

2018 - 2019 CALIK DENIM SUSTAINABILITY REPORT



CALIK DENIM

2018 - 2019
CALIK DENIM
SUSTAINABILITY
REPORT



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ABOUT THE REPORT

With this Sustainability Report, stakeholders are given an overview of the activities that have been carried out by Calik Denim as part of its sustainability strategy Passion for Denim Passion for Life.

This report has been prepared in accordance with the GRI Standards: Core option. The report describes the company's performance between 1 January 2018 and 31 December 2019 from an economic, social, environmental and governance perspective. The company's contributions to 2025 Targets and Sustainable Development Goals (SDGs) are also addressed in the report.

For any questions, opinions and suggestions related to this report and Calik Denim's sustainability efforts, please feel free to contact us via the following e-mail address: sustainability@calikdenim.com.

ABOUT CALIK DENIM

Calik Denim, one of the leading premium denim manufacturers in the world, is included among the top 200 exporters in Turkey. The story of Calik Denim, which holds a special place in the history of the Group as the first industrial investment of Calik Holding, started in Malatya in 1987.

Established with an investment of \$111 million USD and initially operating as a yarn and weaving factory, denim production capability was later added to Calik Denim's portfolio in 1996. The company commissioned the ring spinning facility in 1997, and its product variety was increased by transforming the factory into an integrated facility in 2003. The R&D center was opened by the company in 2011 to invest in innovative products and create value-added, sustainable products, and approximately 2% of its annual revenue is allocated for R&D and investments in innovation. Today, the company maintains its operations with approximately 2,400 employees and boasts a yearly production capacity of 55 million meters, utilizing a production facility with an indoor area of 407,000 m².

As a result of its ongoing efforts in the fields of R&D and innovation, Calik Denim has received a variety of international certificates such as Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Oeko-Tex, RCS, Nordic Swan, Eco Label, EU Ecolabel and Global Recycle Standard (GRS). In addition, since 2016, the company has also been included in the Turquality Support Program, the only program by which companies that have competitive advantages and branding potential are supported by the government.

As a reliable solution partner that creates value for its customers, the company provides services to top global apparel companies such as H&M, Zara, Topshop, River Island, Diesel, Armani, GAP and Tommy with an innovation-driven approach and unique collections. Products are exported to more than 40 countries including USA, UK, Netherlands, France, Scandinavia, the Far East, Portugal, Italy, Tunisia, Morocco and Spain.

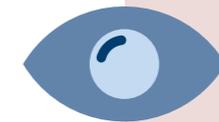


MISSION

Providing added value to denim industry, environment and people to make a positive impact for a better life, for a sustainable world.

VISION

Becoming a leading denim brand that passionately creates change for a better life; by leading innovation, making positive impact for stakeholders and sustaining the environment.



CEO LETTER



Fatih Doğan
CEO

Dear Stakeholders,

Global issues such as climate crisis, increasing pressure on natural resources and changing consumer habits bring forward the need for a global transformation focused on sustainability. We witnessed the effects of the climate crisis on every area of our lives in the last year. Extreme flood and fail disasters in our country, wildfires in the Amazon rainforest and high temperatures and drought in Europe can be enlisted among them. As per agricultural activities, climate change continues interrupting the current agricultural activities by manifesting itself through extreme weather conditions such as heavy rains. According to the researches, in the event that the global warming is above 1,5°C than the preindustrial level, we will face with increasing forest fires and floods, decreasing water resources and consequently shrinkage of arable lands. As a sector using agricultural raw materials, we should be a part of the solutions of these cultural issues. Currently, communities hold not only public institutions, but also profit-oriented companies more responsible for their operations and demand that they invest in a sustainable future. Denim industry, undoubtedly, is in a transformation under the impact of these global trends.

As Calik Denim, one of the leading premium denim manufacturers in the world, we are aware that the industry is facing global environmental and social changes and the associated risks. Accordingly, we have redefined our approach to sustainability from a strategic point of view to adapt to such changing circumstances and pioneer sustainability within the industry. We aim to turn such risks into opportunities, manage the impact of denim on life, create positive value for and deliver benefits to our stakeholders. Therefore, we have defined our sustainability strategy

as **Passion for Denim Passion for Life** focusing on the purpose of making a positive impact for a better life. We have designed smart targets, one of the key steps in implementing our sustainability strategy in harmony with Sustainable Development Goals (SDGs) which are the fundamentals for forming a sustainable business model. We share our progress related to the targets we set in 2019 based on 2016 on a regular basis via our Sustainability Report. **2025 Targets** focus on Environmental Sustainability, Sustainable Raw Material Procurement, Innovation and Thought Leadership, Internal and External Stakeholder Rights. We believe that contributing to SDGs and being a part of the big picture is the direction that all companies must turn towards.

As a denim company taking its place among 200 companies with the highest export volume in Turkey, we aim to continue strengthening our position in the global arena with our activities in the following period.

Today, many actors collaborate to mitigate the effects of global climate change on the agriculture and food sector in the world. As Calik Holding, we have joined the United Nations Global Compact (UNGC) this year in line with our focus on multi-stakeholder collaborations in addition to the strategy works. We maintain many collaborations and projects so as to improve business processes, to make more efficient production and contribute to the academy. We are collaborating with different organizations, including especially universities both in Turkey and abroad, in R&D area. We have allocated approximately 2% of our revenue to R&D. The sustainable and innovative technologies that we develop decrease the consumption of water, chemicals and energy in the production processes while producing positive effects on the other elements of the value chain. Thanks to Denethic concept, one of the new leading technologies of the sector, we eliminate the need for washing jeans after sewing by providing fabrics with a washed look for our customers. On the other hand, we are focusing on efficiency and renewable energy and energy management for the purposes of combating with climate change and improving our performance in water, chemical and waste management through R&D practices. Accordingly, we have allocated 4.1 million TRY to environmental spending and investments.

As a denim company taking its place among 200 companies with the highest export volume in Turkey, we aim to continue strengthening our position in the global arena with our activities in the following period. We will focus our efforts on contributing to the solution of the social and environmental issues with a shared value approach beyond creating economic value. By sharing 2019 Sustainability Report with you, I would like to thank all of our stakeholders, primarily our valuable colleagues, who contribute to our journey of **Passion for Denim Passion for Life**.

Respectfully,

Fatih Doğan
CEO

HIGHLIGHTS OF THE REPORT

Calik Denim has become a participant of **THE UNITED NATIONS GLOBAL COMPACT (UNGC)**.

Approximately 2% of revenue is allocated to R&D.

THE AMOUNT OF WATER USED PER PRODUCT was reduced by 11% over the last three years.

HOURS OF TRAINING PER EMPLOYEE soared to 16 hours in 2019 with a 45% increase compared to 2017.

The amount of electricity produced from **SOLAR** energy was increased to 10 MWh in 2019.

Products are assessed for **100%** product health and safety.

The ratio of **BETTER COTTON INITIATIVE (BCI)** - certified products increased to 20.1%.

4.1 MILLION TRY was allocated to environmental spending and investments.

Hours of occupational health and safety training per employee increased to 12.3 hours in 2019, double that of 2017.

"Passion for Denim, Passion for Life" is our purpose to make a positive impact for a better life. This passion drives us to become a leading denim brand to deliver change in the industry.

by



focusing on



with



A NEW JOURNEY TO SUSTAINABILITY

GLOBAL CHALLENGES



Changing Consumer Behaviors

Technology and Digitalization

Climate Change

Resource Scarcity

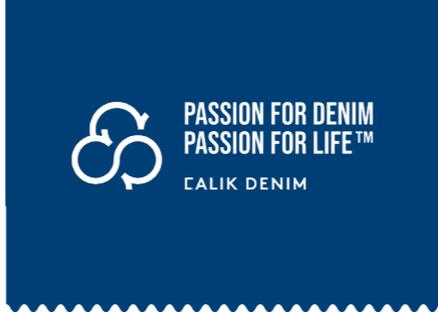
Demographic Change

The denim industry is undergoing a transformation due to the effects of global trends such as climate change, evolving consumer behavior and limited natural resources. Calik Denim's approach to sustainability has been redefined from a strategic point of view to adapt to such changing circumstances and pioneer sustainability within the industry. A new sustainability strategy has been developed by combining its sustainable and innovative approach to production with its ability to respond to changing global trends. The company has been actively working to develop and implement this strategy for the past two years.

CONTRIBUTION TO GLOBAL AGENDA



CALIK DENIM SUSTAINABILITY STRATEGY



Calik Denim, one of the leading premium denim manufacturers in the world, is aware that the industry is being faced with global environmental and social changes and the associated risks. The company aims to turn such risks into opportunities, manage the impact of denim on life, create positive value for and deliver benefits to its stakeholders.

Therefore, its sustainability strategy has been defined as Passion for Denim Passion for Life, focusing on the purpose of making a positive impact for a better life. The company is encouraged by its passion for denim and passion for life to become the leading denim brand that triggers the sustainability-driven transformation in the industry.

Its sustainability strategy encompasses the products, stakeholders and environment. The company is set to achieve its purpose of making a positive impact for a better life "by" three pillars:

- Leading innovative products
- Creating a positive impact for/with stakeholders
- Reducing its impact on the environment

Under each pillar, the company "focuses on" certain material issues. Under the pillar of "Leading innovative products", the focus is on R&D, product quality and safety, and sustainable raw material procurement. Under the pillar of "Creating a positive impact for/with stakeholders", local social and economic development, occupational health and safety, human rights and

thought leadership are focused on. Under the pillar of "Reducing its impact on the environment", climate change and energy, water stewardship and chemicals management is handled.

In addition, the company is set to achieve its purpose "with" innovation, collaboration, transparency, economic performance and brand management, which have been positioned as enablers.

- Calik Denim develops **innovative** products and enhances the efficiency of the products and processes, while promoting sustainability by minimizing its impact on the environment.
- Calik Denim copes with difficulties in the sustainability transformation with industrial **cooperation**.
- Since **transparency** is the foundation of strong governance, the company establishes a solid relationship based on trust and integrity with its employees, suppliers, customers and all stakeholders.
- Believing that the profitability and continuity of its operations depend on strong **performance** in **economic** indicators, the company creates shared value for society, the industry and the environment at the highest level.
- Sustainability is an integral part of the company's **brand** story. Therefore, the company fulfills its commitments on sustainability.

