

SUSTAINABLE SUCCESS



ÇALIK DENIM

SUSTAINABILITY REPORT 2020-2021

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As one of the premium denim manufacturers, we left behind us yet another year filled with accomplishments.

With the responsibility of being a top exporter not only of our industry, but also of Turkey, we strive towards adding value to our country and the world.

Our efforts to create a positive impact for a better life, guided by our vision “Passion for Denim, Passion for Life,” continue unabated. Through this strategy, we aim to position ourselves as a leading denim brand driving sustainable transformation in our industry.

ÇALIK DENIM

INNOVATIVE AND COMPETITIVE PRODUCTS

We continue to shape the industry through the innovative projects we undertake, underpinned by our corporate values. While adding value to the circular economy through our distinctive denim and gabardine fabrics, **we make a difference with our recycled pre- and post-consumer cotton products**, setting the stage for durable success.



ÇALIK DENIM

EVER-STRENGTHENING CONNECTIONS WITH OUR STAKEHOLDERS

Integrating sustainability into our business model, we aim to turn risks into opportunities; manage the effects of denim on life; and succeed in generating positive value and benefits for our stakeholders. We **prioritize sustainability** at every stage of our value chain, and reinforce the trust placed in us with every project.



ÇALIK DENIM

ECO- AND STAKEHOLDER- FRIENDLY PRODUCTION APPROACH

We have conceived our **“Passion for Denim, Passion for Life”** strategy through our sustainable business model to manage the impact of denim on life; generate positive value; and provide benefits to stakeholders. With the innovative products we have developed, we excel in water and energy savings, and minimize our environmental impact through recycling and waste management.



ÇALIK DENIM



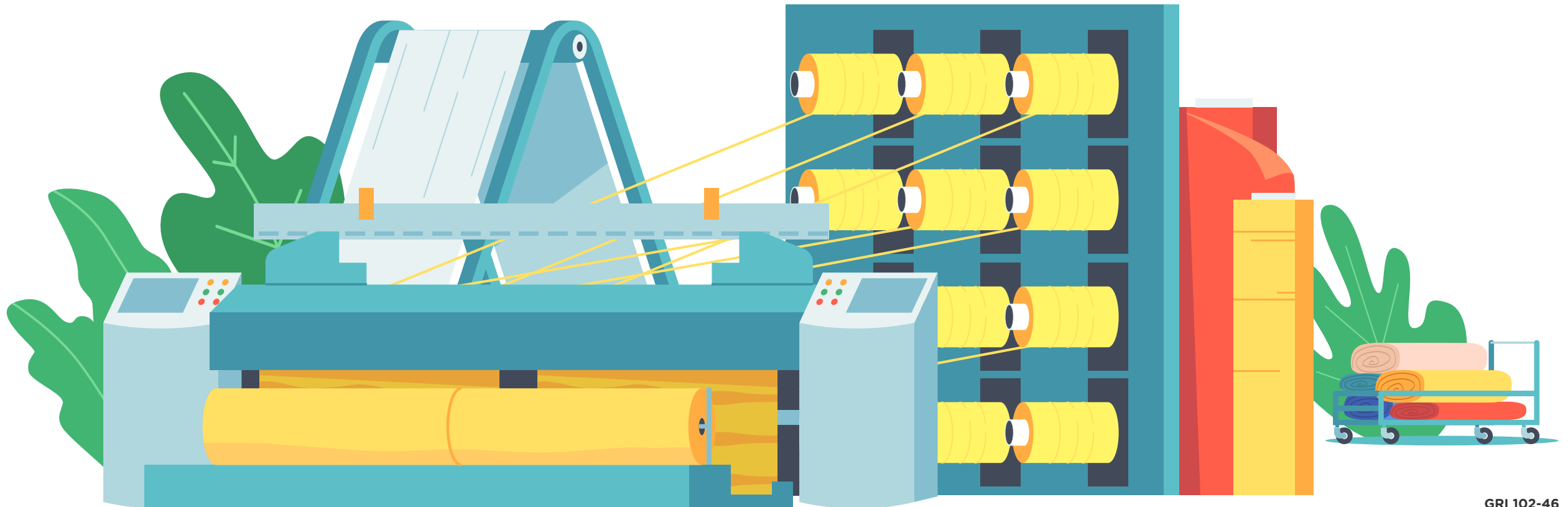
ABOUT THE REPORT

The operations carried out by Calik Denim within the scope of the sustainability strategy “Passion for Denim, Passion for Life” are brought to the attention of stakeholders through the Sustainability Report.

The operations carried out by Calik Denim within the scope of the sustainability strategy “Passion for Denim, Passion for Life” are brought to the attention of stakeholders through the Sustainability Report.

The report, prepared in accordance with GRI Standards “Core” option, depicts the Company’s performance within January 1, 2020, and December 31, 2021, from an economic, social, environmental, and governance perspective. It also incorporates contributions to 2025 targets, as well as to Sustainable Development Goals (SDGs).

For all queries, 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



GRI 102-46



MESSAGE FROM THE CHAIRMAN

Placing sustainability at the heart of its operations, Calik Denim has concluded another successful year, driven by its strong corporate and financial structure, and ability to take the necessary actions in a timely manner, just like our country.



AHMET ÇALIK
CHAIRMAN

Dear Stakeholders,

The rapidly changing world has brought many innovations. During the pandemic, the effects of which are still felt, radical changes took place in all areas, including the business world, supply and production chains, supply-demand balance, and demanding markets.

Countries and companies that can quickly adapt to this change and overcome critical problems such as disruptions in the supply chain, energy crisis, fluctuations in exchange rates and increasing inflation in the global economy have succeeded in turning this crisis into an opportunity.

In this turbulent backdrop, Turkey switched to a new economic model, attaining a place among countries that have achieved investment, production, employment, export and growth targets. As a result of the increase in exports and industrial production – key drivers of growth – Turkey has achieved a growth rate of 11%, and became it one of the best performing countries globally.

In 2021, the textile industry reached a record in the history of the Turkish Republic with exports worth USD 12.9 billion. The textile industry achieved a 33.2% increase in exports in 2021, with an increase in exports to approximately 85% of over 200 countries and regions to which it exports.

We employ sustainable technologies, and build sustainable business and production processes through R&D studies.

Placing sustainability at the heart of its operations, Calik Denim has concluded another successful year, driven by its strong corporate and financial structure, and ability to take the necessary actions in a timely manner, just like our country. In 2021, our total sales doubled year-on-year to TL 2.06 billion from TL 1.14 billion. We realized our investments within the planning, and to provide the best service to our customers, we implemented our target process improvements, R&D studies, and sustainability projects.

Calik Denim's achievements are predicated on three pillars: Sustainability, digitalization, and agility.

Agility, which is deeply ingrained in our DNA, is the cornerstone of our success in our growth. Today, digitalization has become an indispensable element of the business world. Cognizant of this transformation, Calik Denim has accelerated and sustained its digitalization efforts, ongoing for many years. From our standpoint, a particular source of pride has been the fact that we attained these results through an approach respecting the environment and nature, and adding value to society and humankind.

Especially, the recent developments have indicated once again the importance of sustainable growth even more clearly.

Many incidents, from forest fires in our country and around the world to extraordinary and extreme natural events in many parts of the world, once again demonstrated the importance of taking action for sustainability as soon as possible. If we seek to reach the future with success, it behooves us to uphold a sustainable development approach that is eco- and human-friendly.

The denim industry accounts for a significant share in global warming. Moreover, global trends such as climate change, shifting consumer behavior, and limited natural resources set the stage for notable changes in the sector. To emerge stronger from transformations, one must primarily admit and embrace change. Keeping up with a world constantly evolving with innovations, perceiving the opportunities, and conceiving successful brand strategies have become necessities.

Aware of our responsibilities at Calik Denim, we have developed a new sustainability strategy that consolidates our ability to respond to changing global trends with a sustainable and innovative production approach that we have adopted since the very beginning. We accept the UN Sustainable Development Goals as a guide for what needs to be done. We employ sustainable technologies, and build sustainable business and production processes through R&D studies.

This year, we continued our sustainability efforts towards accessing sustainable raw materials, renewable energy production, supply processes, and many more. We introduced successful projects that set an example to the world.

With the projects we undertook, not only did we contribute to the protection of the environment, but we also augmented the value we add to all our stakeholders by undertaking projects that contribute to the development of the region. We support the socioeconomic development of the region by creating employment opportunities in Malatya, where our factory is located. Furthermore, by supporting education, we contribute to Malatya's social development.

In line with our sustainability strategy "Passion for Denim, Passion for Life," we will maintain our efforts with added momentum in the coming period as well, and continue to add value to the world. We will further advance our financial, social, environmental, and governance performance, consistent with the UN Sustainable Development Goals.

Since our foundation, we have been striving to add value to all our stakeholders by integrating our approach of responsible management in all our work processes, and will continue to do so. We will undertake more projects and efforts that support Sustainable Development Goals in the upcoming period. The principal factor underlying our success in sustainable growth is our solidarity with our stakeholders, predicated on ethics, trust, and honesty.

We owe a debt of gratitude to all our stakeholders who support us in our journey of sustainable and permanent value creation.

Best regards,

AHMET ÇALIK
CHAIRMAN



MESSAGE FROM THE CEO

We conceived the “Passion for Denim, Passion for Life” strategy to manage the impact of denim on life, and to generate positive value and benefits for our stakeholders.



AHMET SERHAT KARADUMAN
CEO

Dear Stakeholders,

The COVID-19 pandemic, which wreaked havoc across the globe in 2020, sustained its impact in 2021 as well. With the pandemic losing momentum, scars started to be healed and a semblance of normalcy was gradually restored in everyday life, while attempts were under way to relieve the problems driven by the pandemic in the global economy. With rampant inflation and energy costs across the globe, normalization lost impetus, paving the way for the “new normal.”

The pandemic, along with energy crises and natural disasters, underscored, once again, the significance of sustainability. Human-induced carbon emissions have been rising steadily for the last 30 years. Record-breaking temperatures and natural disasters caused by extreme weather events are getting increasingly widespread. We will have crossed the threshold of no return, if we fail to take action right away. Some promising steps are being taken to that end. The decision to reduce the use of fossil fuels at the COP 26 UN Climate Change Conference held in Glasgow, and the enactment of the Paris Climate Agreement, signed in 2016 at the Turkish Grand National Assembly, attest to growing impetus in the fight against climate change.

When it comes to production, sustainability is important in the textile industry, where a wide range of natural resources are leveraged, from the cotton to be woven to the yarn to be used, from

TL 23.6 million R&D Spending in 2021

water to electricity to be used in the production stage. As one of the leading premium denim manufacturers in the world, we acknowledge the environmental and social changes, as well as associated risks, faced by the sector on a global scale. As climate change caused by global warming continues to impact our lives broadly and evidently, issues such as ever-mounting pressure on natural resources, plastic pollution, fair working conditions, and occupational health and safety have reached a scale that is of concern not only to the clothing and textile industry, but all sectors.

By integrating sustainability into our business model, we aimed to effectively manage such risks and leverage the opportunities. Hence, we conceived the “Passion for Denim, Passion for Life” strategy to manage the impact of denim on life, and to generate positive value and benefits for our stakeholders. We sustain our efforts towards creating positive impact for a better life. With this strategy, we aim to position ourselves as a leading denim brand driving sustainable transformation not only at Calik Denim, but also in our industry.

The Sustainability Committee, which was formed to integrate the sustainability strategy into the business model and make it an integral constituent of corporate culture, ensures that Calik Denim’s 2025 targets are attained and progress is monitored.

While embarking on innovation efforts for sustainability on the one hand, we also monitor both product-based and corporate carbon footprints on the other.

In this respect, we took a number of concrete steps in 2021. We organized several training and awareness projects on sustainable and responsible production with local cotton producers, while making various investments to diminish our carbon footprint through scaling back energy and water usage. We formed teams, and worked towards reducing waste at the source and ensuring waste utilization, with a view to accelerating the transition to the circular economy.

Our R&D center, which helps us make a difference in the industry and achieve competitive advantages, remains to be our foremost power in the realm of sustainability as well. In 2021, we incurred TL 23.6 million in R&D expenditures. Our total R&D expenditures for projects completed over the past decade have reached TL 118.9 million.

Through product-based LCA efforts, we render products more sustainable by identifying their potential environmental impact, even when they are only at the design stage. Thanks to R&D works, we reduce resource utilization at the production stage, and contribute to the circular economy through innovative technologies.

The transition to renewable energy is another crucial matter for us in the framework of our sustainability efforts. With the pride of having met all the targets we have set so far, we established new and more ambitious targets in 2021.

Usage of electrical energy generated through renewable sources increased by 10% compared to 2020, and electrical energy purchased from renewable sources raised to 50% in 2021. By 2025, we aim to reduce carbon emissions per unit production by 20%, water usage per unit production by 30%, and waste generated in production processes by 30%.

Calik Denim’s sustainability approach encompasses financial and corporate sustainability, in addition to the environment. A sustainable financial and corporate structure reinforces our environmental sustainability efforts. Digitalization, on the other hand, rests at the core of financial and corporate sustainability. We have made significant progress in digitalization since 2016. We will continue our digitalization works, which aim to monitor all our business processes end-to-end digitally, with increased momentum, and an intensive strategy in the coming period.

We acknowledge the fact that beneath all major achievements and works lies the human factor. As a company that has deftly applied its prominent, innovative, and sustainable position in production operations to its human resources applications as well, Calik Denim has adopted contemporary human resources practices.

Taking major strides towards becoming a global giant in its industry, Calik Denim will continue to contribute to the resolution of social and environmental problems in the coming period, through a shared value approach. I would like to thank all our stakeholders, most notably our employees, who have supported us in this fascinating and compelling journey.

