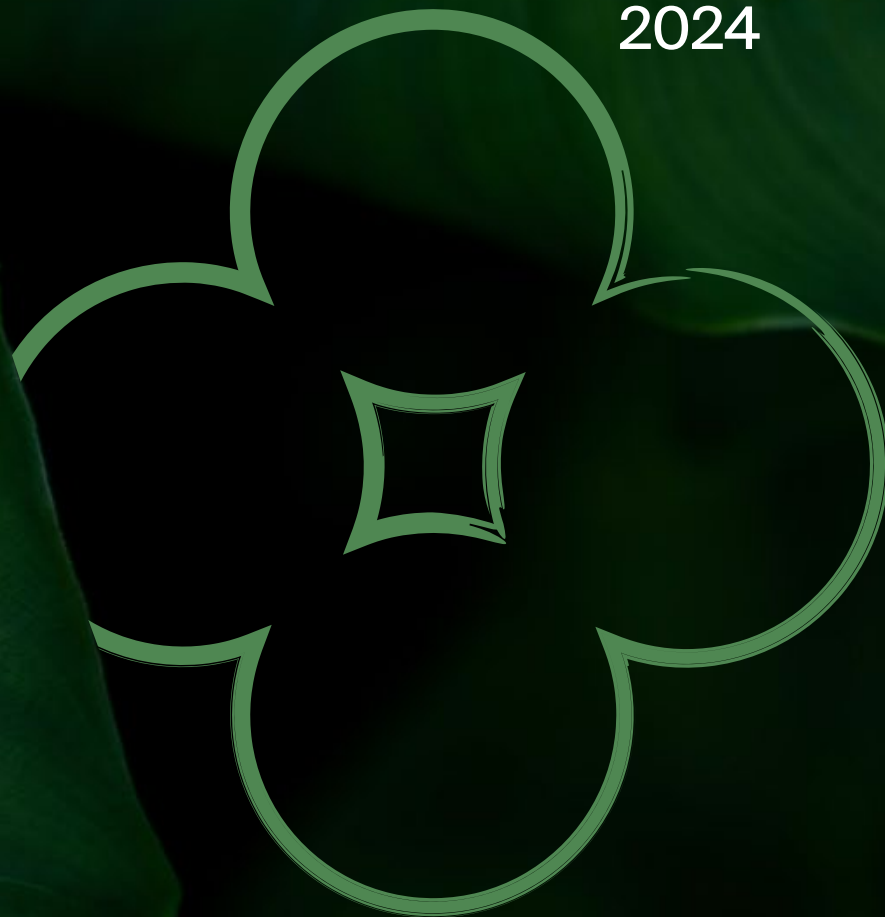


2024

KOTON
INTEGRATED
SUSTAINABILITY
REPORT





respect life
KOTON



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About the Report

As Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi, we are pleased to present the Koton Integrated Sustainability Report 2024, which reflects the outcomes of our activities, the value we create for our stakeholders and ecosystem, our business strategy, and our environmental, social, and governance (ESG) performance—all guided by the principles set out in our **“Respect Life Manifesto”** published in 2020.

Our 2024 Integrated Sustainability Report covers the reporting period from January 1 to December 31, 2024. During this period, we continued to pursue our long-term goal of creating sustainable value by adopting an integrated approach in line with the International Integrated Reporting Framework, structured around six forms of capital. In this report, we share in detail our short-, medium-, and long-term targets, as well as the progress we have achieved toward these targets in alignment with our strategic perspective. Our efforts are shaped around the four focus areas defined in our Respect Life Manifesto: We Respect Our World, We Respect People, We Respect Our Society, We Respect Our Business.

While embedding sustainability into every stage of our value chain, we have prepared this report in compliance with the GRI Standards and the International Integrated Reporting Framework issued by the Value Reporting Foundation (VRF). This alignment is crucial to ensure that our activities and strategic objectives are accurately understood and assessed by all stakeholders. The GRI Content Index can be found in the **“Annexes”** section of this report. For further information about Koton’s sustainability approach, please feel free to contact us.

Contact:
surdurulebilirlik@koton.com





Chairperson's Message



Yılmaz Yılmaz
Chairperson of the Board

Dear Stakeholders,

Since our journey began in Kuzguncuk in 1988, we have continued to move forward with determination toward our goal of reaching one billion customers worldwide by 2030. Sustainability, in this ambitious journey, serves as a challenging yet deeply instructive force—one that pushes us beyond our comfort zones. Knowing that the results we achieve in sustainability will play a defining role in shaping our future strengthens our commitment and resolve even further.

The year 2024 will be remembered in Koton's history as the year we went public. Alongside this milestone that strengthened our corporate identity, we also accelerated our efforts in assessing climate-related financial risks and opportunities in line with the Türkiye Sustainability Reporting Standards (TSRS). We attach great importance to aligning our actions with the sustainability and climate targets set by both Türkiye and all the markets in which our customers are present. While closely following sustainability developments in Türkiye and around the world, we have also charted our roadmap to achieve carbon-neutrality by 2040.

Today, Koton operates 244 stores in Türkiye and 207 stores abroad, offering physical retail services across 32 countries in addition to our online channels.

As a company that is fast and efficient, customer-centric, passionate, quality-focused, and respectful, and driven by the spirit of working as one team, we continue to pursue our 2030 vision of reaching one billion customers globally. We are fully aware of the fact that this growth can only be achieved through profound respect for every aspect of life. As we stated in our Respect Life Manifesto in 2020, we are committed to underpinning our business objectives with respect for the planet, society, individuals, and our business. We dedicate both time and resources to advancing this commitment.

We regard sharing our progress in sustainability with the public and contributing to a more livable world through inspiring practices as equally important as our mission to make trend-driven fashion accessible to all. We wholeheartedly believe that lasting success can only be achieved through a holistic approach, and by showing equal respect and care for the planet, society, people, and our business.

At Koton, we will continue to create greater value for our stakeholders by upholding the principles we firmly embrace, first and foremost the founding values of the Republic.

With these thoughts, and hoping that our Fourth Sustainability Report will serve as a meaningful contribution to all our stakeholders, and I extend my sincere congratulations to everyone who contributed to its preparation.



Message from the Board Member and Chairperson of the Sustainability Committee

Dear Stakeholders,

We are pleased to share with you our fourth Sustainability Report, presenting both our 2024 performance and our targets under the themes outlined in our **Respect Life Manifesto**: We Respect Our World, We Respect People, We Respect Our Society, We Respect Our Business.

At Koton, we believe that meaningful progress in any area can only be achieved through collective ownership and a shared purpose. Our Sustainability Committee, which includes members from every department and level of our organization, along with our Sustainability Department, which is responsible for monitoring, coordinating, and reporting our processes, play an active role in driving this collective effort. Equally important is the growing sustainability awareness among all Koton employees, which continues to strengthen our journey. In 2024 alone, our employees completed 3,409 hours of sustainability and environmental training. We take pride in the fact that sustainability is becoming an ever more integral part of every Koton employee's agenda, aligned with our values and goals. We are also proud of our strong organizational and cultural framework that fosters this shared sense of ownership.

The textile and apparel sectors, in which Koton plays a strong role, remain at the heart of the global sustainability agenda due to their labor-intensive structures and the extensive impact they generate across the entire value chain. The growing expectations in the European Union for traceability and emission reduction in textiles, as well as the global consumer shift toward more sustainable products, further highlight the value of Koton's sustainability efforts. We are committed to tracking and managing our sustainability impact across every link in our value chain, guided by the principles of our Respect Life Manifesto. This approach is grounded in a rational and strategic foundation, as we believe that our sustainability journey will serve as a key driver for achieving our ambitious future goals in the sector.

In 2024, we carried out significant initiatives across environmental, social, and governance dimensions. We reviewed our material topics to encompass our entire value chain and launched a project to develop a traceability system for monitoring water and wastewater management within our supply chain. We increased the share of sustainable products in our total revenue to 34% and set new targets for further growth in this area. Our environmental investments totaled approximately TRY 4 million.

Women's empowerment remains one of the strongest pillars of Koton's Respect Life commitment. We regard efforts to strengthen women's participation in business and social life as a core mission. On a broader scale, we see it as our responsibility to demonstrate through our projects how women's economic participation contributes positively to families, companies, and society as a whole. In 2024, we continued to expand the impact of our flagship projects in this area. Through the **Koton Handicraft Project**, we have supported **more than 6,000 women, contributing to over TRY 11 million** in income generation. Under our **Housewives Project**, we provided employment opportunities for 159 women across 89 Koton stores in 35 cities, offering them flexible working hours based on their own schedules.

We would like to express our sincere gratitude to the entire Koton team and all our stakeholders for their contributions to the initiatives featured in this report. With our collective strength and unwavering commitment to sustainability, we will continue to contribute to building a better world.



Gülden Yılmaz

Board Member and Chairperson of the Sustainability Committee



CEO's Message



Dr. A. Bülent Sabuncu
CEO

Dear Stakeholders,

It gives me great pleasure to present Koton's Fourth Sustainability Report. As we emphasized in our Respect Life Manifesto published in 2020, sustainability for Koton is not a matter of choice—it is the very framework of our existence. While integrating the principles of sustainability into every business process, we consider it our responsibility not only to share our achievements in reducing our environmental footprint each year but also to openly communicate our new goals and commitments with all our stakeholders.

The year 2024 marked a significant period for sustainability, particularly in terms of climate action. At the end of 2023, the Public Oversight Authority published the Türkiye Sustainability Reporting Standards, accelerating the transition from voluntary to mandatory sustainability reporting for many companies.

In parallel, drafts of the Green Taxonomy and the Climate Law were released within the scope of Türkiye's alignment with the European Union. At Koton, we closely follow all local and global developments and regulations in sustainability and remain committed to maintaining a proactive and leading stance through our practices in this field.

Our aspiration to contribute to a more sustainable world is embedded in one of the six core values of our renewed brand value framework, which also defines our 2030 vision of reaching one billion customers worldwide. Each of these values—We Are Fast and Efficient, Customer-Centric, Passionate, Quality-Focused, One Team, and Respectful—forms a cornerstone of our sustainability roadmap. We recognize that achieving our sustainability goals depends on ensuring end-to-end traceability across our value chain and implementing artificial intelligence solutions to boost operational efficiency. To that end, we continue to invest in these areas.

All details of our prioritized sustainability efforts in 2024 can be found throughout this report. Let me also emphasize that this reporting period encompassed a year in which we made progress across a wide spectrum from waste management and recycling to social benefit and environmental projects, thereby setting an example that inspires both our industry and the business community. I would like to express my sincere gratitude to all Koton employees, who passionately and wholeheartedly embrace this journey, use their best efforts to embed sustainability into every aspect of our operations, dedicate time and resources to this purpose, and, above all, uphold continuous learning as a core principle.

As a leading fashion retail brand with an extensive presence in domestic and international markets, we are acutely aware of both our influence and the responsibilities that come with it.



In this regard, we aim to increase the share of our sustainable apparel products in total turnover by 10% every year. In 2024, 25% of our total cotton usage came from cotton grown under the Better Cotton Initiative. Through the procurement of 2,960,246 kilograms of Better Cotton, we achieved approximately 165,359 cubic meters of water savings, reduced pesticide use by around 228 kilograms and enabled Better Cotton farmers to earn an additional EUR 249,808 in profit.

Waste management and recycling remain key focus areas of our sustainability agenda. In 2024, through fabric recycling efforts, we repurposed nearly one ton of polyamide fabric waste and used it to produce over 15,000 hangers, which we proudly introduced to our customers as part of the Şahika Ercümen X Koton “Respect Water” collection. Another major focus of our environmental impact reduction efforts lies in energy efficiency projects.

By actively using energy monitoring systems, efficient lighting, and energy-saving mechanical equipment, we implement comprehensive energy management. In line with our goal to increase the share of renewable energy in Koton’s total energy consumption, we hold a Renewable Energy Guarantee of Origin (YEK-G) certificate. In 2024, we purchased a total of 20,000,000 kWh of YEK-G certified electricity.

Inclusion and gender equality lie at the very heart of Koton’s Respect Life philosophy. With 72% female employees, 54% female executives, and 66.6% women on our Board of Directors, we remain deeply committed to strengthening women’s participation in professional life. Moreover, through our Handicraft Collection and HousewivesProject, we gladly integrate women who are economically and socially excluded into our value chain. In addition, through a scholarship fund established in cooperation with the Turkish Education Foundation, we continue to support 200 female students affected by the February 6 earthquake throughout their education.

As we advance on our sustainability journey guided by respect for our business, our people, our society, and our planet, we pledge to work harder every single day than the day before. We take great pride in the growing trust between Koton and its customers, which strengthens year after year. Having been named “Türkiye’s Most Admired Women’s Clothing Brand” for the 11th time in 2024 by AYD, we continue our path as the industry leader with a strong sense of responsibility and an unwavering commitment to doing our best for a more sustainable world.

CEO

Dr. A. Bülent Sabuncu



2024 Highlights

Environmental Investments 3.98 TRY million	Water Savings 165.4 thousands m ³ <i>Through Cotton Sourcing under the Better Cotton Initiative in 2024</i>	Sustainable Products 34% <i>Share of Sustainable Products in Total Turnover</i>	Better Cotton 25% <i>Percentage in Total Cotton Consumption</i>	3,409 person*hours <i>Training on Sustainability and Environment</i>
66.6% <i>Women on the Board of Directors</i>	831 person*hours <i>Business Ethics and Compliance Training</i>	492 person*hours <i>Online Training on Digital Transformation and Data Security</i>	22,004 hours <i>Occupational Health and Safety Training</i>	554 <i>New Suppliers</i>
Koton Handicraft Project more than 6,000 <i>Generated over TRY 11 million in income</i>	Housewives Project 159 <i>Women employed in 89 Koton stores across 35 provinces</i>	For Social Welfare 6,337,037 TRY <i>Spent on donations and assistance</i>		
3,818 person*hours <i>Training on Diversity, Equality, and Inclusion</i>	82,089 hours <i>Koton Academy Online</i>	8,169 <i>Total Number of Employees</i>		



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A Brief Overview of Koton

Since our establishment in Istanbul in 1988, we have continued to stand as one of Türkiye's leading ready-to-wear and retail brands. Following our entry into wholesale apparel sales in 1992, we opened our first international sales point in Munich, Germany in 1996. In 2000, we began focusing on retail operations to meet customers' growing expectations for product variety and spacious stores. As of the end of 2024, with a total of 451 stores, 207 abroad and 244 in Türkiye, we deliver trendsetting products to more than 70 countries through our online channels.

With our motto Trend in Time, we bring the latest global trends to our customers swiftly and innovatively through extensive collections that appeal to diverse styles. Our Design Center, approved by the Ministry of Industry and Technology, along with our Design Lab and a team of 150 designers, shapes our collections through a data-driven and dynamic approach. We have been named Most Admired Women's Brand eleven times in the survey conducted by the Council of Shopping Centers and Investors (AYD). To deliver an impeccable customer experience, we continuously enhance our CRM and omnichannel applications, offering personalized deals to millions of customers through Koton Club, our loyalty program that has reached 6.5 million members.

At Koton, we are firmly committed to empowering women in professional life, as reflected in our workforce composition 72% women employees, 54% women managers, and 66.6% women representation on our Board of Directors. In 2020, through our Respect Life Manifesto, we pledged to base our business goals on respect for the planet, society, individuals, and the business itself.

We operate a multi-channel structure through our directly managed and franchise monobrand stores, online platforms, marketplaces, and wholesale channels. Each year, hundreds of new designs are made available across our 32-country store network, as well as through the online channels and marketplaces of Türkiye, Kazakhstan, and Romania, reaching customers in over 70 countries.





Awards & Recognitions

• Council Of Shopping Centers Awards

AYD Türkiye's Number One Brands Awards – Most Admired Women's Brand (11th time)



• Dünya Newspaper Social Impact Awards 2024

Handicraft Collection



• GIGI Awards

Internal Communication Award in the PR Category for the “What We Learned from the Republic” campaign



• GIGI Awards

Public Relations Award in the 100th Anniversary Special Awards category for the “What We Learned from the Republic” campaign



• BOSA / Best of Sales Awards

Second Place in the Omnichannel Category with the Omnichannel Loyalty Program



• BOSA / Best of Sales Awards

First Place in the Women's Empowerment in Sales category for the Koton Housewives Project



• BOSA / Best of Sales Awards

Third Place in the Better World Category for the Koton Handicraft Project



• BOSA / Best of Sales Awards

Most Desired Company to Work for in the Best Team to Join voting



• Sustainable Business Awards

First Place in the Women's Empowerment category for the Koton Handicraft Project



• TEGEP Learning and Development Awards

Silver Award for the In-Store Customer Experience and Loyalty Development Program



• TEGEP Learning and Development Awards

Bronze Award for the Denim Fit Guide Project



• Top Companies to Work 2024

Listed among the Most Desired Companies to Work For



• Sustainable Value Summit

Leaders of Equality 2024 – Leader of Equality Award (Yılmaz Yılmaz)

• 66th British Safety Awards

Recipient of the International Safety Award for the fourth time



• 9th A.C.E Awards

Gold Award in the Perfect Customer Experience Category



• Fast Company Magazine

Gülden Yılmaz listed as one of the “50 Sustainability Leaders” for the second time

• GIGI Awards

Brand and Celebrity Harmony Award in the Digital category for the AI project “Reveal Yourself” with Fahriye Evcen





Sustainable Economic Growth and Economic Performance

The World Economic Forum's Global Risks Report 2024 identifies "economic downturn," "lack of economic opportunity," and "inflation" among the most critical short-term threats over the next two years. According to this annually updated report, economic risks will remain among the top ten risks in terms of potential impact. These findings underline the need for companies to ensure financial sustainability, make decisions that would improve their economic performance, and integrate sustainable economic growth into their corporate strategies.

At Koton, fully aware of the risks posed by rapidly changing global dynamics, we continue to take strategic steps each year toward our sustainable growth objectives. Within this framework, as a key element of our long-term growth strategy, we successfully completed our initial public offering (IPO) on May 10, 2024. Our financial growth was further reinforced by the opening of 14 new stores in 2024, bringing our total number of stores to 451.

In 2023, approximately 35% of our consolidated sales came from international channels, while this figure stood at 28% in 2024.

In 2024, our domestic gross profit increased by 17%, raising our domestic gross profit margin to 58.1%. Our consolidated gross profit grew by 4.5%, surpassing TRY 13.5 billion, with the consolidated gross profit margin rising by 1.8 points to 53.8%. This robust growth was driven by our flexible and efficient sourcing strategy, broad product range, and dynamic pricing practices.

At Koton, we will continue to take steps toward optimizing our existing resources and potential investments in line with our sustainable growth strategies, while evaluating a range of alternatives that support our long-term growth and success.

Key Financial Indicators	Unit	2022	2023	2024
Consolidated Sales	Billion TRY	23.1	24.8	25.1
Consolidated Gross Profit	Billion TRY	12.1	12.9	13.5



Operating in **32** countries
with **451** stores





Our Product Groups

Our Brands:

KOTON BUSINESS KOTON SWIMWEAR KOTON LINGERIE KOTON Kids KOTON Baby
KOTON PARTYWEAR KOTON BEACHWEAR KOTON ACCESSORIES Ole by KOTON
KOTON SPORTS KOTON JEANS KOTON BEAUTY KOTON STUDIO

Our Collection Collaborations:

KOTON x SİMATARKAN KOTON x ŞAHİKA ERCÜMEN KOTON x Sibil ÇETINKAYA Tuba ÜNSAL KOTON
KOTON x Melis Ağazat KOTON x ZEYNEP BASTIK KOTON x INJU Friends KOTON

Limited Edition:

Respect Life Collection Respect Water Collection License Collection Handicraft Collection Mother's Day
Overseas Special Collection (Products suitable for women of different countries, reflecting the trends of the countries) Valentine's Day New Year's Collection
Online Private Collection Father's Day April 23rd Children's Day Special Collection Back to School Back to Office Athletic Club Bridal



Our Value Chain

Upstream



Suppliers

Product Suppliers

(Domestic and International Procurement)

These are the companies that supply Koton with finished products. They procure the fabric and other raw materials themselves and constitute the majority of our ready-to-wear suppliers. **82%** of our procurement is domestic, with the remainder sourced internationally.



Fabric Suppliers

(In-House Manufacturing and Package Procurement)

These are the suppliers from which Koton directly purchases fabric. Türkiye*, China



Apparel Suppliers

(In-House Manufacturing and Package Procurement)

These are suppliers that deliver the final finished products to Koton. They have their own cutting, sewing, ironing, and packaging operations, or they directly work with companies that make these products. Türkiye*



Auxiliary Material Suppliers

These are the suppliers that provide accessories such as buttons, zippers, and embellishments used in our products. Türkiye*



Packaging and Wrapping Material Suppliers

These are the suppliers that provide materials used for the delivery of products to stores or directly to end customers. Türkiye*



Logistics

Logistics and Transportation

- From suppliers to Koton warehouses and from warehouses to stores. Türkiye, Russia, Kazakhstan
- These are transportation suppliers that manage product shipments from the warehouses to the stores. **32 countries where Koton has stores*****
- These are transportation suppliers that manage product shipments from the stores to the TLM warehouse. Türkiye
- These are service providers that conduct inter-store logistics operations. **32 countries where Koton has stores*****

Operations

KOTON



Pre-Sales

- Planning
- Design
- R&D
- Branding
- Quality Control Management
- Product Management
- Marketing
- Logistics Management
- Financial Affairs
- Support Operations

All of these functions are managed from our Head Office in Türkiye.



Sales Channels

Stores

207 stores across 31 foreign countries and 244 stores in Türkiye.

Online Sales

Online sales operations in 57 countries, including Türkiye.



Post-Sales

Customer Relations
Türkiye, Russia, Romania, Kazakhstan



E-Commerce Logistics

Products are delivered from the ETM warehouse to the customers. Türkiye, Russia, Romania, Germany, Kazakhstan, Morocco, and India.

