661	50
Number of Occupational Diseases	0	0
Number of Fatal Accidents	0	0
OHS Training Hours Provided to Employees	21,250	3,600

ASSURANCE REPORTS



DEFACTO PERAKENDE TİCARET ANONİM ŞİRKETİ

Atatürk Mah. Bahariye Cd. No.31 Küçükçekmece, İstanbul, TÜRKİYE

This is a multi-site certificate, additional site(s) are listed on the next page(s)
Bureau Veritas Certification Holding SAS - UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 14001:2015

Scope of certification

Customs, Foreign Trade, Logistics, Management and Administrative Organization Activities of Garments, Accessories, Shoes, Bags, Towels and Perfumes for Supply and Sale of Retail Products



Original cycle start date: 14-03-2024

Expiry date of previous cycle: NA

Certification / Recertification Audit date: 21-12-2023

Certification/Recertification Cycle Start Date: 14-03-2024

Subject to the continued satisfactory operation of the organisation's Management System, this certificate expires on: 13-03-2027

Certificate No.: TR013108

Version: 1

Issue date: 14-03-2024




Signed on behalf of BVCH SAS UK Branch

Certification Body Address: 5th Floor, 66 Prescot Street, London, E1 8HG, United Kingdom
 Local Office: Esas Maltepe Ofispark Altayçeşme Mah. Çamlı Sok. No: 21 Kat: 8 Maltepe, İstanbul, 34843 Türkiye

Further clarifications regarding the scope and validity of this certificate, and the applicability of the management system requirements, please call: +90 216 518 40 50

UKAS Certificate Template Multi Site Rev.4.1

28 Aug 2023



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DEFACTO PERAKENDE TİCARET ANONİM ŞİRKETİ

ISO 14001:2015

Belgelendirme Kapsamı

Saha Adı/Lokasyon	Saha Adresi	Saha Kapsamı
DEFACTO GENEL MÜDÜRLÜK	Atatürk Mah. Bahariye Cd. No.31 Küçükçekmece, İstanbul, TÜRKİYE	Perakende Ürünler Tedarik ve Satışı İçin (Hazır Giyim Ürünleri, Aksesuarlar, Ayakkabılar, Çantalar, Havlu ve Parfümler); Gümrük, Dış Ticaret, Lojistik, Yönetim ve İdari Organizasyon Faaliyetleri
E-TİCARET DEPO	YASSIÖREN MAH. DOLUNAY SOK. NO:28/1 ARNAVUTKÖY, İSTANBUL, TÜRKİYE	Perakende Ürünler Tedarik ve Satışı İçin (Hazır Giyim Ürünleri, Aksesuarlar, Ayakkabılar, Çantalar, Havlu ve Parfümler); Depolama Faaliyetleri
ÇERKEZKÖY DEPO	KARAAĞAÇ MAH. UĞUR MUMCU CD. NO:134/1 KAPAKLI, TEKİRDAĞ, TÜRKİYE	



Sertifika Numarası.: TR013108

Revizyon: 1

Yayın Tarihi: 14-03-2024




BVCH SAS UK Şubesi adına imzalayan

Sertifikasyon Ofisi: 5th Floor, 66 Prescot Street, London, E1 8HG, United Kingdom
 Lokal Ofis: Esas Maltepe Ofispark Altayçeşme Mah. Çamlı Sok. No: 21 Kat: 8 Maltepe, İstanbul, 34843 Türkiye

Belge kapsamı, geçerliliği ve standardın gerekliliklerinin uygulanabilirliği ile ilgili ayrıntılı bilgiyi +90 216 518 40 50 telefon numarasından teyit edebilirsiniz.

UKAS Certificate Template Multi Site Rev.4.1

28 Aug 2023



2/2



DEFACTO PERAKENDE TİC. A.Ş.