Best regards,

AHMET SERHAT KARADUMAN
CEO



ABOUT CALIK DENIM

Calik Denim exports to more than 40 countries, including Germany, Spain, USA, UK, the Netherlands, France, Portugal, Italy, Scandinavian and Far East countries.

1987

Calik Denim
Date of Establishment

For more information,
www.calikdenim.com

The story of Calik Denim, which holds a special place in the history of the Group as the first industrial investment of Çalık Holding, started in Malatya in 1987.

Established with an investment of USD 111 million, Calik Denim started the denim fabric production in 1996, and continued to grow with steady steps and commenced its ring spinning business in 1997. It has been providing services as an integrated facility since 2003, now positioned as a premium denim producer in the industry. As of the end of 2021, the Company manufactures in a total area of 766,000 m² with an annual capacity of 55 million meters, and employs 2,739 people.

Calik Denim exports to more than 40 countries including Germany, Spain, USA, UK, the Netherlands, France, Portugal, Italy, Scandinavian and Far East countries.

Internationally-renowned fashion brands such as Acne, Good American, GAP, Supreme, American Eagle, Scotch & Soda, Polo Ralph Lauren, Banana Republic, Mother, Hugo Boss, Lucky Brand, Uterque, Massimo Dutti, H&M, Gerry Weber, Mavi Jeans, Tommy Hilfiger, Frame, Brax, Zara, Replay, Ann Taylor, Calvin Klein, Diesel, River Island, Kaporal 5, Mac Mode, Benetton, G Star, Salsa, Next, Jack & Jones, VF and 7 for AllManKind are among the names that prefer the products of Calik Denim.

Positioning sustainability at the center of its business model within the scope of its sustainability strategy named "Passion for Denim, Passion for Life" Calik Denim adopts this approach in all its business processes. With the Sustainability Targets 2025 set by Calik Denim, all teams have adopted and internalized the sustainability principles in this journey that includes all Company departments.

The Company is also a role model by supporting an eco-friendly approach in the textile sector with its GOTS, OCS, GRS, RCS, OEKOTEX, Nordic Swan Ecolabel, ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 27001, ISO 10002, BCI, COTTON USA, C-TPAT, SEDEX, and EU ecolabel certificates, which are an indication of the priority it gives to the environment in its activities, CmiA (Cotton made in Africa), Higg, FEM, Higg FSLM/SLCP memberships, and with the sustainable and organic denim fabrics that it adds to its wide product portfolio.

Calik Denim continues to consolidate its well-established accumulation in the industry with R&D efforts and new technologies and is known for its R&D center, which has become a science center in the industry.

The Company spent a total of TL 23.6 million on R&D in 2021, while the total R&D spending for completed projects in the last decade (2012-2021) has reached TL 118.9 million.

OUR MISSION AND VISION

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.



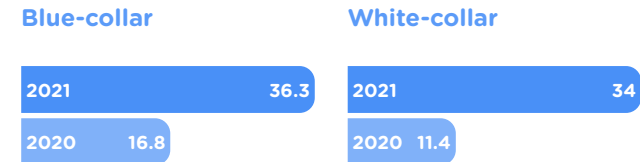


OUR STRONG SUSTAINABILITY PERFORMANCE

The amount of water used per unit of production was reduced by 30.5% compared to 2017, while the electricity generated through solar energy went up to 10 MWh in 2019, to 915.4 MWh in 2020, and to 1,249.9 MWh in 2021.

- Approximately 1.2% of the revenue was allocated for R&D.
- Products were assessed for 100% product health and safety.
- TL 4,767,710 was allocated for environmental investments and expenditures in 2020, while TL 7,180,000 was allocated in 2021.
- The percentage of Better Cotton Initiative (BCI) certified products increased to 89%.
- The amount of water used per unit of production was reduced by 30.5% compared to 2017.
- The electric energy generated through solar energy increased to 10 MWh in 2019, to 915.4 MWh in 2020, and to 1,249.9 MWh in 2021.
- Training hours per employee increased to 34 hours as of the end of 2021.
- Occupational health and safety training hours per employee went up to 12.9 hours as of the end of 2021.

Hours of Training per Employee

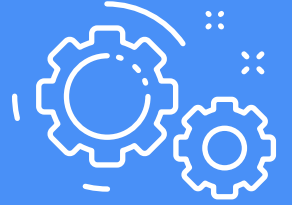


89%

The Percentage of Better Cotton Initiative (BCI) Certified Products

TL 7.2 million

Environmental Investments and Expenditures in 2021



55 MILLION METERS
Annual Production Capacity



766 THOUSAND M²
Total Area Used for Production



2,739
Number of Employees



ÇALIK HOLDING SUSTAINABILITY MANIFEST

We dream of a world,
Where we can play a part, and even inspire positive change...
Where we can look at today with happiness and pride, and
tomorrow with hope and confidence...

We work with great drive and a keen awareness of our social responsibility to make this dream come true.

We embrace sustainability as a guiding principle to add value to the world with financial, social, environmental, and cultural benefits.

We focus on innovation; we shape our solutions and business models according to current conditions and transcend time with digital breakthroughs.

We aim to continuously improve the welfare of our home country and operating countries and increase the quality of life without compromising occupational health and safety – one of our core principles.

We value nature, we preserve our natural resources for future generations, reduce waste and increase efficiency, support the circular economy, and implement projects that will reduce our environmental footprint.

At Çalık Holding, we focus on people **and prioritize initiatives that positively impact human life.**

We uphold equality and justice, regardless of religion, language, race, or gender.

We believe that a more livable future is in our hands.

And we know that;
every step we take with a heartfelt commitment to our sustainability principle equates to
VALUE FOR LIVES, VALUE FOR THE FUTURE!





SUSTAINABILITY STRATEGY

The sustainability strategy has been defined as “Passion for Denim, Passion for Life” to lead the industry and make a positive impact for a better life.

The denim industry is transforming due to the effects of global trends such as climate change, evolving consumer behavior, and limited natural resources.

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.

By integrating sustainability to its business model, 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.

The denim industry is transforming due to the effects of global trends such as climate change, evolving consumer behavior, and limited natural resources.

Accordingly, a new sustainability strategy has been developed by combining Calik Denim’s sustainable and innovative approach to production with its ability to respond to

the changing global trends since its foundation. The Company has been actively working to develop and implement this strategy for the past two years.

The sustainability strategy has been defined as “Passion for Denim, Passion for Life,” to lead the industry and make a positive impact for a better life.

Our purpose “Passion for Denim, Passion for Life” makes a positive impact for a better life. This passion encourages Calik Denim to become a leading denim brand that makes a difference in the industry.

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

- Leading innovative products

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

In the Company, progress is made by “focusing” on the sub-areas associated with priority issues under each main area:

Leading innovation in products: R&D, product quality and safety, and sustainable raw material procurement

Making a positive impact for/with its stakeholders: Local, social and economic development, occupational health and safety, human rights, and thought leadership

Reducing the impact on the environment: Climate change and energy, water management and chemicals management

Additionally, by “drawing strength” from facilitators such as innovation, collaboration, transparency, economic performance and brand management, the targets are achieved:

- 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 the challenges in sustainability transformation through industrial cooperations.
- 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 targets 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 continues its efforts in the fields of human rights, labor standards, environmental protection and anti-corruption.





SUSTAINABILITY STRATEGY

Calik Denim has developed a new sustainability strategy by combining its sustainable and innovative approach to production since its foundation with its ability to respond to the changing global trends.

PASSION FOR DENIM,

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

PASSION FOR LIFE

This passion drives us to become a leading denim brand to deliver change in the industry.

Global Challenges:

Changing Consumer Behaviors

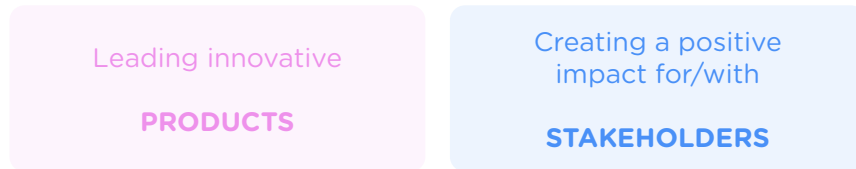
Technology and Digitalization

Climate Change

Resource Scarcity

Demographic Change

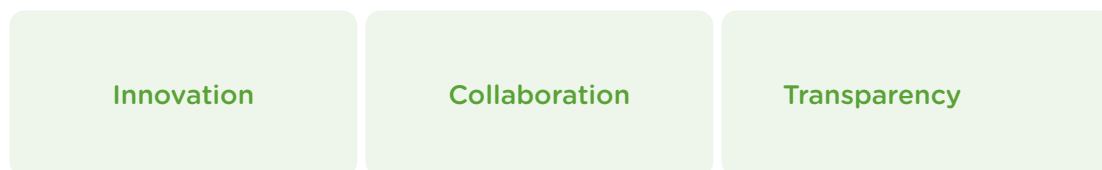
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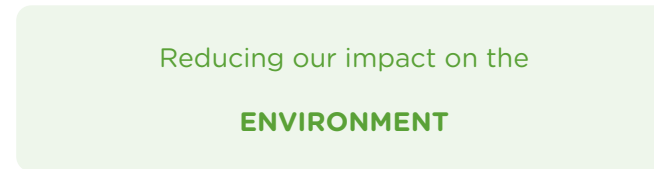
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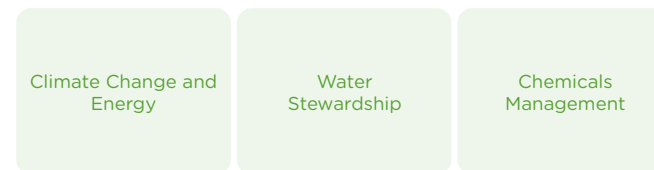
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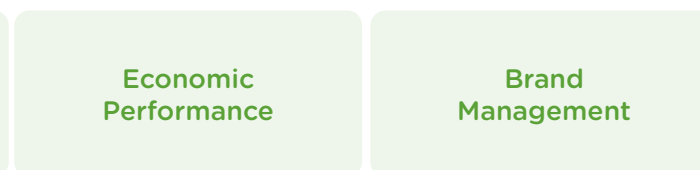
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FOCUSING ON



WITH



Contribution to Global Agenda:



2025 TARGETS

The key to actualize the sustainability strategy is to identify smart targets. Calik Denim organized workshops with the participation of different departments to set these targets and 2025 Targets were determined under four areas by taking the year 2016 as a basis. These targets are as follows: Environmental Sustainability, Sustainable Raw Material Procurement, Innovation and Thought Leadership, Internal and External Stakeholder Rights.



ENVIRONMENTAL SUSTAINABILITY

Target	Progress	Action
1. Reducing carbon emissions per unit production by 20%	→ 13.8%	→ Ongoing works within the scope of 2025 Targets.
2. 100% increase in the power generated from renewable resources as compared to 2018	→ 100%	→ Two new targets (5 and 6) were set since this target was achieved in 2020.
3. Reducing water consumption per unit production by 30%	→ 30.5%	→ Ongoing works within the scope of 2025 Targets.
4. Reducing wastes emerging from production processes by 30%	→ 5%	→ Ongoing works within the scope of 2025 Targets.
5. Increasing renewable energy generation by 10% compared to 2020	→ 50%	→ Ongoing works within the scope of 2025 Targets.
6. Increasing electricity purchases from renewable sources to %50	→ 100%	→ Ongoing works within the scope of 2025 Targets.

Contribution to Sustainable Development Goals: 12 Responsible Consumption and Production, 13 Climate Action, 14 Life Below Water, 15 Life on Land

Key Area of Strategy: Reducing environmental impact

Relevant Section of the Report: Protecting Our World

INNOVATION AND THOUGHT LEADERSHIP

Target	Progress	Action
1. Increasing the impact of R&D, Product Development and innovation investments on the profitability to 20%	→ 25%	→ Ongoing works within the scope of 2025 Targets.
2. Increasing the share of the income from sustainable product category in the turnover to 60%	→ 60%	→ Since this target was achieved by the end of 2020, it was updated to 60%.
3. Increasing the ratio of the investments made in the collaborations based on sustainability in the total investments to 10%	→ 10%	→ Ongoing works within the scope of 2025 Targets.

Contribution to Sustainable Development Goals: 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 10 Reduced Inequalities, 12 Responsible Consumption and Production, 17 Partnerships for the Goals

Key Area of Strategy: * Leading innovation in products
* Creating a positive impact for/with stakeholders

Relevant Section of the Report: Leading Innovation and Creating Value for All Stakeholders and the Industry

SUSTAINABLE RAW MATERIAL PROCUREMENT

Target	Progress	Action
1. Ensuring that the chemical substances procured are 100% certified	→ 98%	→ The rate is updated because ZDHC standards have been updated to version 2. 100% progress is realized according to version 1.0.
2. Increasing the use of organic, BCI and recycled cotton up to 60%	→ 62%	→ Ongoing works within the scope of 2025 Targets.
3. Increasing the number of suppliers subjected to the audits concerning environmental and social issues by 60%	→ 60% (compared to 2019)	→ This target was updated to 60% from 30% as it was achieved by the end of 2020.
4. Ensuring that the chemical substances procured are 95% GOTS certified	→ 80%	→ Ongoing works within the scope of 2025 Targets.