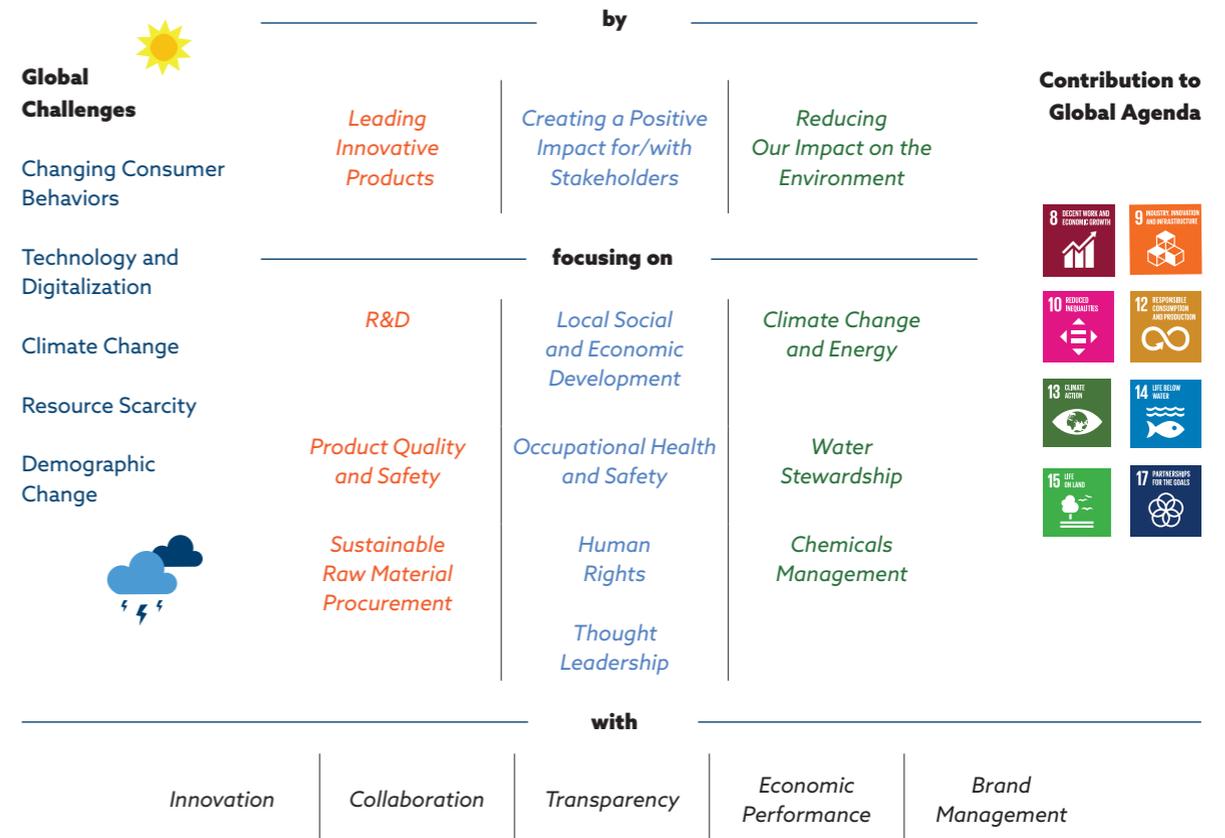
Under the set pillars, Calik Denim contributes to the following goals included among the United Nations Sustainable Development Goals: Decent Work and Economic Growth (8), Industry, Innovation and Infrastructure (9), Reduced Inequalities (10), Responsible Consumption and Production (12), Climate Action (13), Life Below Water (14), Life on Land (15) and Partnerships for the Goals (17).

As part of its commitments based on the principles established in the UNGC, a platform which the company joined as a participant in 2019, Calik Denim is continuing its efforts in the fields of human rights, labor standards, environmental protection and anti-corruption.

"Passion For Denim, Passion For Life" is our purpose to make a positive impact for a better life.

PASSION FOR DENIM, PASSION FOR LIFE

"Passion for Denim, Passion for Life" is our purpose to make a positive impact for a better life. This passion drives us to become a leading denim brand to deliver change in the industry.



2025 TARGETS

One of the key steps in implementing a sustainability strategy is to set smart targets. Workshops on this subject with representatives from different departments are held at Calik Denim, which has set the 2025 Targets, with 2016 as the baseline, under four main titles: Environmental Sustainability, Sustainable Raw Material Procurement, Innovation and Thought Leadership, Internal and External Stakeholder Rights.

					STRATEGY PILLAR	RELATED SECTION OF THE REPORT	CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS
ENVIRONMENTAL SUSTAINABILITY	<i>Reducing carbon emissions per unit production by 20%</i>	<i>100% increase in power generated from renewable resources as compared to 2018</i>	<i>Reducing water consumption per unit production by 30%</i>	<i>Reducing wastes emerging from production processes by 30%</i>	Reducing our impact on the ENVIRONMENT	Passion for Planet	
PROGRESS IN 2019	6.6%	2.5 times 250%	26%	2%			
SUSTAINABLE RAW MATERIAL PROCUREMENT	<i>Ensuring that the chemical substances procured are 100% certified</i>	<i>Increasing the use of organic, BCI and recycled cotton to 60%</i>	<i>Increasing the number of suppliers subjected to the audits concerning environmental and social issues by 30%</i>		Leading innovative PRODUCTS	Passion for Innovative Products	
PROGRESS IN 2019	100%	28.2%	10%		Reducing our impact on the ENVIRONMENT		
INNOVATION AND THOUGHT LEADERSHIP	<i>Increasing the impact of R&D, Product Development and innovation investments on profitability to 20%</i>	<i>Increasing the share of income from the sustainable product category in revenue to 20%</i>	<i>Increasing the ratio of the investments made in collaborations based on the sustainability strategy Passion for Denim Passion for Life in the total investments to 10%</i>			Passion for Innovative Products	
PROGRESS IN 2019	31%	8%	2.5%			Passion for Stakeholders and the Industry	
INTERNAL AND EXTERNAL STAKEHOLDER RIGHTS	<i>Internal Stakeholder Rights</i> <i>Raising the employee engagement rate to 70%</i>	<i>Increasing the rate of employees included in skills management processes to 16%</i>	<i>External Stakeholder Rights</i> <i>Increasing the customer satisfaction rate to 80%</i>		Creating a positive impact for/with STAKEHOLDERS	Passion for Innovative Products	
PROGRESS IN 2019	To be measured in 2020	10.4%	(2018) 85%			Passion for Stakeholders and the Industry	

SUSTAINABILITY MANAGEMENT

The Sustainability Committee was formed at Calik Denim in 2019 to integrate the sustainability strategy with the business model and make it an integral part of the corporate culture. Works are performed to achieve the 2025 Targets and monitor performance progress in collaboration with the Committee.

The Sustainability Committee was formed under the leadership of the General Manager and is chaired by the Vice General Manager responsible for Sales and Marketing, while the members include the Vice General Manager responsible for the Factory and R&D, Financial Affairs Director, Human Resources Manager and Sustainability Manager.

Currently, there are five different workgroups for the main groups of 2025 Targets, i.e. Environmental Sustainability, Sustainable Raw Material Procurement, Innovation and Thought Leadership, and Internal and External Stakeholder Rights. Employees from different departments are working in these workgroups and each workgroup has a group leader. Regular meetings are held by the workgroups on a monthly basis, and the actions to be taken to achieve the targets as well as investment plans are shared with the Committee members. A report on the Committee's sustainability efforts is also submitted to senior management on a quarterly basis.

SUSTAINABILITY COMMITTEE



MATERIAL ISSUES

Material issues to be focused on in the field of sustainability have been identified to develop the Passion for Denim Passion for Life strategy through a participatory stakeholder analysis process.

When identifying the priorities of stakeholders;

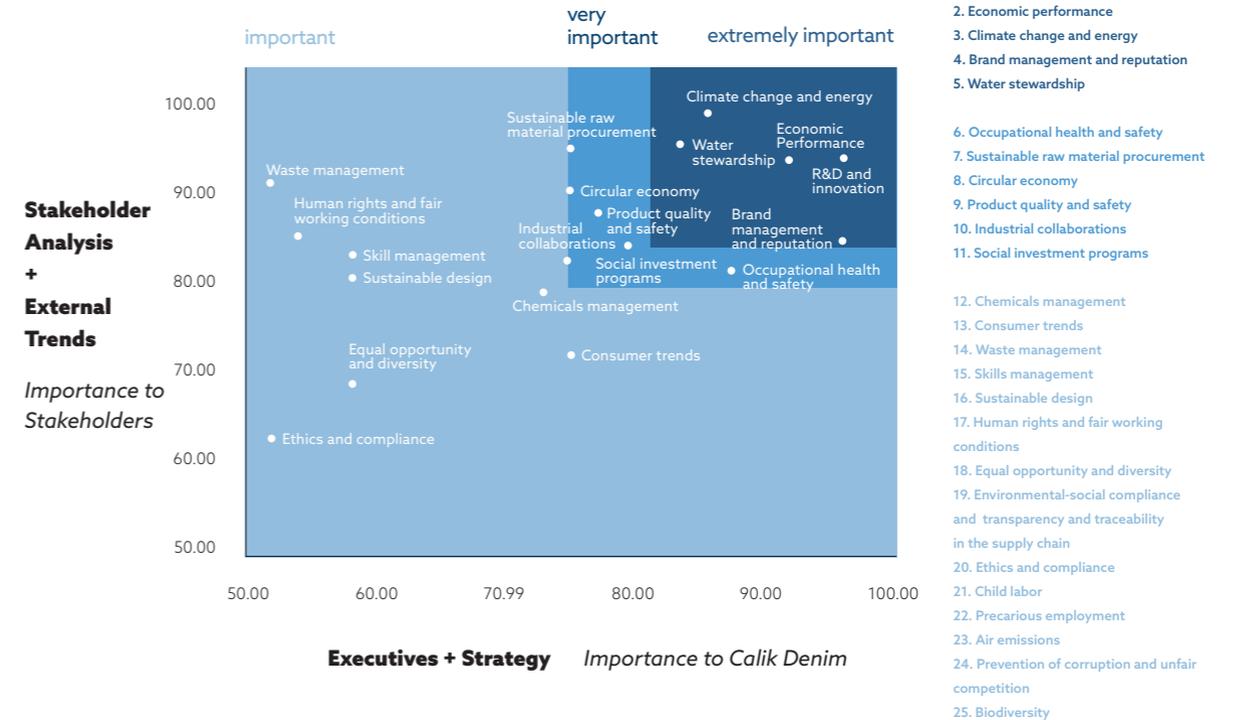
- Employees and strategic external stakeholders were consulted through an online questionnaire.
- An external trend analysis was performed. As part of this process, the global agenda was assessed through a detailed review of the global risks and insights on the future of the textile industry as indicated by the World Economic Forum, the high

priority issues concerning the industry as identified by the Sustainability Accounting Standards Board (SASB), the Sustainable Apparel Coalition and Sustainable Development Goals.

When identifying the priorities of Calik Denim;

- Senior management was consulted through face-to-face meetings.
- Issues that the company is focusing on were assessed in line with its business strategy.

Very high priority and high priority areas have been identified as a result of materiality analysis.



DIALOGUE WITH STAKEHOLDERS



Understanding the opinions, expectations and requirements of the stakeholders involved in the ecosystem is essential in order to be able to make a positive impact for a better life as part of Calik Denim's Passion for Denim Passion for Life strategy. Therefore, an effective dialogue is established with the stakeholders in every aspect of the company's operations through different channels of communication.

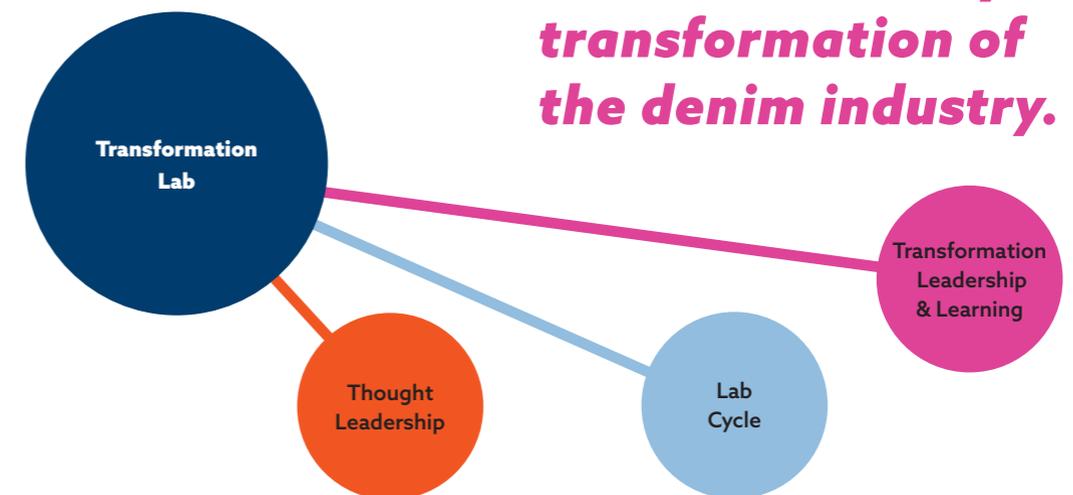
STAKEHOLDER CATEGORY	COMMUNICATION METHODS
Employees	E-bulletin, one-to-one communication, closed and open meetings, phone calls, internet, social media, e-mail, training, announcements (sharing product marketing materials, fair announcements, etc.) and social events
Customers	E-bulletin, one-to-one communication, e-mail, phone calls, fairs, events, factory visits, customer visits, customer satisfaction surveys, congresses, meetings and panels, social media, sustainability reports, advertisements and news covered in the media, product launches and Denim Anatomy training
Suppliers	Supplier meetings and visits, factory visits, feedback meetings, meetings and panels, phone calls, communication and call centers, online sales portal, social media and sustainability reports
Shareholders	General meeting of shareholders, company, corporate website, social media, financial reports, annual reports and sustainability reports
Public Organizations	On-site visits, factory visits, website, advertisements and news covered in the media, meetings, phone calls, e-mail, social media and programs
Universities	Training and seminars, meetings, e-mail, social media, visits, one-to-one communication and university career days
Non-Governmental Organizations	E-mail, portal, digital media, social media, factory visits, memberships, joint projects, congresses-conferences and seminars
International Sales Consultants	One-to-one communication, e-mail, meetings, phone calls, fairs and social media
Designers	Fairs, events, congresses, panel attendance, one-to-one communication, all communication methods (phone, internet, social media, e-mail, etc.), training programs, corporate launches and CSR projects
Local Communities	All communication media, social media and CSR projects
Media	Fairs, events, congresses, panel attendance, press releases, press meetings, product launches, corporate website, e-mail and social media

TRANSFORMATION LAB

Transformation Lab is considered as one of the most important tools to help the company achieve its sustainability strategy of Passion for Denim Passion for Life. With Transformation Lab, it is aimed to address sustainability issues through innovative methods, make dialogue with stakeholders more effective and lead the way in the sustainability transformation of the denim industry.