BAHARİYE CAD. NO:31 KÜÇÜKÇEKMECE, İSTANBUL, TÜRKİYE

This is a multi-site certificate, additional site(s) are listed on the next page(s)
Bureau Veritas Certification Holding SAS - UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 50001:2018

Scope of certification

SUPPLY AND SALE OF RETAIL PRODUCTS (READY-TO-WEAR PRODUCTS, ACCESSORIES, SHOES, BAGS, TOWELS AND PERFUMES)



Bureau Veritas Certification



Original cycle start date:	04-05-2024
Expiry date of previous cycle:	NA
Certification / Recertification Audit date:	21-12-2023
Certification/Recertification Cycle Start Date:	04-05-2024
Subject to the continued satisfactory operation of the organisation's Management System, this certificate expires on:	03-05-2027

Certificate No.: TR013350 Version: 1 Issue date: 04-05-2024




Signed on behalf of BVCH SAS UK Branch

Certification Body Address: 5th Floor, 66 Prescott Street, London, E1 8HG, United Kingdom
 Local Office: Pasco Plaza Altayçeşme Mah. Çamlı Sok. No:21 Kat:8 34848 Maltepe, İstanbul, Türkiye

Further clarifications regarding the scope and validity of this certificate, and the applicability of the management system requirements, please call: +90 216 518 40 50

UKAS Certificate Template Multi Site Rev.4.1



28 Aug 2023



DEFACTO PERAKENDE TİC. A.Ş.

ISO 50001:2018

Belgelendirme Kapsamı

Saha Adı/Lokasyon	Saha Adresi	Saha Kapsamı
DEFACTO PERAKENDE TİC. A.Ş. (MERKEZ OFİS)	BAHARİYE CAD. NO:31 KÜÇÜKÇEKMECE, İSTANBUL, TÜRKİYE	PERAKENDE ÜRÜNLER TEDARİK VE SATIŞI (HAZIR GİYİM ÜRÜNLERİ, AKSESUARLAR, AYAKKABILAR, ÇANTALAR, HAVLU VE PARFÜMLER)
ÇERKEZKÖY DEPO (SAHA 1)	KARAAĞAÇ MAH. UÇUR MUMCU CD. NO:134/1 KAPAKLI, TEKİRDAĞ, TÜRKİYE	PERAKENDE ÜRÜNLER TEDARİK VE SATIŞI İÇİN DEPOLAMA FAALİYETLERİ (HAZIR GİYİM ÜRÜNLERİ, AKSESUARLAR, AYAKKABILAR, ÇANTALAR, HAVLU VE PARFÜMLER)
ARNAVUTKÖY DEPO (SAHA 2)	YASSIÖREN MAH. DOLUNAY SOK. NO:28/4 ARNAVUTKÖY, İSTANBUL, TÜRKİYE	PERAKENDE ÜRÜNLER TEDARİK VE SATIŞI İÇİN DEPOLAMA FAALİYETLERİ (HAZIR GİYİM ÜRÜNLERİ, AKSESUARLAR, AYAKKABILAR, ÇANTALAR, HAVLU VE PARFÜMLER)



Bureau Veritas Certification



Sertifika Numarası.: TR013350 Revizyon: 1 Yayın Tarihi: 04-05-2024




BVCH SAS UK Şubesi adına imzalayan

Sertifika Ofisi: 5th Floor, 66 Prescott Street, London, E1 8HG, United Kingdom
 Yerel Ofis: Pasco Plaza Altayçeşme Mah. Çamlı Sok. No:21 Kat:8 34848 Maltepe, İstanbul, Türkiye

Belge kapsamı, geçerliliği ve standardın gerekliliklerinin uygulanabilirliği ile ilgili ayrıntılı bilgiyi +90 216 518 40 50 telefon numarasından teyit edebilirsiniz.