Downstream



In-Store Customers

It refers to individuals shopping at Koton's physical stores. **Stores located across 32 countries**



E-Commerce Customers

It refers to individuals purchasing through Koton's online platforms. **E-commerce locations across 57 countries**

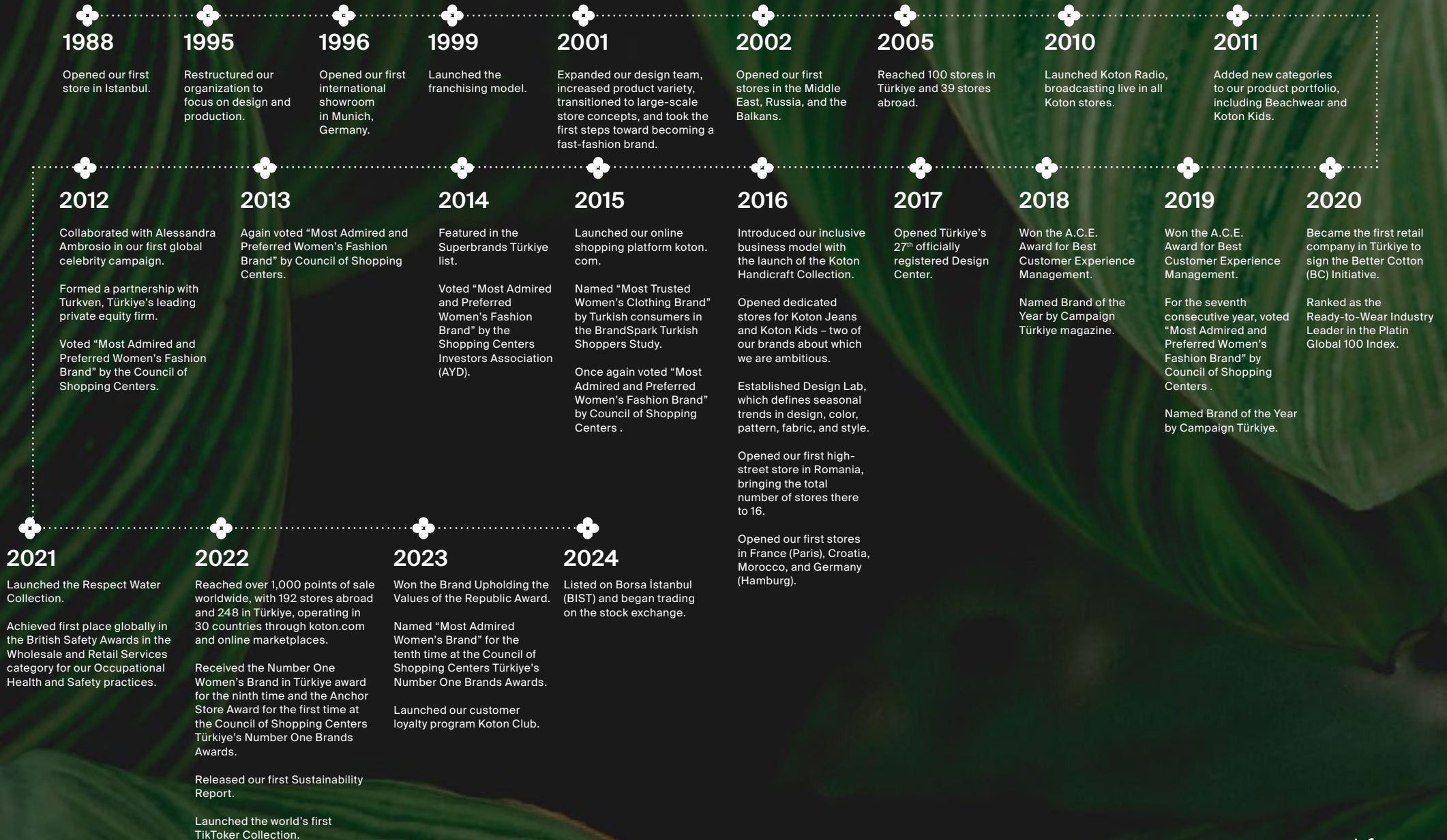
* Countries with a procurement rate above 5% are listed in the table.

** In-House Manufacturing: Product groups for which fabric is procured by Koton and production is carried out on behalf of Koton.

*** Package Procurement: Product groups where fabric is procured and sold to the supplier by Koton, and the finished product is then purchased from that supplier.



Koton Through the Years





Our Vision

With our strong brand fueled by our fast and agile business model, we will reach **1 billion** customers worldwide with our products by **2030**.

Our Mission

We make trends accessible to the world.

Our Corporate Values



FAST AND EFFICIENT

WE ARE AN AGILE, SWIFT AND ADAPTABLE TEAM FOCUSED ON OPERATIONAL EXCELLENCE AND TECHNOLOGY.

BECAUSE BEING FAST AND EFFICIENT IS **WOVEN INTO OUR FABRIC**.



CUSTOMER CENTRIC

WE ARE A TEAM THAT UNDERSTANDS OUR CUSTOMERS, CREATES VALUE FROM DATA AND GROWS STRONGER THROUGH FEEDBACK.

BECAUSE CUSTOMER-CENTRICITY IS **WOVEN INTO OUR FABRIC**.



PASSIONATE

WE ARE A TEAM DRIVEN BY SUCCESS, BRINGING CREATIVITY TO OUR WORK, STAYING CONNECTED AND EMBRACING ENTHUSIASM.

BECAUSE OUR PASSION FOR WHAT WE DO IS **WOVEN INTO OUR FABRIC**.



QUALITY-FOCUSED

WE ARE A TEAM DEDICATED TO DELIVERING HIGH-QUALITY PRODUCTS AND SERVICES TO OUR CUSTOMERS, CONTINUOUSLY IMPROVING OUR BUSINESS PROCESSES TO RAISE THE BAR.

BECAUSE BEING QUALITY-FOCUSED IS **WOVEN INTO OUR FABRIC**.



ONE TEAM

WE THINK GLOBALLY, ACT LOCALLY, DRAW STRENGTH FROM DIVERSITY, INSPIRE TRUST, FOCUS ON GROWTH AND MAKE DATA-DRIVEN DECISIONS.

BECAUSE BEING ONE STRONG TEAM IS **WOVEN INTO OUR FABRIC**.



RESPECTFUL

WE ARE A TEAM THAT IS RESPONSIBLE FOR TODAY AND THE FUTURE, SENSITIVE, TRANSPARENT, INCLUSIVE, AND EMPOWERED BY DIVERSITY WHILE UPHOLDING THE VALUES.

BECAUSE BEING RESPECTFUL IS **WOVEN INTO OUR FABRIC**.





Global and Sectoral Trends

Climate Change Adaptation

Global Trend Overview

Climate change stands out as a global threat that heightens environmental, economic, and social risks. Reports by the World Economic Forum¹ emphasize the growing pressure it places on the business world. While the Paris Agreement targets the reduction of greenhouse gas emissions, the IPCC warns there is a 50% likelihood that global temperatures will exceed a 1.5°C rise by 2030. This increases the risk of floods, wildfires, and heatwaves².

Climate change also leads to resource scarcity and social conflict, thereby heightening social vulnerability. Although technological progress offers hope in the fight against climate change, without concrete action, societies could become more fragile. Businesses must now adapt to new regulations to manage climate risks. Global cooperation and swift action are expected to yield economic benefits by fostering sustainability and creating opportunities for a green economy.

Sectoral Trend Overview

Climate change is compelling the fashion industry to undergo a profound transformation. The industry places a heavy burden on nature due to the carbon emissions, water consumption, and waste generated across its value chain³. Global demand for apparel is projected to grow by 63% by 2030, reaching a total of 160 million tons of clothing sales by 2050. The fashion industry currently accounts for 8% of global greenhouse gas emissions and 20% of industrial water pollution. Therefore, it is crucial for fashion brands to take sustainability actions and to track their environmental impact throughout the value chain to reduce it further.

Koton's Actions

For more information about our efforts, please refer to the [“Climate Change and Emission Management”](#) and [“Sustainable Product”](#) sections of this report.

¹ https://www3.weforum.org/docs/WEF_Global_Risks_Report_2024.pdf

² <https://www.consilium.europa.eu/en/policies/paris-agreement-climate/#EU>

³ <https://www.pwc.co.uk/services/esg/circular-fashion-making-resale-reality.html?WT>

⁴ <https://cleanclothes.org/climate-change>



Global and Economic Uncertainties

Global Trend Overview

In recent years, the global economy has faced deep structural changes shaped by persistent uncertainties. The lasting adverse effects of the COVID-19 pandemic on income distribution and purchasing power continue to hinder economic recovery. According to the ILO's Global Wage Report, real wage growth has turned negative for the first time in the twenty-first century⁵.

In addition, the Russia–Ukraine war has triggered a global energy crisis and disrupted supply chains, heightening concerns about energy security and driving up costs.

With Donald Trump's reelection as U.S. president, the imposition of high U.S. tariffs has made global trade more complex and costly, creating additional strain on corporate supply chains. According to Politico, between January and April 2025, the average effective U.S. customs duty rate rose from 2.5% to an estimated 27%, marking the highest level seen in over a century⁶.

⁵ <https://webapps.ilo.org/digitalguides/en-gb/story/globalwagereport2022-23#home>

⁶ <https://www.politico.com/nemagazine/2025/04/10/tariff-reality-check->

Sectoral Trend Overview

Global economic uncertainty, coupled with rising costs, threatens company profitability while reshaping consumer behavior and spending habits. The fashion retail sector is also feeling the impact. In addition to challenges such as supply chain disruptions and cost inflation, shifting consumer priorities are changing the market landscape. Due to rising prices and declining purchasing power, consumers are displaying a twofold behavioral shift. On one hand, consumers who are more sustainability-conscious are gravitating toward “slow fashion,” choosing timeless, durable, and high-quality products that can be worn for years. This trend fuels demand for sustainable and long-lasting apparel rather than short-lived fast-fashion items. On the other hand, some consumers are adopting a more budget-friendly approach, preferring less durable yet more affordable products that can be replaced more frequently.

This dual trend compels fashion brands to rethink their product range and strategies. Companies that embrace quality and sustainability and respond to consumers' interest in long-term value will gain a competitive edge in this period of uncertainty.

Koton's Actions

For more information about our efforts, please refer to the [“Sustainable Economic Growth and Economic Performance and Economic Performance”](#) sections of this report.





Cybersecurity and Data Privacy

Global Trend Overview

In today's rapidly digitalizing world, the interaction between individuals, institutions, and technology continues to deepen, making cybersecurity and data privacy an unavoidable priority for all. The secure management and storage of data not only help companies fulfill their legal obligations but also reinforce their relationships with customers on a foundation of trust. With the growing volume of digital transactions and technology-driven services, ensuring the safety of both customer and corporate data has become increasingly critical, creating the need for robust defense mechanisms against potential breaches. According to the World Economic Forum Global Cybersecurity Outlook 2024 Report, 29% of organizations suffered financial losses due to cyber incidents in the past 12 months, underlining the importance of continued investment in essential security measures and the need to raise awareness on this issue⁷.

Sectoral Trend Overview

The textile industry interacts with customers at multiple stages, both directly and indirectly. Brands, in particular, gain access to personal data through online membership systems and physical store networks. These insights into customer preferences and purchasing behaviors provide valuable opportunities but also raise significant concerns about data privacy and cybersecurity. The widespread adoption of e-commerce amplifies these risks, as potential vulnerabilities in data handling may threaten a brand's reputation and financial integrity. Consequently, fashion companies must strengthen their data protection measures and proactively deliver secure digital experiences to maintain consumer trust.

Koton's Actions

For more information about our efforts, please refer to the ["Information Security and Data Privacy"](#) section of this report.



⁷ https://www3.weforum.org/docs/WEF_Global_Cybersecurity_Outlook_2024.pdf



The Use of Generative Artificial Intelligence (Gen AI)

Global Trend Overview

According to the IDC's 2024 AI Opportunity Study, artificial intelligence technologies have become an integral part of corporate strategies, driving operational efficiency and innovation. Generative AI (Gen AI), in particular, produces text, visuals, and code to deliver innovative solutions across business processes⁸. Gen AI adoption rose from 55% in 2023 to 75% in 2024, revealing a sharp increase in global demand. These technologies not only enhance efficiency but also enable companies to operate more effectively and creatively. The rapid rise of Gen AI has created a new environment in which businesses can develop faster, more personalized, and more innovative solutions.

⁸ <https://blogs.microsoft.com/blog/2024/11/12/idcs-2024-ai-opportunity-study-top-five-ai->

Sectoral Trend Overview

The textile industry is being significantly transformed by Gen AI technologies. Generative AI automates design processes, introduces creative innovations, and allows companies to respond to market demand faster. It also enhances efficiency in fabric production and distribution, supports sustainability by improving inventory management, and reduces waste. Moreover, it enables personalized product recommendations by analyzing customer preferences. This technology helps predict fashion trends, giving companies the agility to adapt to shifting market dynamics. In essence, Gen AI is accelerating transformation across the textile industry while advancing sustainability efforts.

Koton's Actions

For more information about our efforts, please refer to the [“Digitalization and Innovation”](#) section of this report.





Regulations

Global Trend Overview

Today, sustainability reporting and the transparent disclosure of environmental, social, and governance (ESG) performance have become vital for companies worldwide. The European Union, together with Türkiye and many other countries and international bodies, has been introducing comprehensive regulatory reforms to strengthen sustainability standards. In this context, 2024 marks a pivotal year for sustainability and ESG reporting. Following the developments brought forward by the European Union's Corporate Sustainability Reporting Directive (CSRD), Türkiye's Public Oversight, Accounting and Auditing Standards Authority (KGK) published the Türkiye Sustainability Reporting Standards (TSRS) in 2023. These standards aim to establish a consistent framework for sustainability reporting across the country, enabling companies to disclose their environmental, social, and governance performance in a more transparent and accountable manner.

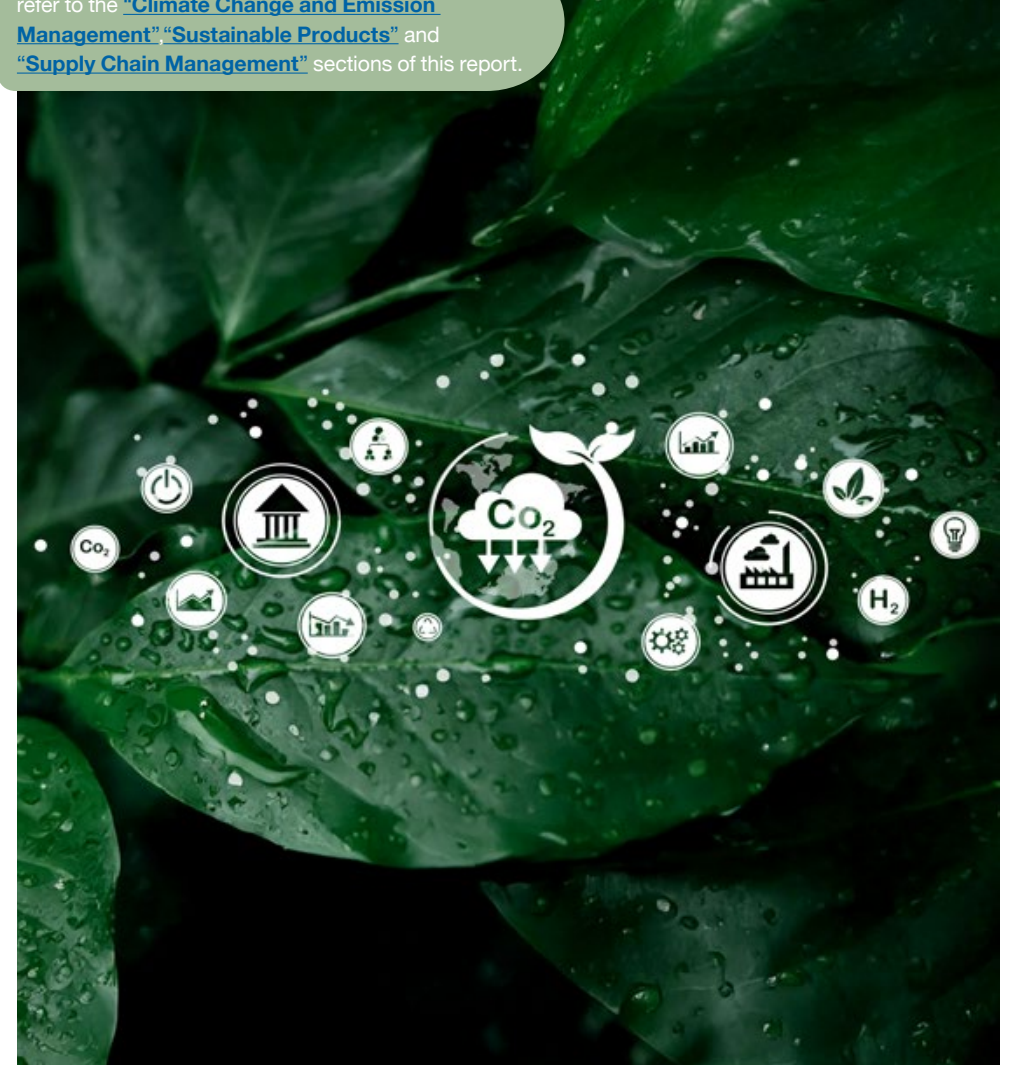
Sectoral Trend Overview

The textile industry is among the sectors with the most significant environmental impact, primarily due to its high levels of water and energy consumption, chemical use, and waste generation throughout the value chain. Between the years of 1996 and 2018, driven by the “fast-fashion” trend, apparel prices dropped by nearly 30%, while consumption increased by 14–17%, intensifying the sector's environmental footprint.

In response, the European Union launched the “EU Strategy for Sustainable and Circular Textiles,” focusing on reducing environmental impact and improving resource efficiency. The strategy highlights sustainable production practices, renewable energy use, and minimizing the overall ecological footprint. In parallel, the introduction of the “Digital Product Passport,” which will enable traceability of products' environmental and social footprints across the supply chain, represents one of the key challenges the industry will face in the coming years.

Koton's Actions

For more information about our efforts, please refer to the [“Climate Change and Emission Management”](#), [“Sustainable Products”](#) and [“Supply Chain Management”](#) sections of this report.





Demographic Change and New Working Models

Global Trend Overview

In recent years, global employment structures have undergone significant transformation due to the combined effects of the COVID-19 pandemic, rising living costs, geopolitical tensions, climate change, and economic slowdowns. Technological advances, the green transition, macroeconomic and geoeconomic shifts, and demographic dynamics are all reshaping the global labor market. These changes are redefining both the nature of work and the skills required across industries. It is estimated that by 2027, 42% of work tasks worldwide will be automated.⁹ In developing countries, large youth populations and rapid integration into the workforce are accelerating this transformation. While technology and automation help support an aging population, the growing participation of women in the labor market is making global employment structures more diverse and dynamic.¹⁰ In parallel, companies are increasingly developing strategies to promote workforce diversity and implement more flexible working models.

⁹ https://www.oecd.org/en/publications/society-at-a-glance-2024_918d8db3-en.html

¹⁰ <https://www.weforum.org/publications/the-future-of-jobs-report-2025/>

Sectoral Trend Overview

Global demographic shifts and changing labor dynamics are driving a profound transformation in the fashion industry. The high proportion of young people in developing countries is reshaping the industry's workforce, while the rapid expansion of online sales channels and the rising importance of digital marketing are increasing the demand for new skill sets. By 2025, digital sales are expected to account for over 45% of the global fashion market, making it essential for the retail sector to embrace flexible and online work models and to cultivate digital capabilities.¹¹ Moreover, the growing participation of women in the fashion workforce continues to foster diversity and innovation across the industry.

¹¹ <https://fashionunited.com/news/fashion/global-sustainable-fashion-market-to-hit-33-billion-dollars-by-2030/2024040859305>

Koton's Actions

For more information about our efforts, please refer to the [“Employee Satisfaction and Engagement”](#) section of this report.





CORPORATE GOVERNANCE AT KOTON

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Our Corporate Governance Approach

At Koton, we see corporate governance not merely as a management principle but as a cornerstone of our sustainable and long-term success. We manage our company in line with the principles of fairness, transparency, accountability, and responsibility, embedding these values into every business process.

Our governance philosophy, developed within this framework, forms the foundation not only of our internal management mechanisms but also of our relationships with stakeholders. We ensure full alignment with the Corporate Governance Principles established by the Capital Markets Board of Türkiye. This commitment enables us to maintain trust-based, sustainable, and ethical relationships with all our stakeholders—from customers and employees to business partners and investors.

We consider sustainability an integral part of Koton's identity, guiding both our strategic vision and our way of doing business.

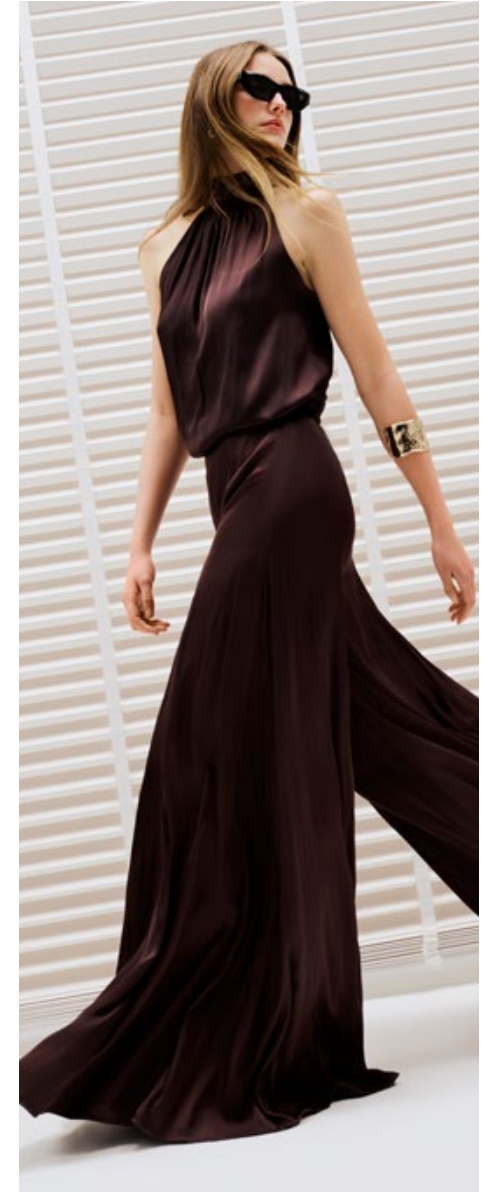
Drawing on our accumulated experience and insights, we continue to advance our holistic approach under the overarching theme of “Respect Life.”

Our Board of Directors plays a pivotal role in setting the company's strategic objectives and sustainability vision. With six members, our Board reflects our commitment to gender equality, with women making up 66.6% of its composition. The separation of the Chairperson and CEO roles ensures a balanced distribution of authority and responsibility. The way the Board functions strengthens both structural equilibrium and operational efficiency. The Board convenes regularly in accordance with the Turkish Commercial Code and Capital Markets Regulations, and in extraordinary circumstances, acts swiftly to make well-informed decisions in the company's best interest.

This structure ensures that Koton maintains a governance framework that is resilient, flexible, and proactive in addressing both internal and external risks.