Transformation Lab is divided into three main areas, i.e. Thought Leadership, Lab Cycle and Transformation Leadership & Learning. All of these areas are interconnected and designed so that they supplement each other. Calik Denim creates an innovation community with each stakeholder and partner that it works with in these three areas. With this tool which helps to set the foundation for new ideas, implement solutions and produce and share know-how, it is aimed to accelerate the sustainability transformation of the industry.

With Transformation Lab, it is aimed to address sustainability issues through innovative methods, make dialogue with stakeholders more effective and lead the way in the sustainability transformation of the denim industry.



Calik Denim aims to be a key thought leader in our area of expertise.

THOUGHT LEADERSHIP

Driven by the vision of pioneering the sustainability transformation of the industry, Calik Denim sets the foundation for new ideas that could change the denim industry and supports the associated research and collaborations. Thus, the company aims to be a key thought leader in our area of expertise.

Research

Calik Denim supports research in high-leverage areas such as circular economy, microfiber, sustainable raw materials and new technologies to address high-priority sustainability issues in the denim industry. Conducting research in collaboration with a preeminent university or research organization in 2020 by focusing on the subject of circular economy has been planned.

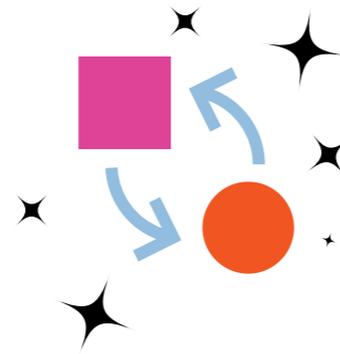
Memberships and Initiatives

Calik Denim values memberships which allow us to come together with stakeholders, business partners and manufacturers from different industries. The company wishes to join organizations that work towards the goal of integrating sustainability into the business world. Since 2013, Calik Denim has been a member of BCI, an organization established in order to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. Calik Denim is also a participant of UNGC Turkey and a member of the Turkish Industry & Business Association (TÜSİAD), a voluntary organization of Turkey's leading entrepreneurs and executives.

LAB CYCLE

Calik Denim looks for solutions with stakeholders by initiating challenges on certain sustainability issues in the industry several times a year. With Lab Cycle, processes are designed, and sustainability issues are addressed by utilizing innovative methods with stakeholders. New know-how and solutions are developed for the denim sector.

In 2020, Calik Denim is planning to escalate the issues to an international level by collaborating with international partners that have experience in this field and have developed open innovation methods.



TRANSFORMATION LEADERSHIP & LEARNING

As part of our sustainability approach, it is essential to pioneer sustainability in the denim industry. For this purpose, Calik Denim shares knowledge, investing in its employees and joining together with the industry leaders of today and tomorrow. The company is designing a variety of training and research programs through collaboration with universities. For more information about current collaborations including those with Parsons New School and Denim Anatomy, refer to the [Passion for Stakeholders and Industry](#) section.

CORPORATE GOVERNANCE

Calik Denim embraces a fair, transparent, responsible and accountable corporate governance approach which puts risk management at the center in order to adapt to global trends directly affecting the industry.

Since transparency is the foundation of strong governance, a great importance has been attached to establishing a solid relationship based on trust and integrity with all of the stakeholders, including especially employees, suppliers and customers. All the values, information about the operations and sustainability performance of Calik Denim are shared with stakeholders in a transparent and open manner.

Brand reputation and perception, which are included among its extremely important material issues, are also affected by corporate governance. Therefore, the corporate governance practices that are aligned with the ethical principles are developed to contribute towards an effective brand perception.

At Calik Denim, risk management is done by monitoring and assessing global and local developments and trends.



RISK AND OPPORTUNITIES

Risk management is a key component of corporate governance. At Calik Denim, risk management is done by monitoring and assessing global and local developments and trends. It is aimed to identify risks and opportunities on the right time and update and improve its business strategies accordingly.

Therefore, by adhering to Calik Holding's general risk management approach, the risks and opportunities associated with sustainability are evaluated beyond this approach. Changes in consumer behavior, effects of advanced technologies and digitalization, escalating impacts of the climate crisis, limited resources and demographical changes are among the developments that must be closely monitored by the denim industry. The effects of these developments on business are assessed from a risk perspective. At Board of Director meetings, general information is provided on Calik Denim's social and environmental risks and performance.

FINANCIAL RISKS

Liquidity Risk	A liquidity risk may be encountered in general financing for company operations and in asset management. This may entail risks of failure to provide financing for the Group's assets at convenient terms and interest rates, as well as inability to convert a given asset into cash at a reasonable price and time frame.
Market Risk	Market risk refers to the possibility of the company experiencing loss of revenue or losses in the value of its financial instruments due to changes in market prices such as foreign exchange rates, interest rates or equity position.
Credit Risk	Credit risk refers to the risk of a customer or counterparty failing to fulfill their contractual obligations, and it arises primarily from receivables from customers and investment securities.
Operational Risk	Operational risk refers to the possibility of the company incurring direct or indirect losses due to a variety of external factors such as legal requirements and generally accepted standards of corporate culture other than the risks associated with the processes, personnel, technology and infrastructure of the company and credit, market and liquidity risks.

NON-FINANCIAL RISKS

Digital Transformation	Digital transformation affects the textile industry, as it does any other industry, in terms of both production and consumer dialogue. At this point, Industry 4.0 presents a broad spectrum of significant opportunities that range from production to improvement of processes. Furthermore, data safety against cyber threats which may arise from digitalization is a key priority. Companies can also benefit from key opportunities such as planning production, and monitoring and managing consumer demands by analyzing the big data in their possession.
Climate Change	The future of companies depends on the climate crisis that we are facing. Managing the risks associated with climate change, from production to consumption by end users, is essential for the survival of companies operating in an industry with a large supply chain like the textile industry. The future of basic resources such as water that could be affected by pressure on the production of agricultural raw materials, as well as climate change which could affect production, is a key consideration.
Water	Water is a critical resource during the entire journey of denim from production to use. Pressure put on water resources is among the most critical risks that could affect the industry. Calik Denim assesses the opportunities that effective management of water can offer in order to ensure business continuity along the entire supply chain.
Demographic Change	Factors such as an increasing world population, an aging population and expanding middle class require the use of different methodologies for conducting consumer analyses. Managing the expectations and demands of the youth brings about issues such as attracting talents to the company from a human resources perspective. It is necessary to diversify products focusing on different age and consumer groups and evaluate their product choices and buying habits.

ETHICAL BUSINESS

At Calik Denim, all business processes are carried out according to corporate values and code of conduct, and it is important for Calik Denim to be positioned as a company that conducts business in a fair manner respecting the ethical values which also play a key role in maintaining a good company reputation in line with our corporate values.

For this purpose, the Code of Business Ethics & Implementation Guidelines drawn up by the Human Resources Directorate of Calik Holding is used as guidance. The rules are defined as key areas which directly involve business ethics such as correctness and integrity, objectivity and equity, trade secret protection and privacy, avoiding of conflict of interest, avoiding from fraud and corruption, former employees' business relation with company, unfair competition and violation notice liability. Calik Denim operates according to these principles throughout the entire supply chain. Each employee is given information about our Ethical Principles and Ethics Hotline, and each employee is provided with the Code of Conduct booklet at recruitment.

Violations can be reported to the Ethics Hotline by sending an e-mail to etikhat@calik.com or calling 0212 306 58 78. Ethical violations and non-compliances are reviewed by the Calik Holding Ethics Committee according to the Ethics Hotline Code of Practice Guidelines. When reporting violations, no personal details are asked, and all information is kept confidential. Furthermore, it is clearly stated that no retaliation or disciplinary action will be taken against those people who report incorrect behavior or participate in or help with the review process.

It is important for Calik Denim to be positioned as a company that conducts business in a fair manner respecting the ethical values.





DENETHIC TECHNOLOGY



With the Denethic concept, the need to wash jeans after sewing is eliminated and this technology provides fabrics with a washed look.



Customers who buy denim fabrics manufactured using Denethic technology do not need to wash the fabric after the sewing stage.



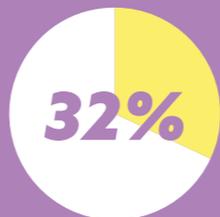
WHICH SAVES BOTH WATER AND ENERGY.



rinse



rinse + enzyme



bleached

the amount of water used for achieving fabrics with a rinse washed look, rinse+enzyme washed look or bleached look can be reduced by 44%, 15% and 32%

PASSION FOR INNOVATIVE PRODUCTS

INNOVATION AND THOUGHT LEADERSHIP 2025 TARGETS



Increasing the impact of R&D, Product Development and innovation investments on profitability

Increasing the share of income from the sustainable product category in revenue

Increasing the ratio of the investments made in collaborations based on the sustainability strategy Passion for Denim Passion for Life in the total investments



Technology and digitalization, included among the areas which draw more and more attention from the actors of the textile industry, improve companies' business processes, products and services as well as social relationships. Digital transformation gives companies the motivation to go beyond competition and respond to changing consumer demands. Thanks to digital channels of communication, companies are now able to connect with their consumers and respond to their demands.

Calik Denim considers innovation as the key to sustainable products. This way, value-added products are produced with less environmental impact, triggering a transformation in the industry for the sustainability of both denim and life by investing in innovative solutions. As part of the company approach of "Leading innovative products", the areas of focus are R&D and innovation, product quality and safety, and sustainable raw material procurement. Therefore, the target of increasing the impact of R&D, product development and innovation investments on profitability to 20% has already been achieved in 2019, much earlier than projected, and this ratio has been raised to 31%.

R&D AND INNOVATION

Investing in R&D and product development processes is one of the top priorities for the denim industry to be able to overcome the global issues that it is facing today. Calik Denim, one of the top premium denim manufacturers in the world, is making investments to improve its human resources as well as technological and physical infrastructure and capabilities.



With a total of 64 employees including 42 engineers, research on advanced textile products is conducted at the R&D center.

In line with developments in the industry, the seventh textile R&D center in Turkey was opened by Calik Denim in 2011 to bring together under one roof its R&D and innovation operations and projects, which play a key role in maintaining its position as a pioneer. The research conducted in this R&D center is not limited to denim and fabrics only. With a total of 64 employees including 42 engineers, research on advanced textile products is conducted at the R&D center. Various studies are being done on products with different functional properties, ranging from nanotechnologies to smart fabrics.