UKAS Certificate Template Multi Site Rev.4.1



28 Aug 2023



TÜRK STANDARLARI ENSTİTÜSÜ

HEAD OF SURVEILLANCE AND INSPECTION CENTER
GREENHOUSE GAS VERIFICATION STATEMENT



Certificate Number	SER.006.2024/B00034																											
Report Number	SER.006.2024/R00020																											
Date of Verification Statement	05.06.2024																											
Company Title	OZON TEKSTİL KONFEKSİYON SAN.VE TİC.A.Ş.																											
Company Address	Ahmet Turan Gazi OSB Mah. 1.Organize Sanayi Bölgesi, 3.Kısım, 18.Sok. No:33 ve No:6, 58050 Sivas Merkez/Sivas																											
Purpose of Verification	Verifying the Greenhouse Gas Statement dated 05/06/2024 of the company has been prepared according to TS EN ISO 14064-1:2019 standard for the period from 01.01.2023 - 31.12.2023 and that the Greenhouse Gas Statement is free from material misstatements at "Reasonable Assurance Level" according to the requirements of the TS EN ISO 14064-3:2019 standard.																											
Verification Methodology	Verification of the Greenhouse Gas Statement has been carried out in accordance with requirement of TS EN ISO 14064-3:2019 standard.																											
Techniques of Verification	Greenhouse gas information system controls and greenhouse gas data / information are evaluated by document review, site visits and recalculation methods and on the basis of the evidence of Greenhouse Gas Statement is verified.																											
Verification Criteria	TS EN ISO 14064-1:2019																											
Verification Period	01.01.2023 - 31.12.2023																											
Base Year	2022																											
Organizational Boundaries	Ahmet Turan Gazi OSB Mah. 1.Organize Sanayi Bölgesi, 3.Kısım, 18.Sok. No:33 ve No:6 Sivas Merkez/Sivas																											
Types of Greenhouse Gases	CO ₂ , CH ₄ , N ₂ O, HFC																											
Verified GHG Emissions and Removals	<table border="0"> <tr> <td>Category 1</td> <td>Direct Emissions</td> <td>825,10 tons CO₂e</td> </tr> <tr> <td>Category 2</td> <td>Energy Indirect Emissions</td> <td>613,89 tons CO₂e</td> </tr> <tr> <td>Category 3</td> <td>Indirect Emissions due to Transportation</td> <td>2.125,15 tons CO₂e</td> </tr> <tr> <td>Category 4</td> <td>Indirect Emissions from Products/Services of the Organization</td> <td>41.473,82 tons CO₂e</td> </tr> <tr> <td>Category 5</td> <td>Indirect Emissions related to use of Products</td> <td>24.108,42 tons CO₂e</td> </tr> <tr> <td>Category 6</td> <td>Other Indirect Emissions</td> <td>-</td> </tr> <tr> <td></td> <td>Direct Emissions from Biomass</td> <td>No emission due to biomass</td> </tr> <tr> <td></td> <td>GHG Removals</td> <td>Not quantified by the company</td> </tr> <tr> <td></td> <td>Carbon Credits</td> <td>Not declared by the company</td> </tr> </table>	Category 1	Direct Emissions	825,10 tons CO ₂ e	Category 2	Energy Indirect Emissions	613,89 tons CO ₂ e	Category 3	Indirect Emissions due to Transportation	2.125,15 tons CO ₂ e	Category 4	Indirect Emissions from Products/Services of the Organization	41.473,82 tons CO ₂ e	Category 5	Indirect Emissions related to use of Products	24.108,42 tons CO ₂ e	Category 6	Other Indirect Emissions	-		Direct Emissions from Biomass	No emission due to biomass		GHG Removals	Not quantified by the company		Carbon Credits	Not declared by the company
Category 1	Direct Emissions	825,10 tons CO ₂ e																										
Category 2	Energy Indirect Emissions	613,89 tons CO ₂ e																										
Category 3	Indirect Emissions due to Transportation	2.125,15 tons CO ₂ e																										
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Category 6	Other Indirect Emissions	-																										
	Direct Emissions from Biomass	No emission due to biomass																										
	GHG Removals	Not quantified by the company																										
	Carbon Credits	Not declared by the company																										
Level of Assurance	Reasonable Assurance Level																											
Verification Opinion	Verified as Satisfactory																											



Mehmet ERGUN
 Director of Environmental Surveillance and Verification



<https://basvuru.tse.org.tr/uye/QRKodDogrulama?code=F03017> You can query this address to check the accuracy and validity of the document.