Contribution to Sustainable Development Goals: 8 Decent Work and Economic Growth, 12 Responsible Consumption and Production

Key Area of Strategy: * Leading innovation in products
* Reducing environmental impact

Relevant Section of the Report: Leading Innovation

INTERNAL AND EXTERNAL STAKEHOLDER RIGHTS

Target	Progress	Action
Internal Stakeholder Rights Raising employee engagement rate to 70%	→ 75% (2020)	→ Measurements are made in 2-year periods.
Internal Stakeholder Rights Increasing the rate of employees included in skills management processes to 16%	→ 26%	→ Ongoing works within the scope of 2025 Targets.
External Stakeholder Rights Increasing customer satisfaction rate to 80%	→ 80%	→ Ongoing works within the scope of 2025 Targets.

Contribution to Sustainable Development Goals: 8 Decent Work and Economic Growth, 12 Responsible Consumption and Production

Key Area of Strategy: Creating a positive impact for/with stakeholders

Relevant Section of the Report: Leading Innovation and Creating Value for All Stakeholders and the Industry



SUSTAINABILITY MANAGEMENT

The Sustainability Committee was formed at Calik Denim to integrate the sustainability strategy with the business model and make it an integral part of the corporate culture.

2019

Establishment Date of the Sustainability Committee

A Sustainability Committee was established at Calik Denim in 2019 to embed the sustainability strategy into the business model and render it an indispensable part of the corporate culture. The Committee monitors realization of 2025 Sustainability Targets and performance progress.

The Sustainability Committee was formed under the leadership of the General Manager and is chaired by the Deputy General Manager responsible for Sales and Marketing, while the members include the CFO,

Financial Affairs Director, Spinning Factory Director, Strategy and Process Development Director, Planning and Quality Control Director, HR Manager, and Sustainability Manager.

Currently, there are five different work groups for the main groups of 2025 Sustainability 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 work groups and each work group has a group leader. Regular meetings are held by the work groups 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.



STRUCTURE OF THE SUSTAINABILITY COMMITTEE





MATERIALITY TOPICS & PRIORITIZATION ANALYSIS

Materiality topics to focus on in the field of sustainability have been identified through a stakeholder analysis, and topics that shape the global agenda have been addressed.

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.

Calik Denim's materiality topics were identified by:

- Obtaining opinions from senior management through 1-2-1 meetings.
- Addressing the topics the Company focuses on as part of its business strategy.

High priority and priority materiality topics have been identified as a result of prioritization analysis:

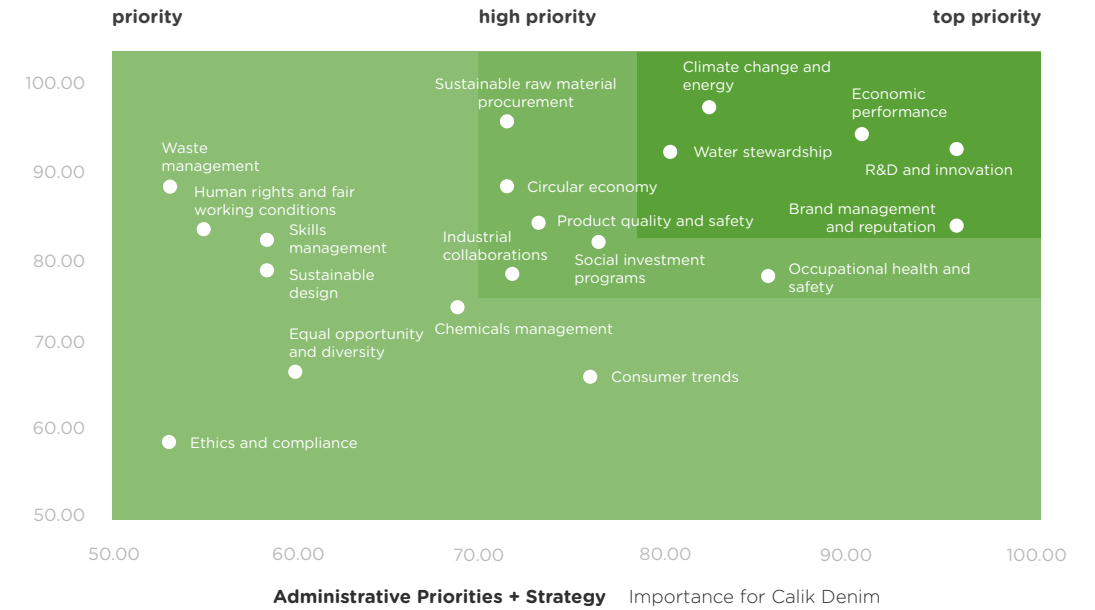
When identifying the priorities of stakeholders;

- 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.



GRI 102-44, 102-47

Stakeholder Analysis + External Trend Importance for Stakeholders



TOP PRIORITY

- R&D and innovation
- Economic performance
- Climate change and energy
- Brand management and reputation
- Water stewardship

HIGH PRIORITY

- Occupational health and safety
- Sustainable raw material procurement
- Circular economy
- Product quality and safety
- Industrial collaborations
- Social investment programs

PRIORITY

- Chemicals management
- Consumer trends
- Waste management
- Skills management
- Sustainable design
- Human rights and fair working conditions
- Equal opportunity and diversity
- Environmental-social compliance, transparency and traceability across supply chain
- Ethics and compliance
- Child labor
- Precarious employment
- Air emissions
- Prevention of corruption and unfair competition
- Biodiversity

COMMUNICATION WITH STAKEHOLDERS

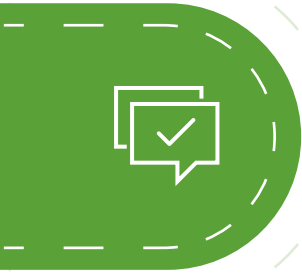
Calik Denim establishes an effective dialogue with the stakeholders in every aspect of its operations through different channels of communication.

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. Calik Denim believes in the importance of open, transparent, and truthful communication with stakeholders and values their views and expectations. It takes into account the demands and needs of stakeholders in the projects undertaken, and establishes an effective dialogue through different communication channels.



GRI 102-40, 102-42, 102-43

Stakeholder Category	Communication Methods
Employees	Newsletters, one-to-one communication, closed and open meetings, phone, internet, social media, e-mail, trainings, announcements (sharing product marketing materials, information on fairs, etc.), social events, rewarding and motivation programs (Calik Koza Suggestion System),
Customers	Newsletters, one-to-one communication, e-mail, phone calls, fairs, events, factory visits, customer visits, satisfaction surveys, congresses, meetings and panels, social media, sustainability reports, advertisements and news in the media, product launch events, Denim Anatomy trainings
Suppliers	Supplier meetings and visits, factory visits, feedback meetings, panels, surveys, phone calls, communication and call centers, online sales portal, social media, sustainability reports
Shareholders	General assembly meetings, company, corporate website, social media, financial reports, annual reports, sustainability reports
Public Institutions	Onsite visits, factory visits, website, news and advertisements in the media, meetings, phone calls, e-mail, social media, program invitations
Universities	Training sessions and seminars, meetings, e-mail, social media, visits, one-to-one communication, career days in universities, shared projects, congresses and conferences
Non-Governmental Organizations	E-mail, portal, digital environment, social media, factory visits, memberships, shared projects, congresses, conferences and seminars
International Sales Representatives	One-to-one communication, e-mail, meetings, phone calls, various fairs, social media
Designers	Fairs, events, congresses, participation in panels, one-to-one communication, all sorts of communication channels (e.g. phone calls, internet, social media, e-mail, etc.), training works, corporate launches, CSR projects
Local Community	All sorts of communication channels, media channels, social media, CSR projects
Media	Fairs, events, congresses, participation in panels, press releases, press meetings, product launches, corporate website, e-mail, social media



TRANSFORMATION LAB

Transformation Lab is one of the most important tools to help Calik Denim achieve its sustainability strategy of Passion for Denim Passion for Life.

Transformation Lab is one of the most important tools to help Calik Denim achieve its sustainability strategy of Passion for Denim Passion for Life. With Transformation Lab, we aim 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. The Company 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.

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 its 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.

Memberships and Initiatives

Calik Denim values memberships which allow us to come together with stakeholders, business partners and manufacturers from different industries. The Company grows its number of memberships and parts with employee organizations for sustainability integration in the realm of business. 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. This way, novel know-how methods and solutions are developed for the denim industry.

TRANSFORMATION LEADERSHIP & LEARNING

As part of our sustainability approach, it is essential to pioneer sustainability in the denim industry. Accordingly, the Company shares knowledge, investing in its employees and joining together with the industry leaders of today and tomorrow. It designs a variety of training and research programs in collaboration with universities. For more information about current collaborations including those with Parsons New School and Denim Anatomy, please refer to the section Creating Value for Stakeholders and the Industry.

With Transformation Lab, Calik Denim aims to address sustainability topics through innovative methods, and strives towards achieving a sustainable transformation together with all its stakeholders.



CORPORATE GOVERNANCE

Calik Denim adopts a corporate governance approach that is fair, transparent, responsible, and accountable, placing risk management at the center.

Calik Denim always prioritizes corporate values that enable its strong and reliable stance in all its current and future operations.

Aiming sustainable growth in the business areas it focuses on by developing innovative business models, Calik Denim acts with the commitment of creating permanent value in every geography where it conducts business.

Operations undertaken with this focus are guided by the values of the Calik brand. Calik Denim always prioritizes corporate values that enable its strong and reliable stance in all its current and future operations.

The values that Calik Denim has always adopted and will continue to adopt are as follows:

Passion for Denim: We acknowledge the significance of the denim fabric in the textile industry. We passionately create positive change and impact in the denim world.

Leading Innovation: We invest in leading innovations in the denim industry;

we develop innovative products to fulfill our customers' needs while consciously promoting sustainability. As Calik Denim, our target is always to be "the first to come to mind" in the denim world.

Customer Focus: We focus on creating positive experiences for our customers by providing them with added value. We consider customer needs our main source of motivation. We provide excellent responses to customer needs through our diverse range of products, high quality standards in customer service and our effectiveness in time and cost management.

Passion for Sustainability: We act consciously to make a positive impact for a sustainable world. We declare and own our responsibilities towards humanity and towards the planet we live in. We prioritize sustainability in our business model and processes.

Collaboration: We believe in collaboration to create shared value for/with our stakeholders. We collaborate to fulfill our corporate and sustainability vision.

Empowering Stakeholders: We consider our employees, suppliers, and customers as our building blocks. We encourage them to express themselves and their ideas freely and transparently. We provide "added value" for our employees through development activities and for our other stakeholders through original projects.

Transparency and Consistency: We are honest, transparent and consistent in all our relationships and business processes.

Respect for Rights and Ideas: We are a fair-minded company that recognizes and embraces the value in every idea, creates equal opportunities, favors diversity and open communication at every level, and respects ethical values.

Drawing strength from such values, 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, Calik Denim establishes a solid relationship based on trust and integrity with its employees, suppliers, customers and all stakeholders. 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.

RISKS AND OPPORTUNITIES Risk management is a key component of corporate governance. At Calik Denim, risk management is carried out by monitoring and assessing global and local developments and trends. Risks and opportunities are identified at the right time, while business strategies are updated and developed accordingly.

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 such developments are addressed from the risk perspective and general information is provided to the Board of Directors on the social and environmental risks and performance of Calik Denim.

Internal Audit Calik Denim's operations are audited by Çalık Holding. The Audit operations are carried out in line with the policies and procedures of Çalık Holding as well as the International Internal Audit Standards (IIAS), uses modern technologies and digital infrastructures effectively during the audit processes, and information is periodically provided on the audit results.

Audit Group audits the Internal Control System of Çalık Holding and subsidiaries in line with the COSO standards and best practices, and evaluates their effectiveness. The annual audit plan prepared within the framework of a risk assessment model and risk-based audit approach in compliance with international standards is implemented after obtaining approval from the Chairman of the Board of Directors and the Audit Committee.

CORPORATE GOVERNANCE

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

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, employees, 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.

BUSINESS ETHICS

All business processes at Calik Denim are carried out according to corporate values and code of conduct.

The Code of Business Ethics & Implementation Guidelines drawn up by the Human Resources Directorate of Çalık Holding is used for guidance.

All business processes at Calik Denim are carried out according to corporate values and code of conduct. 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.

Accordingly, the Code of Business Ethics & Implementation Guidelines drawn up by the Human Resources Directorate of Çalık Holding is used for 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 the Company, unfair competition and violation notice liability.

Shared values mentioned in Code of Business Ethics & Implementation Guidelines: Fairness, human focus, reputation, working wholeheartedly, innovation, agility and sustainability. Employees are expected to act according to common values and described definitions of behavior when performing their work and operations. 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. Due to the pandemic, contents and practice suggestions were communicated to employees in online environment. In-person practice and training plans are configured for 2022.

Notifications 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 Çalık Holding Ethics Committee according to the Ethics Hotline Implementation Guidelines. When reporting, 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 who report misconduct or participate in or help with the review process.





R&D AND INNOVATION

Calik Denim acts with the awareness that the way to remain competitive in the line of business it operates is through R&D and innovation.

Having invested 1.2% of its revenue in R&D operations in 2021, Calik Denim plans to allocate 10% of its revenue to investments in the field of innovation in 2025.

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.

Calik Denim has continuously sought to renovate itself to adapt to the contemporary conditions in a dynamic industry, ever since it was established. R&D and design strategies undertaken in this process have contributed a lot to the competitive advantage, alongside choosing the right time.

Acting with the awareness that the way to remain competitive in the line of business it operates is through R&D and innovation, the Company prioritized R&D and innovation works in every period and implemented many projects successfully funded either by Project Funding Institutions and Organizations or by its own resources.

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 R&D efforts are not merely limited to denim and fabric; rather, they are also focused upon a number of areas from nano technology to smart fabrics, as well as different functional features by developing research on cutting-edge textile products with a total of 64 employees, including 42 engineers.