Driven by the company's firm belief that innovation will take the Calik Denim brand forward and strengthen its brand value, the scope of R&D operations is expanded through national and international collaborations



and by placing importance on multi-stakeholder collaboration which can enable the company to grow together within the ecosystem. For this purpose, Calik Denim is developing partnerships in the field of R&D and innovation with universities, designers, fairs, suppliers and other brands. These collaborations are based on the transfer of know-how from and to Calik Denim. In terms of advanced industrial collaborations,

the company is planning to enter into partnerships with industrial players from other countries by engaging in know-how transfer which will allow both parties to produce each other's products. The company is collaborating with many different organizations, including especially universities, in different areas. For detailed information about the collaborations, see the table below:

UNIVERSITIES



NAME OF ORGANIZATION	SCOPE OF COLLABORATION
Dokuz Eylül University	Producing an appropriate type of fabric for use in protective clothing against pesticides and carrying out performance testing as part of the TÜBİTAK (The Scientific and Technological Research Council of Turkey) TEYDEB Project
Cukurova University	Developing new-generation textile materials and composite/hybrid yarns and producing value-added denim fabrics
Erciyes University	Designing and developing multi-component hybrid slub yarns for use in the denim industry as part of the TÜBİTAK TEYDEB Project
Firat University	Designing an automatic fabric defect detection system for use on weaving machines and developing a prototype as part of the TÜBİTAK TEYDEB Project
Gaziantep University	Project for reducing the use of chemicals by employing electrospray technology during dye treatment processes
Innsbruck University	Sustainable process design
İnönü University	<ul style="list-style-type: none"> Cleaning denim fabrics with an ultrasonic washing technology as part of the TÜBİTAK TEYDEB Project Industrial in-house handling automation project (BAP Project) as part of Industry 4.0
Rwth Aachen University	Project carried out as part of Industry 4.0; <ul style="list-style-type: none"> Identifying Calik Denim's digitalization potential and transition to the digitalization process
Süleyman Demirel University	Developing conductive textile materials through an innovative and sustainable method
Gaziosmanpaşa University	Developing and implementing PU PCM material for thermal energy storage practices

OTHER ORGANIZATIONS



NAME OF ORGANIZATION	SCOPE OF COLLABORATION
AITEX	Designing finishing processes to ensure color fastness in white fabrics
ARÇELİK	Recycling of microfiber waste loads from Calik Denim by Arçelik as part of sustainability practices
BOSCH	Industry 4.0 Project-Efficient use of resources as part of end-to-end digitalization project, improving and monitoring the parameters that affect quality and improving efficiency
FLOKSER	Denim Velvet Project
LILIENWEIS	Sustainable designs and developments to reduce costs and improve performance in warp dyeing processes
NEXT TECHNOLOGY	Developing environment-friendly finishing processes and inspecting fabric/yarn applications
KARACASU İPLİK	Usability of innovative fibers in the form of staple and filament in denim design and production

With in-depth experience of more than 30 years in the industry, Calik Denim pioneered the development of production technologies and innovative products. Having invested approximately 16 million TRY, 2% of its revenue, in R&D operations in 2019, Calik Denim plans to allocate more than 10% of its revenue to investments in the field of innovation in 2025.

As part of the target of increasing the share of income from the sustainable product category in revenue to 20%, the company is developing innovative products to meet the requirements and needs of the industry. As of the end of 2019, the share of income from the sustainable product category in revenue was 8%.

Total budget allocated to R&D in 2019 is approx. 16 million TRY.

TRANSPARENCY MONITORING SYSTEM (TMS)

With TMS, a system developed by focusing on measurable targets, Calik Denim is planning to measure the inputs to production and optimize the use of resources throughout the production process. Thanks to the TMS which was installed in 2019, the company will also contribute to the textile industry by building a transparent and more sustainable production line.



The company target is to ensure the use of D-Clear technology in 50% of indigo dyeing processes for the collections by 2020, 75% by 2023 and 100% by 2025.

DENETHIC

With the Denethic concept, the need to wash jeans after sewing is eliminated. This technology provides fabrics with a washed look. Customers who buy denim fabrics manufactured using Denethic technology do not need to wash the fabric after the sewing stage, which saves both water and energy. This way, Calik Denim supports reduction in the use of resources until later stages of the supply chain with the innovative technologies that it develops. With this technology, the amount of water used for achieving fabrics with a rinse washed look, rinse+enzyme washed look or bleached look can be reduced by 44%, 15% and 32%, respectively.

D-CLEAR

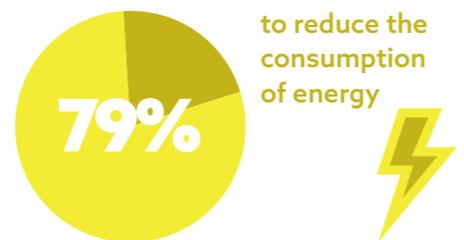
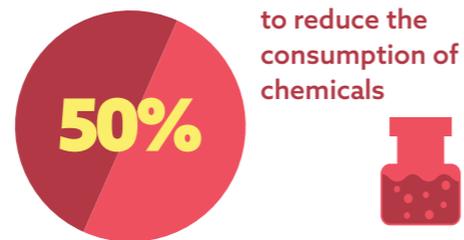
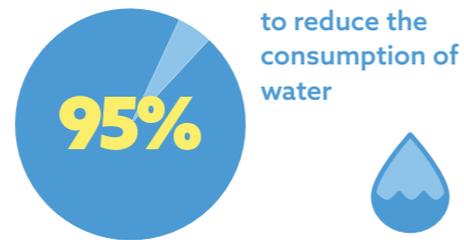
With D-Clear technology, Calik Denim will use 40% less water during indigo dyeing and 83% less water during the treatment process, reducing the water consumption per meter of fabric manufactured by more than 5 liters and reducing the volume of the chemicals used per meter of fabric manufactured by 94%. D-Clear technology has also been used in 10% of the Autumn-Winter 2020-21 collection. The company target is to ensure the use of D-Clear technology in 50% of indigo dyeing processes for the collections by 2020, 75% by 2023 and 100% by 2025.

OXYGENE

This concept allows to reduce the consumption of water by 95%, consumption of chemicals by 50% and consumption of energy by 79%, thereby saving time and minimizing potential pollution. Calik Denim creates awareness in the sector by ensuring that its customers make sustainable production with the concept developed. On the other hand, customer satisfaction increases with superior ozone washing effects, stone washing effects in a shorter time, bright look and clear tones, fabrics with a light touch.

Other innovative products that have been developed to meet the requirements and needs of the industry:

- **Lycra** denim fabric,
- **High-resistance** denim fabric,
- **Retina** (application of warp thread coating),
- **Natural antibiotic denim fabric** (integration of aloe vera micro beads),
- **Outlast Denim** (thermo-climatic effect),
- **Elastech** completely eliminates many issues such as bagging which is commonly observed in stretch fabrics and high rates of shrinkage in fabrics during washing,
- **Fly Jean** is a groundbreaking innovation in the industry that provides lightness, velvety softness and exceptional elasticity,
- **Red Carpet** brings the satin fabrics in vivid colors from the 1980s to today's denim world,
- **Smart Stretch** provides comfortable body shaping properties thanks to its smart technology,
- **Selfsized** technology decreases the number of sizes produced at the manufacturing stage of jeans.



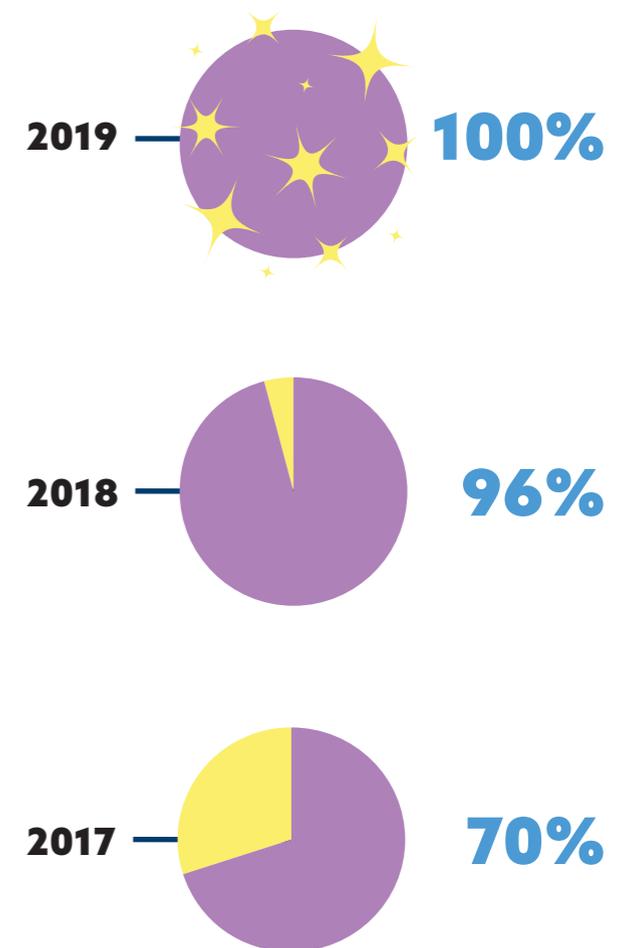
PRODUCT QUALITY AND SAFETY

Calik Denim, one of the top premium denim manufacturers in the world, places product quality and safety at the core of its business processes. The company is committed to offering its customers high-quality, safe products that are designed and produced with sustainability in mind. With innovative and unique products, the company conforms to international standards to ensure the health and safety of end users and maintain customer satisfaction at the highest possible level.

For this purpose, 100% of the chemicals used in our products are meticulously selected so as to achieve at least Level 1 conformance according to ZDHC (Zero Discharge of Hazardous Chemicals) MRSL version 2. Calik Denim provides documentation with Oeko-Tex, BCI, GOTS, Cotton USA, OCS, GRS, RCS, Nordic Swan Ecolabel, LCA and EU Ecolabel certificates depending on the type of products.

All of Calik Denim's facilities are certified to international standards such as ISO 9001, ISO 14001, ISO 50001, ISO 27001, OHSAS 18001 and ISO 10002. For ISO certificates and detailed information about the use of chemicals, refer to the [Passion for Planet](#) section.

PERCENTAGE OF PRODUCTS ASSESSED FOR PRODUCT HEALTH AND SAFETY (%)



SUSTAINABLE RAW MATERIAL PROCUREMENT

Sustainable business starts with the purchase of sustainable raw materials. The production of cotton, the main raw material of the denim industry, poses many challenges such as unfavorable working conditions and inefficient methods of production in terms of the environment. The use of sustainable resources is, on the other hand, directly related to the transparency and integrity of the entire value chain. Calik Denim holds itself accountable not only for sustainable agricultural production, but also for a fair and equal work environment, being the biggest purchaser in the regions where its business activities are conducted. With the guidance of international standards and its own corporate values, Calik Denim does not purchase any agricultural product which is not produced in accordance with good and fair agricultural practices and supports local suppliers.



92% of Calik Denim suppliers consist of local suppliers; and 10% of suppliers were subjected to environmental and social audits in 2019. Suppliers are classified into groups A, B and C: Group A covers the most critical (1.5% of all suppliers), Group B covers moderate suppliers (28% of all suppliers) and Group C covers non-critical suppliers. The works aimed to increase the suppliers' awareness about social and environmental issues are planned to be expedited in 2020. Feedback is given at the conclusion of the audits in order to make improvements and respond to the needs and demands of customers.

With the supplier Enrich Cotton, it is planned to switch completely to BCI-certified products in 2020 and cotton produced entirely in Turkey in 2021.