Within our corporate governance practices, policies on remuneration, profit distribution, shareholder communication, and public disclosure, as well as donations and all other governance processes, are conducted equitably and transparently in full compliance with applicable legislation. The Corporate Governance Committee provides recommendations to the Board on the development and implementation of these policies.

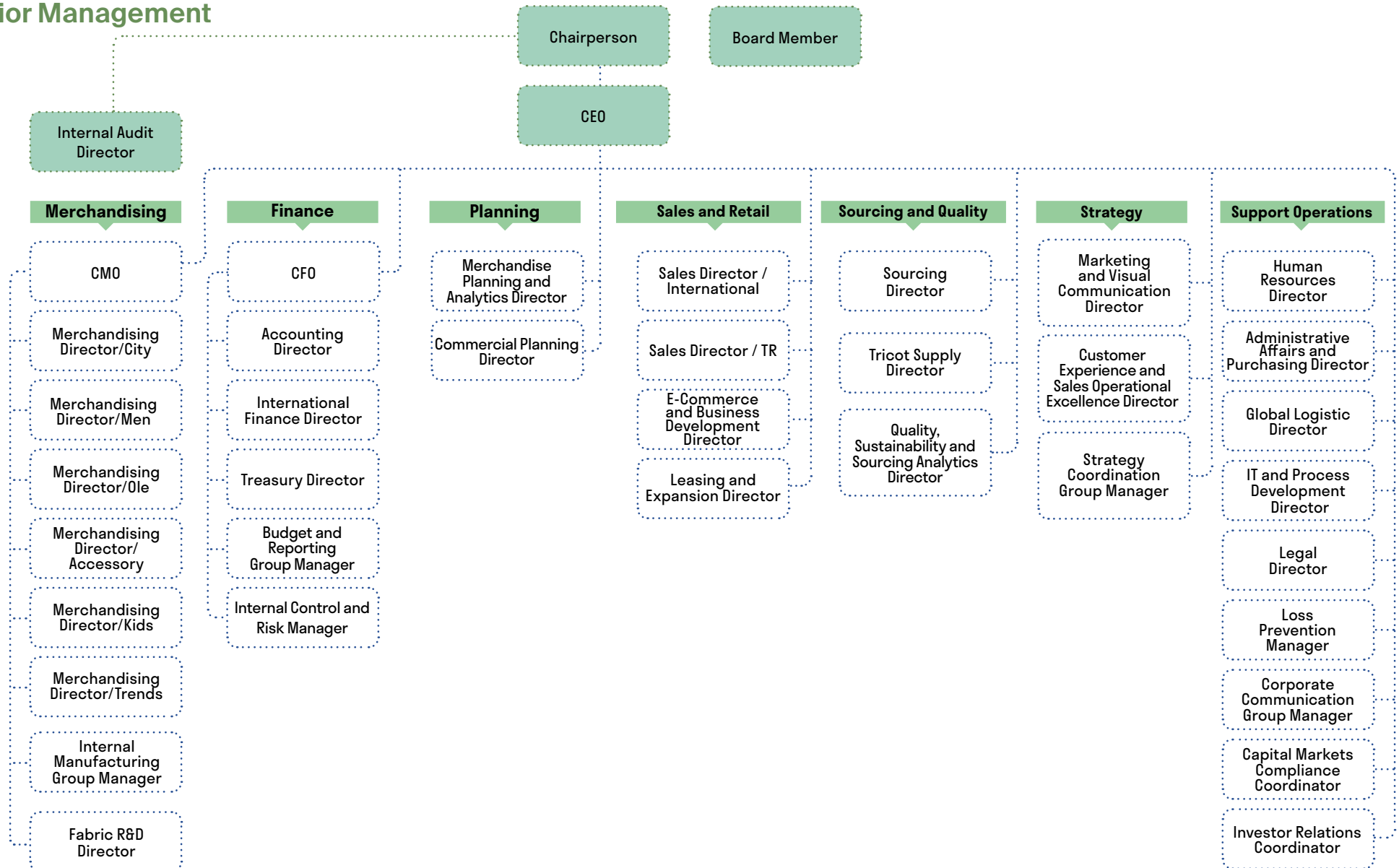
At Koton, our objective is to make sure that corporate governance principles are adopted not only at the executive level, but also across our entire value chain, promoting an environment that delivers fair, transparent, and sustainable value for all stakeholders. To strengthen this structure, we have established various committees focusing on specific areas of expertise, further enhancing the effectiveness and inclusiveness of our governance framework.





Our Corporate Structure

Senior Management





Yılmaz Yılmaz
Chairperson of the Board

Gurgle B. V.*
Vice Chairperson of the Board

*Represented by
Eleonora Barbara van Geloven.

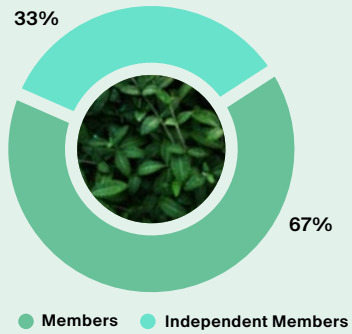
Şükriye Gülden Yılmaz
Board Member

Deniz Yılmaz
Board Member

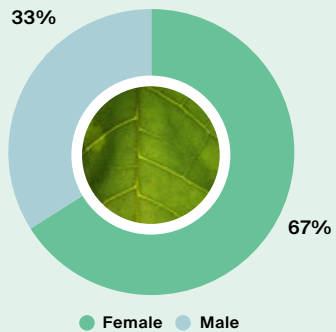
Ömer Faruk Işık
Independent Board Member

Ayşe Ufuk Ağar
Independent Board Member

Board of Directors (%)



Gender Breakdown of the Board of Directors %



Annual Meetings	Frequency of Meetings
Corporate Governance Committee Meetings	Quarterly
Committee for Early Detection of Risk Meetings	6 times a year
Audit Committee Meetings	Quarterly
Executive Committee Meetings	Once a year
Board of Directors Meetings	10 times a year
Gender Equality Committee Meetings	Once a month
Sustainability Committee Meetings	Once a month



Our Committees



Corporate Governance Committee

The Corporate Governance Committee, established to ensure that the Board of Directors fulfills its duties and responsibilities effectively, consists of five members. The committee is responsible for monitoring the company's compliance with corporate governance principles and submitting improvement recommendations to the Board by explaining any principles that have not yet been implemented. It also performs the functions of the Nomination Committee and the Remuneration Committee. The committee was established in November 2024 and held its first meeting in December 2024.



Committee for Early Detection of Risk

Composed of independent members of the Board of Directors, the Committee for Early Detection of Risk operates to identify and manage risks that may threaten the company's existence, growth, or continuity, in a timely manner. The committee takes necessary measures and implements appropriate risk management strategies for identified risks. Within this framework, a company-wide risk inventory is maintained and regularly updated through periodic assessments. The outcomes and recommendations from committee meetings are reported to both the Board of Directors and the independent auditor. The committee was established in November 2024 and held its first meeting in December 2024.



Audit Committee

The Audit Committee was established to ensure the accuracy and transparency of the company's financial reporting, assess the effectiveness of internal control systems, and oversee independent audit processes. The committee is composed solely of independent members of the Board of Directors and consists of two members. Acting independently in its evaluations, the committee submits its opinions and recommendations regarding the company's internal control systems, activity reports, and financial statements to the Board of Directors, taking into consideration the feedback from the senior management and the independent auditor. The committee was established in November 2024 and its first meeting is scheduled for February 2025.



Gender Equality Committee

The Gender Equality Committee aims to promote gender equality, which is one of our company's core values, through leadership by senior management and through employee-oriented practices. As one of the pioneering companies in Türkiye to sign the WEPs (Women's Empowerment Principles), our Gender Equality Policy, approved by the Board of Directors, serves as a guiding framework across all our operations. In line with WEPs, we closely monitor our gender equality targets through specific KPIs. The committee actively supports both internal and external gender equality projects and strives to develop new initiatives. Committee members represent Koton at women-focused events and social awareness initiatives, while also monitoring global practices in gender equality to ensure their effective integration within our organization. The committee, which is composed of employees at manager level and above, meets regularly on a monthly basis to review activities, evaluate progress in gender equality, and report its findings to the Board of Directors.



Sustainability Committee

The Sustainability Committee was established to define, implement, and monitor the company's sustainability strategies. It aims to ensure that the company achieves its sustainability goals across environmental, social, and corporate governance dimensions. The committee members are experts from diverse disciplines who possess in-depth knowledge of sustainability. The committee is chaired by Board Member Gülden Yılmaz, while the Sustainability Department undertakes coordination and secretarial duties. Meetings are held regularly on a monthly basis, with additional sessions organized when necessary. The meetings are convened and the agenda determined by the Sustainability Manager.

All decisions are documented in writing, shared with committee members, and reported to the Board of Directors. The committee plays an active role in developing, implementing, and monitoring sustainability strategies. It also designs and follows up on projects addressing climate change, reduction of greenhouse gas emissions, and the transition toward a low-carbon economy.

Furthermore, the committee formulates a roadmap to ensure the achievement of Koton's sustainability goals and monitors the progress of these processes. In line with our Sustainability Manifesto, it also conducts various initiatives to raise awareness among employees and foster company-wide ownership of sustainability goals. The committee prepares annual sustainability reports, which are submitted to the Board of Directors within the designated timelines and publicly disclosed.



respect life
KOTON



Our Risk Management

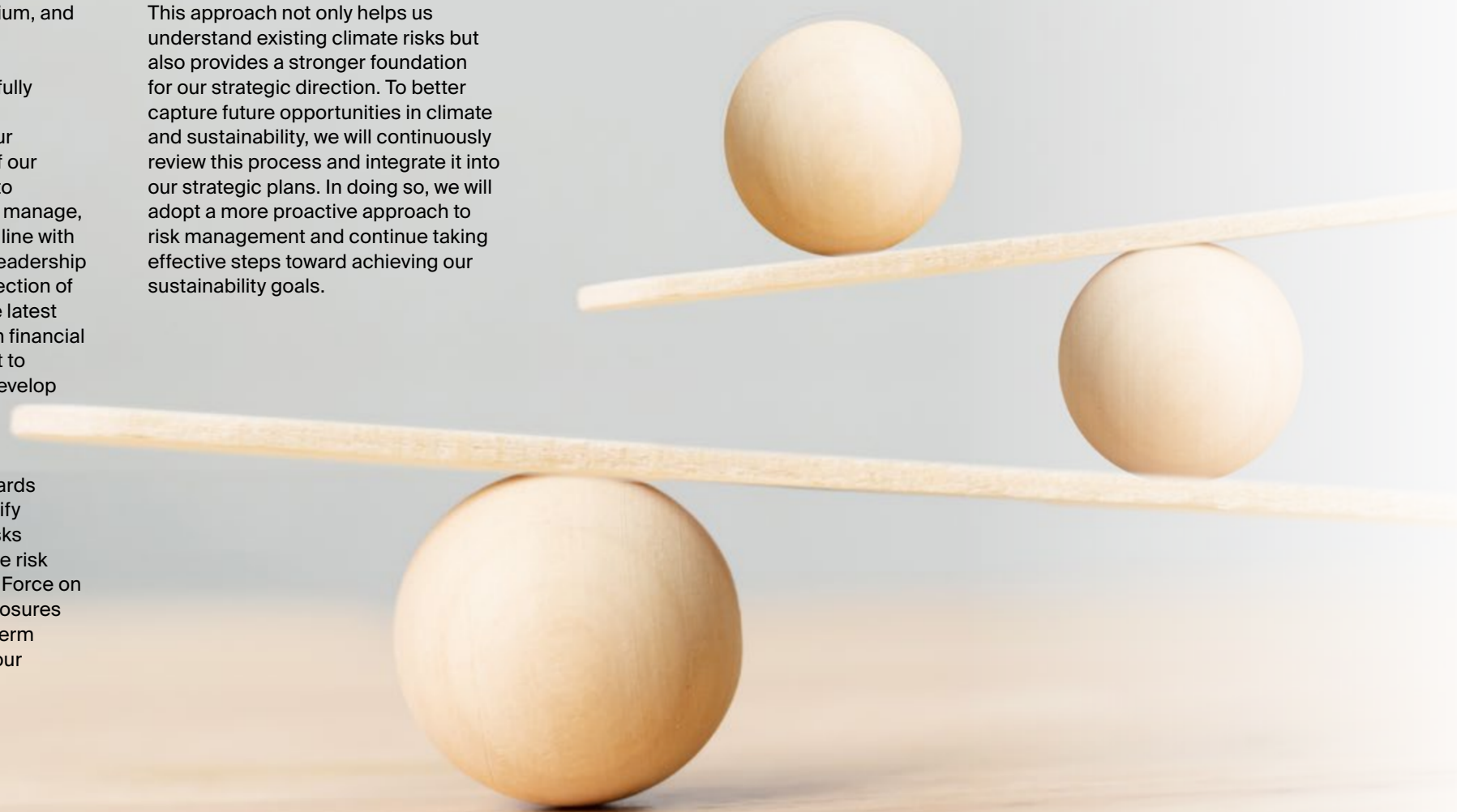
We conduct our risk management activities in full compliance with national and international standards. Integrated with our corporate strategy, these processes strengthen our resilience against market uncertainties and help us maximize our value creation performance in the short, medium, and long term.

Within this framework, we carefully monitor and assess the risks and opportunities that affect our operations. The primary goal of our risk management approach is to systematically identify, assess, manage, and monitor all risks we face in line with our strategic goals, under the leadership of the Committee for Early Detection of Risk. Accordingly, we follow the latest developments concerning both financial and non-financial risks relevant to our company and sector and develop effective solutions.

In accordance with the Türkiye Sustainability Reporting Standards (TSRS), we are working to identify our climate-related financial risks and opportunities. Based on the risk categories defined by the Task Force on Climate-related Financial Disclosures (TCFD), we reassess the long-term impacts of climate change on our company.

In addition, through sector-specific analyses aligned with the criteria of the Sustainability Accounting Standards Board (SASB), we continue to evaluate the risks and opportunities identified for our operations.

This approach not only helps us understand existing climate risks but also provides a stronger foundation for our strategic direction. To better capture future opportunities in climate and sustainability, we will continuously review this process and integrate it into our strategic plans. In doing so, we will adopt a more proactive approach to risk management and continue taking effective steps toward achieving our sustainability goals.





Internal Audit and Internal Control

At Koton, we continuously improve our internal audit and internal control processes, taking significant steps to ensure the company's sustainable success. Guided by the principles of independence, objectivity, and impartiality, we carry out our internal audit activities in full alignment with our operational and strategic objectives.

Our Internal Audit Directorate regularly assesses the effectiveness of our company's risk management and internal control systems while providing both audit and consultancy services. The results from these audits are submitted to the Board of Directors, CEO, Audit Committee, and relevant managers, along with action plans developed in collaboration with company leadership. We closely monitor the implementation of these action plans and report progress regularly.

By leveraging technology-driven, innovative solutions in our risk management and internal control processes, we have built a more agile and proactive system capable of rapid response. Through the integration of advanced technologies such as data analytics and artificial intelligence, our internal audit activities aim to identify and manage risks more effectively. This approach not only enhances operational efficiency but also strengthens our overall resilience against risks.

Within our internal control structure, we reinforce the responsibilities of the first and second lines of control and support them with more effective monitoring and audit processes. The first line of control implements the defined internal control processes, while the second line monitors and evaluates their effectiveness across departments.

Departments such as Quality Assurance, Operational Audit, Loss Prevention, Financial Internal Control, and Risk Management conduct ongoing monitoring and control activities in critical risk areas, ensuring a stronger oversight mechanism at every stage of our processes.

We attach great importance to employee training as a means to enhance the effectiveness of internal audit and internal control processes. Comprehensive training programs are provided to ensure that employees adhere to ethical standards and company policies.

These programs not only strengthen our corporate culture but also contribute significantly to the success of our audit processes.

By offering continuous development opportunities, we foster employee engagement and accountability toward internal control processes.

Through our internal audit and internal control activities, we manage all company processes efficiently, transparently, and sustainably. We continuously review, enhance, and strengthen these systems with technological support. At Koton, we are committed to reinforcing our internal audit and control mechanisms to add value to the company and ensure growth in line with ethical principles. In doing so, we aim to build a solid internal control infrastructure that supports a safer and more efficient working environment for the future of our company.



SUSTAINABILITY APPROACH AT KOTON

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Our Sustainability Strategy

We place sustainability at the very heart of our operations, embracing it as a core framework that gives meaning to our very existence. Guided by the United Nations Sustainable Development Goals (UN SDGs), we adopt comprehensive, innovative, and responsible approaches to reach our sustainability goals and continue to move forward with determination. Through every initiative we undertake, we aim to contribute to society and create positive social, economic, and environmental impacts, while maintaining a meticulous approach in all our efforts.

Grounded in our sustainability principles and commitment to equal opportunities, we consistently uphold our responsibility toward our environment, society, and all stakeholders, and remain focused on developing effective, long-term solutions.

As a global fashion brand, we integrate sustainability principles into our business processes and shape our operations in line with our Respect Life Manifesto and Sustainability Strategy, reaffirming our belief that sustainable business models are indeed possible within the fashion industry.

Since our establishment,
our presence in the sector
has been defined by our
commitment to adding
value to people and society
and by our mission to leave
a more livable world for
future generation;
a purpose we continue to
advance every day.

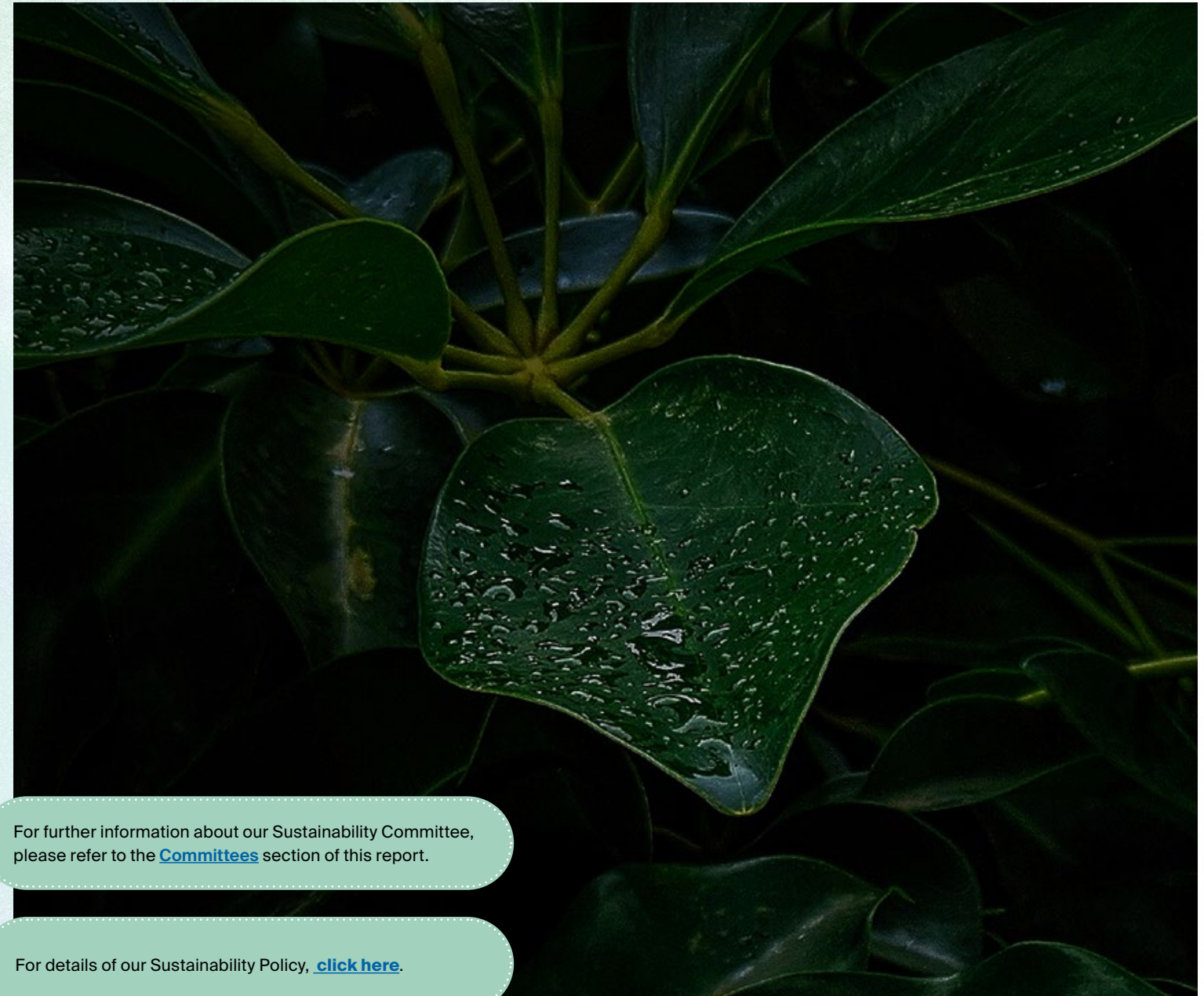




Recognizing that every step we take contributes meaningfully to the sustainability of the business world, we continue to act responsibly and decisively.

Since 2020, under the Respect Life Manifesto and our Sustainability Strategy, we have been holding regular meetings with our Sustainability Committee to implement our strategy and steer our goals. The Committee meticulously oversees the integration of sustainability practices across the company, while our Board of Directors monitors the process closely. In addition, our **Sustainability Department** plays a key role in managing critical processes such as social compliance assessments, monitoring and reducing environmental impacts, and developing new projects.

At Koton, we shape our business practices and decision-making processes in line with our Sustainability Policy, which addresses environmental, social, and governance (ESG) dimensions in a holistic manner. Within the framework of our policy, we systematically assess environmental, social, and governance dimensions, identify significant potential impacts, and implement the necessary measures to mitigate them.



For further information about our Sustainability Committee, please refer to the [Committees](#) section of this report.

For details of our Sustainability Policy, [click here](#).



Our “Respect Life” Manifesto

We Respect Our World



- Combating Climate Change and Managing Emissions
- Improving Water and Wastewater Management
- Developing Circular Economy Practices and Eco-design Products
- Reducing Chemical Impact

We Respect Our Society



- Acting with Corporate Social Responsibility Awareness
- Engaging with Stakeholders
- Contributing to Gender Equality
- Supporting the Local Economy

We Respect People



- Increasing Employee Satisfaction and Loyalty
- Providing Talent and Performance Management
- Ensuring Equality, Diversity, and Inclusion
- Not Compromising on Occupational Health and Safety Standards

We Respect Our Business



- Designing Quality and Sustainable Products
- Developing in Digitalization and Innovation
- Ensuring Responsible Supply Chain Management
- Ensuring Sustainable Economic Growth

At Koton, we regard sustainability as a guiding framework that gives true meaning to our existence. Drawing strength from the knowledge and experience gained through our previous efforts, we continue to advance our sustainability initiatives under the overarching concept of ‘Respect Life.’ Our ‘Respect Life’ understanding centers on respect for our planet, people, society, and business.