As of its 10th fiscal period, Calik Denim R&D Center completed 27 of 57 projects defined for the end of 2021. Operations for the remaining 30 projects are ongoing. Accordingly, projects are undertaken through cooperation with universities, institutes, other industrial organizations, and overseas universities. 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, especially including universities, in different areas.

The collaborations and agreements Calik Denim concluded in the field of technology in 2021 are as follows:

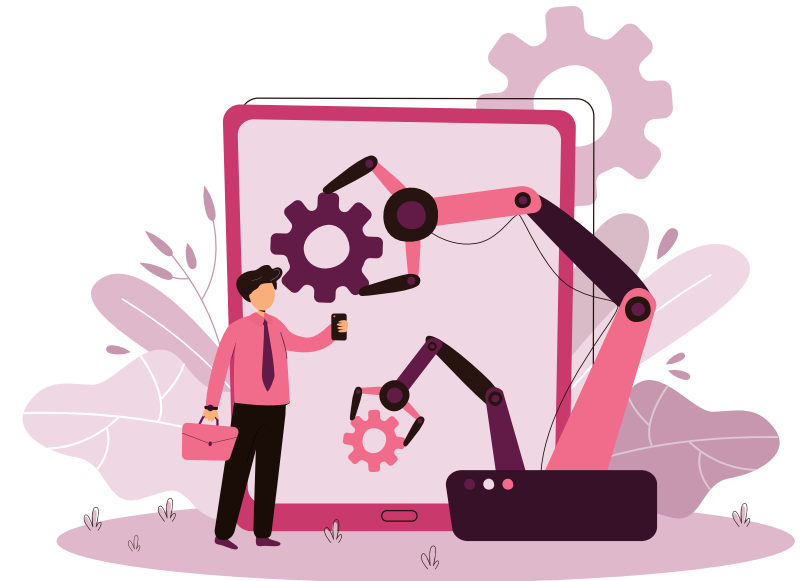
- Partnered with AKSA and developed innovative acrylic-based yarn by utilizing a different type of spinning technology.
- Collaborated with Çukurova University to improve the performance features of hemp fiber. Academic studies still continue as part of the collaboration.
- Partnered with Kızılay Çadır Tekstil to develop functional tent fabric.
- Partnered with Gama Recycle to recycle and reuse textile waste.
- Partnered with Çalık Cotton to recycle textile wastes and convert them into bale fabric.
- Partnered with Tila Kompozit to recycle textile waste and render it biodegradable.

On the other hand, some of the projects are entirely undertaken by the project leaders and relevant team members at the R&D center.

Calik Denim was listed among the 14 finalist companies after being selected from among 388 project applications in the "Productivity Project Awards" organized by the Ministry of Industry and Technology, thanks to its R&D efforts. Calik Denim's Certificate of Appreciation was presented by Mr. Mustafa Varank, Minister of Science, Industry and Technology.

With in-depth experience of over 30 years in the industry, Calik Denim pioneered the development of production technologies and innovative products. Having invested 1.2% of its revenue in R&D operations in 2021, Calik Denim plans to allocate 10% of its revenue to investments in the field of innovation in 2025.

The Company achieved its target of increasing the share of income from the sustainable product category in revenue to 20% and set the new target to 60%. It develops innovative products to meet the requirements and needs of the industry in line with the target of increasing the share to 60%. 15 new product development projects were realized in 2021 and 5 of these projects reached the commercialization stage. Development efforts are ongoing for other products. As of the end of 2021, the share of income from the sustainable product category in revenue was 27%.





R&D AND INNOVATION

Calik Denim achieved its target of increasing the share of income from the sustainable product category in revenue to 20% and set the new target to 60%.

TRANSPARENCY MONITORING SYSTEM (TMS)

The TMS, built with a focus on measurable targets, aims to measure the production inputs and to ensure the resource utilization optimization in production processes. 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.

D-CLEAR

With the 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%. The D-Clear technology was used in 10% of the Autumn-Winter 2020-21 collection. The Company target is to ensure the use of D-Clear technology in 75% of indigo dyeing processes for the collections 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 with the Denethic technology do not need to wash the fabric after the sewing stage, which saves both water and energy. Thus, thanks to the innovative technologies developed by Calik Denim, the reduction of resource consumption is supported in the later stages of the supply chain as well. With this technology, 44% water saving is provided for rinse (water wash) look, 15% for rinse + enzyme look, and 32% for bleached fabrics.

Dyepro

Calik Denim's sustainability-focused dyeing method Dyepro does not contain water, and it does not create any chemical waste during dyeing as chemicals are reused. Dyepro supports environmentally friendly production as it saves a significant amount of resources.

Re/J

It was entirely designed and created with the target of circular economy and sustainability. All products in the Re/J concept contain recycled fiber, and ecological versions of elastane and synthetic fibers were also used. Re/J products that are dyed with Dyepro dyeing technology are a product group designed completely for savings.

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

- 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,
- Self-sized decreases the number of sizes produced at the manufacturing stage of jeans.

Calik Denim has set the following future plans and targets in the field of R&D:

- Developing existing cooperation with institutions and organizations in its field of operation (across national and international levels, including universities, research institutions, R&D center, firms, technology development centers, etc.) and building new ones,
- Designing and undertaking well-planned R&D projects for the future of the Company by observing business requirements to expand the R&D quality of projects carried out in the R&D center,

- Increasing the number of quality projects with the potential to receive support from the institutions and organizations (the Ministry of Industry and Technology, TÜBİTAK, related Ministries, EU funds, etc.) that provide project funding,
- Foreseeing the market needs, alongside meeting the needs of customers with all units and shaping the denim and fashion industry by creating needs across the market through the most innovative products in the industry,
- Improving competence in designing quality R&D projects by strengthening the physical and technological infrastructure of the current R&D center, including the knowledge base and systematical database,
- Expanding and maintaining the activities (training, participation in seminars/symposiums/congresses, participation in fairs/exhibitions/project markets) to enhance the quality and competence of employees at the R&D Center.

Long-term strategies and targets:

- Increasing the Company's quality know-how by addressing the project outputs in terms of industrial property rights by continuously creating new ideas and turning them into R&D projects,
- Boosting the commercialization rate of R&D-based projects derived or to be derived from completed, ongoing and planned projects under the R&D center and increasing the share of these products in the overall Company turnover (this rate reached 29% by the end of the 10th year.),
- Strengthening the physical structure of the R&D center technologically and paving the way for higher quality projects by enhancing staff productivity,
- Increasing the number of quality projects supported by project funding institutions and organizations and reducing the share of equity in the total R&D expenditure,
- Designing and developing R&D-based products that can be commercialized in the field of technical textiles, to be included in the group of higher added value products, alongside innovative operations achieved in conventional products and processes.

With Denethic technology;



44%

Water saving provided for rinse (water wash) look



15%

Water saving provided for rinse + enzyme look



32%

Water saving provided for bleached fabrics



R&D AND INNOVATION

The scope of R&D efforts are expanded through domestic and international cooperations, with the belief that such efforts will take Calik Denim further step ahead.

An Extensive R&D Ecosystem

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 detailed information about the collaborations, see the table below:

National and International Cooperations of the R&D Center

Cooperating with	Cooperating Organization/Person	Country	Cooperation Type
R&D/Design Centers	AITEX TEXTILE RESEARCH INSTITUTE/Korina MOLLA	Spain	INTERNATIONAL COOPERATION PROJECT - DESIGNING FINISHING PROCESSES TO ENSURE COLOR RETENTION IN WHITE FABRICS
R&D/Design Centers	NEXT TECHNOLOGY/ Enrico VENTURINI	Italy	INTERNATIONAL COOPERATION PROJECT- DEVELOPING ENVIRONMENT-FRIENDLY FINISHING PROCESSES AND INSPECTING FABRIC/YARN APPLICATIONS
Universities	CUKUROVA UNIVERSITY/ Prof. Dr. Osman BABAARSLAN	Turkey	SANTEZ PROJECT- DEVELOPING HIGH VALUE ADDED DENIM FABRICS THROUGH MULTICOMPONENT CORE-SPUN (DUALCORE) YARN DESIGN AND PRODUCTION
Universities	DOKUZ EYLUL UNIVERSITY/ Prof. Dr. Aysun AKŞİT	Turkey	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
Universities	INONU UNIVERSITY/ Prof. Dr. Adıgüzel Mehmet YÜCEER	Turkey	SANTEZ PROJECT- NATURAL ANTIBIOTIC FABRIC
Universities	GAZIANTEP UNIVERSITY/ Prof. Dr. Cem GÜNEŞOĞLU	Turkey	SANTEZ PROJECT- NATURAL ANTIBIOTIC FABRIC
Universities	ERCIYES UNIVERSITY/ Prof. Dr. Hüseyin Gazi TÜRKSOY	Turkey	DESIGNING AND DEVELOPING MULTI-COMPONENT HYBRID SLUB YARNS FOR USE IN THE DENIM INDUSTRY AS PART OF THE TÜBİTAK TEYDEB PROJECT

Cooperating with	Cooperating Organization/Person	Country	Cooperation Type
Universities	SULEYMAN DEMIREL UNIVERSITY/ Assoc. Prof. Dr. Şule Sultan UĞUR	Turkey	SANTEZ PROJECT - FEASIBILITY STUDY FOR USING NANO COATING METHODS IN FINISHING PROCESSES
Universities	GAZI OSMANPASA UNIVERSITY/ Prof. Dr. Cemil ALKAN	Turkey	R&D PROJECT - DEVELOPING POLYURETHANE PHASE REPLACEMENT MATERIAL FOR THERMAL ENERGY STORAGE APPLICATIONS AND PRACTICES IN SMART TEXTILES
Universities	FIRAT UNIVERSITY/ Assoc. Prof. Dr. Muhammet Fatih TALU	Turkey	DESIGNING AN AUTOMATIC FABRIC DEFECT DETECTION SYSTEM FOR USE ON WEAVING MACHINES AND DEVELOPING A PROTOTYPE AS PART OF THE TÜBİTAK TEYDEB PROJECT
Other Institutions, Organizations, Foundations, and Funds	TTE TEXTILE TECHNOLOGY/ Recep YILMAZ	Turkey	NATIONAL COMPANY COOPERATION- INVESTIGATION OF THE EFFECT OF COMPRESSION ON DENIM FABRIC-BASED STRETCH TROUSERS
R&D/Design Centers	FLOKSER TEXTILE Lale Şen ÇETİN	Turkey	NATIONAL COMPANY COOPERATION- DENIM VELVET
Other Institutions, Organizations, Foundations, and Funds	OUTLAST TECHNOLOGIES EUROPE GMBH	Germany	INTERNATIONAL COMPANY COOPERATION - OUTLAST DENIM
Other Institutions, Organizations, Foundations, and Funds	CRAILAR TECHNOLOGIES INC.	Canada	INTERNATIONAL COMPANY COOPERATION - CRAILAR DENIM
Universities	RWTH AACHEN UNIVERSITY: ITA - Institute of Textile Technology/Nicolina PRAß	Germany	INTERNATIONAL COOPERATION WORKS-IDENTIFICATION OF CALIK DENIM'S DIGITALIZATION POTENTIAL AND TRANSITION TO THE DIGITALIZATION PROCESS
R&D/Design Centers	CENTEXBEL TEXTILE COMPETENCE CENTRE/Guy BUYLE	Belgium	INTERNATIONAL COOPERATION EFFORTS-In Preparation
Other Institutions, Organizations, Foundations, and Funds	CITEVE Tecnologia Textil/ Braz COSTA	Portugal	INTERNATIONAL COOPERATION EFFORTS-In Preparation
Universities	ENSAIT École Nationale Supérieure Des Arts Et Industries Textiles/ Stéphane LEPRÉTRE	France	INTERNATIONAL COOPERATION EFFORTS-In Preparation
Universities	MIMAR SINAN FINE ARTS UNIVERSITY/Nuray ER BIYIKLI	Turkey	NATIONAL COOPERATION- EXTRAORDINARY CLOTHES WITH INNOVATIVE FABRICS
Universities	INONU UNIVERSITY/ Assoc.Prof. Dr. Teoman KARADAĞ	Turkey	THE TÜBİTAK TEYDEB PROJECT PREPARATIONS - CLEANING DENIM FABRICS WITH AN ULTRASONIC WASHING TECHNOLOGY
Universities	ISTANBUL TECHNICAL UNIVERSITY/ Prof. Dr. Bahire Filiz ŞENKAL	Turkey	COLLABORATION PROJECT-CLEAN PRODUCTION EFFORTS IN THE TEXTILE INDUSTRY
Universities	UNIVERSITY INNSBRUCK RESEARCH INSTITUTE OF TEXTILE CHEMISTRY AND TEXTILE PHYSICS/ Prof. Dr. Thomas BECHTOLD	Austria	INTERNATIONAL COOPERATION PREPARATIONS - ELECTROCHEMICAL PAINTING APPLICATIONS
Universities	ISTANBUL TECHNICAL UNIVERSITY/ Prof. Dr. Hale KARAKAŞ	Turkey	COLLABORATION PROJECT-RECIPE DEVELOPMENT AND PROCESS OPTIMIZATION EFFORTS TO OBTAIN FUNCTIONAL FEATURES IN DENIM FABRICS



R&D AND INNOVATION

Multi-stakeholder cooperations are valued, which paves the way for growth within the ecosystem.