6.4% of the cotton purchased in 2017 by Calik Denim, which became a member of BCI in 2013, was BCI-certified; this rate increased to 20.1% in 2019. Organic cotton produced without using toxic materials has been used in production since 2007. Furthermore, it is aimed to ensure that the chemical substances procured are 100% certified.

The target is to increase the use of organic and recycled BCI cotton to 60% by 2025. With Enrich Cotton, which is the company's biggest supplier and aims to transform sustainable production and use of cotton into the new standard for cotton, it is planned to switch completely to BCI-certified products in 2020 and cotton produced entirely in Turkey in 2021. Pioneering applications in farmer and financial modelling are realized by Enrich Cotton in order to promote the use of sustainable raw materials in production. Farmers are informed about the ideal agricultural applications in cooperation with BCI.

CUSTOMER EXPERIENCE

The textile industry is undergoing a radical transformation as a result of changing consumer behavior, technology and digitalization, climate change, shortage of resources and demographic changes. Calik Denim is integrating sustainability into our business model with the Passion for Denim Passion for Life sustainability strategy in order to adapt to this changing landscape, respond to differentiating consumer and customer demands, and maintain our leading position in the denim industry.

On the other hand, the company is investing in sustainability and innovative products to not only reduce the use of natural resources during our production processes, but also to help its customers do the same with their own production processes. With the Denethic concept, a washed look is achieved in jeans after sewing without actually washing them by using a different and innovative technique. Thanks to Denethic technology, customers who buy denim fabrics manufactured by using this technology do not need to wash the fabric after the sewing stage, which saves both water and energy.

Calik Denim collaborates with its customers as part of the company vision to lead the sustainability transformation of the industry. In 2015, Denim Anatomy, which brings together theory and practice, was established in collaboration with Istanbul Technical University (İTÜ) to be able to serve customers as a solution partner. With this program designed to support industry professionals, Calik Denim is offering a two-day training program examining in detail each and every stage of denim production, starting from cotton, to the managers and employees of the brands in this industry. After receiving theoretical training on denim

from lecturers at İTÜ, the participants are then taken to the Calik Denim Malatya Factory to be shown the denim production processes and to be supported with practical information. At the end of the program, İTÜ gives the participants program completion certificates.

Calik Denim is offering a two-day training program examining in detail each and every stage of denim production, starting from cotton, to the managers and employees of the brands in this industry.



49% of Calik Denim's customers are domestic customers, and the 2025 Targets also include a target for increasing customer satisfaction. Customer satisfaction surveys are conducted, and training is provided to the company employees accordingly. Based on a customer satisfaction survey, the customer satisfaction rate was 85% in 2018. The survey response rate was 10% and it is also intended to increase this rate. On the other hand, in 2019, a total of 60 employees were provided with 676.5 man*hours of training in total about Perception and Customer Relationship Management, Current Customer Requests and Management of Customer Complaints.

Customer complaints received through phone calls and e-mails are responded to by company sales representatives within five days on average by logging into the SAP-customer complaints module. In 2019, 939 out of 944 complaints were responded to (99.4%).

Calik Denim is also certified to ISO 27001 Information Security Management System, which is an international framework designed to ensure that financial information, intellectual property and customer details are protected by companies. The company's preparations continue so as to obtain ISO 27001:2005 Information Security Management System certification.



Calik Denim utilizes the power of collaboration when creating value for society and all stakeholders.



PASSION FOR STAKEHOLDERS AND INDUSTRY



INNOVATION AND THOUGHT LEADERSHIP 2025 TARGET

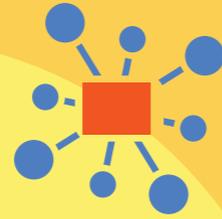
Increasing the ratio of the investments made in collaborations based on the sustainability strategy Passion for Denim Passion for Life in the total investments to 10%



The sustainability of the business depends on the creation of long-term value for all stakeholders. In order to achieve this, thought leadership, local social and economic development, occupational health and safety, and human rights are inclined and expanding the value that is created through practices in these areas are emphasized. This way, it is aimed to achieve growth for/with stakeholders to ensure continuous growth of the company's own business.

LENZING X ÖZAK TEKSTİL X CALIK DENIM

Calik Denim conducted a project in collaboration with Özak Tekstil and Lenzing to highlight the sustainability practices in different steps of the denim apparel supply chain. A capsule collection was prepared by Özak Tekstil using Calik Denim's fabrics containing Tencel Lyocell fiber manufactured by using the Austria-based Lenzing company's circular economy solution Refibra technology. The capsule collection, which was prepared using washing technologies with less environmental impact and contained items that were all classified within the low environmental impact category, was presented at Calik Denim's display stand at the Denim Premiere Vision fair held in London between 3-4 December 2019.



CALIK DENIM X LYCRA / CRADLE TO CRADLE PRODUCT INNOVATION INSTITUTE (C2C)

All Lycra fibers used in Calik Denim's products have been awarded the Gold-level "Material Health" certificate by the Cradle to Cradle Product Innovation Institute. In collaboration with the Lycra company, a special hang tag to be attached to the products was designed to highlight on the products this instance of added value which is important for circular economy. These hang tags were used in the new collection.

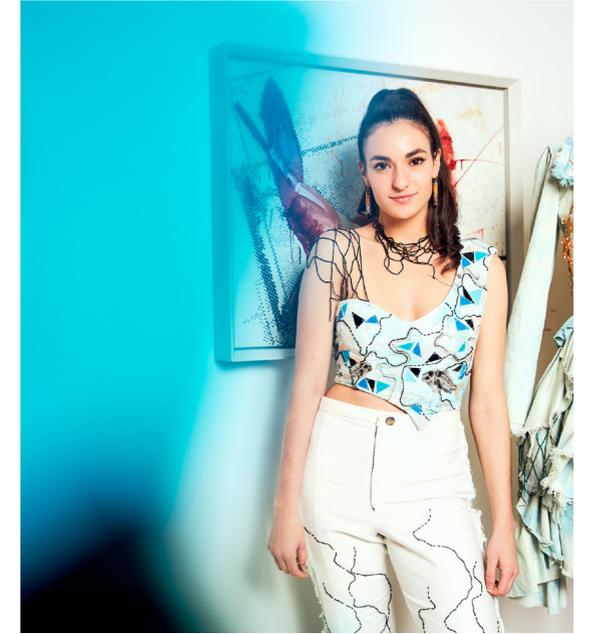


SUSTAINABILITY TRANSFORMATION LEADERSHIP

In the business world, transfer of expertise and practical skills plays a key role in the alignment of ways of doing business according to today's world and industry conditions. Calik Denim accepts thought leadership as a significant agent of transformation for industries and societies and aims to contribute to the efforts for empowering the industry and society by positioning itself as a thought leader in the areas that it focuses on with high priority. The company is collaborating with stakeholders that have expertise in different strategic areas and is also actively engaged in multi-stakeholder initiatives.

In order to create added value for society, the company is developing joint projects with universities, empowering the youth and transferring its expertise obtained as a result of being a part of the industry for so many years to the next generations. As a result of this approach, Parsons New School added a Denim Department in 2017 as part of national and international collaborations. In collaboration with Istanbul Technical University (İTÜ), the Denim Anatomy training program was established for the employees and managers of the customer companies.

We have joined the UNGC in line with our focus on collaborations with business world.



PARSONS X CALIK DENIM

Denim Department has been added to the syllabus under the scope of the program initiated in 2017 by Parsons New School in collaboration with Calik Denim. This cooperation which started in 2017 had its first-ever graduates during the same year and second graduates in 2018. The curriculum of the program consists of two parts, Building Blocks of Denim and Prototype Development and Realization. The curriculum of the 2019-2020 period has been prepared focused on the sustainability, covering the issues of sustainable production and design module.

The department offers students who want to specialize in the field of denim the opportunity to learn all details about denim from production processes of fabrics to

their design and washing techniques. The program provides various opportunities for the students to extend their sectoral information, experience and visions. In all works carried out at the Department including training on fabrics and design, students are informed about Calik Denim fabrics. Experienced team of Calik Denim supports this program and department students are included in the customer visits. The best five designs are selected by a jury among the graduation collections prepared by the students using Calik Denim fabrics at the end of each period. These designs are exhibited in the events and fairs where Calik Denim participates in; the best three designers are given the opportunity to do internship and actively experience denim sector at Malatya Plant.



More than 40 students have joined the program which has been offered for three years. Calik Denim intends to maintain this collaboration in the coming years and is also planning to initiate this type of program at other prestigious fashion schools.



DENIM ANATOMY

In 2015, the Denim Anatomy program was established in collaboration with İTÜ to serve customers as a solution partner. This program is intended to contribute to the development of industry professionals including managers. With a total of five programs completed by 2018, a two-day training program examining in detail each and every stage of denim production, starting from cotton, was offered to 106 managers and employees of brands in the denim industry. After receiving theoretical training on denim from lecturers at İTÜ, the participants are then taken to the Calik Denim Malatya Factory to be shown the denim production processes and to be supported with practical information. At the end of the program, the participants become eligible to receive the program completion certificates issued by İTÜ.

In the future, it is planned to hold this training program twice a year and allow foreign customers to also attend.

At Calik Denim, it is considered essential that the industry stakeholders come together to rethink and design the future together.



EVER EVOLVING TALKS BY CALIK DENIM

Based on the company's motto Ever Evolving which emphasizes continuous development, the Ever Evolving Talks by Calik Denim event, which is intended to bring industry stakeholders together and support their collective development, has been held in Amsterdam in October each year since 2018.

New technologies and new methodologies are required to be developed for being able to respond to the ever-changing conditions in the denim industry. At Calik Denim, it is considered essential that the industry stakeholders come together to rethink and design the future together. During the event, participants from different industries come together to produce solutions to the problems under the leadership of Calik Denim and numerous speakers take the stage to share their views. While the company is introduced to many global brands that are not Calik Denim customers yet, the brand image also gains value via this platform.



The first event where concepts such as innovation, technology and sustainability were also covered along with the trends guiding the future of the sector was held on October 23, 2018 with the participation of the experts involved in different sectors and disciplines. Ken Segall, the former Creative Director of Apple, who is among the main speakers of the event organized at Theater Amsterdam, talked about the future of simplicity and innovation while Matthew Drinkwater, Head of London College of Fashion's Innovation Agency, shared his opinions on the wearable technology trends to direct the future of the fashion industry. Thimon de Jong, the founder of Whetston Strategic Foresight Firm, also gave information on the purchasing preferences and behaviors of Y and Z generations.

The Ever Evolving Talks by Calik Denim event, which is intended to bring industry stakeholders together and support their collective development, has been held in Amsterdam in October each year since 2018.

Furthermore, sessions of “Sustainability in terms of Brand” by Adriana Galijasevic, G-Star Raw Denim and Sustainability Expert; Rune Orloff, the founder of Sardin. co; Roian Atwood, Wrangler Sustainability Director; and Zedonk’s founder Marcia Lazar; “The Future of the Fashion” by Matthew Williams, the founder of the brand ALYX; Ouigi Theodore, The Brooklyn Circus Creative Director; and Sam Lambert and Shaka Maidoh who are the founding partners of Art Comes First; “Power of Cooperation” by Alec Leach, the Highsnobeity Digital Fashion Editor; Lukas Vincent, Ex Infinitas founder and designer; Willy Chavarria, the founder and designer of Willy Chavarria and Izzy Joly, the Creative & Brand Partnerships Specialist of Avery Dennison allowed the speakers to share their opinions.



Ever Evolving Talks by Calik Denim 2019 took place in Theater Amsterdam on October 22nd this year. The event hosted esteemed speakers with a high level of participation on the international platform. Beside the trends to guide the future of the sector, concepts such as Blockchain system, consumption habits of generation Z and climate change have been dwelt upon.