* Yüzcüncü Yıl Bulvarı Cevat Dündar Caddesi 1236. Sokak No:1 Yenimahalle/ANKARA
 * Tel: (0312)- 592 51 35 Fax: (0312)- 592 51 85 e-posta: cevreselgozetim@tse.org.tr

15.01.11.FR.010/02.06.2017-7



TÜRK STANDARLARI ENSTİTÜSÜ

HEAD OF SURVEILLANCE AND INSPECTION CENTER
GREENHOUSE GAS VERIFICATION STATEMENT



Certificate Number	SER.006.2024/B00032																											
Report Number	SER.006.2024/R00021																											
Date of Verification Statement	07/06/2024																											
Company Title	Defacto Perakende Ticaret Anonim Şirketi																											
Company Address	Atatürk Mah. Bahariye Cad. No: 31 DeFacto Plaza 34303, Halkalı - Küçükçekmece/İstanbul																											
Purpose of Verification	Verifying the Greenhouse Gas Statement dated 14/05/2024 of the company has been prepared according to TS EN ISO 14064-1:2019 standard for the period from 01/01/2023 to 31/12/2023 and that the Greenhouse Gas Statement is free from material misstatements at "Reasonable Level of Assurance" according to the requirements of the TS EN ISO 14064-3:2019 standard.																											
Verification Methodology	Verification of the Greenhouse Gas Statement has been carried out in accordance with requirement of TS EN ISO 14064-3:2019 standard.																											
Techniques of Verification	Greenhouse gas information system controls and greenhouse gas data / information are evaluated by document review, site visits and recalculation methods and on the basis of the evidence of Greenhouse Gas Statement is verified.																											
Verification Criteria	TS EN ISO 14064-1:2019																											
Verification Period	01.01.2023 - 31.12.2023																											
Base Year	2023																											
Organizational Boundaries	Atatürk Mah. Bahariye Cad. No: 31 DeFacto Plaza 34303, Halkalı - Küçükçekmece/İstanbul, Karaağaç Mah, Uğur Mumcu Cad. No: 134/1, 59520 Kapaklı/Tekirdağ, Yassören Mah. Dolunay Sk. No. 28 İç Kapı No: 1 Arnavutköy/İstanbul, İkitelli OSB Mah, Atatürk Blv. YTÜ Teknopark İkitelli Kampüsü No: Z12, 34203 İkitelli OSB, Başakşehir/İstanbul, yurt içi ve yurt dışındaki mağazalar																											
Types of Greenhouse Gases	CO ₂ , CH ₄ , N ₂ O, HFC																											
Verified GHG Emissions and Removals	<table border="0"> <tr> <td>Category 1</td> <td>Direct Emissions</td> <td>4.590,9 ton CO₂e</td> </tr> <tr> <td>Category 2</td> <td>Energy Indirect Emissions</td> <td>15.884,9 ton CO₂e</td> </tr> <tr> <td>Category 3</td> <td>Indirect Emissions due to Transportation</td> <td>16.734,9 ton CO₂e</td> </tr> <tr> <td>Category 4</td> <td>Indirect Emissions from Products/Services of the Organization</td> <td>308.494,9 ton CO₂e</td> </tr> <tr> <td>Category 5</td> <td>Indirect Emissions related to use of Products</td> <td>114.187,4 ton CO₂e</td> </tr> <tr> <td>Category 6</td> <td>Other Indirect Emissions</td> <td>- ton CO₂e</td> </tr> <tr> <td></td> <td>Emissions from Biomass Combustion</td> <td>No emission from biomass</td> </tr> <tr> <td></td> <td>GHG Removals</td> <td>Not quantified by the organization</td> </tr> <tr> <td></td> <td>Carbon Credits</td> <td>Not presented by the organization</td> </tr> </table>	Category 1	Direct Emissions	4.590,9 ton CO ₂ e	Category 2	Energy Indirect Emissions	15.884,9 ton CO ₂ e	Category 3	Indirect Emissions due to Transportation	16.734,9 ton CO ₂ e	Category 4	Indirect Emissions from Products/Services of the Organization	308.494,9 ton CO ₂ e	Category 5	Indirect Emissions related to use of Products	114.187,4 ton CO ₂ e	Category 6	Other Indirect Emissions	- ton CO ₂ e		Emissions from Biomass Combustion	No emission from biomass		GHG Removals	Not quantified by the organization		Carbon Credits	Not presented by the organization
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	Carbon Credits	Not presented by the organization																										
Level of Assurance	Reasonable Assurance Level																											
Verification Opinion	Verified as Satisfactory																											