Cooperating with	Cooperating Organization/Person	Country	Cooperation Type
Universities	ISTANBUL TECHNICAL UNIVERSITY/ Prof. Dr. Banu UYGUN NERGİS	Turkey	COLLABORATION PROJECT - DEVELOPMENT OF X-RAY PROTECTIVE TEXTILE-BASED MATERIALS
Üniversiteler	ISTANBUL TECHNICAL UNIVERSITY/ Prof. Dr. Cevza CANDAN	Turkey	COLLABORATION PROJECT - DEVELOPMENT OF X-RAY PROTECTIVE TEXTILE-BASED MATERIALS
Universities	RWTH AACHEN UNIVERSITY: ITA - INSTITUTE OF TEXTILE TECHNOLOGY/Musa AKDERE	Germany	INTERNATIONAL COOPERATION - TRANSITION OF PREDICTIVE MAINTENANCE EARLY WARNING SYSTEM TO THE DIGITALIZATION PROCESS IN TEXTILE FINISHING BUSINESSES
Other Institutions, Organizations, Foundations, and Funds	Lilienweiß GmbH/ Peter Ernst MAIER	Germany	R&D PROJECT - SUSTAINABLE DESIGNS AND DEVELOPMENTS TO REDUCE COSTS AND IMPROVE PERFORMANCE IN WARP DYEING PROCESSES
Universities	DOKUZ EYLUL UNIVERSITY/ Prof. Dr. A. Merih SARIİŞİK	Turkey	COLLABORATION PROJECT- FASTNESS IMPROVEMENT PROCESS AND SYSTEM DEVELOPMENT WITH NANO COATING METHOD ON WOVEN FABRICS
Universities	ONDOKUZMAYIS UNIVERSITY/ Prof. Dr. Ali Kemal AYAN	Turkey	COLLABORATION PROJECT- DEVELOPMENT OF INNOVATIVE, ECOLOGICAL, SUSTAINABLE DENIM FABRICS FROM STALK FIBERS
Universities	ONDOKUZMAYIS UNIVERSITY/ Assoc. Prof. Dr. Funda ARSLANOĞLU	Turkey	COLLABORATION PROJECT- DEVELOPMENT OF INNOVATIVE, ECOLOGICAL, SUSTAINABLE DENIM FABRICS FROM STALK FIBERS
Universities	ONDOKUZMAYIS UNIVERSITY/ Assoc. Prof. Dr. Selim AYTAÇ	Turkey	COLLABORATION PROJECT- DEVELOPMENT OF INNOVATIVE, ECOLOGICAL, SUSTAINABLE DENIM FABRICS FROM STALK FIBERS
Other Institutions, Organizations, Foundations, and Funds	MAYTEKS ÖRME SANAYİ VE TİCARET A.Ş./Cenk UZELLİ	Turkey	COLLABORATION PROJECT- DEVELOPMENT OF INNOVATIVE, ECOLOGICAL, SUSTAINABLE DENIM FABRICS FROM STALK FIBERS
Other Institutions, Organizations, Foundations, and Funds	Bio Base Europe Pilot Plant	Belgium	HORIZON2020 PROJECT/GREEN DENIM

Cooperating with	Cooperating Organization/Person	Country	Cooperation Type
R&D/Design Centers	ARÇELİK INC.	Turkey	RECYCLING OF MICROFIBER WASTE LOADS AS PART OF SUSTAINABILITY PRACTICES/SUSTAINABILITY COLLABORATIONS
R&D/Design Centers	KİÇİLİ TEXTILE R&D CENTER	Turkey	COLLABORATION PROJECTS
Other Institutions, Organizations, Foundations, and Funds	KARACASU TEXTILE	Turkey	COLLABORATION PROJECTS- AVAILABILITY OF ACETATE FIBERS IN THE FORM OF STAPLE AND FILAMENT IN DENIM DESIGN AND PRODUCTION
Universities	SULEYMAN DEMIREL UNIVERSITY/ Assoc. Prof. Dr. Şule Sultan UĞUR	Turkey	TÜBİTAK 1505 PROJECT PREPARATIONS-DEVELOPING CONDUCTIVE TEXTILE MATERIALS THROUGH AN INNOVATIVE AND SUSTAINABLE METHOD
Universities	GAZİANTEP UNIVERSITY/TEXTILE ENGINEERING DEPARTMENT/ Prof. Dr. Cem GÜNEŞOĞLU	Turkey	1505 PROJECT PREPARATION- OPTIMIZATION OF MULTIFUNCTIONAL DENIM FABRICS WITH SOL-GEL TECHNIQUE AND INVESTIGATION OF THE SUITABILITY OF DIFFERENT APPLICATION TECHNIQUES
Universities	DOKUZ EYLUL UNIVERSITY/TEXTILE ENGINEERING DEPARTMENT/ Prof. Dr. Aysun AKŞİT	Turkey	1505 PROJECT PREPARATION- OPTIMIZATION OF MULTIFUNCTIONAL DENIM FABRICS WITH SOL-GEL TECHNIQUE AND INVESTIGATION OF THE SUITABILITY OF DIFFERENT APPLICATION TECHNIQUES
Universities	INONU UNIVERSITY CHEMICAL ENGINEERING DEPARTMENT/ Prof. Dr. Adigüzel Mehmet YÜCEER	Turkey	1505 PROJECT PREPARATION- OPTIMIZATION OF MULTIFUNCTIONAL DENIM FABRICS WITH SOL-GEL TECHNIQUE AND INVESTIGATION OF THE SUITABILITY OF DIFFERENT APPLICATION TECHNIQUES
Universities	THE NATIONAL RESEARCH & DEVELOPMENT INSTITUTE FOR TEXTILES AND LEATHER	Romania	MANU-NET PROJECT PREPARATIONS - INNOVATIVE TEXTILE SYSTEMS FOR UNCONVENTIONAL/SUSTAINABLE TEMPORARY SHELTERS USED IN EMERGENCY SITUATIONS, IN THE CONTEXT OF THE CIRCULAR ECONOMY
Universities	İZMİR KATİP CELEBİ UNIVERSITY/ Prof. Dr. Mehmet Özgür SEYDİBEYOĞLU	Turkey	MANU-NET PROJECT PREPARATIONS - INNOVATIVE TEXTILE SYSTEMS FOR UNCONVENTIONAL/SUSTAINABLE TEMPORARY SHELTERS USED IN EMERGENCY SITUATIONS, IN THE CONTEXT OF THE CIRCULAR ECONOMY
R&D/Design Centers	AKSA ACRYLIC	Turkey	AVAILABILITY OF NEXT-GENERATION ACRYLIC-BASED VORTEX RIGID AND ELASTIC YARNS IN THE PRODUCTION OF HIGH VALUE-ADDED WOVEN FABRICS
R&D/Design Centers	TİLA COMPOSITE	Turkey	RODUCTION OF COMPOSITE SURFACES FOR INSULATION OF PRE-CONSUMER TEXTILE WASTE TO BE RECYCLED
R&D/Design Centers	CUKUROVA UNIVERSITY- Dr. Lect. Yılmaz ERBİL	Turkey	DEVELOPMENT OF FUNCTIONAL DENIM FABRICS BY BLENDING HEMP AND NEXT-GENERATION FIBERS



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.

Committed to offering its customers high-quality, safe products that are designed and produced with sustainability in mind, Calik Denim conforms to international standards to ensure the health and safety of end users and maintain customer satisfaction at the highest possible level through innovative and unique products.

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.

Accordingly, 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, CmiA 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, ISO 45001, 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 AND SUPPLIER RELATIONS

The use of sustainable resources is, on the other hand, directly related to the transparency and integrity of the entire value chain.

With the guidance of international standards and its 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.

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 the Company supports local suppliers.



SUSTAINABLE RAW MATERIAL PROCUREMENT AND SUPPLIER RELATIONS

93.3% of Calik Denim suppliers consist of local suppliers.

All suppliers associated with products directly affecting final production, against the supply chain risks, are subject to a risk assessment by Calik Denim.

93.3% of Calik Denim suppliers consist of local suppliers: Suppliers are classified into groups A, B and C: Group A covers the most critical suppliers (1.5% of all suppliers), Group B covers moderate suppliers (28% of all suppliers) and Group C covers non-critical suppliers. 30% of suppliers were subjected to environmental and social audits in 2021. Calik Denim takes into consideration the following criteria while auditing its suppliers:

- Criteria regarding the Quality Management Systems
- Criteria regarding the Environmental Management System
- Criteria regarding the Occupational Health and Safety System
- Criteria regarding the Social Compliance Management System
- Criteria regarding the Information Security Management System
- Criteria regarding the Physical Security Management System
- Criteria regarding the Energy Efficiency Management System

A survey of 136 questions is organized to approach the suppliers through criteria that enable them to explain their current infrastructure and developments and submit data on continuous improvement. Suppliers who score 70 or higher as a result of this survey are eligible to be included in the list of certified suppliers for the following year.

Social and environmental awareness-raising efforts across suppliers continue uninterrupted. Feedback is given after the audits to make improvements and respond to the needs and demands of customers.

All suppliers associated with products directly affecting final production, against the supply chain risks, are subject to a risk assessment by Calik Denim. Suppliers are classified into four groups in light of this assessment. High-risk and risky groups of suppliers are matched with equivalents based on products, countries, and firms, and their products are extended through support from businesses to minimize risk.

Calik Denim became a BCI member in 2013 and 6.4% of the cotton it purchased was BCI-certified in 2017, while this rate went up to 62% in 2021. 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 Çalık Cotton, which is the Company's biggest supplier and aims to transform sustainable production and use of cotton into the new standard for cotton, the Company plans to switch to entirely BCI-certified products. Çalık Cotton realizes pioneering applications in farmer and financial modeling to promote sustainable raw materials in production. Farmers are informed about the ideal agricultural practices in cooperation with BCI.

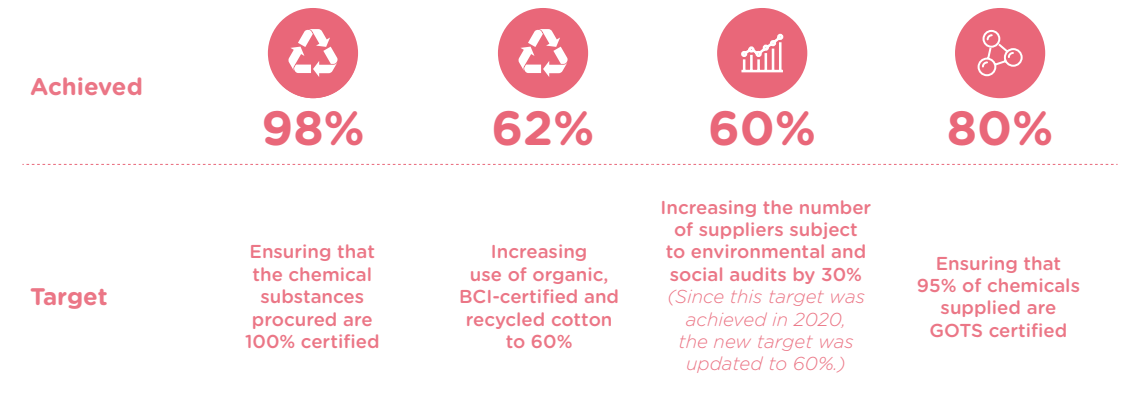
Calik Denim's 2025 targets for sustainable raw material procurement and their achievement rates are as follows:

- Ensuring that 100% of chemicals supplied complies with the ZDHC/MRSL criteria (98% Achievement)
- Increasing the use of organic and recycled BCI cotton to 60% by 2025 (62% Achievement)
- Increasing the number of suppliers subject to environmental and social audits by 30% (This was achieved by the end of 2020 and updated to 60% in 2021. 60% Achievement)
- Ensuring that 95% of chemicals supplied hold GOTS certification (80% Achievement)

Social and environmental awareness-raising efforts across suppliers continue uninterrupted. Feedback is given after the audits to make improvements and respond to the needs and demands of customers.



SUSTAINABLE RAW MATERIAL PROCUREMENT 2025 TARGETS





CUSTOMER EXPERIENCE

Calik Denim aims to adapt to changing consumer behavior and respond to shifting customer demands.

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 its 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.

In 2020, the Company obtained the ISO 10002 Customer Satisfaction and Complaints Management Policy Certification to improve its customer complaint and satisfaction processes. Employees underwent training on ISO 10002 Customer Satisfaction and Complaints Management Policy Certification in this process.

According to a study conducted by independent research companies in 2021, the customer satisfaction rate is

80%. 2025 Targets include enhancing customer satisfaction, as well. Accordingly, studies are conducted regularly with independent research companies to measure customer satisfaction.

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 2020, all of the 881 complaints raised were responded to, while this number was 850 in 2021.

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

At Calik Denim, collaborations with customers are made within the scope of the vision of leading the industry's sustainability transformation. In order to act as a solution partner for customers, Denim Anatomy was established in 2015, combining theoretical and practical education with the cooperation of Istanbul Technical University (ITU). With this organization aiming to contribute to the development of sector professionals, a two-days program is presented to the managers and employees of the brands in the industry, in which all stages of denim, from cotton to production, are examined and their usage areas are explained. Within the scope of the program, theoretical information regarding denim is provided to the participants who are expert academics of ITU. Then practical information is given by showing denim production processes at the Calik Denim Malatya Factory. At the end of the program, participants are issued their certificates by ITU.

On the other hand, the Company is investing in sustainability and innovative products to reduce the use of natural resources during our production processes and help its customers to 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.

Thanks to the E-Last concept developed by Calik Denim, an almost 0% weft draw rate was achieved. This concept ensured

the development of an innovation through which the customers can use patterns on a single cloth, cutting, sewing and then washing in different prescriptions during garment manufacturing. This saves a significant amount of time and labor.

Launching the industry's first mobile application with the mission of being the solution partner of its customers, Calik Denim offers the opportunity to view products digitally, analyze global trends, and order samples from Calik Denim. Maintaining its leading position as the first and only in the industry during this process, Calik Denim made its mobile application available to all denim lovers in 2021 with the self-registration method.