We say ‘Respect Life’ and align our strategies and objectives with the United Nations Sustainable Development Goals.

We say ‘Respect Life’ and use our influence to build a better planet by developing collaborations with our stakeholders.

We say ‘Respect Life’ and are committed to sharing our development steps and experience with transparency.

Respect for our planet that is the source of our breath, for our communities in which we exist, for all the people we touch, and for our business, which is the core source of our brand value, are the essence of our understanding of sustainability.

For our shared future, we:



**For our Respect Life Manifesto;
Respect Life!**



With full awareness of our environmental and social responsibilities, as well as our accountability to all stakeholders, we design our business processes in line with sustainability principles. Our sustainability strategy at Koton is built around four main pillars: Respect Our World, Respect Our Society, Respect People, and Respect Our Business. These strategic pillars guide all our activities and we remain steadfast in achieving the goals we have set out through this approach.



Recognizing our duty to future generations, we

aim to minimize our environmental footprint at every stage—from water and natural resource conservation to waste management, from tackling climate change to managing emissions. Acting with respect for the planet and all living beings, we safeguard the right to life of future generations. We manage all our processes with a sense of environmental responsibility and continuously work to mitigate our ecological impact for a more sustainable world.



Through our sustainable fashion approach, we

cater to the conscious choices of our consumers while reinforcing our corporate values with social benefit projects. We aim to contribute to society through initiatives that create value for society and support local development, transforming our business model in line with social values. On our sustainability journey, we collaborate with all stakeholders to amplify our collective impact and strengthen our contribution to society.



Throughout our value chain, we promote respect for human

rights and provide an inclusive and safe work environment that supports employee growth and development. From production to after-sales customer satisfaction, we value every stakeholder involved in our processes and remain focused on creating sustainable value. We place gender equality and women's empowerment among our key business priorities and continue to contribute actively through various initiatives. We embrace diversity and inclusion as integral parts of our corporate culture, taking meaningful steps toward a more equitable workplace and a fair social environment for all.



We approach information security and data privacy with

utmost sensitivity, operating in full compliance with ethical values and legal regulations across all our activities. Through our investments in technology and R&D, we aim to create value both for our company and for the industry at large. Closely following developments in digital transformation, we support innovative solutions that enable more efficient and effective management of our business processes. By integrating AI-powered systems into our social responsibility projects and transparent governance processes, we strive to achieve more efficient and measurable outcomes. At every step toward ensuring customer satisfaction, we act with a strong sense of responsibility and adopt a transparent and accountable approach throughout our supply chain.





Our Materiality Analysis

Across all regions where we operate, we continuously monitor the strategic areas that must remain in focus for effective sustainability management and governance, in line with our Respect Life Manifesto. With physical stores in 32 countries and online channels reaching over 70 countries, we engage with a wide range of stakeholders.

In our 2023 report, we assessed our materiality analysis within the framework of double materiality and will update this analysis in the coming years. Meanwhile, we continue to monitor shifts in stakeholder priorities regarding sustainability on an annual basis. Aligned with our environmental, global, and future-oriented sustainability goals, we treat the insights and feedback of our stakeholders as a top priority. Accordingly, we completed our stakeholder analysis for 2024.

In collecting stakeholder input, we based our work on a list of material topics derived from a thorough review of global and sectoral trends.

Following an evaluation of stakeholder feedback and with the approval of our senior management, we identified our strategic material topics. Our next update of the double materiality analysis is scheduled for 2025. We completed our prioritization analysis through a three-step process consisting of trend and external environment analysis, stakeholder analysis and prioritization survey, and output and data analysis. The entire process was carried out with the support of an independent consulting firm specialized in sustainability.

In our materiality survey, internal and external stakeholders assessed our sustainability performance across relevant topics using a five-point scale. Among the 708 participants, 59% rated Koton's sustainability performance as 4 or higher on this scale.



Our Materiality Analysis

Trends and External Environment Analysis

In the first stage, we conducted an extensive literature review, examining the following key global and sectoral references: World Economic Forum (WEF) Global Risks Report, Refinitiv, Sustainability Accounting Standards Board (SASB) Materiality Map, S&P Global Risk Atlas, MSCI Materiality Map (ESG Industry Materiality Map), World Business Council for Sustainable Development (WBCSD) Vision 2050 and UN Global Compact. Based on the conclusions we have drawn from the literature review, which focused on gathering insights regarding these global trends, sectoral developments, and emerging regulatory expectations, we reviewed our list of material topics within the framework of our four-pillar sustainability strategy and management approach.

Stakeholder Analysis and Materiality Survey

We conducted an online materiality survey to collect feedback from 12 key stakeholder groups, including domestic and international store employees, head office teams, customers, suppliers, NGOs, logistics partners, investors and shareholders, governmental organizations, universities, financial institutions, media representatives, local communities, franchise associates, and solution partners. Using a stakeholder weighting method, we assessed the influence level of each stakeholder group and integrated these weightings into our evaluation process.

Outputs and Analysis

Over the three-week analysis period, we gathered 708 responses— 494 from internal stakeholders and 214 from external stakeholders. We conducted an in-depth analysis of all responses according to the pre-defined weighting model and prioritized sustainability topics that were most material to both our management and stakeholders. We consolidated our material sustainability topics based on management evaluations and the insights gathered from all stakeholders, and subsequently reviewed them with the Koton Sustainability Committee. These material topics were aligned under our four strategic focus areas, which form the backbone of this report. Following the approval from our Board of Directors, the list of Material Topics and the corresponding Materiality Matrix were finalized, establishing a strong foundation for the effective implementation of our sustainability strategies.



Materiality Matrix

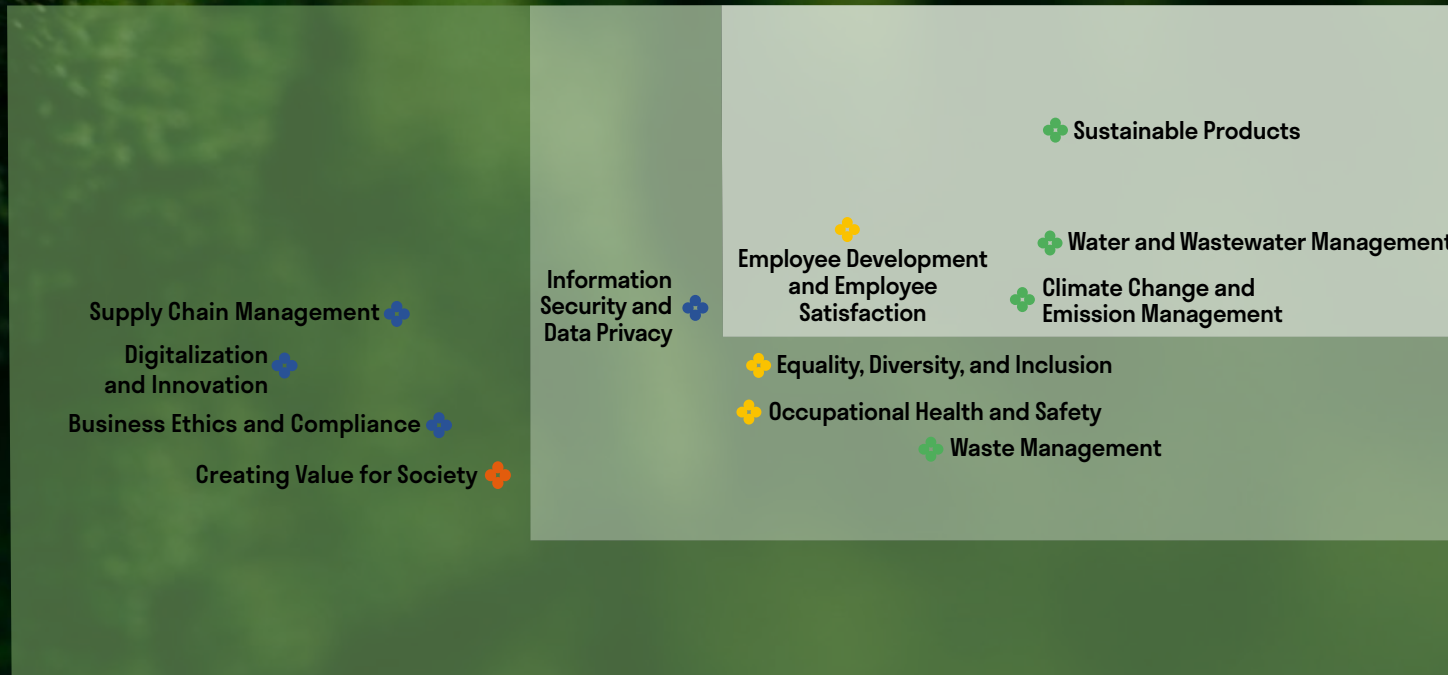
 We Respect
Our World

 We Respect
Our Society

 We Respect
People

 We Respect
Our World

Board of Directors



Material Topics

-  Sustainable Products
-  Water and Wastewater Management
-  Employee Development and Employee Satisfaction
-  Climate Change and Emission Management
-  Equality, Diversity, and Inclusion
-  Occupational Health and Safety
-  Waste Management
-  Information Security and Data Privacy
-  Creating Value for Society
-  Business Ethics and Compliance
-  Supply Chain Management
-  Digitalization and Innovation

Stakeholders

-  Low Priority
-  Medium Priority
-  High Priority



Our Value Creation Model



Our Value Creation Model generates holistic impact by aligning our sustainability priorities with our financial strategies. We evaluate our inputs, activities, outputs, and outcomes across 6 forms of capital, ensuring that every operational dimension contributes to long-term sustainable value creation.





Capital Element	Inputs	Activities	Outputs	Value Created	Stakeholders
Financial Capital	25.1 Revenue (billion TRY) 4.9 EBITDA (billion TRY)	Vision With our strong brand fueled by our fast and agile business model, we will reach 1 billion customers worldwide with our products by 2030. Mission We make trends accessible to the world. Our Strategic Focus Areas  Sales Channels Stores E-Commerce Wholesale Sales Suppliers Fabric Apparel Accessories Product Our Operations Sales Design Logistics Our Brands KOTON KOTON BUSINESS KOTON SPORTS KOTON Kids KOTON PARTYWEAR KOTON SWIMWEAR KOTON BEACHWEAR KOTON STUDIO KOTON LINGERIE KOTON Kids KOTON JEANS KOTON ACCESSORIES KOTON Baby Ole by KOTON KOTON BEAUTY	25.1 Economic Value Created (billion TRY) 451 Store Sales (Number of Sales Points Worldwide, domestic and international) - Operations in 32 countries 4–8 week product delivery time (domestic, international, package production) - Over 24,000 samples (ready-to-wear data) - Share of sustainable products in total revenue reaching 34% - Development of eco-designed products 72% female employee rate 54% female manager rate 67% female representation on the board of directors 0 occupational diseases 0 fatal work accidents 144 suppliers reviewed for environmental and social impact - Through the Handicraft Project, over 6,000 women joined the workforce and generated more than 11 million TRY in income - Through the Koton Women at Home Project, 159 women were employed across 89 Koton stores in 35 provinces - Gender Equality Policy 6.3 million TRY in donations 459 interns hired during the year (272 in stores, 187 in the Head Office and logistics warehouses) 3,060.72 tons CO₂e Scope 1 emissions 32,966.33 tons CO₂e Scope 2 emissions 4,433.82 tons CO₂e Scope 3 emissions 165,359 m³ water saved (Better Cotton) 9% increase in Better Cotton usage	- Increase in company value - Broad sales network and high sales volume - Contribution to employment and production - Effective market management - Brand reputation and reliability - Strong infrastructure - Sustainable fashion products - Stronger brand image and competitiveness - Innovation culture and technology adoption - Diversity and inclusion - Economic and social impact - Training opportunities and employee development - Employee health and safety - Effective and strong communication with stakeholders - Brand reputation - Social awareness - Contribution to employment - Strong community relations - Support for local development - Customer satisfaction - Sustainable resource management - Sustainable fashion/textiles - Indirect financial impact through waste reduction and efficiency projects - Contribution to the fight against climate change	Customers Investors / Shareholders Financial Institutions Franchisees Employees Suppliers Public Institutions Society Media Solution Partners Non-Governmental Organizations Universities
Manufactured Capital	24,000 product varieties 244 stores in Türkiye and 207 stores abroad - Sales through online channels and marketplaces - Sales in more than 70 countries and 104 franchise stores - Management system certificates and accreditations				
Intellectual Capital	71 member R&D and innovation center 80 member award-winning design center 144 member creative team 190 million TRY spent on digitalization and R&D - Collaborations with fashion schools and universities				
Human Capital	8,169 employees 82,089 hours of training provided 22,004 hours of OHS training provided - Equal opportunity approach - Signatory of the Women's Empowerment Principles (WEPs) - Great Place to Work certificate - Implementation of the Koton Code of Ethics and Ethics Hotline				
Social and Relationship Capital	554 New Suppliers 81% of products sourced from local suppliers (total quantity received: 76,117,361 units; Domestic quantity: 61,597,198 units. - Projects focusing on social contribution and gender equality - Corporate Social Responsibility projects - Donations, memberships, and collaborations - Human rights and equal opportunity approach - Customer communication channels - Social media channels				
Natural Capital	3.98 Environmental Investment (million TRY) 20,000,000 kWh renewable electricity purchased with Renewable Energy Guarantee of Origin (YEK-G) certification 293,579 GJ energy consumption 1,954 tons of hazardous waste, 808.264 tons of non-hazardous waste 2,960 tons of Better Cotton used - ISO 9001, ISO 14001, and ISO 22301 Management System Certificates - More than 2 tons of textile waste collected through the Textile Waste Collection Project (store waste) - Respect for Water Project: over 15,000 recycled hangers				



Our Sustainability Goals

Within the framework of “Respect Life” approach, we integrate our four main strategies of **Respect Our World, Our Society, People** and **Our Business** into all business processes. We reinforce our sustainability journey with clear short, medium, and long-term goals that guide our continuous improvement efforts across these key areas.

Our Stakeholder Engagement

At Koton, we attach great importance to the participation of all stakeholders in our sustainability journey, guided by our **“Respect Life Manifesto”** and **“Sustainability Strategy”**. Through strong collaboration, we move confidently toward a sustainable future together. By considering stakeholder views and expectations, we shape our sustainability journey with a transparent, constructive, and respectful communication approach.

From customers to suppliers, employees to governmental organizations, we maintain ongoing dialogue with all stakeholders and ensure open, two-way communication through various channels, including seminars, surveys, and on-site visits—strengthening our relationships and deepening our shared commitment to sustainability.





Stakeholder Group	Stakeholder Expectations	Approach to Managing Stakeholder Expectations	Method of Engagement	Frequency of Engagement	Material Topics by Stakeholder Group
Customers	• High quality • Affordable prices • Access to fashion trends • Sustainable and ethical production • Transparent product information • Delivery time (e-commerce) • Brand recognition • Attention to customer demands and complaints • Competence of customer representatives and store employees • Brand reliability (testing, returns, etc.)	Koton strives to meet customer expectations by offering a wide range of products and sustainable collections through ethical supply chain management and transparent communication. The company also provides trend-focused fast-fashion products at affordable prices.	• E-mail • Meetings, seminars, webinars, press conferences, social media • Telephone, call center • Points of sale (stores, e-commerce platforms, marketplaces) • Publicly available reports • Surveys and engagement activities	Continuous and real-time communication	• Information Security and Data Privacy • Sustainable Products • Supply Chain Management
Suppliers	• Long-term collaboration • Fair trade • Timely payments • Business volume growth • Inclusion in Koton's process improvement efforts	Under its Supplier Policies, Koton regularly conducts audits and performance evaluations with its suppliers. The process is supported by long-term contracts and on-time payments.	• Supplier meetings • Audits • Annual and Sustainability Reports • Supplier training programs • Email, phone, and surveys • Site visits	Monthly and quarterly communication	• Water and Wastewater Management • Climate Change and Emission Management • Sustainable Products
Public Institutions	• Legal compliance • Tax payments • Fulfillment of environmental and social responsibilities • Implementation of joint projects	Koton maintains transparent communication with public institutions while ensuring full compliance with legal regulations in all its operations.	• Press conferences • One-on-one meetings • Conferences • Digital channels • Email, telephone • Involvement in projects	In case of needed	• Water and Wastewater Management • Sustainable Products • Climate Change and Emission Management
Media	• Accurate, fast, and accessible information flow • Transparent communication • Brand reputation and up-to-date information	Koton keeps the media informed through press releases and regular communication campaigns, contributing to the accessibility and accuracy of information.	• Press conferences • Collection launches • Interviews • Press releases	Constant communication	• Water and Wastewater Management • Sustainable Products • Climate Change and Emission Management



Stakeholder Group	Stakeholder Expectations	Approach to Managing Stakeholder Expectations	Method of Engagement	Frequency of Engagement	Material Topics by Stakeholder Group
Non-Governmental Organizations (NGOs)	• Involvement in social responsibility projects and creation of value for society • Joint projects and collaborations • Financial support and sponsorships	Koton collaborates with NGOs in various fields such as environment, education, and women's rights, offering practical solutions to meet their needs.	• Regular meetings with NGOs • Project development and follow-up meetings • Joint projects • Workshops • Project press conferences • Seminars and conferences • Participation in workshops	At least four times a year	• Water and Wastewater Management • Climate Change and Emission Management • Sustainable Products
Employees	• Safe working environment • Fair compensation • Career and development opportunities • Participatory management • Recognition and appreciation • Right to raise complaints and make suggestions • Flexible working arrangements • Performance evaluations • Occupational health and safety measures • Business continuity • Data protection (KVKK)	Koton conducts employee satisfaction surveys, ensures fair compensation, and benefits, and offers career development opportunities through Koton Academy. Complaints are handled via the internal Ethics Line, while suggestions are collected through the "Fikir Küpü" (Idea Cube) platform. Regular meetings are also held to address employee rights and benefits. The company provides hybrid work models in many departments to support work comfort and flexibility.	• Meetings • Internal communication channels • Email, telephone, intranet • Employee trainings • Surveys • Projects • Development meetings • Social clubs • Sustainability Reports • Retail meetings and events • Social Media • Retail events (e.g., Retailers' Day, December 12) • CEO Letter	Constant communication	• Employee Development and Employee Satisfaction • Water and Wastewater Management • Climate Change and Emission Management
Investors / Shareholders	• Profitability • Transparent governance • Sustainable financial structure and growth • High stakeholder satisfaction • Customer- and people-centered approach • Effective and efficient asset management • Compliance with corporate governance principles • Effective risk management • Strong financial performance	Koton implements long-term strategic plans to ensure a strong and sustainable financial performance. The company maintains open communication with investors through regular and transparent financial reporting, promotes full compliance with corporate governance principles, and proactively manages financial and operational risks. Stakeholder satisfaction is supported by customer- and employee-focused practices, while efficiency and effectiveness are prioritized in asset management.	• Regular Board of Directors meetings • Reports by intermediary institutions and banks • Material disclosures and press releases • Social media and news channels • Annual and Sustainability Reports	Monthly	• Sustainable Products • Employee Development and Employee Satisfaction • Equality, Diversity, Inclusion



Stakeholder Group	Stakeholder Expectations	Approach to Managing Stakeholder Expectations	Method of Engagement	Frequency of Engagement	Material Topics by Stakeholder Group
Financial Institutions	- Financial stability and discipline - Sustainability-focused projects - Smooth execution of agreements and timelines	Koton addresses the expectations and needs of financial institutions by ensuring transparency in financial data, effective risk management, and sustainable financing models.	- One-on-one meetings - Digital channels - Annual and Sustainability Reports	Constant communication	- Waste Management - Water and Wastewater Management - Climate Change and Emission Management
Universities	- Collaboration in education and R&D - Internship and career opportunities - Student mentorship and knowledge sharing	Through its collaborative projects, Koton plays an active role in the process and provides internship opportunities to students. The company supports and participates in various activities such as conferences and talks to encourage knowledge exchange and idea sharing.	- Career Days - Trainings - University gatherings - Conferences - Koton Intern Internship Program	At least three times a year	- Employee Development and Employee Satisfaction - Water and Wastewater Management - Climate Change and Emission Management
Society	- Profitability - Transparent governance - Sustainable financial structure and growth - High stakeholder satisfaction - Customer- and people-centered approach - Effective and efficient asset management - Compliance with corporate governance principles - Effective risk management - Strong financial performance	Koton implements long-term strategic plans to ensure a strong and sustainable financial performance. The company maintains open communication with investors through regular and transparent financial reporting, promotes full compliance with corporate governance principles, and proactively manages financial and operational risks. Stakeholder satisfaction is supported by customer- and employee-oriented practices, while efficiency and effectiveness are prioritized in asset management.	- Regular Board of Directors meetings - Reports by intermediary institutions and banks - Material disclosures and press releases - Social media and news channels - Annual and Sustainability Reports	Constant communication	- Sustainable Products - Employee Development and Employee Satisfaction - Equality, Diversity, Inclusion
Solution Partners: - Testing firms - Audit firms - Consultancy firms	- Compliance with quality standards - Regular testing and verification	Through product safety tests, quality control processes, and certification efforts, Koton demonstrates full compliance and consistency in its business operations.	- Shipment of products for testing - Test reports - Evaluation meetings	In case of project-based need	- Water and Wastewater Management - Climate Change and Emission Management - Waste Management
	- Transparency - Compliance with laws and standards - Accurate Information	Koton demonstrates its commitment to transparency through regular audit processes and ensures full compliance with legal regulations.	On-site audits	Within the audit schedule	
	- Flow of accurate information - Effective cooperation	Koton contributes to strengthening strategic planning processes through collaboration and ensures the continuity of effective cooperation with accurate data and consistent communication.	- Project and development activities - Meetings - Training activities	Throughout the project, constant Communication	



Stakeholder Group	Stakeholder Expectations	Approach to Managing Stakeholder Expectations	Method of Engagement	Frequency of Engagement	Material Topics by Stakeholder Group
Franchise	• Profitability • Brand support and operational guidance • Long-term, reliable, and reliable partnerships • Mutual benefit • Safe, adequate, high-quality, continuous, low-cost, and environmentally compliant delivery of services • Prevention of loss and illicit activities • Assurance of technical and commercial quality	Koton contributes to the process through regular dealers' meetings, training sessions, and marketing and operational support. The company ensures that contractual procedures are transparent and relationships are based on regular communication, mutual benefits, and trust. Long-term and sustainable partnerships are established with dealers and suppliers through clearly defined contracts that outline the rights and obligations of both parties. Koton promotes ongoing communication and coordination for uninterrupted, high-quality, and environmentally conscious delivery of services. Joint actions are developed to improve cost management and resource efficiency, while process improvements are implemented to prevent loss and illicit activities.	• Annual and Sustainability Reports • Seasonal meetings • Site visits • Social media, e-mail, and telephone	Constant communication	• Climate Change and Emission Management • Water and Wastewater Management • Sustainable Products





WE RESPECT OUR WORLD

- 52 Climate Change and Emission Management
- 56 Water and Wastewater Management
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We Respect Our World

We recognize that our planet is home not only to humankind but to every living being, and we respect the right of all life forms to exist and thrive. As a major player in the fashion industry, we see it as our responsibility to help preserve the world's limited natural resources—especially water—and to pass on a livable planet to future generations. To that end, we set strategic goals to mitigate the environmental impact of our operations, remain committed in taking the necessary actions to achieve those goals, take responsibility to embed the understanding of sustainability across every level of our organization.