Berna BİLİK
 Director of Environmental Surveillance and Verification, V.



<https://basvuru.tse.org.tr/uye/QRKodDogrulama?code=6F986A> You can query this address to check the accuracy and validity of the document.

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15.01.11.FR.010/02.06.2017-7

GRI CONTENT INDEX

Declaration of Use	DeFacto Perakende Ticaret A.Ş. (DeFacto) has reported in accordance with GRI Standards for the period January 1 - December 31, 2023.
GRI 1 Used	GRI 1: Foundation 2021
GRI Sector Standard Used	Since the sector standard on group structures has not yet been prepared, no sector standard has been used.

GRI Standard	Disclosures	Place of Notification	Disclosure of Withheld Information
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organizational Details	About the Report, page 4
	2-2	Companies Included in Reporting	About the Report, page 4
	2-3	Reporting Period, Frequency and Contact Person	About the Report, page 4
	2-4	Restatement of Information	There is no re-declared information in the reporting period.
	2-5	External Assurance	About the Report, page 4, Statements of Assurance, page 98-100
	2-6	Operations, Value Chain and Other Business Relationships	About the Report, page 4 About DeFacto, pages 10-13
	2-7	Employees	Our Employees, page 61
	2-8	Other Workers	Our Employees, page 61
	2-9	Governance structure and composition	Corporate Governance Structure, page 24
	2-10	Election and Designation of Members of the Highest Governance Body	Our Senior Management, page 25
	2-11	Chair of the Highest Governance Body	Corporate Governance Structure, page 24 Our Senior Management, page 25
	2-12	The Role of the Highest Governance Body in Managing the Organization's Impact	Corporate Governance Structure, page 24 Our Senior Management, page 25
	2-13	Delegation of Responsibilities for Managing the Organization's Impact	Corporate Governance Structure, page 24
	2-14	The Role of the Highest Governance Body in Sustainability Reporting	Sustainability Management, page 28
	2-15	Conflict of Interest	Business Ethics and Compliance, page 35
	2-16	Communicating Critical Issues	Business Ethics and Compliance, page 35
	2-17	Competencies of the Highest Governance Body	Our Corporate Governance Structure, pages 24-27