EXTERNAL STAKEHOLDER RIGHTS 2025 TARGET



80%
(Achieved)

Increasing customer satisfaction to 80%





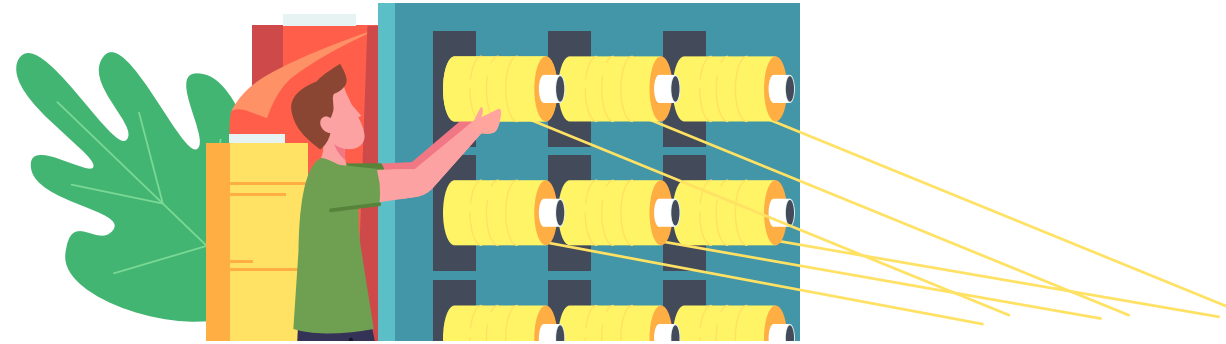
SUSTAINABILITY TRANSFORMATION LEADERSHIP

Calik Denim considers thought leadership a significant driver for transformation for industries and society.

Calik Denim aims to contribute to the growth of industry and society by positioning itself as a thought leader in its primary focus areas.

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 collaborates with stakeholders with expertise in different strategic areas and actively engages 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 (ITU), the Denim Anatomy training program was established for the employees and managers of the customer companies.



PARSONS NEW SCHOOL 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, produced graduates the same year. The program's curriculum consists of two parts, Building Blocks of Denim and Prototype Development and Realization. It was prepared focused on 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 the 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.

The 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; the best three designers are given the opportunity to do internships and actively experience the denim industry at Malatya Mill

More than 40 students participated in the program that was launched in 2017. 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

Denim Anatomy was established in 2015 within the scope of the collaboration made with Istanbul Technical University (ITU), with the mission of becoming the solution partner of companies.

The program aims to contribute to the development of industry employees, including managers. Within the framework of the efforts undertaken, a two-day program is offered, whereby all stages of denim, from cotton to production, are examined and their usage areas are explored with the participation of brand managers and employees. After receiving theoretical training on denim from lecturers at ITU, the participants are then taken to the Calik Denim Malatya Mill to be shown the denim production processes and to be supported with practical information. At the end of the program, the participants were awarded the certificate given by ITU.

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.



SUSTAINABILITY TRANSFORMATION LEADERSHIP

Calik Denim believes that the industry stakeholders must come together to rethink and design the future.

“Ever Evolving Talks by Calik Denim” turned into a platform that brings together fashion leaders and worldwide pioneers from a wide range of disciplines and industries, as well as an international group of audiences from and beyond the industry.

New technologies and new methodologies are required to be developed for being able to respond to the ever-changing conditions in the denim industry. Calik Denim believes that the industry stakeholders must come together to rethink and design the future. 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 issues such as trends that will shape the future of the sector, innovation, technology, sustainability, etc. concepts were discussed with the participation of expert speakers from different disciplines and industries was held on October 23, 2018. One of the main speakers of the event held in Theater Amsterdam, Apple’s former Creative Director, Ken Segall, explained the future of Simplicity and Innovation, while

Matthew Drinkwater, Director of Fashion Innovation Agency of London College of Fashion shared his views on the Wearable Technology trends that will affect the future of the fashion industry. Founder of Whetston/strategic foresight, Thimon de Jong provided information on the purchasing preferences and behaviors of Generations Y and Z.

Furthermore, sessions were held in which G-Star Raw Denim and Sustainability Specialist Adriana Galijasevic, Sardin.co founder Rune Orloff, Wrangler Sustainability Director Roian Atwood and Zedonk founder Marcia Lazar shared their opinions on “Sustainability as a Brand Value;” ALYX brand’s founder Matthew Williams, the Brooklyn Circus Creative Director Ouigi Theodore and Art Comes First brand’s founders Sam Lambert and Shaka Maidoh shared their opinions on “the Future of Fashion” and Highsnobeity Digital Fashion Editor Alec Leach, Ex Infinitas founder and designer Lukas Vincent, Willy Chavarria founder and designer Willy Chavarria and Avery Dennison Creative and Brand Collaboration Specialist Izzy Joly shared their opinions on “The Power of Collaboration.”

Ever Evolving Talks by Calik Denim 2019 took place in Theater Amsterdam on October 22 this year. The event hosted valuable speakers and attracted great participation internationally. Besides the trends that will shape the future of the industry, concepts such as the Blockchain system, consumption patterns of generation Z and climate change were discussed in the event.

Millennial and Generation Z expert Matt Britton, one of the main speakers revealed the future of the consumer in his speech addressing the consumption habits and trends of the generation that has been born since 2000, which is called Generation Z. Provenance Founder and CEO Jessi Baker meanwhile explained what needs to be done for a transparent supply chain through blockchain technology.

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.”

In just two years, “Ever Evolving Talks by Calik Denim” sparked huge enthusiasm and turned into a platform that brings together fashion leaders and worldwide pioneers from a wide range of disciplines and industries, as well as an international audience from and beyond the industry.

The event was unable to take place in 2020 and 2021 due to the pandemic; however, as the pandemic restrictions were eased towards the end of 2021, it was planned to be organized in April 2022, with the resumption of in-person fairs.

ELLEN MACARTHUR FOUNDATION “JEANS REDESIGN” PROJECT

The Ellen MacArthur “Jeans Redesign” project encourages and guides us to change the way denim products are manufactured, moving towards a circular economy for fashion. As part of its commitment to sustainability, Calik Denim takes action to help accelerate the transition to the circular economy in all its practices. In line with this purpose, we decided to take part in this project to realize the circular economy, ensure the continuation of the use of denim products, and be one of the leading companies in the circular economy.

YOUNG SDG

As a party to the United Nations Global Compact (UNGC) and the International Labor Organization, Calik Denim participated in the Young SDG program in 2020-2021. As part of the program, participating companies are required to develop a project according to the UN SDG criteria. Calik Denim has developed a project that enables the recycling of non-recyclable waste into composite and their reuse in different forms, based on its sustainability approach. The projects presented and accepted in the program are ongoing.

CALIK DENIM - GABBA (DENMARK)

A project was undertaken to be included in the products created with thermoregulation-capable fabrics with recycled fiber for Gabba Denim, to communicate the added value Calik Denim offers, both to end users and the field of sustainability.

CALIK DENIM - LIBERTY FAIRS (USA)

As part of a partnership with Liberty Fairs, at a fair organized in Las Vegas, Calik Denim exhibited fabrics and pieces such as trousers, jackets, and skirts from the Denethic concept, which draws attention with its sustainability features and makes its voice heard as a real innovation in the sector, at the Calik Denim Lounge.



SUSTAINABILITY TRANSFORMATION LEADERSHIP

Calik Denim achieved numerous collaborations with its stakeholders with expertise in different fields across strategic areas, as an opinion leader in the denim industry, in 2021.

Calik Denim believes that companies with a sustainable business model should focus on the communities in their regions and support local development.

CALIK DENIM - POLYGIENE (SWEDEN)

Considering the growing demand for antimicrobial and antiviral products, a collaborative hangtag project was undertaken with Polygiene to highlight the ViralOff® Polygiene technology included in some products in the SS '22 collection. The relevant technology stands out in the field of sustainability in terms of reducing the wash count. Polygiene published a Newsletter for the industry, emphasizing the use of ViralOff® Polygiene technology in some products in the Calik Denim Spring/Summer 2022 collection.

CALIK DENIM - LUB DUB (SWEDEN)

Special hangtags have been prepared for Lub Dub, emphasizing the organic and recycled cotton content of the products.

CALIK DENIM - LENZING (AUSTRIA)

In the capsule collection project called Black Label, which is created from fabrics containing TENCEL™ Modal fiber with Eco Color technology, the Lenzing Company brought together some fabric manufacturers; Calik Denim's related fabrics were also included.

CALIK DENIM - AWARE™ (THE NETHERLANDS)

Within the scope of the collaboration specific to Dyepro technology made with Aware™, one of the business partners in the field of traceability, a presentation explaining the advantages provided by Aware™ and Dyepro technology together in detail has been prepared.

CALIK DENIM - THE CIRCLE BOOK (ITALY & AUSTRIA)

Calik Denim featured its sustainable fabrics in The Circle Book project, which was developed by Meidea, Officina+39, and Lenzing to create end-to-end sustainable products. The relevant collection was introduced to the industry at the Munich Fabric Start Fair.



LOCAL DEVELOPMENT

The socioeconomic development of the region is supported through employment opportunities created in Malatya, where Calik Denim's factory is based in.

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.

Çalık Cotton, an affiliate of Çalık 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 the right price.

The socioeconomic development of the region is supported through employment opportunities created in Malatya, where Calik Denim's factory

is based in. Furthermore, we contribute to the social development of Malatya by supporting education here.

MALATYA EDUCATION FOUNDATION

Calik Denim takes action being aware of the importance of the younger generation in terms of the future, and in this regard, supports and provides scholarships to university students who need economic assistance through the Malatya Educational Foundation. The children of Calik Denim employees also benefit from the scholarships given through the foundation. In this context, as of the end of 2021, 246 students

who are children of the employees are given scholarships throughout their education through MEV.

100% SUPPORT FOR EDUCATION

Mahmut Çalık Education Complex Anatolian High School, which was built as part of the 100% Support for Education Project, was opened in 2012 and continues its activities in the complex established on an area of 40 thousand m².

Calik Denim, which provided approximately 835 portions of ready meals per day to 8 different schools for the disabled in 2021, provides stationery aid to all the school children of blue-collar employees at the beginning of each school year.





TALENT MANAGEMENT

By working with the right talents, Calik Denim's passion for denim is taken one step further.

Calik Denim adopts a sustainable human resources policy. Accordingly, the Company always attaches the utmost importance to employee satisfaction and supports their development.

Calik Denim provides services in its integrated production facility in Malatya, an R&D Center, and a sales-marketing center in Istanbul with 2,739 employees including a sales team providing services to more than 40 countries. 2,437 of the employees are blue-collar employees, while 302 are white-collar employees. Female employees account for 27% of the overall white-collar employees and 1% of blue-collar employees.

By working with the right talents, Calik Denim'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.

The pillars of Calik Denim's human resources policy include:

- Placing the right people in the right position with a customer-oriented approach,

- Making the best use of existing high potential employees,
- Measuring employee performance with the performance management system,
- Providing career planning and talent management for employees,
- Establishing long-term cooperation with employees to ensure the sustainability of the corporate culture.

The Company always attaches the utmost importance to employee satisfaction and supports their development. At Calik Denim, a transparent and sharing working environment that is always welcoming new ideas is targeted within the framework of ethical rules.

At Calik Denim, which successfully maintains its leading and innovative stance in its production activities in its human resources strategies, modern human resources practices are blended with the corporate culture and incorporated across the Company.

Starting from employment, processes related to employee training, career planning and social rights are managed within the scope of the Human Resources Procedure.

A decision was made in 2021 to adopt the "Learning Management System" and conduct benchmarking with Group companies as a next-level action to enhance employees' professional knowledge and adaptability to new technologies. Management programs were planned in 2022 to be included in the LMS system, alongside programs to develop medium and senior managers, as well as female employees.

In 2021, 81,572 hours of training were delivered to 2,235 blue-collar employees and 579 hours of training to 200 white-collar employees. Compulsory and technical training was prioritized in 2021 due to the pandemic. Outsourced training sessions completed are as follows:

- Agile Project Management and Applications
- Agility Culture and Enterprise Agility
- Applied Scrum
- Excel Training - Advanced Level
- Excel Training-Beginner/Intermediate Level
- Innovation and Introduction to Triz
- English Language Training for the P&D Department

Calik Denim Academy

Established in 2018, Calik Denim Academy performs training and development programs for its employees. While the professional knowledge of employees and their ability to adapt to new technologies is improved with the training and development programs offered, management programs are conducted for the development of mid-level and senior managers. It is also aimed to design title- and position-specific training, create an internal instructor pool, establish a coaching system and blue-collar mentorship program through the academy, as well as launch a mentoring program under the UN Development Program Target Gender Equality principles in association with Koç University. Internal and external training sessions were planned and delivered in 2021.

New books released are closely followed at the Calik Denim Academy Library consisting of personal development books, with ongoing efforts to expand the library. Opened in 2019, the library now has 115 books with the addition of 42 books in 2021. In addition, TEGEP and PERYÖN memberships enable monthly monitoring of article, video, and book suggestions related to the theme of the month at the Calik Denim Academy.

Cooperations with Universities

In 2021, the students of Gaziantep University, Fırat University, 9 Eylül University, Karabük University, Uludağ University, Karadeniz Technical University, Isparta University of Applied Sciences, Ankara Yıldırım Beyazıt University, and İnönü University were included in the intern interview processes. Short- and long-term internship opportunities were offered to students at Calik Denim Malatya Factory. After the general orientation program, it is possible to start working on the projects assigned by the departments. As a result of this cooperation that started in 2018, 39 more interns participated in 2021, and 12 out of a total of 75 interns joined 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 Çalık Holding.