Combating Climate Change and Managing Emissions



We establish our energy and emission management on continuous efficiency and support the fight against climate change.

Advancing Water and Wastewater Management



We continuously monitor and implement measures to reduce the water we consume and the wastewater we generate across our value chain.

Promoting Circular Economy Practices and Eco-Designed Products



We are working to expand recycling and recovery opportunities while aiming to increase the use of sustainable raw materials.

Reducing Chemical Impact



In our production processes, we fully comply with environmental laws and regulations and maintain strict oversight and control of all chemicals used throughout our value chain.

Target 	Target Year
Achieve carbon neutrality	2040
Use 100% renewable energy across all operations	2030
Reduce Scope 1 and Scope 2 emissions by 15% compared to 2021	2026
Become a green office	2027
Increase the share of recycled packaging by 50%	2026
Establish a comprehensive emission data collection system	2026
Increase the share of “Respect Life” products in total turnover by 10% each year	Ongoing
Plant 1,000 saplings for every new store to help restore forests lost to wildfires	2027



Climate Change and Emission Management

For 19 consecutive years, the World Economic Forum's Global Risks Report¹ has continued to highlight the world's most pressing threats. The 2024 report once again ranks "failure of climate action" and "extreme weather events" among the most significant long-term risks to human life and the global economy in the next decade.

In the same vein, the Sixth Assessment Report² of the Intergovernmental Panel on Climate Change (IPCC), released on March 20, 2023, underscores the urgency of the climate crisis and the need for swift global action. The report calls for urgent and rapid reduction of global greenhouse gas emissions, and particularly emphasizes that to stay within the 1.5 °C target, these emissions must fall by 48% by 2030 and by 99% by 2050.



TRY 3,981 million Allocated to Environmental Investments



At Koton, we are deeply committed to protecting the environment and believe that leaving behind a livable world for future generations is a shared responsibility. Given that the textile industry is among the sectors with the greatest impact on global climate change, climate action and emission management were identified as key material topics in our 2024 materiality analysis.

We address climate change and emission management across two main dimensions: energy management and emission management. This way, we

track climate-related risks and impacts, implement measures to mitigate them, and embed potential opportunities into our business processes.

Every year, we organize environmental training sessions for our employees on topics such as environmental consciousness, ISO 14001, zero waste, textile waste recycling in retail, basic sustainability, and product knowledge of our "Respect Life" philosophy. These programs not only raise awareness but also help strengthen a sustainability-driven corporate culture.



To take a more systematic and effective role in addressing climate change, we obtained ISO 14001:2015 Environmental Management System certification, which covers our head office and logistics warehouses.



¹ <https://www.weforum.org/publications/global-risks-report-2024/>

² [Climate Change 2023 Synthesis Report](#)



Energy Management

The shift in the energy sector continues to redefine sustainability goals on a global scale. According to the International Energy Agency's (IEA) World Energy Outlook 2024³, the world is moving away from the era of coal and oil and entering the age of electricity, with over 560 GW of new renewable energy capacity commissioned in 2023 alone. Solar energy is leading this transformation, supported by record-breaking investments in clean technologies.

As energy efficiency, conservation, and renewable energy remain priorities for governments and companies around the world, we at Koton also take a proactive approach. We monitor and manage our energy use systematically across all operations through a Remote Energy Monitoring System, which provides real-time data on consumption in our domestic stores, head office, and logistics warehouses. In 2024, 93% of our total electricity consumption came from our stores, which is why most of our energy efficiency initiatives focus there, while also extending to our Logistics Facilities and Head Office premises.

We implement dynamic lighting systems that adjust throughout the day. When stores are open only to staff, lighting is limited to essential areas to reduce energy use. During early hours with low customer traffic, partial lighting is used, gradually increasing to full lighting later in the day. To prevent unnecessary energy use, our stores receive automatic email alerts if nighttime energy consumption exceeds normal levels. We also improve efficiency through energy-saving lighting and mechanical systems, supporting our broader sustainability goals. To further optimize efficiency, we began installing next-generation lighting fixtures and redesigning our lighting systems, resulting in a projected 25% improvement in energy performance. Our Trabzon Forum Store, opened in May 2025, became the first to feature this technology.

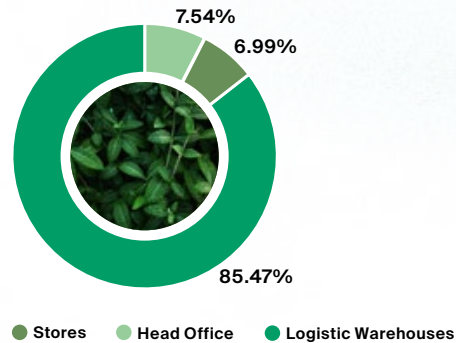
³World Energy Outlook 2024





We are also conducting feasibility studies for solar energy systems (SES) to expand renewable energy generation. In parallel, we are working to adopt a new energy monitoring software that will allow more detailed tracking and analysis of consumption data. Our energy management strategy also includes heat recovery systems (HRV) in street stores to reuse waste heat and reduce electricity use, along with next-generation air conditioning systems that enhance energy efficiency.

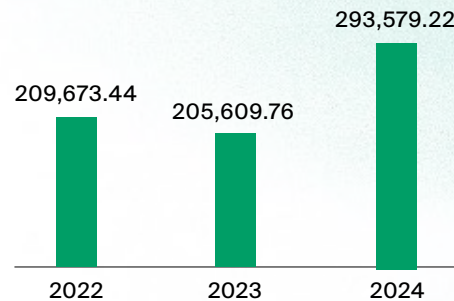
Total Energy Consumption



Thanks to the
YEK-G certificate,
we reduced our emissions
to **10,830 tons of CO₂e.**

As part of our commitment to increasing the share of renewables in our total energy consumption, Koton holds a **Renewable Energy Certificates (YEK-G) certificate**. In 2024, we purchased a total of 20,000,000 kWh of YEK-G certified electricity. During the reporting period, the YEK-G certification helped us avoid 10,830 tons of CO₂e emissions, equivalent to **30%** of our total annual consumption.

Total Energy Consumption (GJ)*



*2022 and 2023 data excludes international store figures.





Emission Management

According to the United Nations Environment Programme's (UNEP) 2023 Emissions Gap Report, there remains a substantial gap between current global emission reduction pledges and the 1.5 °C target. If existing policies and practices remain unchanged, global temperatures could rise by about 2.5 °C by the end of this century. This makes an immediate and determined reduction in emissions an unavoidable necessity in tackling the climate crisis.

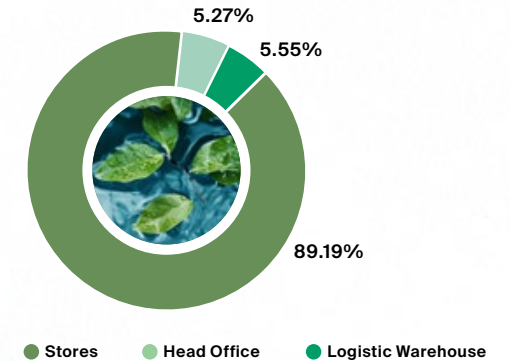
At Koton, we are fully aware of the risks associated with climate change and are continuously strengthening our strategies to reduce greenhouse gas (GHG) emissions across all operations. We monitor, report, and improve our GHG performance in line with international standards. Accordingly, we have calculated our emissions in alignment with both the GHG Protocol and the ISO 14064 Corporate Carbon Footprint Standard, covering Scope 1, Scope 2, and Scope 3 emissions.

In the upcoming reporting periods, we plan to monitor our emissions more effectively through a digital data management infrastructure. With this approach, we aim to enhance our data management processes and ensure reliable and transparent access to information by harnessing the power of technology.

The majority of our emissions come from our stores, which account for 89.19% of the total, followed by logistics warehouses at 5.55% and our head office at 5.27%.

Compared to 2023, total emissions increased mainly due to the inclusion of international store data in this year's reporting.

Total Greenhouse Gas Emissions 2024 *



*Scope 1 and Scope 2 emissions data are included.



Water and Wastewater Management

Global threats such as climate change, water scarcity, and biodiversity loss call for collective action across all sectors around the world. As highlighted in the United Nations World Water Development Report 2023, sustainable water management is vital to global development and depends on strong partnerships between governments, businesses, and communities to protect resources, improve access, and expand sanitation services.

Preserving water resources is essential not only for our industry but for the health of our planet. Our company has been taking concrete steps to minimize water consumption throughout our operations. We prioritize low-water-use fibers and raw materials and adopt water-efficient production methods wherever possible.

In textile production, water is used most intensively in agricultural processes—particularly in cotton cultivation—and during fabric manufacturing.

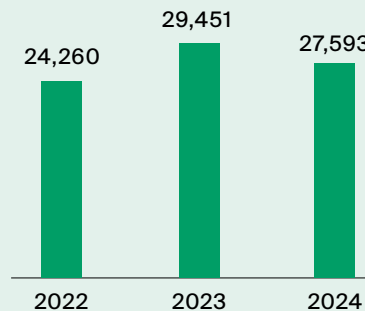
Although we do not directly control raw material production, we mitigate our environmental impact by preferring environmentally certified materials with low ecological footprints, especially in cotton cultivation and textile manufacturing, which are highly water-intensive processes. Further details are provided in the Sustainable Products section of this report. We clearly communicate our expectations regarding chemical management to our suppliers and ensure full compliance with legal regulations. As part of our water and wastewater management practices, the industrial wastewater generated during cleaning and washing at our reverse logistics warehouses is collected by licensed third-party firms, treated using approved purification methods, and safely discharged with minimal environmental impact.

In addition, wastewater from our logistics warehouses is tested at discharge points by environmental laboratories authorized by the Ministry of Environment, Urbanization, and Climate Change, in accordance with the Water Pollution Control Regulation. In our shopping mall stores, we continue to use bottled water, while in our street stores, we rely on water filtration systems instead.

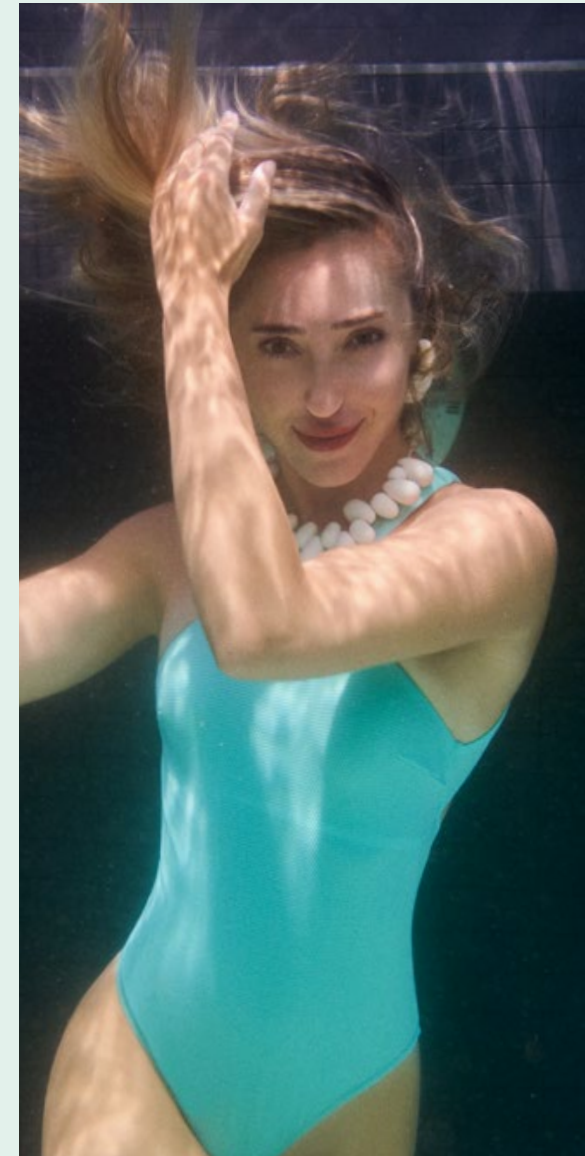
“Respect Water” Project

In partnership with Şahika Ercümen, World Free Diving Record Holder and UNDP Türkiye Life Below Water Advocate, we launched the “Respect Water” collection, a line that reflects our dedication to environmentally friendly production and sustainable materials. The collection features organic cotton, Better Cotton-certified cotton, and recycled fabrics, as well as innovative materials such as apple-skin leather and fabrics made from recycled PET bottles. These materials elevate both the aesthetic and functional quality of our products while significantly reducing environmental impact.

Total Water Consumption (m³)*



*2024 data excludes international store figures.





Waste Management

Given the environmental footprint generated by production processes in the textile industry, developing innovative and holistic solutions to minimize waste is one of the sector's key sustainability priorities.

In line with our commitment to reducing our environmental impact and contributing to a sustainable future, we have identified Waste Management as one of our material topics.

In 2023, we introduced our Waste Management Procedure, which clearly defines the scope of waste management activities and the responsible units. This process is coordinated by our Sustainability Department, implemented in cooperation with our Administrative Affairs and Store Managers, and monitored with the support of our Environmental Engineers. Through this integrated approach, we maintain an effective and continuous improvement process in waste management.

Furthermore, we conduct regular audits and improvement initiatives to ensure full compliance with international environmental standards. While working closely with shopping mall and store management teams, we also collaborate with Organized Industrial Zone (OIZ) environmental units and consultancy firms at our logistics warehouses.

These efforts once again highlight our firm commitment to being an environmentally responsible company.

We are developing various projects aimed at achieving our zero-waste goal across our stores and warehouses. Through these initiatives, we seek to minimize waste generation, increase recycling rates, and embed eco-friendly practices into our operations. By reducing plastic use and producing environmentally friendly products, we aim to extend our positive impact across the sector and promote sustainability throughout our value chain. We also organize regular training sessions for our employees each year to foster environmental awareness and encourage sustainable habits. Through programs such as ISO 14001 Environmental Management System, Zero Waste Training, and Basic Sustainability Training, we aim to cultivate a zero-waste and recycling mindset throughout our entire organization. These programs are offered both online and through in-person modules, ensuring broad and effective participation.

To further reduce our environmental footprint, we have replaced traditional cardboard boxes with durable containers made from recycled plastic materials in our product shipments to stores. During the reporting period, 30% of these plastic containers were produced using

recycled raw materials, which helps promote plastic recycling while minimizing the environmental impact caused by cardboard packaging.

At Koton, we are committed to embedding circular economy principles into every stage of our operations to establish an environmentally conscious and sustainable production process. With this mindset, we shape our production practices and product communication while raising customer awareness about eco-friendly alternatives. Through our sustainable collections made with recycled polyester and Better Cotton fabrics, we ensure that environmentally friendly products are offered to our customers with care and consistency.

In our store shipments, we have reduced cardboard box use and transitioned to durable boxes made of 30% recycled plastic materials.



"Hangers from Fabric Waste" Project

Through R&D studies on cutting waste from our polyamide fabrics, approximately 1 ton of waste material was transformed into over 15,000 hangers.

Starting from November 2024, these eco-friendly hangers have been used in 87 stores as part of the Şahika Ercümen x Koton "Respect Water" collection. This innovative and circular approach aims both to promote textile waste recycling and to raise environmental awareness. The hangers displayed in stores also serve as a medium to communicate messages about sustainability and the circular economy to our customers.

In addition, by reducing the use of chemical raw materials in our supplier's production processes, we have indirectly lowered logistics- and production-related emissions. This project not only prevents fabric waste from entering nature but also strengthens environmental awareness among our suppliers and stakeholders.



Turkish Marine Environment Protection Association / TURMEPA

Grounded in our sustainability philosophy of “Respect Life,” we continued our “Respect Water” projects in 2024 by launching a new collaboration with Turkish Marine Environment Protection Association/TURMEPA to support clean seas and oceans. To celebrate TURMEPA’s 30th anniversary, we designed a special collection made from organic cotton and recycled polyester, contributing to the protection of clean water resources and marine life.

Comprising 71 pieces, this collection carries messages that promote awareness about protecting seas, oceans, and marine species. It was launched across all our sales channels on June 8, 2024, World Oceans Day.



A portion of the collection’s proceeds was donated to TURMEPA’s nationwide educational project, “Zero Waste Blue.”

With this contribution, TURMEPA delivered “Zero Waste Blue” environmental education to 47,500 people across 24 provinces and 88 districts in 2024. The trainings covered topics such as marine ecosystem conservation, climate change, and individual responsibility —particularly engaging children and young people to measure and strengthen their environmental awareness. The project not only supported environmental sustainability but also fostered behavioral change in future generations, creating a lasting positive impact on society.

Through our “**Textile Waste Collection Project**” for our customers, we contribute to Türkiye’s zero-waste strategy. At our head office, we have replaced plastic water bottles with glass flasks to foster more sustainable habits. By digitizing our cargo operations, we reduce paper usage, while ensuring that

our packaging waste is recycled through licensed companies. Moreover, we promote an eco-conscious lifestyle through our sustainable product collection, which features environmentally friendly fabrics such as recycled BC cotton and organic recycled textiles.

Throughout 2024, Koton generated a total of **810.21 tons** of waste, including both hazardous and non-hazardous types. Compared to the previous year, our total amount of recycled waste decreased by 3.06%. Our ongoing initiatives focus on adopting sustainable approaches that contribute to the circular economy, encourage efficient resource use, and support the reuse of waste materials. Within this framework, we continue to develop innovative solutions to reduce environmental impact and advance sustainability across both our operations and supply chain. Through these diverse efforts, we strive to promote environmental awareness and contribute to a more sustainable future.



Total Recycled Waste (tonnes)	
2023	2024
832.29	806.79

*Consolidated data for the Head Office and Logistics Warehouses.

Type of Waste (tonnes)*	2023	2024
Hazardous Waste	5.03	1.95
Non-Hazardous Waste	828.90	808.26
Total	833.93	810.21

*Consolidated data for the Head Office and Logistics Warehouses.



Sustainable Products

At Koton, we place sustainability at the core of our business model and reshape our product development processes with this perspective. From design to raw material selection, production to distribution, and throughout every stage of a product's life cycle, we act with environmental and social responsibility in mind. Our sustainable product development approach not only guides fashion trends but also supports a production model that respects both people and nature.

Accordingly, we prioritize fabrics certified by internationally recognized standards. RCS (Recycled Claim Standard)⁵, GRS (Global Recycled Standard)⁶, and GOTS (Global Organic Textile Standard)⁷ certified fabrics form the foundation of our sustainable product portfolio. In addition, we place great importance on sourcing cotton through the Better Cotton practices.



Better Cotton is a non-profit organisation that aims to improve working conditions and reduce the environmental impact of cotton production. We conduct quality control processes on the fabrics we purchase and store them meticulously in our logistics warehouses prior to shipping them to suppliers for incorporation into the production process. We classify these products according to their compliance with sustainability criteria and offer them to our customers with the "Respect Life" label. In line with these efforts, we are pleased to share that sustainable products accounted for 34% of our turnover during the reporting period.

With our commitment to sustainable cotton use, Koton became the first retail brand in Türkiye to join the Better Cotton Initiative (BCI)⁸ in 2020. Through our partnership with Better Cotton, we help cotton-growing communities thrive while protecting and restoring the environment. Better Cotton guides millions of farmers to improve productivity while using less water and fewer harmful chemicals.



⁵ **RCS (Recycled Claim Standard)**, is a global, voluntary standard that enables the tracking of recycled materials throughout the supply chain. It applies to products containing at least 5% recycled content and requires certification at every production stage.

⁶ **GRS (Global Recycled Standard)**, ensures traceability of recycled materials, verifies social and environmental practices, and enforces chemical restrictions. It covers all processes for products containing at least 20% recycled materials.

⁷ **GOTS (Global Organic Textile Standard)**, sets strict environmental criteria across every stage of the organic textile supply chain and requires compliance with social responsibility standards. It applies to textile products containing at least 70% certified organic fibers.

⁸ <https://bettercotton.org/>



The training provided by Better Cotton promotes sustainable cotton cultivation methods, efficient water use, soil health and preservation, and the establishment of fair, balanced, and inclusive business practices—creating a multidimensional cycle of positive impact.

In 2024, 25% of our total cotton consumption was sourced from Better Cotton.

Our procurement of 2,960,246 kg of Better Cotton resulted in the following benefits:

- Approximately 165,359 m³ of water saved.
- Approximately 228 kg reduction in pesticide use.
- Better Cotton farmers* achieved around 249,808 € in additional profit.

*Increases in Better Cotton farmers' profits are typically due to higher yields and/or optimized input use (e.g., irrigation water, pesticides, or synthetic fertilizers).

Our commitment extends beyond cotton through our “Respect Water” collection, which reflects a broader sense of environmental responsibility.

We enrich this collection with recycled polyester, organic cotton, and other innovative materials. By embedding sustainability into the core of our design process and implementing eco-friendly production methods at every stage, we aim to mitigate the environmental impact of the raw materials we use, and contribute to the preservation of natural resources.

We also strive to minimize the environmental impact of other raw materials used in textile production. Since cellulosic-based fabrics such as viscose, modal, and lyocell are directly linked to forest resources, their procurement carries significant importance. Therefore, we prefer materials sourced from FSC (Forest Stewardship Council)⁹ certified forests.

⁹ **FSC (Forest Stewardship Council)**, is an international certification program that promotes the sustainable and responsible management of forests worldwide.

By using FSC-certified materials, we aim to prevent deforestation and support sustainable forest management, thereby helping to protect natural ecosystems.



In packaging, we reinforce our sustainability goals with concrete actions. We plan to increase our ratio of recycled packaging materials to 50% by 2026. To this end, we have initiated efforts to produce all plastic bags using RCS-certified recycled materials.

To minimize negative impacts on human health and the environment, we implement a comprehensive chemical management system. Across our value chain, we prioritize the use of less harmful chemicals and the development of environmentally friendly products.