One of the main speakers, Matt Britton, who is a millennium and generation Z expert revealed the future of the consumers in his speech which was mainly focused on the consumption habits and trends of the generation born as at 2000 and named Gen Z; on the other hand, Jessi Baker who is the Founder and CEO of Provenance explained the actions to be taken for a transparent supply chain via Blockchain technology. Blockchain technology has attracted attention recently to eliminate frauds in the fashion industry. Thanks to this technology, textile and fashion industry becomes more transparent and issues of fraudulent supply chain

networks and brand positioning can be eliminated. Via this technology used to renew the textile industry, the customers all over the world can have access to the alluring product range. Furthermore, this technology facilitates access to the products, mobile product customization, immediate delivery and easy return processes. Via the increasing computerization in areas such as sewing, pattern drawing and knitting, production develops more than ever at the same time.



We had also an interview titled “Overcoming Climate Change” with former NFL player and NASA astronaut Leland Devon Melvin and The Bear Scouts Founding Partner and WGSN Denim & Sustainability Director Dio Kurazawa during the event. Moreover, in the session titled “How can the business world and goodness come together with BCorp?”, Mud Jeans Founder and CEO Bert Van Son and B LAB Europe’s Manager Nathan Gilbert met with the audience; Fashion Revolution’s Special Projects Curator Tamsin Blanchard, Bethany Williams’ Founder and Creative Director Bethany Williams, Ahluwalia Studio’s Creative Director Priya Ahluwalia and Wright Le Chapelain’s Founding Partner Wright Imogen shared their opinions in the session of “Future Belongs to Women, Conversation with Responsible and Creative Women”.

To access the event website and get more information, [click here.](#)

LOCAL DEVELOPMENT

Calik Denim believes that companies with a sustainable business model should focus on the communities in their regions and support local development. Therefore, empowering the farmers who grow cotton, which is one of the main raw materials used in the company’s products, is vitally important for Calik Denim to ensure business continuity and support local development. Enrich Cotton, which is an affiliate of Calik Holding and also one of the largest cotton suppliers of Calik Denim, carries out leading practices to support farmers and offer financing models. The farmers are also informed about the ideal agricultural applications in cooperation with Better Cotton Initiative (BCI). In the future, it is planned to implement practices that will ensure the farmers’ products are purchased at the right time and at the right price.

In Turkey, by employing a high number of people in Malatya, the province in which Calik Denim’s factory is located, Calik Denim supports the socioeconomic development of the region as well as the education so as the social development of Malatya.

MALATYA EDUCATION FOUNDATION

Calik Denim supports and provides scholarships to the students who need economic assistance through the Malatya Education Foundation as being awared of the importance of the younger generation in terms of our future. The children of our employees are also able to benefit from the scholarships given through the foundation.

100% SUPPORT TO EDUCATION

Mahmut Çalik Education Complex Anatolian High School was opened in 2012 which was built as part of the 100% Support to Education project. The complex, built over an area of 40,000 m², includes a nursery and houses both a secondary school and high school.

MORE BOOKS FOR A BETTER FUTURE

During the first half of 2018, approximately 2,000 books consisting of world classics were acquired by the company for schools in the Ahlat district of Bitlis. Setting out with the motto “More books for a better future”, the aim is for the habit of reading to be instilled among the new generations who will shape the future and for the literacy rate to be increased as well.

CALIK VOLUNTEERS IN KARS

Calik Volunteers visited the Kars Çiğirgan Köyü Primary School on 7-8 January 2018. The clothes, school supplies and toys that had been collected by the volunteers were distributed to students in need.

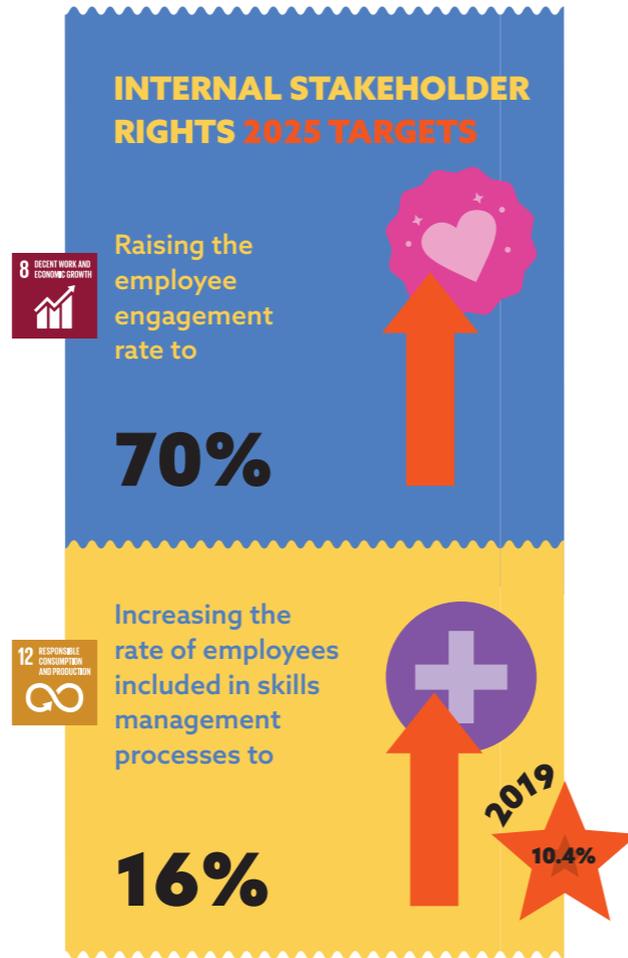


TALENT MANAGEMENT

By working with the right talents, the company's passion for denim is taken one step further. Therefore, the focus is on developing the skills of our employees and attracting the right talents that will embrace the company's purpose of making a positive impact for a better life as part of the Passion for Denim Passion for Life strategy. Calik Denim Employee Handbooks are distributed to the employees so as to facilitate their adaptation to the company's culture, inform them about human resources practices and allow them to monitor the processes.

Calik Denim's ever-growing team reached a total of 2,398 people in 2019 with a 21% increase compared to 2017. 12% of the company employees are white-collar workers, 88% of them are blue-collar workers and, while 29% of the white-collar workers are females, 71% of them are males.

BREAKDOWN OF EMPLOYEES PER CATEGORY (%)

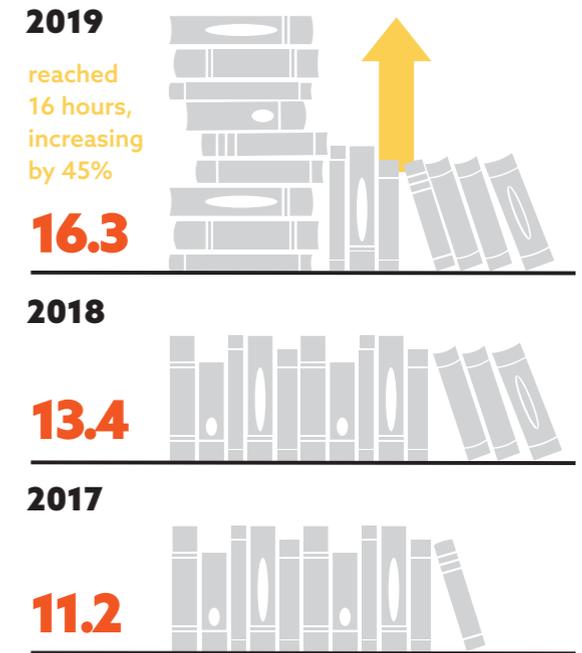


Calik Denim Academy was established in 2018.

Employee training, career planning and social benefits are provided to every employee according to the Human Resources Procedure starting from recruitment. Calik Denim is developing employee programs as part of skills management and aims to increase the rate of employees included in skills management processes from 10.4% to 16% by 2025. Efforts are made to continuously improve employee satisfaction and engagement. For this purpose, the Calik Denim Academy was established in 2018 to support the training and development of our employees as well as customers and suppliers. Training and development programs are the high-priority focus areas of the Academy. Therefore, programs are being developed to improve the occupational knowledge and skills of the company employees as well as their ability to adapt to new technologies. Management programs are offered to support the development of mid and top-level managers. With the Academy, it is planned to design specific training programs per title and position, create an internal training pool, establish a coaching system and initiate a blue-collar mentorship program.

The Academy brought about a significant increase in the amount of employee training. Hours of training given to the employees reached 38,958 man*hours, increasing by 76% in 2019 compared to 2017. Accordingly, hours of training per employee reached 16 hours, increasing by 45% during the same period. Total hours of training given to subcontractors reached 366 man*hours, a 3.5-fold increase.

HOURS OF TRAINING PER EMPLOYEE



The Calik Denim Academy Library which consists of personal development books was opened at the end of 2019.

Calik Denim Academy offers a program named "Stars of the Field" which is designed to improve the management skills of technicians, team leaders and foremen who occupy mid-level managerial positions directly above the blue-collar workers. So far, 241 employees have attended this training series which lasts six months and consists of 13 modules. Employees who attended the course and passed the exams graduated from the Academy.

TRAINING COLLABORATION WITH MIMAR SINAN FINE ARTS UNIVERSITY

A training program was designed in collaboration with Mimar Sinan Fine Arts University Textile and Fashion Design Training and Research Center to support the advancement of R&D and Product Development teams. During the program, which consists of 10 modules including sustainability in design, history of fashion-style, innovative developments in design, preparation of technical drawings and moulds in apparel design, the employees not only receive theoretical knowledge, but they also work on product fits and model molding.

The Calik Denim Academy also provides white-collar workers with training on communication, time management, coping with stress, being a team, interviewing techniques and business law.

The Calik Denim Academy Library, which consists of personal development books, was opened at the end of 2019. The library has approximately 80 books. Newly published books are being closely monitored and the company is maintaining its efforts to enhance the library. In addition, Calik Denim Academy also publishes a list of suggested articles, videos and books on the subject of the month on a regular basis.

Furthermore, collaboration projects are carried out with universities to attract new talents and support the development of university students.

In collaboration with Gaziantep University, Firat University, Gazi University, Marmara University and İnönü University, the students selected through interviews are offered the chance to work as interns at the Calik Denim Malatya Factory for four months. Following a two-week general orientation program, the students can start to work on the projects assigned by the related departments. Each intern is responsible for working on a project and at the end of the internship program, the interns deliver project presentations at a closing meeting also attended by the senior

management. After the presentations, successful candidates are hired. As a result of this collaboration which started in 2018, so far 11 out of 36 interns who completed their projects have been hired by Calik Denim.

PERFORMANCE DEVELOPMENT

Recognizing that business success depends on competent and experienced employees, Calik Denim supports the development of its employees, monitors their performance and does career planning together with them based on their qualifications. Performance Management processes are implemented according to the Human Resources Procedure established by Calik Holding. Performance reviews are conducted on a semi-annual basis to measure the progress of employees achieving their yearly targets in alignment with the company strategy and to identify their training needs and areas of improvement. The performance reviews are conducted by the related department managers along with the employees. In 2019, 12% of all of company employees were included in performance and career development reviews.

The wages of the employees are also affected by their performance reviews. Based on Calik Holding's Wage Management Procedure, the responsibilities assumed by all employees and their performance are considered using the HAY salary system. Calik Holding has a salary range for each position to ensure fair remuneration. Employees who demonstrate high performance can receive higher pay raises. Yearly pay raises are implemented upon recommendation of the HR Department and approval of the Company General Manager.

Feedback from employees on our human resources practices is considered and works are performed to improve the processes based on their requests. All employee feedback on any subject is evaluated and solutions are created accordingly. In 2019, 63% of 83 employee feedback reports were resolved.

It is planned to conduct employee satisfaction and engagement surveys on a regular basis starting from 2020.

HEALTHY AND SAFE WORK ENVIRONMENT

At Calik Denim, protecting the health and safety of all employees and subcontractors is a top priority. Since 2015, the occupational health and safety (OHS) processes have been managed in accordance with the OHSAS 18001 Occupational Health and Safety Management System. The highest ranked executive that is responsible for OHS is the Administrative Affairs Director who is two levels below the CEO in rank.