GRI Standard	Disclosures	Place of Notification	Disclosure of Withheld Information
GRI 2: General Disclosures 2021	2-18	Assessing the Performance of the Highest Governance Body	Our Corporate Governance Structure, pages 24-27
	2-19	Remuneration Policies	Diversity, Inclusion and Equal Opportunity, page 62 Talent Management and Development, page 65
	2-20	Wage Determination Process	Diversity, Inclusion and Equal Opportunity, page 62 Talent Management and Development, page 65
	2-21	Annual Fee Rates	Egalitarian Performance Management, page 32
	2-22	Senior Management Statement on Sustainable Development Strategy	CEO Message, pages 5-6 Message from the Chief Sustainability Officer, pages 7-8
	2-23	Policy Commitments	Corporate Governance Structure, page 28 Business Ethics and Compliance, page 35
	2-24	Integration of Policy Commitments within the Organization	Corporate Governance Structure, page 28 Business Ethics and Compliance, page 35
	2-25	Processes to Remediate Negative Impacts	Business Ethics and Compliance, page 35
	2-26	Mechanisms for Seeking Advice and Raising Concerns	Business Ethics and Compliance, page 35
	2-27	Compliance with Laws and Regulations	Business Ethics and Compliance, page 35
	2-28	Member Institutions	Memberships and Signatory Initiatives - DeFacto, page 15 Memberships and Signatory Initiatives - Ozon Tekstil, page 19
2-29	Stakeholder Engagement Approach	Stakeholder Communication and Expectations, page 92	
2-30	Collective Labor Agreements	Our Employees, page 61	
Material Issues			
GRI 3: Material Issues 2021	3-1	Process of Identifying Material Issues	Our Sustainability Strategy, pages 37-39
	3-2	Material Issues List	Our Materiality Analysis, page 40 Our Integrated Thinking, page 41
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Sustainability Management, page 28 Sustainable Economic Impact, pages 82-83
GRI 201: Economic Performance 2016	201-1	Direct Economic Value Generated and Distributed	Sustainability Management, page 28 Sustainable Economic Impact, pages 82-83
	201-2	Financial Consequences and Other Risks and Opportunities Arising from Climate Change	Our Perspective on Mega Trends and Risks, page 45
	201-3	Defined Benefit Plan Liabilities and Other Pension Plans	Talent Management and Development, page 65
	201-4	Financial Assistance from the Government	Grants and Supports, page 82

GRI Standard	Disclosures		Place of Notification	Disclosure of Withheld Information
Market Asset				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Sustainability Management, page 28 Sustainable Economic Impact, pages 82-83	
GRI 202: Market Presence 2016	202-1	Ratio of Standard Entry Level Wage to Local Minimum Wage by Gender	Talent Management and Development, page 65	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Sustainable Economic Impact, pages 82-83	
GRI 203: Indirect Economic Impacts 2016	203-1	Supported Infrastructure Investments and Services	Sustainable Economic Impact, pages 82-83	
	203-2	Significant Indirect Economic Impacts	Sustainable Economic Impact, pages 82-83	
Purchasing Practices				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Our Suppliers, page 72 Sustainable Supply Management, pages 73 - 75	
GRI 204: Procurement Practices 2016	204-1	Ratio of Payments to Local Suppliers	Our Suppliers, page 72	
Anti-Corruption				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Business Ethics and Compliance, page 35	
GRI 205: Anti-Corruption 2016	205-1	Operations Assessed for Corruption-Related Risks	Business Ethics and Compliance, page 35	
	205-2	Communication and Training on Anti-Corruption Policies and Procedures	Business Ethics and Compliance, page 35	
	205-3	Confirmed Corruption Incidents and Measures Taken	Business Ethics and Compliance, page 35	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Business Ethics and Compliance, page 35	
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal Actions for Anti-Competitive Behavior, Trust and Monopoly Practices	Business Ethics and Compliance, page 35	
Material				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Sustainable Raw Material Management, pages 53-54	
GRI 301: Materials 2016	301-1	Amount of Material Used	Sustainable Raw Material Management, pages 53-54	
	301-2	Recycled Material	Sustainable Raw Material Management, pages 53-54 Circularity and Waste Management, pages 51-52	
	301-3	Recycled Products and Related Packaging Materials	Sustainable Raw Material Management, pages 53-54 Circularity and Waste Management, pages 51-52	