In this regard, we expect the same level of commitment from our suppliers and require that the chemicals they use comply with the ZDHC (Zero Discharge of Hazardous Chemicals) criteria. We conduct regular inspections, providing guidance for improvement where necessary.

To ensure that our suppliers' environmental and chemical management processes align with our sustainability objectives, we prioritize collaboration with domestic and international fabric suppliers holding environmental performance certifications such as ZDHC and Higg FEM (Facility Environmental Module).



All these efforts reflect our environmental policies established under the ISO 14001 Environmental Management System. We place particular emphasis on reducing energy, water, and chemical use throughout our value chain. At Koton, we regard our commitment to sustainable products not merely as a corporate goal, but as an ethical and environmental responsibility toward a more livable world. From product design to every stage of production and supply, we apply sustainability principles holistically and continue to drive positive transformation in our industry through innovative solutions.





WE RESPECT PEOPLE

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- 72 Occupational Health and Safety
- 76 Equality, Diversity, and Inclusion





We Respect People

We take responsibility for a sustainable future, always prioritizing human health, safety, and well-being. We believe that getting dressed is not merely a basic necessity, but also a way for individuals to express themselves, showcase their style, and exist freely. Guided by this understanding, we aim not only to offer products but also to provide experiences that make people feel good—because we place people at the very heart of what we do. From production to after-sales customer satisfaction, we see every team member we work with as our most valuable asset. We continuously invest in enhancing our employees’ competencies, developing their skills, and helping them reach their full potential.

We recognize our responsibility toward every individual and stakeholder in our ecosystem, prioritizing collective learning, continuous improvement, and open communication. Guided by the United Nations Sustainable Development Goals, we attach great importance to collaboration with our suppliers and embrace a business approach that is stronger, more sustainable, and more responsible.



Investing in the Future with a Responsible Brand Approach



Increasing Employee Satisfaction and Loyalty



We strengthen both employee productivity and our corporate culture by fostering a fair and transparent work environment that promotes engagement and a sense of belonging.

Providing Talent and Performance Management



At Koton, we care about the personal and professional development of our employees throughout their careers and offer various training opportunities in this direction.

Ensuring Equality, Diversity and Inclusion



We place equality, diversity, and inclusion at the core of our business culture and recognize diversity as a richness based on these values.

Not Compromising on Occupational Health and Safety Standards



We do not compromise our occupational health and safety standards and we carry out our work with the principle of “Zero Work Accident”.

Target 	Target Year
Maintain the ratio of female employees above 68%.	Ongoing
Increase the number of women employed under the “Handicraft Project” by 10% each year.	2027



Employee Development and Employee Satisfaction

At Koton, our people-centered business model plays a key role in shaping our corporate culture and achieving our strategic goals. To further consolidate our strong position in the fashion retail sector, we prioritize employee satisfaction and engagement, continually improving our professional environment to offer more qualified working conditions that value people. We implement initiatives that support both personal and professional development and collaborate closely with our employees across all business processes. From design to customer experience, we create value, learn, and grow together with our 8,169 dedicated team members and our 150-person creative staff.

We regard employee development as one of the key drivers of our long-term success. Within the framework of our corporate culture and values, we focus on unlocking each employee's potential and preparing them for the skills of the future. To this end, we offer opportunities for personal and professional growth, aiming to build teams that continuously learn, evolve, and lead change.

To enhance employee satisfaction and engagement, we adopt a holistic approach through various programs and initiatives, such as Koton Start, Koton Social, and Koton Stars. These structured platforms strengthen the employee experience and foster communication, interaction, and growth.





Koton Start

Through the Koton Start program, we ensure that our new employees are fully prepared for their roles. Our goal is to make their first days at Koton a seamless and enjoyable experience.

Koton Social

With Koton Social, we organize events that foster a positive and engaging work environment.

Koton Stars

Through Koton Stars, we celebrate the achievements of our employees and recognize outstanding performance and exemplary behavior with our Recognition and Reward Programs.



Through **Koton Start**, we help our employees feel part of Koton from their very first day, ensuring they have a strong start both culturally and operationally. Believing that the early stages of the employee journey are crucial, we carefully design this process. Before new hires even start, we establish warm communication between them and their managers to share their excitement and build a connection. On their first day, they receive Welcome Kits with useful information and thoughtful surprises. Each new employee is also assigned a “buddy” to support their adaptation process. Our renewed orientation program presents our work culture, corporate structure, and business processes in a more engaging and accessible way.

With **Koton Social**, we aim to encourage employees to socialize while also embracing social responsibility. This platform encourages our employees to contribute to society with a strong sense of social responsibility. Through volunteer projects, sustainability initiatives, and sports activities, we support their active participation in social life. Within Koton Social, we provide opportunities for both physical and social growth through clubs such as basketball, women’s football, rowing, choir, and running. Teams including the Koton Running Team, Basketball Team, Football Team, Republic Choir, and Rowing Club are all active and employee-driven. Koton Social continues to promote social awareness and encourages everyone to take part in community-oriented activities.

Koton Stars represents our comprehensive Recognition and Reward Programs designed to celebrate employee achievements and acknowledge high performance and exemplary behavior. Through this program, we reward outstanding employees, strengthen their motivation, and reinforce engagement, while also fostering a strong sense of team spirit by recognizing their positive input in the workplace. In 2024, **422** employees received recognition across various categories.

Through these initiatives, we not only support individual growth but also aim to make sustainable success a permanent feature across all business processes of Koton. This approach helps us reinforce long-term employee engagement. In addition, we promote a healthy work-life balance as a means to boosting their motivation. By integrating flexible and hybrid work models into our corporate structure, we aim to elevate productivity and create a healthier working environment. Between April 2023 and April 2024, we earned the Great Place to Work certification, reaffirming our commitment to providing a strong work environment and culture. This achievement reflects the importance we place on employee engagement and the quality of internal interactions. To continuously monitor and improve employee satisfaction, we will use tools such as the Trust Index and EVP Index to assess employee feedback more effectively. Moving forward, we aim to develop new strategies based on these insights to further enhance employee satisfaction and build an even stronger workplace culture.



Koton Stars Recognition Programs

Through the **Candidate Suggestion Award**, employees who recommend suitable candidates are rewarded once those candidates complete their sixth month at Koton. As of 2024, **seven** employees received this award.

With the **Severance Award**, we express our gratitude to long-serving employees who have contributed to Koton over the years under the motto “Every Year with You Is More Valuable.” Presented annually, these awards recognize the dedication and loyalty of employees celebrating their 5th, 10th, 15th, 20th, and 25th anniversaries at Koton. In 2024, **403** employees received the Seniority Award.

Through the **Thank-You Gesture**, employees can share digital thank-you cards via our intranet platform, Koton Live, to express appreciation toward their teammates, managers, and colleagues from other departments. At the end of this process, those who give and receive the highest number of thank-you messages are recognized with awards, reinforcing our culture of appreciation. In 2024, **twelve** employees were awarded within this framework.



We base our working culture on equality, ethical values, and human rights, and we apply these principles across all our operations. Upholding fairness, transparency, and equality, we ensure compliance through our Code of Business Ethics and Ethics Hotline. In 2024, in cases involving “personnel discrimination,” we conducted interviews with the employees concerned to identify root causes, developed improvement plans to prevent recurrence, and initiated disciplinary actions where necessary. Within the scope of our [Human Rights Policy](#) we are committed to promoting diversity, inclusion, fair compensation, the prevention of child labor, and a zero-tolerance approach toward violence and mistreatment. This reflects our dedication to ethical standards and our respect for employee rights. Under our [Gender Equality Policy](#), we particularly support women’s education and development, implementing affirmative action projects to ensure equal opportunities across all positions. Through our “The Stage Is Yours” (Sahne Senin) project, we encourage store managers to discuss current issues at regular intervals, creating a platform where every employee can voice their opinions and feel heard.

The Stage Is Yours

As part of this initiative, we hold regular meetings where we openly discuss agenda topics and welcome all viewpoints. We ensure that every employee feels comfortable expressing themselves and that all stores are involved in this process. By involving all our stores in this process, we create an environment where everyone can contribute and share ideas. This collective dialogue helps us grow together and make shared decisions. By strengthening communication, we ensure that every team member becomes an active part of the process — enhancing internal collaboration and deepening employees’ sense of belonging to their work.



We are committed to maintaining high employee motivation and ensuring fair compensation for their contributions through a transparent and competitive pay policy. We reward success through performance-based bonus systems, while also improving the quality of life for our employees with benefits such as meal and transportation support. In 2023, we introduced the Menstrual Leave policy to help our female employees feel more comfortable during their special days. Here are the initiatives we have launched at Koton:

Report Card Day & First Day of School Leave

To support our working mothers, Koton offers special leave on their children's first day of school in September and on report card day in June, allowing them to share these special moments with their children. This practice reflects our belief that such memories strengthen family bonds and contribute to our employees' overall well-being.

Menstrual Permission

Launched in 2023, our Menstrual Leave Program allows female employees to manage their special days with greater ease. To make these moments truly meaningful, the leave is offered once a month. This initiative allows employees to dedicate more time to themselves on these days, promoting well-being and comfort.

ONE Koton Culture and Values Journey

Through the ONE Koton Culture and Values Journey, we aim to embed Koton's values and corporate culture across the organization, ensuring they are reflected in everyday work. As part of this process, we regularly update and share our vision, mission, and core values with employees. This initiative strengthens a sense of belonging, fosters a shared vision, and encourages collaboration, trust, and transparency throughout the company. By promoting continuous learning and innovation, we enhance the employee experience and help our teams fully grasp Koton's mission and vision, ultimately supporting their contribution to the company's strategic objectives.

Koton Moms & Dads Project

Launched under our Gender Equality Committee, the Koton Moms & Dads Project provides guidance and support to expecting employees before and after childbirth, fostering confidence in balancing parenthood and career. In 2024, the project reached 75 employees, offering seminars for expecting parents, guidance during maternity/paternity leave and return-to-work processes, and additional support through discount partnerships with various companies. We also provide newborn sets and gifts certified by TEMA Foundation to celebrate this special journey. Alongside legally mandated maternity and nursing leaves, we offer welcome packages and digital content to ensure new parents have easy access to essential information.



FAST AND EFFICIENT

WE ARE AN AGILE, SWIFT AND ADAPTABLE TEAM FOCUSED ON OPERATIONAL EXCELLENCE AND TECHNOLOGY.

BECAUSE BEING FAST AND EFFICIENT IS **WOVEN INTO OUR FABRIC.**



CUSTOMER CENTRIC

WE ARE A TEAM THAT UNDERSTANDS OUR CUSTOMERS, CREATES VALUE FROM DATA AND GROWS STRONGER THROUGH FEEDBACK.

BECAUSE CUSTOMER-CENTRICITY IS **WOVEN INTO OUR FABRIC.**



PASSIONATE

WE ARE A TEAM DRIVEN BY SUCCESS, BRINGING CREATIVITY TO OUR WORK, STAYING CONNECTED AND EMBRACING ENTHUSIASM.

BECAUSE OUR PASSION FOR WHAT WE DO IS **WOVEN INTO OUR FABRIC.**



QUALITY-FOCUSED

WE ARE A TEAM DEDICATED TO DELIVERING HIGH-QUALITY PRODUCTS AND SERVICES TO OUR CUSTOMERS, CONTINUOUSLY IMPROVING OUR BUSINESS PROCESSES TO RAISE THE BAR.

BECAUSE BEING QUALITY-FOCUSED IS **WOVEN INTO OUR FABRIC.**



ONE TEAM

WE THINK GLOBALLY, ACT LOCALLY, DRAW STRENGTH FROM DIVERSITY, INSPIRE TRUST, FOCUS ON GROWTH AND MAKE DATA-DRIVEN DECISIONS.

BECAUSE BEING ONE STRONG TEAM IS **WOVEN INTO OUR FABRIC.**



RESPECTFUL

WE ARE A TEAM THAT IS RESPONSIBLE FOR TODAY AND THE FUTURE, SENSITIVE, TRANSPARENT, INCLUSIVE, AND EMPOWERED BY DIVERSITY WHILE UPHOLDING THE VALUES.

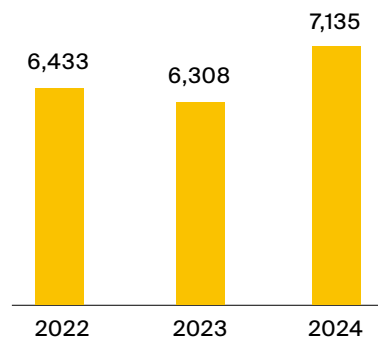
BECAUSE BEING RESPECTFUL IS **WOVEN INTO OUR FABRIC.**



At the heart of all these initiatives lies our commitment to employee development. To enhance the capabilities of our workforce, we adopt the 70:20:10 learning model, prioritizing experiential learning. In this model, 70% of learning occurs on the job, 20% through feedback and observation, and 10% via classroom and digital training.

Through the role-specific “**Koton Learning Path**,” we aim to develop our teams’ competencies in areas such as managing change, effective communication, and team leadership.

Total Number of New Hire

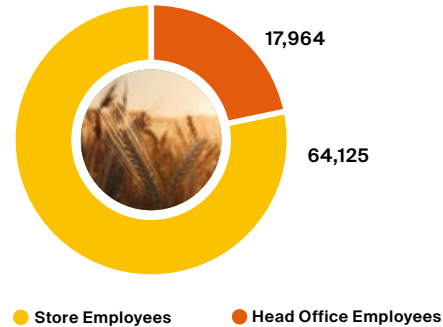


The objectives of the Koton Learning Path include:

- Leading and managing change,
- Unlocking and managing team potential,
- Delegating effectively,
- Ensuring consistent high performance and providing constructive feedback,
- Managing relationships across diverse profiles and generations through effective communication,
- Strengthening employee engagement and team motivation.

Through our Koton Academy Online platform, we provide 24/7 access to digital learning. In 2024, we delivered a total of **82,089** training hours, averaging **14** hours per employee. We integrate training completion rates into our performance and bonus evaluations to actively promote development. Our internal trainer system enables knowledge sharing across the organization, while partnerships with universities and our 50% company-sponsored graduate and doctoral programs support academic advancement.

Total Training Hours in 2024*



*Logistics Warehouses + Head Office white-collar employees.

Total Orientation Training Hour in 2024*



*Logistics Warehouses + Head Office white-collar employees.



Employee Trainings (person*hours)	2022	2023	2024
Total Orientation Training Hours	66,666	47,330	30,008
Head Office and Logistics Office Employees*	1,745	16,593	4,409
Store Employees	64,921	30,737	25,599
Total Training Hours	160,240	148,828	82,089
Head Office and Logistics Office Employees	19,084	29,374	17,964
Store Employees	87,156	119,454	64,125

We also provide ongoing development opportunities for our brand, procurement, and planning teams to expand their professional skills and expertise. Our training programs, designed around the unique nature of fashion management and purchasing processes, cover a wide spectrum of topics, including fiber and fabric knowledge, fashion history, retail analysis, and visual merchandising principles. These programs are delivered by both our in-house experts and through academic collaborations with universities, with contributions from professors.

We design our development programs with consideration for the job roles, competency levels, and career aspirations of employees at every level. Each year, we conduct training needs assessment interviews to identify learning priorities, and we plan our training subjects throughout the year accordingly. This approach allows us to provide employees with comprehensive learning opportunities that enhance their skills, expand their knowledge, and better equip them for industry developments.



Aligned with our sustainability-focused approach and our **“Respect Life”** principle, we provide awareness training on environmental consciousness and zero-waste practices. These programs support both individual growth and employees’ impact on the environment.

In 2024, we delivered **1,871** hours of sustainability-focused training, covering areas such as BCI Training, BCI General Awareness, ISO 22301:2019 Business Continuity Management System, Koton Retail BCI Awareness, Retail Sustainability, Introduction to Sustainability, Sustainability Awareness, Respect Life & Sustainability at Koton, and Respect Life Product Knowledge.

In addition, we organized **1,538** hours of training related to environmental management, including Environmental Awareness, ISO 14001, ISO 9001, Retail Zero-Waste Training, Textile Waste Recycling Process in Retail, Zero-Waste Training, and Individual Awareness on Zero-Waste. These initiatives aim to increase employees’ environmental consciousness and contribute to a sustainable future.

We do not limit learning and development to current employees; we also actively cultivate future talent through our youth programs. Through the Koton Internship Program, we offer summer and winter internships to university, vocational, and high school students, enabling them to gain industry experience. In 2024, we provided internships to a total of **459** students—187 in our Head Office and Logistics offices and 272 in our stores. The Koton Look MT Program prepares young talents aiming for a career in retail for professional life. In 2024, we successfully integrated **23** of the 24 participants into our workforce, turning this initiative into tangible results.

Reflecting these values, we implement a performance-based and transparent evaluation process. Our performance management system, covering the Head Office, logistics, and store employees, identifies development areas and creates personalized action plans for each employee. Performance results are used not just as an evaluation tool but as a guide for identifying growth opportunities.

Koton Look “Design Your Future” MT Program

The Koton Look “Design Your Future” MT Program is a comprehensive talent development initiative tailored for young professionals aspiring to build a career in retail. The program covers strategic functions such as Brand Management, Procurement, and IT. It equips participants with the competencies which they would need to take on diverse roles across different departments, and

fosters the development of qualified teams that will shape Koton’s future. We continuously support our MTs with internal and external training, investing in their personal and professional growth. By 2024, we had enrolled 24 young talents in the program, providing them with a strong foundation to begin their careers at Koton.





In 2024, with the implementation of the K Level Performance Management System, we tracked the performance targets of **180** employees at manager level and above through the system. This enabled us to monitor employee development more effectively and foster a goal-oriented work culture. In addition, our **“Koton Score Card Application”** allows us to closely monitor the financial and operational processes of our teams.

Leadership and career development are vital for sustaining this growth-oriented approach. Through the **Koton Leadership Academy**, we provide our managers and emerging leaders with training in team management, feedback, communication, and strategic thinking. Combining classroom sessions, online simulations, one-on-one coaching, and international collaborations, we offer a multidimensional leadership development experience.

We also actively promote internal promotion and continuously refine our talent management systems to help employees realize their full potential. In 2024, we filled 23 positions internally. Through our **Retail Manager Training Program and Promotion School**, we systematically prepare future store managers, while our **Development School** programs provide personalized career guidance and tailored training for employees who are not yet ready for promotion.

Our development training portfolio includes:

Sustainability	Negotiation Skills
Biotechnology & Fashion	Creative Thinking
Future Technologies	Design Thinking
Stress Management	Product Management
Effective Communication, Effective Speaking and Oratory	Emotional Intelligence and Relationship Management
Analytical Thinking, Problem-Solving Techniques	Metaverse and Fashion
Financial Literacy, Finance Education for Non-Financiers	Reading Fashion
Conflict Management, Fighting Challenges and Resilience,	Communication with Transactional Analysis
Self-Coaching, Change and Innovation	Professional Conduct
Project Management	Efficiency and Time Management



Occupational Health and Safety

At Koton, we see Occupational Health and Safety (OHS) as a concrete reflection of our “Respect People” principle. In line with this understanding, we design our OHS processes to be inclusive and aligned with our corporate goals. Within our corporate structure, OHS operates under the Human Resources Directorate. Our Head Office team includes an OHS Manager, an OHS Executive, and a workplace physician. For stores with more than 50 employees, we receive Joint Health and Safety Unit (OSGB) services from certified OHS providers, while at our logistics warehouses, we employ a workplace physician, a medical secretary, an OHS Executive, and an OHS Officer. We also collaborate with competent Joint Health and Safety Unit (OSGB) partners to deliver outsourced services for our stores and logistics warehouses. We continue to manage our processes with a comprehensive approach to building and monitoring a culture of safety across all operations, including the project, construction, and site phases of any of our stores. This is achieved through on-site inspections conducted by our Occupational Health and Safety (OHS) team, complemented by third-party audits provided by our contracted joint health and safety units (OSGB).

Within the framework of our [Occupational Health and Safety Policy](#), we create safe working and shopping environments in our offices and stores, aiming to protect the health and safety of our employees, stakeholders, and customers, and to ensure that everyone experiences the safest and healthiest possible workplace. We continuously plan corrective and preventive actions to eliminate hazards and mitigate risks, reinforcing these efforts through a strong internal safety culture. We continue to strengthen our workplace safety culture by providing comprehensive OHS training to our employees, increasing awareness, and supporting their professional growth.

To make OHS processes safer, more visible, and proactive across our operations, we conduct regular inspections and observation activities. Following our routine field visits to the Head Office, stores, and logistics warehouses, we prepare detailed reports, which are then shared with employers, their representatives, and relevant employees.



Based on these reports, we guide the necessary corrective, preventive, and improvement actions, helping departments plan and implement the required measures to mitigate risks before they occur.

Our employee health monitoring processes go far beyond pre-employment checkups. We maintain a comprehensive health system that includes periodic medical examinations, health monitoring for employees requiring special policies (such as those with chronic conditions, pregnant employees, or persons with disabilities), preventive vaccinations, and minor medical interventions in the infirmaries located at workplaces with more than 50 employees. We also monitor all related processes with utmost diligence. In addition, we provide guidance to employers on workplace hygiene standards, as well as on ensuring and analyzing the quality of food and drinking water to safeguard employee health.



We maintain a comprehensive health system that includes minor medical interventions in the infirmaries located at workplaces with more than 50 employees.



Our digital infrastructure enables a fast, transparent, and systematic approach to occupational accident management. Through the EBA digital platform, which we have been using since 2021, we record workplace incidents and contribute to building a corporate memory of such events. This system allows for root-cause analysis, corrective-preventive action tracking, and the archiving of relevant documentation (such as photos, videos, statements, and lost-day records). After each incident, investigation teams guided by OHS professionals conduct detailed analyses, identify required preventive measures, and ensure their implementation in collaboration with relevant departments.

Throughout this process, a wide range of units—including Human Resources, Construction, Sales & Retail, Administrative Affairs, Customer Services, Finance, Logistics, Legal, Internal Audit, and Loss Prevention—actively participate in incident management. This cross-departmental collaboration ensures that all stakeholders recover from incidents with minimal impact and that every process fully complies with Koton's safety standards. Our Customer Services team also plays a vital role, not only in cases involving employees but also in incidents concerning customers in our stores, maintaining communication, and supporting follow-up procedures. To raise awareness, we regularly organize communication and information activities through various channels.

In line with legal requirements, we have established OHS Committees at the corporate level to strengthen our occupational health and safety culture. These committees operate at Head Office, logistics warehouses, and stores employing more than 50 staff members.