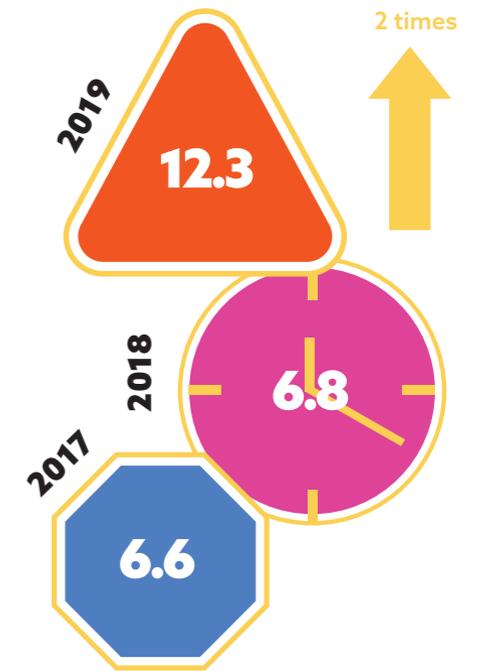
Active engagement of the employees in OHS processes is important and OHS training is provided on a regular basis. In 2019, the hours of OHS training doubled compared to 2017, increasing to 12.3 hours of training per employee and 29,237 man*hours of training in total. During the same period, the hours of subcontractor training also increased by 5% reaching 2,232 hours of training in total.

In 2019, the hours of OHS training doubled, increasing to 12.3 hours of training per employee.

In order to produce permanent solutions for preventing recurrence of accidents at work and increase the effectiveness of training, an OHS training room was built and simulation equipment was installed, representing existing risks associated with equipment in the workplace. The training room is intended to allow the workers to learn the existing risks in the workplace by experiencing them through simulations.

Calik Denim uses the WSA (Work Safety Analysis) mobile reporting program to report and maintain records of unsafe situations, unsafe behavior and near-miss incidents that are observed in the field. This

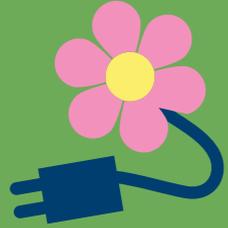
HOURS OF OHS TRAINING PER EMPLOYEE



practice is intended to improve the OHS culture among employees and reduce the number of accidents and lost days by taking the necessary actions.

6 Sigma methodology is being implemented to reduce the number of lost days due to accidents at work and improve business processes. With this methodology, it is intended to analyze the root causes of accidents at work and produce permanent solutions. In one area where the 6 Sigma methodology was implemented, 55 improvement actions were taken, and a 44.5% improvement was achieved in accident severity rate. Thanks to the improvements made, there were no fatal accidents in 2019.

As per legal requirements, occupational health and safety risk assessments are carried out every four years. Additionally, updates are made in the risk assessment in certain situations as set out in the legislation, including upon any change in the technologies, materials, equipment and methods used on the premises or upon amendment of the legislation or upon any accident at work, occupational disease or near-miss incident.



4 TONS OF CARBON EMISSIONS WERE ELIMINATED DUE TO RENEWABLE ENERGY.



At Calik Denim, the water intensity per product has been reduced by 11%



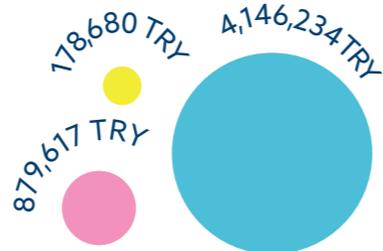
THE PERCENTAGE OF BCI, ORGANIC AND RECYCLED COTTON WITHIN THE ENTIRE AMOUNT OF COTTON USED IN PRODUCTION REACHED APPROXIMATELY 28% IN 2019.

In 2019, 100% of the hazardous waste generated during production WAS RECYCLED.



YEARLY ENVIRONMENTAL SPENDING AND INVESTMENTS (TRY)

2017
2018
2019



In 2019, the total amount of environmental spending and investments reached approx. 4.1 million TRY.

PASSION FOR PLANET

The effects of the climate crisis on the world such as fluctuating rainfall regimes/reduced rainfall and temperature increases result in extreme pressure on agricultural production. These changes and fluctuations are disrupting the textile industry, which provides income to more than 300 million people around the world, and directly affect production. The most significant environmental impact of the textile industry is the intense water use throughout the entire process, from production of raw materials to the finished products, and gradual depletion of water resources is one of the most critical risks that could affect the industry. Apart from water use intensity, the textile industry is also one of the industries in which the most pollutants are released due to the use of chemicals in various processes such as dyeing.

The textile industry must embrace a proactive approach and start identifying all environmental risks and opportunities and take all necessary precautions. In a scenario where such precautions are not taken, it is estimated that the associated risks will cost the textile industry 192 billion USD by 2030.

Calik Denim integrates its sustainability strategy, Passion for Denim Passion for Life, with its business model and carries out its operations as a responsible fashion company. Based on this strategy, it is aimed to effectively manage the risks that could affect the denim industry and make the most of the opportunities. The company focuses on energy management issues such as increasing energy efficiency and use of renewables in combating climate change and improving its performance in water, chemical and waste management through R&D practices.

Calik Denim has been increasing its environmental spending and investments for the last three years. In 2019, environmental spending and investments increased by 370%, reaching 4.1 million TRY. Additionally, thanks to the actions taken, no environmental penalties have been imposed on the company in the last three years.

ENVIRONMENTAL SUSTAINABILITY 2025 TARGETS

20% reduction

in carbon emissions per unit production



100% increase

in power generated from renewable resources as compared to 2018



30% reduction

in water consumption per unit production



30% reduction

in waste resulting from production processes



CLIMATE CHANGE AND ENERGY

Human-induced carbon emissions have been rapidly increasing for the last 30 years. In today's world, plagued by record temperatures and natural disasters due to extreme weather events, the textile industry is responsible for 10% of the global carbon emissions from the production stage to the finished product. While governments take action to reduce carbon emissions in accordance with the Paris Agreement, the business world must also play a key role by increasing R&D investments and focus on innovative technologies that would reduce carbon emissions. In the event that such precautions are not taken, and the industry does not undergo a transformation, it is estimated that carbon emissions will increase by 60% by 2030.

Therefore, Calik Denim is investing in R&D and renewable energy technologies to increase sustainable production by using less energy and water. The Continuous Emission Measurement System has also been implemented as well as the Waste Management and Energy Monitoring System. With the Energy Monitoring System, energy, air and water consumption of all plants and machinery is monitored and reported transparently.

The aim of the company is to increase its renewable energy production by 100% by 2025 compared to 2018. It is also intended to reduce carbon emissions per unit by 20% by 2025 through energy efficiency and renewable energy investments. In 2019, carbon emissions per unit production were reduced by 6.6%.

Thanks to the energy efficiency investments, the company's energy consumption per meter of product has been reduced to the lowest level of the last three years. In 2019, the company vigorously continued its efforts to increase the ratio of renewable energy used

in production. The yearly production increased 2.5-fold and reached 9.3 MWh in 2019 compared to 3.8 MWh in 2018. This increase means that 4 tons of carbon emissions were eliminated per year. It is planned to install and begin using a rooftop photovoltaic power station at the Malatya Factory as at May 2020. When the installation is complete, it is expected to produce 1,343 MWh of electricity per year, reduce carbon emissions by 577 tons, and help the factory save 92,500 USD on electricity bills.

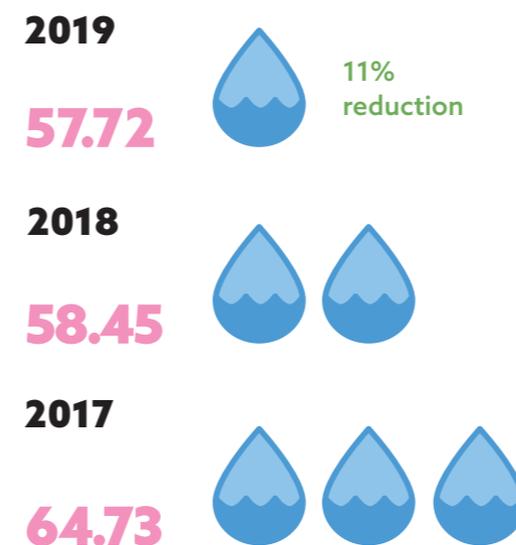
Ratio of renewable energy used in production increased 2.5-fold compared to last year.

Calik Denim received the Higg Index Facility Environmental Module certificate developed by the Sustainable Apparel Coalition. With the Facility Environmental Module, which is a tool used to measure and assess the annual environmental performance and impact of production facilities, the environmental performance of the company is measured, and the results are shared with all stakeholders.

WATER STEWARDSHIP

Rapid depletion of natural resources must be stopped, and sustainable water management practices must be adopted for the next generations and business continuity. The textile industry is responsible for consuming 4% of the available fresh water in the world. Additionally, the amount of water needed for growing cotton, one of the main raw materials used in the textile industry, can be as much as 20 thousand liters per 1 kg of cotton in areas with inadequate water management practices. Therefore, effective water stewardship is needed throughout the entire value chain from farmers to end users. At Calik Denim, the water intensity per product has been reduced by 11% compared to 2017. With new investments to be made, it is aimed to reduce the water intensity by 30% by 2025.

WATER INTENSITY (kg/m)



WASTEWATER TREATMENT PROJECT

With the wastewater treatment project initiated in 2019, it is aimed to recycle 70% of the production wastewater in accordance with Zero Discharge of Hazardous Chemicals (ZDHC) standards and have the remaining 30% treated at the organized industrial zone (OIZ) treatment system in accordance with OIZ standards. The wastewater treatment system to be built with this project, which is being carried out with an investment of 2 million EUR, is expected to be completed and commissioned in 2020.

Calik Denim focuses on sustainable technologies that decrease fresh water and increase recycled water use in production processes. Thanks to the **Oxygene** concept, 95% less water, 50% less chemicals and 79% less energy is used during the washing stage. **Denethic** technology helps us save water during the production processes of the company, but it also saves water by eliminating the need for customers to rewash products thanks to the ready-to-use "cut and sew" fabrics. For more information, refer to the [Passion for Innovative Products](#) section.

CHEMICALS MANAGEMENT

The chemicals that are used or released during the production, use and disposal of clothing have various effects on the environment and human health. Herbicides and pesticides used during cotton farming can have serious effects on the farmers' health and the environment by leaching into water resources. In countries with insufficient regulations, chemical buildup in humans and other living creatures is caused by the dyes and chemicals that leach into water resources. The denim industry must transform itself, and a reliable chemicals management system must be used to protect the health of employees and consumers and eliminate the negative effects on the environment.

Calik Denim, a member of the Better Cotton Initiative (BCI), is planning to use only BCI-certified cotton in 2020 with its largest cotton supplier Enrich Cotton and fully switch to locally produced cotton in 2021.



The percentage of organic cotton within the entire amount of cotton procured increased from 2% in 2018 to 7% in 2019.

Calik Denim continues its efforts to gradually eliminate the use of chemicals in production processes. Since 2007, the company has been procuring and using cotton which is farmed without using toxic substances. The percentage of organic cotton within the entire amount of cotton procured increased from 2% in 2018 to 7% in 2019. The percentage of BCI, organic and recycled cotton within the entire amount of cotton used in production reached approximately 28% in 2019. Furthermore, investments continue in order to be included in Zero Discharge of Hazardous Chemicals (ZDHC) and detox programs.

The company's environmental impact, including the use of chemicals and water in particular, is significantly reduced by the **D-Clear** and **Denethic** technologies. For more information, refer to the [Passion for Innovative Products](#) section.

WASTE MANAGEMENT

While 25% of discarded textiles are collected for recycling and reuse throughout the world, this rate is only about 10% in most developed countries, in which the use of textile products is high. It is estimated that 150 million tons of clothing waste will be disposed of by being sent to incineration plants or landfills in 2050. This is why effective management of waste throughout the value chain plays a key role in minimizing environmental impact.