GRI Standard	Disclosures		Place of Notification	Disclosure of Withheld Information
Energy				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Tackling the Climate Crisis, pages 46-47	
GRI 302: Energy 2016	302-1	Energy Consumption within the Organization	Energy Management and Greenhouse Gas Emissions, page 48	
	302-2	Energy Consumption Outside the Organization	Energy Management and Greenhouse Gas Emissions, page 48	
	302-3	Energy Intensity	Energy Management and Greenhouse Gas Emissions, page 48	
	302-4	Energy Consumption Reduction	Energy Management and Greenhouse Gas Emissions, page 48	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Efficient Water Consumption and Waste Water, page 50	
GRI 303: Water and Wastewater 2018	303-1	Interactions on Shared Water Resources	Efficient Water Consumption and Waste Water, page 50	
	303-2	Management of Impacts Related to Water Discharge	Efficient Water Consumption and Waste Water, page 50	
	303-3	Water Withdrawal	Efficient Water Consumption and Waste Water, page 50	
	303-4	Water Drainage	Efficient Water Consumption and Waste Water, page 50	
	303-5	Water Consumption	Efficient Water Consumption and Waste Water, page 50	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Tackling the Climate Crisis, pages 46-47	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) Carbon Emissions	Energy Management and Greenhouse Gas Emissions, page 49	
	305-2	Indirect (Scope 2) Carbon Emissions	Energy Management and Greenhouse Gas Emissions, page 49	
	305-3	Other Indirect (Scope 3) Carbon Emissions	Energy Management and Greenhouse Gas Emissions, page 49	
	305-4	Carbon Emissions Intensity	Energy Management and Greenhouse Gas Emissions, page 49	
	305-5	Carbon Emission Reduction	Energy Management and Greenhouse Gas Emissions, page 49	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Circularity and Waste Management, pages 51-52	
GRI 306: Waste 2020	306-1	Waste Generation and Significant Waste-Related Impacts	Circularity and Waste Management, pages 51-52	
	306-2	Management of Significant Waste-Related Impacts	Circularity and Waste Management, pages 51-52	
	306-3	Waste Generation	Circularity and Waste Management, pages 51-52	

GRI Standard	Disclosures		Place of Notification	Disclosure of Withheld Information
Environmental Assessment of Suppliers				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Sustainable Supply Management, page 73	
GRI 308: Environmental Assessment of Suppliers 2016	308-1	New Suppliers Audited Using Environmental Criteria	Supplier Evaluation and Identification Process, page 74 Supplier Audits, page 75	
	308-2	Negative Environmental Impacts in the Supply Chain and Measures Taken	Supplier Evaluation and Identification Process, page 74 Supplier Audits, page 75	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Our Employees, page 61	
GRI 401: Employment 2016	401-1	New Hires and Employee Turnover Rate	Talent Management and Development, page 65 Social Performance Indicators, page 96	
	401-2	Benefits Provided to Full-Time Employees Not Provided to Temporary or Part-Time Employees	Our Employees, page 61 Employee Happiness, pages 69-70	
	401-3	Parental Leave	Diversity, Inclusion and Equal Opportunity, page 63	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Our Employees, page 61	
GRI 402: Labor/Governance Relations 2016	402-1	Minimum Notification Periods for Operational Changes	Our Employees, page 61	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Employee Health, Safety and Welfare, page 71	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	Employee Health, Safety and Welfare, page 71	
	403-2	Hazard Identification, Risk Assessment and Incident Investigation	Employee Health, Safety and Welfare, page 71	
	403-3	Occupational Health Services	Employee Health, Safety and Welfare, page 71	
	403-4	Worker Participation, Consultation and Communication on Occupational Health and Safety	Employee Health, Safety and Welfare, page 71	
	403-5	Worker Training on Occupational Health and Safety	Employee Health, Safety and Welfare, page 71	
	403-6	Promotion of Worker Health	Employee Health, Safety and Welfare, page 71	
	403-7	Preventing and Mitigating Occupational Health and Safety Impacts Directly Linked to Labor Relations	Employee Health, Safety and Welfare, page 71	
	403-8	Workers within the scope of Occupational Health and Safety Management System	Employee Health, Safety and Welfare, page 71	
	403-9	Work Injury	Employee Health, Safety and Welfare, page 71	
	403-10	Work Related Illness	Employee Health, Safety and Welfare, page 71	