Members include OHS professionals, representatives from Legal, Human Resources, Administrative Affairs, Internal Audit, Sales, Finance, and Management, as well as employee representatives. While the composition of committees at logistics warehouses and stores may vary, representatives from Administrative Affairs, Human Resources, and employees remain constant.

Where necessary, we also invite other relevant personnel from various departments to attend meetings. We value the regular meetings of our employee representatives, ensuring that our employees' voices are heard by the management. Having our leadership teams actively involved in developing our health and safety culture reflects our core principle “**RESPECT PEOPLE**”.



Professionally Trained Volunteer Search and Rescue Team

The devastating earthquakes that struck Türkiye in 2023 left a lasting impact on Koton's Occupational Health and Safety approach. Since then, we have adopted a holistic perspective that goes beyond risk management, encompassing corporate resilience, individual preparedness, and social responsibility. In this context, we launched the retail sector's first professionally trained volunteer Search and Rescue Team.

Around 50 volunteers from our Head Office and logistics warehouses received theoretical and practical training through a program organized in collaboration with AKUT and Istanbul Technical University. The training covered key areas such as debris search and rescue, first aid, and crisis management.

In November 2024, our volunteers participated in a comprehensive three-day field drill at the Yuvacık Dam area in İzmit, where they gained hands-on experience through realistic scenarios. Koton fully covered the training, equipment, and logistics costs of all volunteers, enabling them to participate effectively. In the last quarter of 2024, additional academic modules were introduced to the program through cooperation with the Istanbul Technical University Search and Rescue Club, with plans to further strengthen this partnership in 2025.

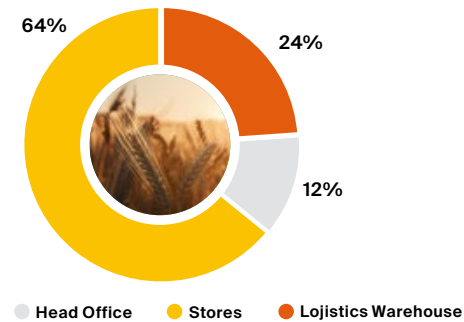
The active participation and leadership of our women employees made this project a strong example of gender equality in practice. Having women take leading roles in a field traditionally dominated by men stands as a clear testament to Koton's commitment to empowering women and integrating their strength into safety and emergency management. The physical endurance, technical skills, and teamwork displayed during the drills clearly demonstrated how effective women's contributions are in this area. The orange uniforms of our teams symbolize both women's strength and Koton's brand identity. With this professional, volunteer, and gender-balanced team, Koton continues to safeguard the safety of both its employees and society at large.

At Koton, through our pioneering, professional, and gender-balanced volunteer search and rescue team established within the retail sector, we remain firmly committed not only to ensuring the safety of our employees but also to fulfilling our responsibility toward society. In this regard, we view training as a fundamental driver of behavioral change in the field of occupational health and safety and continue to place it at the core of our efforts. Accordingly, we offer an extensive range of programs, from on-the-job training and central orientation to root-cause analysis and working-at-height training. As of 2024, our accident frequency rates were recorded as 7.50 in stores, 152.64 in logistics warehouses, and 13.18 at the Head Office. To further improve these figures and strengthen workplace safety, we continue to provide practical programs such as professional search and rescue, field exercises, and first aid training.

We also plan to introduce new initiatives aimed at strengthening awareness and restructuring our training processes. In total, we delivered **22,004** hours of OHS training across our Head Office, logistics warehouses, and stores in 2024.



2024 OHS Training Overview



In addition to our regular OHS training programs, we provided first aid training to 26 employees and AKUT Search and Rescue Camp training to 12 employees at our Head Office. At our Logistics Warehouses, 26 employees received Accident Root Cause Analysis training, 33 participated in Working at Heights training, 14 completed First Aid training, and 29 attended the AKUT Search and Rescue Camp program. Furthermore, 16 store employees received First Aid training, strengthening their safety and health knowledge through supplementary programs alongside our standard OHS trainings.

2024 OHS Training (Hours)

Koton- Head Office	2,664
Koton- Stores	14,072
Koton- Logistics Warehouses	5,268

Beyond training, we also carry out our inspection activities in a systematic and scheduled manner. Rather than conducting daily checks, we perform field inspections at defined intervals to identify potential deficiencies and investigate incidents in depth through dedicated investigation teams. Looking ahead, we plan to implement role-based training programs, ensuring full compliance with national and international regulations while pursuing our zero-accident goal.

The digitalization of our OHS processes, combined with our strong sense of corporate responsibility, enables us to create a safer workplace environment. We manage our OHS performance through a continuously evolving and learning system, remain committed to fostering an internalized safety culture across all teams, and prioritize the health and safety of every stakeholder—including employees, customers, and visitors—under our guiding principle **“Respect People.”**



Equality, Diversity, and Inclusion

At Koton, we foster diversity and equality in our workplace, making gender equality an integral part of our corporate culture. Guided by our approach to gender equality, we strive to build an inclusive, fair, and balanced work environment where everyone feels valued. Through our commitment to diversity and gender equality, we actively support lasting change in society and the business world, taking steps toward building a more equitable future together. We attach great importance to embracing diversity and ensuring the active participation of all employees at every level of our organization.

With our “Respect People” approach, we place inclusion and equality at the heart of our business culture—from recruitment and onboarding to talent management and performance evaluation.

The demographic, cultural, educational, and experiential diversity of our team strengthens us as an organization, while the unique experiences each of our employees brings enrich and empower our business processes day by day.

In line with our belief in the value of diversity across age, gender, ethnicity, religion, language, educational background, mindset, sexual orientation, and other individual characteristics, we create an environment that offers equal opportunities for all and broadens our perspective through our differences.



**We consider
gender equality a
fundamental principle that
opposes discrimination and
embraces inclusion
at its core.**



As one of the first signatories of the **United Nations Women’s Empowerment Principles (WEPs)** in Türkiye, we place gender equality at the center of our corporate culture, reinforcing our commitment to creating a more inclusive workplace. We apply these principles throughout our operations and advance steadily toward making them a defining element of our values and organizational culture.



Further information about our **Code of Business Ethics** can be found in the [Business Ethics and Compliance](#) section of this report.



Our **Code of Business Ethics** provides a guiding framework for all employees, ensuring the highest standards of conduct. It guarantees that every employee acts respectfully, honestly, transparently, and reliably in all internal and external stakeholder relations, and refrains from any form of discrimination based on ethnicity, gender, personal preferences, race, nationality, economic status, disability, age, religion, or belief. We view this as one of our core principles and an inseparable part of the way we do business.

We are committed to creating a work environment where all employees are treated equally and where diversity and inclusion are prioritized. Through our **Human Rights Policy**¹, we adopt a human rights-based approach in every stage of our operations. In line with our Code of Business Ethics, we ensure full compliance with national and international regulations concerning diversity, equality, inclusion, freedom of association, fair compensation, occupational health and safety, anti-bribery and anti-corruption, prevention of forced and child labor, and zero tolerance for violence and abuse.

¹ <https://kurumsal.koton.com.tr/wp-content/uploads/2025/02/insan-haklari-politikasi.pdf>



Koton will continue to take the lead in promoting respect for human rights, justice, and diversity.



Every step we take to advance gender equality helps shape the fairer, more equitable world we aim to leave for future generations. As a company that embraces equal opportunity throughout its entire value chain, we promote diversity and equality across all levels of our organization. We reject all forms of gender-based discrimination in our business processes and uphold fair and inclusive practices both in the workplace and across the society. We remain committed to fulfilling our responsibility to build a fairer and more equitable future and continue to move forward with determination in this regard.



To support gender balance in our workplace, we focus on increasing diversity and inclusion by offering equal opportunities to all.



We strengthen our inclusive culture through training programs that reinforce our understanding of diversity and equality and continue our efforts to raise awareness throughout our organization. In 2024, we delivered **3,818** hours of training to **3,771** employees, fostering a more conscious and supportive workplace. These training programs help our employees internalize our approach and engage more effectively in these processes.

We take concrete actions to promote women's education and development, ensuring equal opportunities and building a fairer work environment. By positioning women at the heart of innovation, production, and diversity, we regard supporting their creativity and innovative mindset as a core mission.

We focus on creating equal opportunities in the workplace and increasing women's representation in leadership positions, contributing to positive social change. With **8,169** employees, we are among the leading organizations in our sector, prioritizing gender balance in our workforce and continuously strengthening our efforts to create an equitable workplace.



3,818 Hours of Training on Diversity, Equality, and Inclusion.





We extend our commitment to diversity, equality, and inclusion to our board structure, emphasizing women's representation in leadership roles and the creation of fairer and more inclusive systems. **At Koton, with 72% women employees, 54% women in managerial positions, and 66.6% women representation on our board of directors, we are firmly committed to strengthening women's presence in business life.**

Our dedication to equal opportunity and diversity enables us to remove barriers in the workplace and build a more inclusive and fair company culture. We recognize that inclusion also means integrating employees with disabilities into professional life. **Currently, we employ 125 individuals with disabilities—71 men and 54 women.**

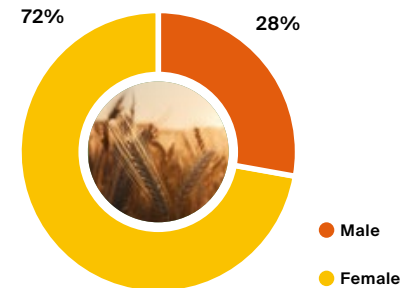
We place great importance on ensuring equality of opportunity during recruitment. To encourage women's participation in the workforce, we prioritize female candidates during hiring and maintain gender balance across our workplaces. Furthermore, by implementing the “**equal pay for equal work**” principle, we reaffirm our commitment to a fair wage policy.

In 2024, a total of **231** employees in Türkiye—**197** women and **34** men—took maternity or parental leave. During the reporting period, the return-to-work rate for the 197 women employees who took maternity leave was approximately **19%**. We will continue our efforts to increase this rate and support more women in continuing their careers.

Our **Gender Equality Committee** meets regularly each month to monitor the impact of our actions through a key performance indicator (KPI)–based system.

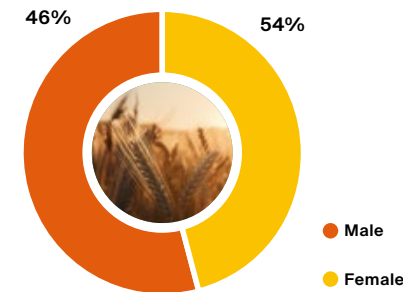
We also work diligently on the formulation and implementation of related policies, while actively supporting both internal and external gender equality projects and playing an active role in developing new initiatives.

Gender Distribution of Employees*



*Consolidated data from Logistics Warehouses + Head Office + Stores

Gender Distribution at Management Level – Türkiye + Abroad (%)



At Koton, we carry out all our operations in line with our “**Gender Equality**” principle and in accordance with our Gender Equality Policy. Through this policy, we support the training and development of our women employees and take various steps to create a more equitable work environment. In this context, we implement numerous projects that generate a positive impact on our stakeholders—particularly our women employees—and aim to raise awareness among our workforce through training programs. As a company that provides equal opportunities, we emphasize our commitment to maintaining a fair wage and career policy while prioritizing improvements for women in the workplace.

For further information about our **Gender Equality Committee**, please refer to the [Committees](#) section of this report.



Diversity in our workforce is not only about bringing together people from different groups but also about accepting and respecting these differences. The core values of our Gender Equality Policy are regularly discussed in our committee meetings and further advanced through new projects. We also prepare monthly gender reports and present them to senior management to ensure effective monitoring of the process.

Within the framework of our Gender Equality Policy, we work diligently to strengthen women's position in social and professional life and to make their roles more visible. We remain steadfast in our commitment to gender equality and continue to integrate this approach into every stage of our business processes.

Details of our Gender Equality Policy can be found [here](#).



At Koton, we focus on promoting gender equality through collaboration within our company and with our stakeholders, while implementing impactful projects that create meaningful change in this area. In this regard, we remain committed to our mission of leading gender equality within our corporate culture through the projects we carry out to foster gender equality.

Under the leadership of our Gender Equality Committee, we continued to implement our **“Koton Moms & Dads”** project, a pioneering initiative in the industry that supports new parents in maintaining a healthy balance between their work and family lives. In 2024, this project reached **75** employees.

In line with our vision of gender equality, we have also continued our efforts to empower women through our **“Handicraft Project”**, which has been supporting women’s integration into professional life since 2016.

To date, more than 6,000 women have joined the workforce and gained income opportunities through this project.

Furthermore, our “Koton Handicraft Project” received first place in the “Women’s Empowerment” category of the Sustainable Business Awards, reaffirming our belief in our mission to empower women and highlighting once again the value of this initiative.

Further information about our Koton Moms & Dads project can be found in the [Employee Development and Employee Satisfaction](#) section of this report.

Further details about our Handicraft Project can be found in the [Contribution to Society](#) section.





Purple Room Talks

Through our “Purple Room Talks,” we bring Koton women together with inspiring speakers. Within this framework, we aim to raise awareness and inspire our employees under the theme of “women,” providing Koton employees with opportunities to learn from inspirational guests. This event creates an engaging platform where our employees meet accomplished figures from various fields. During the week of International Women’s Day, we host a series of talks featuring valuable speakers every day. The Purple Room Talks are designed not only for our women employees but also to provide meaningful content for our male colleagues. We organize diverse sessions featuring thought-provoking guests who share their experiences and perspectives with Koton employees across a wide range of topics including law, art, entrepreneurship, business, environment, and technology.

To date, we have hosted more than 100 distinguished speakers, making the Purple Room Talks one of the key initiatives in our approach to gender equality.

In 2024, the Purple Room Talks were held under the slogan “#WomenoftheRepublicSpirit,” featuring 11 expert speakers. A total of **3,671** employees participated in these events, which covered a variety of topics such as “From Stage to Field: Art,” “Nutrition in the Female Life Cycle,” “A Contemporary Perspective on Women’s Rights in Türkiye,” “Inclusive Societies and Social Empathy,” “The Nobel-Nominated Teacher on the Stage of Education,” “The Climate Crisis: Yesterday, Today, and Tomorrow,” “High Heels in Basketball,” “The Art of Positive Thinking and Mindfulness Practices,” “End-to-End: How a Woman Can Change the World,” and “The Psychology of Leadership and Success.” Through these sessions, we contributed to the knowledge and awareness of participants.

You can find our Women’s Day Week Purple Room Talks messages from guest speakers [here](#).

Housewives Project

As part of our “Housewives Project,” developed to support women who manage their households, we encourage women over the age of 30 to work part-time in our stores. Through this initiative, we offer women a flexible working arrangement, allowing them to design a schedule that fits their personal lives.

In this framework, women can determine their own weekly working days and hours, choosing either 3 days of 5 hours each or 5 days of 3 hours each. In addition, the project enables women who prioritize household responsibilities to enter the workforce in a balanced way by offering the flexibility to work on days and hours that best suit them. With the HousewivesProject, we aim to create employment opportunities for women and support their active and influential participation in professional life.

So far, our Housewives Project has helped 606 women rejoin active life, offering them new career opportunities. Today, we provide employment for a total of 159 women across 89 Koton stores in 35 provinces.



At the same time, through our women’s empowerment initiatives, we have achieved a significant social impact and contributed to generating broader social benefit. **In 2024, Koton was awarded first place in the “Empowerment of Women in Sales” category at the “BOSA / Best of Sales Awards” for our Housewives Project.**



WE RESPECT OUR SOCIETY

84 Creating Value for Society





We Respect Our Society

Through our projects designed to benefit all segments of society, we embrace creating value for society as a fundamental perspective. With our focus on generating social value and the various social programs we carry out, we deliver tangible benefits to a large number of people. We continue to participate in projects that contribute to social development and consider strengthening communities one of our key responsibilities.

Within the scope of our corporate social responsibility efforts, we focus on producing solutions that address different social needs. Throughout this process, we establish strong collaborations with our stakeholders and ensure greater impact through the active involvement of our employees.


**Acting with Social
Responsibility, We Create
Value for Society**


Acting with Corporate Social Responsibility Awareness



We focus on touching social problems.

With stakeholders Ensuring Interaction



We believe that we will create great changes together with our stakeholders.

Target 	Target Year
To increase the number of products in the Koton Handicraft Project Collection by 10% each year until 2027	2027
To increase the number of TEV (Turkish Education Foundation) female scholarship recipients by 10% each year	2027



Creating Value for Society

At Koton, while creating value for society and our stakeholders, we consider strengthening communities a primary responsibility. In our business processes, we focus on the well-being of the communities around us and strive to make a concrete contribution to their prosperity. Through various social projects and collaborations, we support local economies and promote access to education. We work with determination to use our influence to contribute positively and sustainably to social development. Guided by our “**Contributing to Society**” approach, we aim to leave a lasting and meaningful impact on society.

We build our corporate social responsibility strategy on key principles that include **Sustainable Fashion and Environmental Awareness, Women’s Empowerment and Gender Equality, Education and Youth Support, and an Ethical and Responsible Supply Chain**. This strategic framework contributes to our goals of ensuring sustainable growth, strengthening brand reputation, and fostering consumer loyalty.

Our Gender Equality and Sustainability Committees actively manage the activities carried out as part of our corporate social responsibility initiatives, contributing to our approach to creation of value for society. In addition, various departments—including Corporate Communications, Human Resources, Marketing, Brand, Sustainability, Procurement, Sales, Logistics, Operational Excellence, Internal Audit, and Quality—play an active role in supporting these committees throughout the process.

Through our Corporate Social Responsibility (CSR) projects, we focus on sustainability, gender equality, education, and animal welfare. In this context, our work is shaped around our stakeholders—consumers, employees, suppliers, women, young people, and environmentally conscious members of society, including associations and sustainability-minded customers.





At Koton, through the projects we implement, we encourage our employees to act with social responsibility awareness and foster a brand culture that is sensitive to both society and the environment.



When determining our projects, we ensure alignment with our brand values and business strategy, paying particular attention to their compatibility with our goals of sustainable fashion, women's empowerment, and ethical business practices. We also assess whether each project aligns with our operational structure and resources, ensuring that they are scalable and effective in the long run.



In 2024, through the Handicraft Project, we reached more than 6,000 women.



Moreover, we conduct social research and analyses to identify the most pressing issues within the communities and ecosystems we are part of, thereby determining the areas that require support. To ensure the sustainability of our projects, we establish strong collaborations with civil society and academic institutions, creating long-term impact. At the same time, through our partnerships with governmental organizations and the private sector, we expand the reach of our efforts to broader audiences. By encouraging the active participation of our employees, consumers, and business partners in our projects, we amplify and strengthen our social impact.

Through our ongoing projects, we continue to create value for society. In this framework, with our **Handicraft Collection, Housewives Project, Respect Water Collection, and Koton Friends Collection**—established to meet the shelter, care, and feeding needs of stray animals—we reinforce our social responsibility awareness on solid foundations.



Moreover, through our collaboration with the Turkish Education Foundation (TEV) in the **“A Woman Can Change the World” Impact and Solidarity Scholarship Program**, and through our annual Purple Room Talks held during the week of March 8, we continue to carry out long-term initiatives designed to create social benefit and support diverse communities.





As part of the volunteering initiatives that form an integral component of our Corporate Social Responsibility (CSR) strategy, we encourage our employees to take an active role in social responsibility projects. Our Volunteer Koton Republic Choir contributes to spreading the Republic's enthusiasm to all segments of society through its concerts. At the same time, our employees actively participate as volunteers in events such as the Istanbul Marathon, the Dragon Festival, and various sports activities, and we, as Koton, fully support these voluntary initiatives at the highest level.

Moreover, the street animal feeding activities we organize strengthen our employees' awareness of animal rights and represent a meaningful step toward building a more conscious and compassionate society.



**TRY 6,333,037 in Donations
and Aid for Community
Well-being**





At Koton, we care deeply about the priorities and challenges of the society we live in and direct our donations and support in line with these needs. We continue our contributions from a strategic perspective, aiming to create social benefit and build a sustainable future. Within this framework, we provide social assistance in key areas such as women's empowerment, education, street animals, the environment, and clothing.

Since 2023, we have also been supporting 200 female students through scholarships granted via the Turkish Education Foundation (TEV), while providing both in-kind and monetary aid to those affected by natural disasters such as earthquakes, fires, and floods. Furthermore, we make in-kind donations through schools, associations, and municipalities, and support the feeding of stray animals through pet food donations. We also contribute to various projects run by environmental organizations such as TURMEPA, Global Compact, and SKD Türkiye, of which we are a member.





Social Responsibility Projects

At Koton, we act with a strong sense of corporate social responsibility, focusing on creating a meaningful impact across all segments of society. With our unwavering commitment, we strive to contribute to the development of our communities. Guided by an approach that addresses social needs and seeks to respond to societal challenges, we aim to move society toward a better future with every step we take.

Handicraft Project

Through our Handicraft Project, we support women's inclusion in the economic system, their active participation in social life, and their ability to generate household income through hand-embroidered crafts. Within this framework, we include products created by women through handicraft techniques such as beadwork and various knitting styles—into Koton collections and offer them for sale in our stores. This project not only supports local communities economically but also helps increase female employment and sustain traditional production methods. By doing so, we enable women to take part in economic production processes, helping them improve their skills and receive vocational training.

In addition, through collaborations with women's cooperatives and civil society organizations, we aim to foster local development. This project, which promotes women's participation in the economic system and their active role in social life, has been a remarkable success. In 2024, Koton was awarded third place in the **“For a Better World”** category at the **BOSA / Best of Sales Awards** for our Handicraft Project. Moreover, the project won **first place** in the **“Women's Empowerment”** category at the **Sustainable Business Awards** and received an award in the **“Local Initiatives Creating Social Benefit”** category at the **Dünya Newspaper Social Benefit Awards**.

TEV “A Woman Can Change the World” Impact and Solidarity Scholarship Program

Following the February 6 earthquakes, we established the “A Woman Can Change the World Impact and Solidarity Scholarship Fund” in collaboration with the Turkish Education Foundation (TEV). Through this fund, launched to support 200 disadvantaged female students affected by the earthquake, we provide scholarships throughout their education, helping secure their educational future.



In the 2024 academic year, we contributed over TRY 6 million to the TEV “A Woman Can Change the World” Scholarship Fund, reaffirming our dedication to supporting young women's education and standing by them throughout their learning journey.



Through the Koton Handicraft Project, we have so far enabled more than 6,000 women to generate over TRY 11 million in income.





Koton Share Up Mentorship Program

Within the framework of the Koton Share Up Mentorship Program, our first initiative was carried out in collaboration with the Turkish Education Foundation (TEV), bringing together Koton employees as volunteer mentors to support the education and career development of young people.

Through this program, we aim to inspire TEV scholarship recipients who are university students, contribute to their career growth, and provide them with guidance as they step into the professional world.