TALENT MANAGEMENT

The development of Calik Denim employees is supported and their performance is tracked, while career planning is made in line with their qualifications.

The focus is on the evaluation of human resources practices by employees and the development of processes in line with their demands.

Performance reviews are conducted to measure the progress of employees in 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 relevant department managers along with the employees.

The wages of the employees are also affected by their performance reviews. Based on Çalık Holding's Wage Management Procedure, the responsibilities assumed by all employees and their performance are considered using the HAY salary system. Çalık 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.

Calik Denim Employee Handbooks are distributed to the employees to facilitate their adaptation to the Company's culture, inform them about human resources practices and allow them to monitor the processes. Programs are created for employees within the framework of talent management. The Company aims to increase the rate of employees taking part in talent management processes to 16% by 2025.

The focus is on the evaluation of human resources practices by employees and the development of processes in line with their demands. All employee

feedback on any subject is evaluated and solutions are created accordingly. Moreover, feedback is submitted and evaluated through the "Suggestion System" and plans are put in place for incentives to encourage participation in 2022. In 2021, employees participated in workshops at the first stage of the United Nations Development Program "Target Gender Equality." The Human Resources department at Calik Denim convened with different companies and took the first steps in planning to increase the number of female employees and train female mentors.

Efforts are made to continuously improve employee satisfaction and engagement. 2021 HR strategy and planning processes were structured as per the results of the survey, which was last conducted in 2020 due to the pandemic.

HEALTHY AND SAFE WORK ENVIRONMENT

At Calik Denim, protecting the health and safety of all employees and subcontractors is a top priority. With the efforts carried out in 2015, Calik Denim was awarded OHSAS 18001 Occupational Health and Safety Certificate approved by the international company SGS. As of this date, it continues to manage all related activities, which it was managing before, in accordance with the certification. With the audit conducted by SGS in December 2020, ISO 45001 Occupational Health and Safety Management System version transition was completed. 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 regularly. OHS training times nearly doubled in 2019 compared to 2017, and 12.3 hours of training were provided per employee, totaling 29,237 people*hours. Subcontractors were provided with 2,232 hours of training were provided the same year, with an increase of 5%. In 2021, an average of 2,480 employees were offered 12.9 hours of training on occupational health and safety training, while an average of 1.83 hours of emergency training per person was delivered to 900 support team members.





TALENT MANAGEMENT

At Calik Denim, protecting the health and safety of all employees and subcontractors is a top priority.

Active engagement of the employees in OHS processes is important and OHS training is provided on a regular basis. In 2021, 2,480 employees on average were provided with occupational health and safety training (12.9 h/person) and 900 support team employees on average were provided with emergency training (1.83 h/person).

In order to produce permanent solutions for preventing the 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 practice is intended to improve the OHS culture among employees and reduce the number of accidents and lost days by taking the necessary actions.

The 6 Sigma methodology is being implemented to reduce the number of lost

days due to accidents at work and improve business processes. This methodology 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 the accident severity rate. As a result of the improvements in 2021, the occupational accident frequency rate was 8.14 and the occupational accident severity rate was 47.3.

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 any accident, occupational disease or near-miss incident at work.

Number of Employees

	Female	Male
Total	82	2,657
White-collar	79	223
Blue-collar	3	2,494
Employees covered by collective bargaining	0	1,080

Distribution of Managerial Employees by Age Groups

	Female	Male
Below 30 years of age	0	0
30-50 years of age	6	26
Above 50 years of age	1	4
Number of female and male members of the Board of Directors	0	4

Annual Training Duration per Employee

	Total
Blue-collar Hours of Training	85,469.53
Number of Participants	2,437
Annual Training Period per Person for Blue Collar Employees	35.07
White-collar Hours of Training	7,335.50
Number of Participants	302
External Training Provided to White Collar Employees (Hours/Person)	24.28

Employee Turnover Rate

	Number of Recruited Employees	Number of Resigned Employees	Employee Turnover Rate
White-collar	42	54	17.9%
Blue-collar	975	658	27.0%
Total	1,017	712	26.0%

Employee Seniority Distribution

	Female	Male
0-5 years	44	1,482
5-10 years	19	592
10 years or more	19	583
Total	82	2,657



CLIMATE CHANGE, EMISSIONS AND ENERGY MANAGEMENT

Calik Denim is investing in R&D and renewable energy technologies to increase sustainable production by using less energy and water.

In 2018, Calik Denim set a target to increase its renewable energy production by 100% by 2025 and achieved this in 2019. In addition, new targets set for 2021 were achieved within the year, as well.

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.

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.

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.

Calik Denim has been continuously increasing its environmental expenditure and investments in the past three years. In 2020, it invested TL 4,767,710, while this figure was TL 7,180,000 in 2021. Additionally, thanks to the actions taken, no environmental penalties have been imposed on the Company in the last three years.

As part of the target of reducing carbon emissions, the TS EN ISO14064-1 standard is the most widely used method in carbon footprint reporting. The TS EN ISO 14064-1 standard includes the principles and requirements for the calculation and reporting of greenhouse gas emissions and removals at the organizational level. This standard also includes the requirements for the design, development, management, reporting, and verification of an organization's greenhouse gas inventory. Considering all these, Calik Denim started to calculate its corporate carbon footprint.

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.

In 2018, the Company set a target to increase its renewable energy production by 100% by 2025 and achieved it in 2019. Therefore, two new targets were set at the beginning of 2021:

- 1: Increasing use of electrical energy generated through renewable sources by 10%, compared to 2020;
- 2: Reaching 50% in terms of the electricity purchased from renewable energy sources.

Both these targets were also achieved in 2021. The electrical energy generated through renewable sources was 827,066 kWh in 2020 and went up to 1,247,572 kWh in 2021. The electrical energy purchased from renewable sources went up to 92,134,174 kWh in 2021.

Other climate change targets include reducing carbon emissions per unit by 20% by 2025, through efficiency and renewable energy investments. As of 2021, carbon emissions per unit were reduced by 13.8%.

The Company's energy consumption per meter has been significantly reduced through energy efficiency investments. The installation of rooftop solar power plants at Çalık Enerji Malatya Factory was completed and the plants were commissioned in May 2020. 827,066 kWh of electricity was generated in 2020, while this figure was 1,247,572 kWh in 2021. The power plant aims to reduce carbon emissions by 577 tons and save USD 92,500 annually.





CLIMATE CHANGE, EMISSIONS AND ENERGY MANAGEMENT

Carbon emissions per unit production were reduced by 13.8% in 2021.

Environmental sustainability targets include reducing carbon emissions per unit by 20% by 2025 through energy efficiency and renewable energy investments.

Energy savings further grew upon the transition to more sustainable processes (e.g. dyepro, d-clear), alongside the GES system, as well as the use of LED lighting systems throughout the business, and natural gas boilers by termination use of coal boilers.

The Company developed waterless dyeing processes within the scope of emission

and waste management in 2021. Undertaking near-zero waste efforts, the Company also keeps working on generating composites from waste.

Furthermore, training is delivered to raise environmental awareness, within the scope of ISO 14001 environmental management, alongside sustainability and water-saving awareness training.

Calik Denim Carbon Emission Data for 2021

Scope 1	1.37 kg/m
Scope 2	1.07 kg/m

	2017	2018	2019	2020	2021
Natural Gas (kWh)	42,651,898	45,887,788	59,384,106	29,403,054	92,835,340
Electricity (kWh)	107,654,765	110,633,232	105,894,034	76,383,097	92,132,567
Coal (kWh)	183,238,675	194,504,423	183,678,521	118,180,800	113,680,000
Fuel-Oil (kWh)	155,749	139,147	105,507	200,796	70,992

Air Emissions (Kg/Hours)*	2020	2021
NOx	3,500	-
SOx	6,680	-
Persistent Organic Pollutants (POPs)	-	-
Volatile Organic Compounds (VOCs)	2,530	-

Yearly Environmental Spending and Investments (TL)

2020	4,767,710 TL
2021	7,180,000 TL

* Emission measurements are made in 2-year periods.



WATER STEWARDSHIP

At Calik Denim, the water intensity per product has been reduced by 30.5% in 2021 compared to 2017. So the 2025 target of 30% was achieved four years ahead of schedule.

Rapid depletion of natural resources must be stopped, and sustainable water stewardship 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 stewardship 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 30.5% in 2021 compared to 2017. So the 2025 target of 30% was achieved four years ahead of schedule.

The Company delivers training to employees to increase water saving as part of ISO14001 environmental management

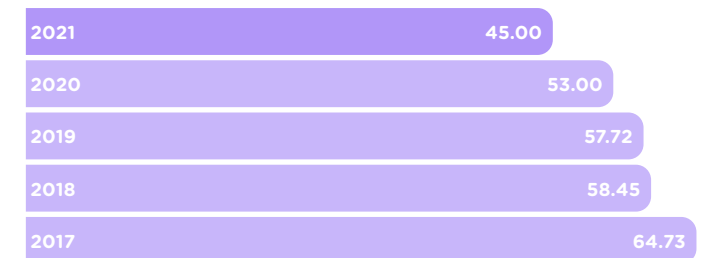
standard. Moreover, training on sustainability and water-saving awareness is provided.

Wastewater Treatment Project

The planned wastewater treatment project aims 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 project worth EUR 2 million was suspended due to the pandemic, but it is planned to be resumed in the coming period.

Calik Denim focuses on products that require reduced use of water in production and increasing the recycling of water used in production processes while saving water and developing sustainable technologies. 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 Leading Innovation in Products section.

Water Intensity (Kg/M)



CHEMICALS MANAGEMENT

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 ratio of organic cotton among all cotton purchases was 1.8% in 2018 and went up to 39.7% in 2021.

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 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 ratio of organic cotton among all cotton purchases was 1.8% in 2018 and went up to 39.7% in 2021. The rate of recycled cotton usage reached 3.94% by the end of 2021. The percentage of BCI, organic and recycled cotton within the entire amount of cotton used in production reached approximately 25.94%.

The Company identified policies, procedures, inventories, risk analyzes, authorities, and responsibilities as part of the Chemical Management System, which was established to undertake chemical operations. Shelf lives and lot numbers of all chemicals procured as part of the Chemical Management System are recorded on the system. The lot numbers of the chemicals used in production are recorded, which enables traceability of the chemicals used.

Furthermore, joint efforts are undertaken with customers to reduce the use of restricted chemicals, which have an adverse impact on human health in the finished fabric and wastewater, during fabric production as part of the zero discharge of hazardous wastes program. Updates on monthly production, water consumption, and chemical use are shared on the E3 portal as part of E3 (Environmental Emission Evaluator).

Such data is leveraged to check the compliance of Calik Denim's chemical consumption with ZDHC MRSL and an "InCheck" report is issued by the test laboratory, which is shared with the customers. Moreover, all standards received in line with the demands of the customers are recorded and chemicals are monitored as per such standards.

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 Leading Innovation in Products section.

The Ratio of Organic Cotton in Cotton Purchases



WASTE MANAGEMENT

Calik Denim continues to operate based on a waste management model that adopts a circular economy approach as of 2021.

At Calik Denim facilities, hazardous and non-hazardous waste caused by any process is managed with the right methods to minimize the impact on human and environmental health.

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.

As a development in recent years, conducting industrial symbiosis and circular economy works is now mandatory for industries in order to ensure their sustainability. Circular economy efforts involve a process that enables wastes to be transformed into economic value by including them in the production process through appropriate methods, instead of disposal.

Calik Denim continues to operate based on a waste management model that adopts a circular economy approach as of 2021 in line with its sustainability strategy.

A zero-waste team was built in 2021 to conduct waste management efforts. This team has undertaken feasibility efforts for zero waste at the factory and embarked on waste mapping efforts. Employees undergo training on waste management and sustainability as part of ISO 14001.

Hazardous and non-hazardous waste generated as a result of all processes at Calik Denim facilities is 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 properly and effectively.

A zero-waste team was built in 2021 to conduct waste management efforts.

Calik Denim's Recycle and OEKO-tex certificates serve as a guide in waste management. Calik Denim classifies waste into two groups; namely, hazardous and non-hazardous waste, as part of waste management. Waste is initially stored in the waste sites in the facilities temporarily, before being transported to non-hazardous and hazardous waste landfills. Waste collected is regularly shipped to licensed waste disposal companies. The Company collaborates with the relevant disposal companies for hazardous wastes, and with recycling companies for other wastes.

New projects aim to reduce waste from production by 30% by 2025. In 2021, 96% of the hazardous waste arising from production was recycled. The Company recycled 66% of non-hazardous waste and sent the remaining waste to landfills.