GRI Standard	Disclosures		Place of Notification	Disclosure of Withheld Information
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Talent Management and Development, page 65	
GRI 404: Education and Training 2016	404-1	Average Annual Training Hours per Employee	Talent Management and Development, page 66	
	404-2	Employee Skills Development Programs and Transition Assistance Programs	Talent Management and Development, pages 66-67	
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Evaluations	Talent Management and Development, page 65	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Diversity, Inclusion and Equal Opportunity, page 62	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees	Diversity, Inclusion and Equal Opportunity, page 63	
	405-2	Ratio of Basic Salaries and Wages of Women to Men	Diversity, Inclusion and Equal Opportunity, page 62	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Business Ethics and Compliance, page 35	
GRI 406: Prevention of Discrimination 2016	406-1	Discrimination Cases and Corrective Measures Taken	Business Ethics and Compliance, page 35	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Business Ethics and Compliance, page 35	
GRI 408: Child Labor 2016	408-1	Operations and Suppliers at Significant Risk for Child Labor Incidents	Business Ethics and Compliance, page 35	
Forced and Compulsory Labor				
GRI 3: Material Issues 2021	3-3	Management of Material Issues	Business Ethics and Compliance, page 35	
GRI 409: Forced and Compulsory Labor 2016	409-1	Operations and Suppliers at Significant Risk of Forced or Compulsory Labor Incidents	Business Ethics and Compliance, page 35	
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GRI 3: Material Issues 2021	3-3	Management of Material Issues	Society, pages 79-78	
GRI 413: Local Communities 2016	413-1	Engagement with Local Communities, Impact Assessments and Development Programs	Society, pages 79-78	
	413-2	Significant Actual and Potential Adverse Impacts on Local Communities	Society, pages 79-78	

GRI Standard	Disclosures	Place of Notification	Disclosure of Withheld Information
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GRI 3: Material Issues 2021	3-3 Management of Material Issues	Sustainable Supply Management, page 73	
GRI 414: Social Assessment of Suppliers 2016	414-1 New Suppliers Audited Using Social Criteria	Supplier Evaluation and Identification Process, page 74 Supplier Audits, page 75	
	414-2 Negative Social Impacts in the Supply Chain and Measures Taken	Supplier Evaluation and Identification Process, page 74 Supplier Audits, page 75	
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GRI 3: Material Issues 2021	3-3 Management of Material Issues	Sustainable Raw Material Management, pages 53-54 Sustainable Products, pages 55-58	
GRI 416: Customer Health and Safety	416-1 Assessing the Health and Safety Impacts of Product and Service Categories	Sustainable Raw Material Management, pages 53-54 Sustainable Products, pages 55-58	
	416-2 Non-Compliance Cases Related to Health and Safety Impacts of Products and Services	Sustainable Raw Material Management, pages 53-54 Sustainable Products, pages 55-58	
Marketing and Labeling			
GRI 3: Material Issues 2021	3-3 Management of Material Issues	Sustainable Products, pages 55-58	
GRI 417: Marketing and Labeling	417-1 Product and Service Information and Labeling	Sustainable Products, pages 55-58	
	417-2 Product and Service Information and Labeling Non-Compliance Cases	Sustainable Products, pages 55-58	
	417-3 Cases of Non-Compliance Related to Marketing Communications	Sustainable Products, pages 55-58	
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GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints of Breach of Customer Privacy and Loss of Customer Data	Information Technology and Security, pages 33-34	

DeFacto

For more detailed information about DeFacto Integrated and to send your comments and suggestions:

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