Hazardous and non-hazardous waste generated as a result of all processes at Calik Denim facilities are collected and sorted individually for recycling, recovery and proper disposal. All efforts are made to minimize the impact on human health and the environment by managing waste in a proper and effective way.

Calik Denim has Recycle and Oeko-Tex certificates which are used as guidance for the company's waste management processes, and contracts have been made with related waste disposal firms for hazardous waste and with recycling firms for other non-hazardous waste. With new projects, it is aimed to reduce the waste generated during production by 30% by 2025. As of 2019, Calik Denim has reached a 2% reduction in waste generation. In 2019, 100% of the hazardous waste generated during production was recycled. The company recycled 18% of non-hazardous waste and sent the remaining waste to landfills.



In 2020, the company will launch a project titled "Deriving Insulation Materials from Cotton Waste" with İzmir Kâtip Çelebi University for management of waste generated during production processes and compete in the MANUNET project.

With the project titled "Dye and Fiber Recovery from Denim Fabrics in a Cost-Effective and Environment-Friendly Way", Calik Denim has reached the finals in the waste and resource management category of the Edie Sustainability Leaders Awards contest.

CORPORATE MEMBERSHIPS

- İstanbul Textile and Apparel Exporters Association
- İstanbul Mineral and Metals Exporters Association
- Central Anatolian Exporters Association
- Uludağ Exporters Association
- Eastern Anatolian Exporters Association General Secretariat
- R&D Centers Communication and Collaboration Platform (ARGEMİP)
- Bursa Technology Coordination and R&D Center (BUTEKOM)
- Technical Textiles Research and Development Center (TEKSMER)
- Southeast Anatolia Exporters Association
- Malatya Chamber of Commerce
- İstanbul Chamber of Commerce
- Cotton Textiles Industry Association
- Turkish Clothing Manufacturers Association

PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE INDICATORS



ENERGY CONSUMPTION (KWh)	2017	2018	2019
Natural Gas	42,651,898	45,887,788	59,384,106
Electricity	107,654,765	110,633,232	105,894,034
Coal	183,238,675	194,504,423	183,678,521
Fuel-Oil	155,749	139,147	105,507

ENERGY INTENSITY

Total energy consumption (kWh)	341,526,580	359,413,520	355,284,870
Total production per year (meters of fabric)	42,256,457	42,510,831	44,086,396
Energy intensity (total energy/total production = kwh/m)	8.08	8.45	8.06

AMOUNT OF NON-HAZARDOUS WASTE (tons)

Total amount of non-hazardous waste	5,443.769	10,310.436	13,172
Amount sent to regular storage/solid waste landfill	7,667.69	7,673.34	10,795
Recycled	5,443.77	3,393.16	2,377


AMOUNT OF HAZARDOUS WASTE (tons)

	2017	2018	2019
Total amount of hazardous waste	228.19	268.9	235
Recycled	235.9	248.75	234

WATER CONSUMPTION (tons)

Underground water (well water)	2,735,170	2,484,909	2,544,596
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AMOUNT OF WASTEWATER (tons)

Amount of recycled/reused water	321,718	242,568	202,158
Amount of wastewater	2,413,452	2,242,341	2,342,438

WATER INTENSITY (kg/m)

Total amount of water drawn (kg)	2,735,170	2,484,909	2,544,596
Total production (meters of fabric)	42,256,457	42,510,831	44,086,396
Amount of water drawn per product (kg/m)	64.73	58.45	57.72


AIR EMISSIONS (tons)

	2017	2018	2019
NOx	3.77	12.94	-
SOx	14.46	9.28	-
Persistent Organic Pollutants (POPs)	0	0	-
Volatile Organic Compounds (VOCs)	1.68	1.68	-

SOCIAL PERFORMANCE INDICATORS

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Total number of employees	70	1,906	79	1,994	83	2,315
Number of white-collar workers	69	159	78	176	81	200
Number of blue-collar workers	1	1,747	1	1,818	2	2,115
Number of employees covered by collective bargaining	0	816	0	973	0	1,014
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Number of employees per length of service	1,975	1	2,069	4	2,393	5
Number of white-collar workers	227	1	250	4	276	5
Number of blue-collar workers	1,748	0	1,819	0	2,117	0
	Female	Male	Female	Male	Female	Male
Number of subcontractors per gender	13	18	13	16	13	38
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Number of subcontractors per length of service	31	0	29	0	51	0



NUMBER OF EMPLOYEES PER LENGTH OF SERVICE	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
0-5 years	25	591	40	1102	48	1238
5-10 years	18	595	18	251	20	432
10 years or more	22	713	15	640	16	645

EMPLOYEES IN EXECUTIVE POSITIONS	Female	Male	Female	Male	Female	Male
	Below 30 years of age	0	0	0	0	0
30-50 years of age	6	26	7	30	7	29
Above 50 years of age	0	0	0	0	0	1
Number of female and male members of the Board of Directors	0	2	0	2	0	5

NUMBER OF EMPLOYEES LEAVING THE COMPANY PER GENDER AND AGE	Female	Male	Female	Male	Female	Male
	Total	6	337	3	395	10
Below 30 years of age	2	119	1	176	3	176
30-50 years of age	4	190	2	205	7	141
Above 50 years of age	0	28	0	14	0	11
Employee turnover	2.9%	0.3%	2.5%	11.9%	3.6%	7.6%

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees using maternity/paternity leave	2	228	0	280	6	285
Number of employees returning to work after expiry of their maternity/paternity leave	2	228	0	280	6	285
Total hours of employee training	22,130		27,837		38,958	
Hours of training per employee	11.2		13.4		16.2	
Total hours of subcontractor training	103		68		366	

	Female	Male	Female	Male	Female	Male
Number of employees subject to regular performance review	63	175	71	192	79	215

OHS DATA ON EMPLOYEES

Number of accidents	52		52		49	
Number of cases of occupational disease	0		0		0	
Absence (total number of lost days)	12,220		17,405		14,991	
Absence due to accidents	852		15,432		428	
Incident rate (IR)	2.06		1.58		1.39	
Occupational disease rate (ODR)	0.00		0.00		0.00	
Lost day rate (LDR)	33.71		468.52		12.11	
Absentee rate (AR)	0.14%		2.48%		0.06%	



OHS DATA ON SUBCONTRACTORS	2017	2018	2019
Number of accidents	2	8	7
Number of cases of occupational disease	0	0	0
Absence (total number of lost days)	21	144	179
Absence due to accidents	20	41	45
Incident rate (IR)	5.39	23.38	11.57
Occupational disease rate (ODR)	0.00	0.00	0.00
Lost day rate (LDR)	53.76	117.82	73.53
Absentee rate (AR)	0.22%	0.47%	0.29%

OHS TRAININGS

Total hours of employee training	12,970	14,076	29,237
Hours of training per employee	6.56	6.79	12.19
Total hours of subcontractor training	2,116	2,356	2,232

GRI CONTENT INDEX



GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
GRI 102: General Disclosures 2016	Organizational Profile		
	102-1	6	-
	102-2	7, 31, 32	-
	102-3	70	-
	102-4	7	-
	102-5	ÇALIK DENİM TEKSTİL SANAYİ VE TİCARET A.Ş.	-
	102-6	7	-
	102-7	7, 10, 11, 46, 60	-
	102-8	46, 60	-
	102-9	34, 35	-
	102-10	7, 34, 35	-
	102-11	23, 24	-
	102-12	22, 56	-
	102-13	56	-
	Strategy		
	102-14	8, 9	-
102-15	23, 24	-	

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omissions
GRI 102: General Disclosures 2016			
GRI 102: General Disclosures 2016	Ethics and Integrity		
	102-16	25	-
	102-17	25	-
	Governance		
	102-18	18	-
	102-19	18	-
	Stakeholder Engagement		
	102-40	20	-
	102-41	60	-
	102-42	19, 20	-
	102-43	20	-
	102-44	19, 20	-
	Reporting Practice		
	102-45	7	-
	102-46	6	-
	102-47	19	-
	102-48	No significant change observed.	-
	102-49	19	-
	102-50	6	-
	102-51	1 January - 31 December 2017	-
	102-52	Biennially.	-
	102-53	6	-
	102-54	6	-
	102-55	64-68	-
	102-56	No external assurance sought for the report.	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omissions
GRI 300: Environmental Standards Series			
	Energy		
GRI 103: Management Approach 2016	103-1	51, 52	-
	103-2	51, 52	-
	103-3	51, 52	-
GRI 302: Energy 2016	302-1	57	-
	302-3	57	-
	302-4	52	-
	Water		
GRI 103: Management Approach 2016	103-1	51, 53	-
	103-2	51, 53	-
	103-3	51, 53	-
GRI 303: Water 2016	303-1	58	-
	303-3	58	-
	Emissions		
GRI 103: Management Approach 2016	103-1	51, 53	-
	103-2	51, 53	-
	103-3	51, 53	-
GRI 305: Emissions 2016	305-5	52	-
	305-7	59	-
	Effluents and Waste		
GRI 103: Management Approach 2016	103-1	53, 55	-
	103-2	53, 55	-
	103-3	53, 55	-
GRI 306: Effluents and Waste 2016	306-1	58	-
	306-2	57, 58	-
	306-4	58	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omissions
GRI 300: Environmental Standards Series			
	Supplier Environmental Assessment		
GRI 103: Management Approach 2016	103-1	34, 35	-
	103-2	34, 35	-
	103-3	34, 35	-
GRI 308: Supplier Environmental Assessment 2016	308-2	34	-
GRI 400: Social Standards Series			
	Employment		
GRI 103: Management Approach 2016	103-1	46, 47	-
	103-2	46, 47	-
	103-3	46, 47	-
GRI 401: Employment 2016	401-1	61	-
	401-3	62	-
	Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	49	-
	103-2	49	-
	103-3	49	-
GRI 403: Occupational Health and Safety 2016	403-1	49	-
	403-2	62, 63	-
	Training and Education		
GRI 103: Management Approach 2016	103-1	47, 48	-
	103-2	47, 48	-
	103-3	47, 48	-
GRI 404: Training and Education 2016	404-1	47	-
	404-2	47, 48	-
	404-3	48, 62	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omissions
Material Topics That Are Not Covered by the GRI Standards			
GRI 103: Management Approach 2016	R&D and Innovation		
	103-1	28-32	-
	103-2	28-32	-
	103-3	28-32	-
	Brand Management and Reputation		
	103-1	23, 43, 44	-
	103-2	23, 43, 44	-
	103-3	23, 43, 44	-

UNGC REFERENCES

Area	Principles	Relevant Report Section
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Passion for Innovative Products (Sustainable Raw Material Procurement)
	Principle 2: make sure that they are not complicit in human rights abuses.	Passion for Stakeholders and Industry (Talent Management)
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Passion for Innovative Products (Sustainable Raw Material Procurement) Passion for Stakeholders and Industry (Talent Management)
	Principle 4: the elimination of all forms of forced and compulsory labour;	
	Principle 5: the effective abolition of child labour; and	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Passion for Innovative Products (R&D and Innovation) Passion for Planet
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance Ethical Business

CONTACT

HEAD OFFICE

Keresteciler Sitesi, Fatih Cad. Ladin Sok. No:17
34169 Merter, İstanbul

Phone: +90 (212) 459 26 26 pbx

Fax: +90 (212) 677 41 17

FACTORY

1. Organize Sanayi Bölgesi 2. Cadde No:6
44900 Yeşilyurt, Malatya / TURKEY

Phone: +90 (422) 377 61 00

Fax: +90 (422) 237 54 17



<http://calikdenim.com>



<https://www.linkedin.com/company/calik-denim>



<https://www.instagram.com/calikdenim/>



<https://twitter.com/calikdenimtr>



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