Amount of Non-Hazardous Waste (tons)	2020	2021
Total amount of non-hazardous waste	1,539.75	1,666.66
Amount sent to regular storage/solid waste landfill	666.32	573.22
Shipped for recycling	873.43	1,093.44

Amount of Hazardous Waste (tons)	2020	2021
Total amount of hazardous waste	149	172
Shipped for recycling	144	165



CORPORATE MEMBERSHIPS AND INITIATIVES WE SUPPORT

- Istanbul Textile and Apparel Exporters Association
- Istanbul Textile and Raw Materials Exporters Association (ITHIB)
- Istanbul Mineral and Metals Exporters Association
- Uludağ Exporters Association
- Eastern Anatolian Exporters Association General Secretariat
- R&D Centers Communication and Collaboration Platform (ARGEMIP)
- Southeast Anatolia Exporters Association
- Malatya Chamber of Commerce
- Istanbul Chamber of Commerce



PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE INDICATORS

Energy Consumption (KWh)

	2017	2018	2019	2020	2021
Natural Gas	42,651,898	45,887,788	9,384,106	29,403,054	92,835,340
Electricity	107,654,765	110,633,232	105,894,034	76,383,097	92,132,567
Coal	183,238,675	194,504,423	183,678,521	118,180,800	113,680,000
Fuel-Oil	155,749	139,147	105,507	200,796	70,992

Energy Intensity (KWh)

	2017	2018	2019	2020	2021
Total energy consumption	341,526,580	359,413,520	355,284,870	224,167,747	298,718,899
Total production per year	42,256,457	42,510,831	44,086,396	32,141,067	39,420,608
Energy intensity (total energy/total production)	8.08	8.45	8.06	6.97	7.57

Amount of Non-Hazardous Waste (Tons)

	2017	2018	2019	2020	2021
Total amount of non-hazardous waste	5,443.769	10,310.436	13,172	1,539.75	1,666.66
Amount sent to regular storage/solid waste landfill	7,667.69	7,673.34	10,795	666.32	573.22
Recycled	5,443.77	3,393.16	2,377	873.43	1.093.44

Amount of Hazardous Waste (Tons)

	2017	2018	2019	2020	2021
Total amount of hazardous waste	228.19	268.9	235	149	172
Recycled	235.9	248.75	234	144	165

Water Consumption (Tons)

	2017	2018	2019	2020	2021
Underground water (well water)	2,735,170	2,484,909	2,544,596	1,862,583	1,710,236

Amount of Wastewater (Tons)

	2017	2018	2019	2020	2021
Amount of recycled/reused water	321,718	242,568	202,158	302,173	335,629
Amount of wastewater	2,413,452	2,242,341	2,342,438	1,676,325	1,539,212

Water Intensity (Kg/M)

	2017	2018	2019	2020	2021
Total amount of water drawn (kg)	2,735,170	2,484,909	2,544,596	1,862,583	1,710,236
Total production (meters of fabric)	42,256,457	42,510,831	44,086,396	32,141,067	39,420,608
Amount of water drawn per product (kg/m)	64.73	58.45	57.72	57.95	43.38

Air Emissions (Tons)

	2017	2018	2019	2020	2021
NOx	3.77	12.9376	-	3.500	-
SOx	14.46	9.2827	-	6.680	-
Persistent Organic Pollutants (POPs)	-	-	-	-	-
Volatile Organic Compounds (VOCs)	1.68	1.68	-	2.530	-



PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

	2020		2021	
	Female	Male	Female	Male
White-collar	82	198	79	223
Blue-collar	2	2,152	3	2,434
Employees covered by collective bargaining	-	1,035	-	1,080
Total	84	2,350	82	2,657

	2020		2021	
	Full-time	Part-time	Full-time	Part-time
Number of employees per seniority	2,430	4	2,736	3
Number of white-collar workers	277	4	299	3
Number of blue-collar workers	2,153	-	2,437	-

Number of Employees by Seniority

	2020		2021	
	Female	Male	Female	Male
0-5 years	57	1,508	44	1,482
5-10 years	16	312	19	592
10 years or more	12	529	19	583

Employees In Executive Positions

	2020		2021	
	Female	Male	Female	Male
Below 30 years of age	-	-	-	-
30-50 years of age	7	32	6	26
Above 50 years of age	-	2	1	4
Number of female and male members of the Board	-	6	-	4

GRI 102-41

Employees Who Quit Their Jobs by Gender and Age

	2020		2021	
	Female	Male	Female	Male
Total	13	378	17	695
Below 30 years of age	11	187	10	431
30-50 years of age	2	152	7	246
Above 50 years of age	-	39	-	18
Employee turnover	15%	16%	20%	26%

	2020		2021	
	Female	Male	Female	Male
Number of employees using maternity/paternity leave	5	128	3	173
Number of employees returning to work after the expiry of their maternity/paternity leave	5	128	3	173

Training Hours in 2020

	Description	Total
Blue-collar	Hours of training	41,841.67
	Number of Participants	2,154
	Annual Training Period per Person for Blue Collar Employees	19.43
White-collar	Hours of training	4,951.42
	Providing External Training White Collar Employees (Hours/Person)	6.70
	Number of Participants	280
	Annual Training Period per Person for White Collar Employees	17.68

Training Hours in 2021

	Description	Total
Blue-collar	Hours of training	85,469.53
	Number of Participants	2,437
	Annual Training Period per Person for Blue Collar Employees	35.07
White-collar	Hours of training	7,335.50
	Providing External Training White Collar Employees (Hours/Person)	3,379.75
	Number of Participants	302
	Annual Training Period per Person for White Collar Employees	11.19
	Annual Training Period per Person for White Collar Employees (Internal Training & External Training)	24.28

	2020		2021	
	Female	Male	Female	Male
Number of employees subject to regular performance review	83	198	83	221



PERFORMANCE INDICATORS

OHS Data on Employees

	2017	2018	2019	2020	2021
Number of accidents	52	52	49	36	58
Number of cases of occupational disease	-	-	-	-	-
Absence (total number of lost days)	12,220	17,405	14,991	-	-
Absence due to accidents	852	15,432	428	321	337
Incident rate (IR)	2.06	1.58	1.39	1.22	1.63
Occupational disease rate (ODR)	-	-	-	-	-
Lost day rate (LDR)	33.71	468.52	12.11	10.9	9.46
Absentee rate (AR)	0.14%	2.48%	0.06%	-	-

OHS Data on Subcontractors

	2017	2018	2019	2020	2021
Number of accidents	2	8	7	-	2
Number of cases of occupational disease	-	-	-	-	-
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)	-	-	-	-	-
Lost day rate (LDR)	53.76	117.82	73.53	-	-
Absentee rate (AR)	0.22%	0.47%	0.29%	-	-

OHS Trainings

	2017	2018	2019	2020	2021
Total hours of employee training	12,970	14,076	29,237	25,424	26,607
Hours of training per employee	6.56	6.79	12.19	11.2	12.9
Total hours of subcontractor training	2,116	2,356	2,232	148	196



GRI CONTENT INDEX



MATERIALITY DISCLOSURES SERVICE

2022

“For the Materiality Disclosures service, it has been examined that the GRI content index is provided and that the references for disclosures 102-40 and 102-49 are consistent with the relevant sections of the report.”

This report has been prepared in the light of the GRI Standards “Core” option.

GRI Standard	Description	Direct Source/Page Number	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
	Corporate Profile		
	102-1	Front Cover About Calik Denim, p. 14-15	
	102-2	About Calik Denim, p. 14-15 R&D and Innovation, p. 40-47	
	102-3	Contact (Inside the Back Cover)	
	102-4	About Calik Denim, p. 14-15	
	102-5	Since Çalık Denim is not a publicly traded company, the partnership structure has not been shared in the report.	
	102-6	About Calik Denim, p. 14-15	
	102-7	About Calik Denim, p. 14-15 Our Strong Sustainability Performance, p. 16-17 Talent Management, p. 60-65 Performance Indicators, p. 74-78	
	102-8	Talent Management, p. 60-65 Performance Indicators, p. 74-78	
	102-9	Sustainable Raw Material Procurement and Supplier Relations, p. 49-51	
GRI 102: GENERAL EXPLANATIONS 2016	102-10	There were no significant changes related to Çalık Denim's supply chain in the reporting year.	
	102-11	Sustainability Strategy, p. 20-23 Sustainability Management, p. 26-27 Corporate Governance, p. 34-37	
	102-12	Corporate Memberships and Initiatives We Support, p. 74	
	102-13	Corporate Memberships and Initiatives We Support, p. 74	
	Strategy		
	102-14	Message from the Chairman, p. 10-11 The Message of the CEO, p. 12-13	
	102-15	Message from the Chairman, p. 10-11 The Message of the CEO, p. 12-13 Corporate Governance, p. 34-37	
	Ethics and Integrity		
	102-16	Our Mission and Vision, p. 15 Çalık Holding Sustainability Manifest, p. 18-19 Corporate Governance, p. 34-37	
	102-17	Business Ethics, p. 38-39	



GRI CONTENT INDEX

GRI Standard	Description	Direct Source/Page Number	Reason of Omission
GRI 102: GENERAL EXPLANATIONS 2016	Governance		
	102-18	Sustainability Management, p. 26-27	
	102-19	Sustainability Management, p. 26-27	
	102-29	Sustainability Strategy, p. 20-23 Sustainability Management, p. 26-27	
	102-30	Corporate Governance, p. 34-37	
	102-31	Sustainability Strategy, p. 20-23 2025 Targets, p. 24-25 Sustainability Management, p. 26-27	
	Stakeholder Analysis		
	102-40	Communication with Stakeholders, p. 30-31	
	102-41	Talent Management, p. 60-65 Performance Indicators, p. 74-78	
	102-42	Communication with Stakeholders, p. 30-31	
	102-43	Communication with Stakeholders, p. 30-31	
	102-44	Sustainability Strategy, p. 20-23 Materiality Topics and Prioritization Analysis, p. 28-29	
	Reporting		
	102-45	https://www.kap.org.tr/sirket-finansal-bilgileri/8acae2c46d7599a6016db073516b164a	
	102-46	About the Report, p. 8-9	
	102-47	Materiality Topics and Prioritization Analysis, p. 28-29	
	102-48	There are no changes.	
	102-49	There are no changes.	
	102-50	About the Report, p. 8-9	
	102-51	This is the third sustainability report of Çalık Denim, you can access the sustainability report for the period 2018-2019 from the Çalık Denim website.	
	102-52	The report is published once every two years.	
	102-53	About the Report, p. 8-9	
	102-54	About the Report, p. 8-9 GRI Content Index, p. 79	
	102-55	GRI Content Index, p. 79-83	
	102-56	No independent assurance statement has been received for this report.	
	GRI 200: ECONOMIC STANDARD SERIES		
	Procurement Practices		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Strategy, p. 20-23 Materiality Topics and Prioritization Analysis, p. 28-29 Sustainable Raw Material Procurement and Supplier Relations, p. 49-51	
	103-2	Sustainable Raw Material Procurement and Supplier Relations, p. 49-51	
	103-3	Sustainable Raw Material Procurement and Supplier Relations, p. 49-51	
GRI 204: PURCHASING APPLICATIONS 2016	204-1	Sustainable Raw Material Procurement and Supplier Relations, p. 49-51	

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GRI 300: ENVIRONMENTAL STANDARD SERIES			
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Strategy, p. 20-23 Materiality Topics and Prioritization Analysis, p. 28-29 Climate Change, Emissions and Energy Management, p.66-68	
	103-2	Climate Change, Emissions and Energy Management, p. 66-68	
	103-3	Climate Change, Emissions and Energy Management, p. 66-68	
GRI 302: ENERGY 2016	302-1	Climate Change, Emissions and Energy Management, p. 66-68 Performance Indicators, p. 74-78	
	302-3	Climate Change, Emissions and Energy Management, p. 66-68 Performance Indicators, p. 74-78	
	302-4	Climate Change, Emissions and Energy Management, p. 66-68 Performance Indicators, p. 74-78	
Water and Wastewater			
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	103-2	Water Stewardship, p. 69	
	103-3	Water Stewardship, p. 69	
GRI 303: WATER AND WASTEWATER 2018	303-1	Water Stewardship, p. 69	
	303-3	Water Stewardship, p. 69 Performance Indicators, p. 74-78	
	303-5	Water Stewardship, p. 69 Performance Indicators, p. 74-78	
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Strategy, p. 20-23 Materiality Topics and Prioritization Analysis, p. 28-29 Climate Change, Emissions and Energy Management, p. 66-68	
	103-2	Climate Change, Emissions and Energy Management, p. 66-68	
	103-3	Climate Change, Emissions and Energy Management, p. 66-68	
GRI 305: EMISSIONS 2016	305-7	Climate Change, Emissions and Energy Management, p. 66-68 Performance Indicators, p. 74-78	
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Strategy, p. 20-23 Materiality Topics and Prioritization Analysis, p. 28-29 Waste Management, p. 72-73	
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GRI 306: WASTE 2020	306-1	Waste Management, p. 72-73	
	306-2	Waste Management, p. 72-73	
	306-3	Waste Management, p. 72-73 Performance Indicators, p. 74-78	
	306-4	Waste Management, p. 72-73 Performance Indicators, p. 74-78	



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GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS 2016	414-2	Sustainable Raw Material Procurement and Supplier Relations, p. 49-51	
	Customer Health and Safety		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Strategy, p. 20-23 Materiality Topics and Prioritization Analysis, p. 28-29 Product Quality and Safety, p. 48	
	103-2	Product Quality and Safety, p. 48	
	103-3	Product Quality and Safety, p. 48	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Product Quality and Safety, p. 48	



UNGC REFERENCES

Topic	Principles	Relevant Section of the Report
Human Rights	Principle 1: Businesses should support the declared human rights and respect the rights.	Sustainability Strategy, p. 20-23 Materiality Topics & Prioritization Analysis, p. 28-29
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Sustainable Raw Material Procurement and Supplier Relations, p. 49-51 Talent Management, p. 60-65
Labor Standards	Principle 3: Businesses should uphold the freedom of association and effectively recognize the right to collective bargaining.	Sustainability Strategy, p. 20-23 Materiality Topics & Prioritization Analysis, p. 28-29 Sustainable Raw Material Procurement and Supplier Relations, p. 49-51 Talent Management, p. 60-65
	Principle 4: The practice of forced and compulsory labor should be put an end to.	
	Principle 5: All forms of child labor should be stopped.	
	Principle 6: There should be an end to discrimination in recruitment and job placement.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	R&D and Innovation, p. 40-47 We Protect Our Planet, p. 66-73
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9: Businesses should support the development and dissemination of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should fight all forms of corruption, including bribery and extortion.	Corporate Governance, p. 34-37 Business Ethics, p. 38-39



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