The program also allows our employees to share their knowledge and experience with young people, helping TEV scholars make informed decisions in their career journeys.

Thanks to this initiative, students gain a close understanding of business dynamics and different sectors, develop self-confidence, and receive the support they need to achieve their future goals.

In this context, we completed the first stage of the program with TEV scholarship recipients, expanding our support to assist 200 female students affected by the earthquake in building a strong future. The Koton Share Up Mentorship Program was also implemented for 44 students who applied.

Going forward, Koton aims to broaden the scope of the program and include more of its employees in the process.

Koton Love Project

In partnership with the Bana Göz Kulak OI Association, we launched the Koton Love Collection to support our furry friends living on the streets and to improve the living conditions of stray animals.

**In the second half of 2024, following the conclusion of this partnership, the project name was updated to "Koton Friends."*



In the first half of 2024, we contributed approximately TRY 314,669 to the Bana Göz Kulak OI Association, continuing to create value for the lives of stray animals.





WE RESPECT OUR BUSINESS

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We Respect Our Business

We strengthen our approach to respect for our business through our unwavering commitment to ethical principles.

As a global fashion brand, we not only focus on creating economic value but also place sustainability at the very core of our business model. Accordingly, we shape every action with an awareness of not only today's needs but also the values of tomorrow.

At the heart of our sustainability vision lies our pursuit of continuous improvement and innovation. Every step we take toward advancing our way of doing business serves as a cornerstone of this vision. In this direction, we uphold our **Business Ethics and Compliance** principles across all operations, maintaining fair and transparent relationships with our employees and stakeholders. In terms of Information **Security and Data Privacy**, we fulfill our responsibilities diligently to protect the personal data of all stakeholders, particularly our customers. At the same time, by leveraging Digitalization and Innovation, we combine technology and creativity to make our business processes more sustainable, agile, and user-friendly. Moreover, through an inclusive and transparent **Supply Chain Management** approach, we maintain a responsible stance at every stage from production to retail operations.

Designing Quality and Sustainable Products

Quality, health, and sustainability are our main priorities in our products. By embracing these principles, we aim to expand the share of sustainable products in our portfolio while safeguarding customer health.

Ensuring Sustainable Economic Growth

To ensure the sustainability of economic value, we contribute to the development of our communities by prioritizing local employment.

Promoting Responsible Supply Chain Management

Increasing traceability in the supply chain is critical both to guarantee transparency and to adhere to sustainability principles. Therefore, in close cooperation with our suppliers, we strive to make our procurement processes more transparent and traceable.

Advancing in Digitalization and Innovation

By adopting sustainability in our business processes, we are taking steps towards digitalization to be more responsible for our planet and increase efficiency. Our digitalized business processes ensure less resource consumption and higher efficiency. At the same time, we follow the innovations in the sector through our initiatives in R&D and innovation and integrate these innovations into our business model to increase our competitiveness and achieve our goal of conducting our operations more sustainably.

Target 	Target Year
To source 50% of viscose and lyocell materials from responsible sources	2030
To ensure 100% traceability across the entire supply chain	2030
To be included in ESG Indexes	2026



Business Ethics and Compliance

We conduct all our operations in line with our corporate values, guided by the principles of transparency, integrity, and fairness. At Koton, we regard Business Ethics and Compliance as one of our material sustainability topics. From our employees and suppliers to our business partners and customers, we base all our relationships on ethical conduct, building trust-based connections with every stakeholder. Alongside our ethical principles, we closely follow all national and international legal regulations and fully embrace the principle of compliance. Under the coordination of our Legal Department, we continuously monitor legal developments in all regions where we operate and carry out the necessary adjustments with great diligence.

Since the introduction of the **Koton Code of Business Ethics** in 2018, we have maintained ethical principles and work practices in our operations covering honesty, integrity, transparency, compliance with the law, confidentiality of company information, use of company assets, conflict of interest, human rights, anti-bribery and anti-corruption, competition, gifts and hospitality, as well as environment, health, and safety.

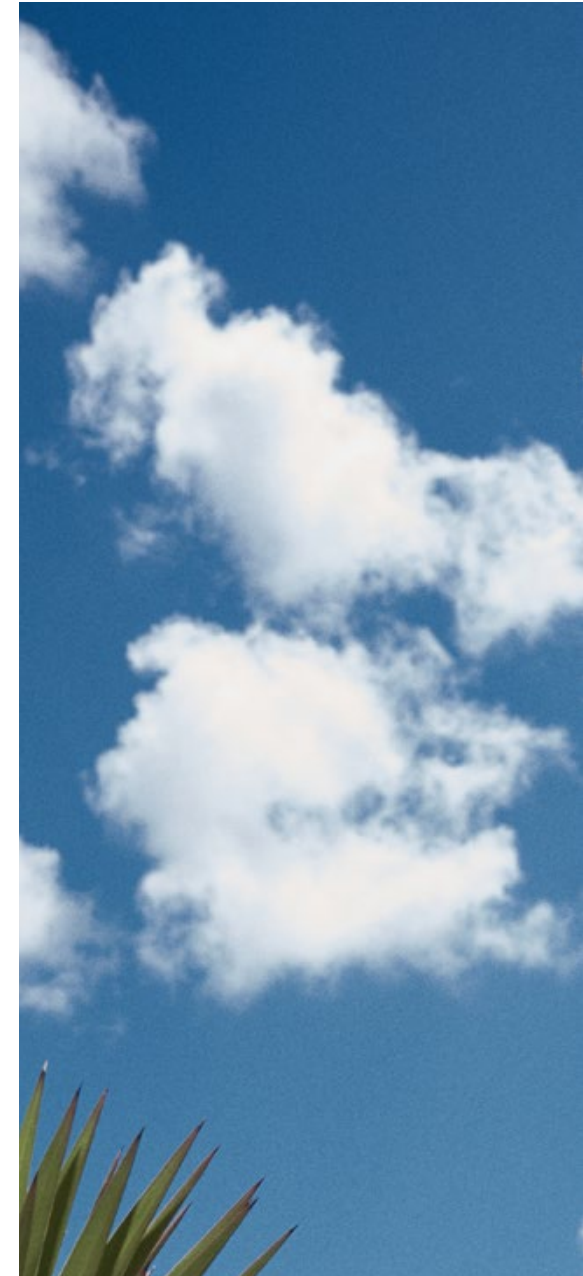
To ensure that all employees act in accordance with the principles set out in the Koton Code of Business Ethics, we regularly communicate reminders and updates through various internal channels. Through our Koton Academy Online platform, we offer mandatory online training programs for all employees.

In 2024, we provided a total of 831 hours of training on Business Ethics and Compliance.

Employees who become aware of or suspect any violations of the Koton Code of Business Ethics or applicable laws can report their concerns directly to their immediate supervisors, or when necessary, to managers in relevant functions, the Legal Department, the Human Resources Directorate, or the Internal Audit Directorate. They can also submit reports anonymously through the **Ethics Hotline**, operated independently by a third-party provider, without the obligation to reveal their identity.

327 notifications were submitted to our Ethics Hotline, all of which were thoroughly examined and resolved.

Employees can report potential violations to the Ethics Hotline 24/7 via the hotline number, the [koton@speak-hub.com](mailto:koton@ speak-hub.com) e-mail address, the www.speak-hub.com website, or the etik@koton.com e-mail address. All reports submitted through these channels are investigated under strict confidentiality by the Ethics Committee, which consists of the Directors of Internal Audit, Human Resources, and Legal Affairs. In total, 327 notifications were submitted to our Ethics Hotline from our stores, logistics warehouses, and head office, all of which were thoroughly examined and resolved. We work diligently to ensure that our commitment to ethical principles is embraced by all stakeholders with the same care and responsibility. Accordingly, all our suppliers are required to sign a declaration confirming that they have read and agreed to comply with the “Internal Operating Rules for Manufacturers and Suppliers,” and we oversee this process through social compliance inspections.





Information Security and Data Privacy

In today's world, information security and data privacy are among the cornerstones of protecting our brand reputation. As a company that serves customers directly and operates a membership-based sales system, Koton places critical importance on the confidentiality of customer data. Guided by this awareness, we consider information security and data privacy top priorities in our ongoing digital transformation processes. We aim to provide our customers with a safe and user-friendly online shopping experience by implementing measures that comply with international standards and by actively employing the latest security technologies. We also follow the best practices in the industry to ensure the highest level of data protection.

Koton holds the ISO 27001 Information Security Management System certification and conducts all operations in compliance with ISO 27001 standards. We take effective precautions against risks that may threaten our information assets and digital infrastructure, while also implementing the most appropriate solutions to eliminate emerging risks.

We attach great importance to protecting the data we collect and process with utmost care, adopting the principle of data minimization throughout our data collection and processing activities. In this regard, we make our privacy notice, prepared under the Personal Data Protection Law (KVKK), publicly available on our corporate website.

To strengthen employee awareness, we organize regular information security training sessions every year. In 2024, we provided **127** hours of online training on information and cybersecurity to our employees.

We are proud to report that during the reporting period, no breaches occurred in relation to information security or data privacy at Koton.



**In 2024, we provided
127 hours of online training on
information and cybersecurity
to our employees.**





Digitalization and Innovation

According to PwC's 28th CEO Survey, more than half of senior executives (56%) indicated that generative artificial intelligence helps their employees use time more efficiently, while nearly one-third reported that it has increased their revenues by 32% and profitability by 34%. As generative AI, one of the key drivers of digitalization, gains importance across the business world, we position it as a strategic tool in our digital transformation efforts. In this context, we aim to enhance efficiency and reduce costs by integrating AI applications into our operations. Working closely with our business units, we systematically identify potential opportunities in AI and digitalization, evaluating them on a project basis according to their feasibility, expected contributions, and scalability across the company. Through this approach, we strive to achieve measurable and long-term improvements not only in operational processes but also in our overall sustainability performance.

At Koton, we have adopted big data technologies, consolidating our retail, stock, order, and e-commerce data on the Big Query platform, which we actively use for in-house reporting.

In our business planning processes, we continue to strengthen our digital infrastructure by leveraging our internally developed Item Plan system and our customized QuickApp application designed specifically for Koton. Our Information Technologies team builds AI- and machine learning-supported analytics environments while encouraging employees to enhance their competencies in these fields through training and consultancy support.

We develop digital solutions across a wide range of areas—from improving customer experience to supply chain management, from product design to after-sales services—constantly optimizing our operations. As our business processes become increasingly digitalized, we minimize waste, use resources more efficiently, and achieve higher productivity. At the same time, we continuously improve all digital platforms through which we interact with our customers, ensuring that our mobile app, e-commerce website, and digital customer service channels are user-friendly, accessible, and secure.



Supply Chain Management

Expanding International E-Commerce Sales

To boost our international e-commerce sales, we have launched new online sales channels operating both through our warehouses in Türkiye and those abroad. Within this scope, we implemented a new e-commerce micro-export operation that enables direct sales from our Turkish warehouses to international customers for the first time. This initiative has helped us expand our global market reach and increase our sales volume.

🌱
**In 2023, we invest
TRY 120 million in our
digitalization initiatives.
In 2024, we increased this
amount by 58%, reaching
TRY 190 million.**
🌱

Our commitment to responsible management principles at every stage of our supply chain forms one of the cornerstones of our operations. At Koton, we adopt a responsible management approach in every step of our supply chain—from raw material sourcing to the moment the final product reaches the consumer—and integrate this approach into our way of doing business to further advance our processes.

🌱
**Through our sustainable
supply chain approach,
we aim to foster social
development by supporting
local employment and
sourcing capacity.**
🌱

We build partnerships with suppliers who share our corporate values and mission, maintaining strong, long-term collaborations that create mutual value. While adopting an approach that takes environmental and social performance into account in all supplier relationships, we also meticulously monitor compliance with legal regulations in every partnership we engage in.

Moreover, as part of our efforts to minimize potential disruptions and ensure uninterrupted service, we successfully completed the **ISO 22301 Business Continuity Management System** certification process in 2024, covering our central administrative offices in Türkiye and three logistics warehouses where operations are carried out. With a strong sense of respect for our work, we continue to strengthen our capacity to maintain business continuity and operate in full alignment with management system standards.

We are fully aware that our suppliers play a crucial role in the products we offer to our customers. Accordingly, we take into consideration the critical role that developments within our supply chain play in shaping our operational outcomes, and we make a concerted effort to implement responsible supply chain management practices across our business processes.

Imported Product Traceability Project

Within this project, we ensured end-to-end tracking of product movements in import processes, enabling precise location and time estimates based on product quantities and route durations. This advancement has strengthened transparency and efficiency in our supply chain management.



Within the framework of our commitment to sustainable growth and ethical standards, we require all new suppliers joining our supply chain to read and sign a declaration confirming their acceptance of and compliance with the Internal **Operating Rules for Manufacturers and Suppliers**. By partnering with suppliers who meet the standards defined in the **Internal Operating Rules for Manufacturers and Suppliers**, we build relationships grounded in ethical values and focused on mutual long-term benefit. In this context, we contribute to our company's sustainable growth while working resolutely to improve the traceability of our supply chain through social and environmental assessments.

In 2024, we conducted comprehensive technical and social inspections of **144** suppliers and closely monitored the process based on these results. In cases where any non-compliance is identified, we implement a supplier warning process and take an active role in corrective action.

To better monitor our suppliers' social compliance performance, we review our Supplier Social Compliance Inspection process and take steps to make our inspection system more effective. Accordingly, we revised our Social Compliance Procedure, updated our checklists, and began conducting inspections based on these updated criteria. We also revised subcategory scoring weights to evaluate our suppliers under Occupational Health and Safety, Social, and Environmental headings. Furthermore, we organize meetings to communicate the requirements of operating in accordance with the Koton Internal Operating Rules for Manufacturers and Suppliers and to raise awareness among our suppliers.

To prevent discrimination, child labor, and forced labor, we assess our suppliers' operations through on-site evaluations and maintain ongoing communication through informative meetings. We also ensure compliance with these standards through regular reviews designed to secure proper implementation.

We maintain close relations with local producers throughout our procurement processes, supporting their growth and contributing to local economies through our collaborations. In 2024, we expanded our supplier network by adding **554 new suppliers** to our business family.

We continue our efforts in line with our goal of "achieving full traceability across our supply chain by 2030." As part of our 2024 supplier evaluation process, we held meetings with suppliers assessed in categories A, B, C, and D, shared their detailed scores, communicated that monitoring and evaluation would continue, and requested action plans. Within the scope of supplier development, we also set our 2025 goals for the initiatives Koton will implement to help achieve better performance.

We revised our current supplier evaluation system for implementation in 2025. Based on the evaluation results, we expanded the number of categories and established a five-tier scoring scale.

Under this framework, we will monitor supplier performance based on quality, price, on-time delivery, and GMROI, and manage supply chain operations in line with these scores. Our 2025 report will share updated ratios and actions taken based on the new evaluation system.

Skor Kategorisi	2023	2024
A	43%	56%
B	51%	35%
C	5%	7%
D	1%	2%

By prioritizing local suppliers in our procurement processes, we support the development of local economies while managing our business processes more efficiently and building a more flexible and resilient structure against unexpected disruptions. This approach enhances the speed of product and service flow and strengthens our resilience against potential supply chain interruptions.



With more than 400 stores in 32 countries and a sales network spanning over 70 countries, we invest in the continuous development of our employees and give priority to local workforces. In doing so, we carry our vision of regional development to a global level, contributing to economic and social transformation in every region where we operate.

At Koton, we place environmental responsibility at the heart of our business operations and focus on integrating it into the way we work. In this regard, we provide necessary guidance to employees in our purchasing department on integrating environmental factors into procurement processes and ensure continuous interdepartmental communication. Furthermore, in line with our sustainability vision, we plan to launch sustainability-focused training programs for our suppliers in 2025 to include them in this transformation journey.



In 2024, 81% of our ready-to-wear and accessory products (by quantity) were sourced from supplier in Türkiye.



We will continue our efforts to carry forward our principle of “We Respect Our Business,” which forms the foundation of our corporate culture, by integrating it into supply chain management and striving for sustainable and efficient operations. Through strong partnerships with our suppliers, we remain committed to enhancing consumer safety and strengthening brand reputation.



ANNEXES

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Corporate Memberships and Partnerships



 Better Cotton Initiative (BCI)	 United Brands Association (BMD)	 Deniz Temiz Association (TURMEPA)	 Education and Development Association Platform (TEGE)	 Global Compact Türkiye	 Istanbul Textile and Apparel Exporters' Association (ITKIB)	 Istanbul Clothing and Apparel Exporters' Association (ihKiB)	 Impact Investment Association (ETKIYAP)	 Yuvam Dünya
 Istanbul Chamber of Commerce (ITO)	 Women's Empowerment Principles (WEPs)	 Lead Network	 Advertisers' Association	 Sales Network	 BCSD Türkiye (SKD)	 Technology Women Association (wtech)	 Istanbul Chamber of Industry (ISO)	 Integrated Reporting Association (ERTA)
 Turkish Industry and Business Association (TUSIAD)	 Turkey Clothing Manufacturers Association (TGSD)	 Turkey Human Management Association (PERYON)	 Turkey Women Association (TIKAD)	 We are Together Association	 Start Over Association (Yeniden BİZ)	 Do Your Ear Cuff Association (Bana Göz Kulak Ol)	 Marketing Communication Association	 Business World Against Domestic Violence and Violence Against Women (BADV)



Governance Performance Indicators

Key Financial Indicators	Unit	2022	2023	2024
Consolidated Sales	Billion TRY	23.1	24.8	25.1
Consolidated Gross Profit	Billion TRY	12.1	12.9	13.5

Investments & Budget	Unit	2022	2023	2024
Occupational Health and Safety	TRY	3,525,000	3,688,000	5,530,000
R&D Activities and Innovation	TRY	26,108,633.78	53,593,508	117,753,089

Board of Directors Structure	2024
Male	2
Female	4
Independent Members	2
Executive Board Members	2
Audit Committee Members	2

R&D Activities and innovation	Unit	2022	2023	2024
Total Budget Allocated to R&D and Innovation	TRY	26,108,634	53,593,508	117,753,089
Total Number of R&D Projects	#	12	10	19
Number of Employees Working on Environment-Focused R&D Projects	#	1	1	1



Digitalization	Unit	2022	2023	2024
Total Budget Amount of Investment in Digitalization Processes	Million TRY	70	120	190
Digital Platform Usage Rate	%	9	9.31	9.8
Registered Industrial Property Applications	#	67	100	37

Business Ethics and Compliance	Unit	2022	2023	2024
Number of Ethical Reports	#	352	285	327
Number of Reports Involving Corruption or Bribery	#	0	0	3
Number of Reports Involving Discrimination or Harassment	#	23	34	21
Number of Reports Involving Theft, Misuse of Assets, or Embezzlement	#	6	7	7
Number of Resolved Reports	#	352	285	327
Number of Recorded Discrimination and Harassment Cases	#	12	10	5
Number of Documented Discrimination and Harassment Cases	#	12	10	5
Number of Ethical Reviews Conducted During the Year	#	3	0	3
Number of Nonconformities Identified at the End of Reviews	#	3	0	3



Environmental Performance Indicators

Climate Change and Emissions* (ton CO ₂ e)	2022	2023*	2024
Scope 1 Emissions	2,079.48	2,113.89	3,060.72
Stationary Combustion – Natural Gas	891.04	559.43	1,505.44
Stationary Combustion – Diesel	25.87	16.68	16.76
Stationary Combustion – Gasoline	-	-	-
Mobile Combustion – Diesel	631.11	614.17	568.76
Mobile Combustion – Gasoline	470.82	508.23	607.12
Refrigerant Gas Leaks	17.7	369.21	312.56
Fire Extinguisher Leakage Emissions	42.95	46.17	50.08
Scope 2 Emissions	21,652.42	21,902.05	32,966.33
Purchased Electricity	21,652.42	21,902.05	32,966.33

*Data for 2022 and 2023 natural gas consumption do not include domestic and international stores.
As of 2024, data from international stores have been included in the calculations.

Climate Change and Emissions (ton CO ₂ e)	2022	2023	2024
Total CO₂ Emissions	23,731.90	24,015.94	36,027.44

*Scope 1 and Scope 2 are consolidated data.

Energy Consumption* (GJ)	2022	2023	2024
Total Energy Consumption	209,673.44	205,609.76	293,579.22
Electricity	177,188.02	179,230.82	248,326.64
Natural Gas	17,008.49	10,679.46	28,738.65
Diesel (Forklift + Tractor + Generator + Heating)	8,832.79	8,526.64	7,914.03
Gasoline	6,644.14	7,172.84	8,599.90

*Data for 2022 and 2023 natural gas consumption do not include domestic and international stores.
As of 2024, data from international stores have been included in the calculations.



Energy Consumption* (ton CO ₂ e)	2022	2023	2024
Procured Renewable Energy (I-REC, YEK-G, etc.)	9,037	10,820	10,830

*Scope 2 is consolidated data.

Energy Consumption* (GJ)	2022	2023	2024
Total Energy Consumption	209,673.44	205,609.76	293,579.22
Direct Energy Consumption	32,485.42	26,378.94	45,252.58
Indirect Energy Consumption	177,188.02	179,230.82	248,326.64

*Data for 2022 and 2023 natural gas consumption do not include domestic and international stores.
As of 2024, data from international stores have been included in the calculations.

Water Consumption* (m3)	2022	2023	2024
Total Water Consumption	24,260	29,451	27,593

*Consolidated data for the Head Office and Logistics Warehouses.

Waste Consumption* (tons)	2022	2023	2024
Total Waste Amount	-	833.93	810.21
Hazardous Waste Amount	-	5.03	1.95
Non-Hazardous Waste Amount	-	828.90	808.26

*Consolidated data for the Head Office and Logistics Warehouses.

Total Recycled Waste (tons)	2022	2023	2024
Total Recycled Waste	-	832.29	806.79

*Consolidated data for the Head Office and Logistics Warehouses.



Social Performance Indicators

	2022		2023		2024	
Employee Demographics*	Female	Male	Female	Male	Female	Male
Total Number of Employees by Area of Operation	8,497		7,933		8,169	
Number of Head Office Employees	1,186		1,275		1,298	
	635	551	693	582	709	589
Number of Logistics Employees	629		542		496	
	376	253	346	196	315	181
Number of Domestic Store Employees	4,586		4,221		4,521	
	3,148	1,438	3,013	1,208	3,341	1,180
Number of International Store Employees	2,096		1,895		1,854	
	1,751	345	1,599	296	1,549	305

*Consolidated data for the Head Office, Logistics Warehouses and Stores.

	2022		2023		2024	
Employee Demographics*	Female	Male	Female	Male	Female	Male
Total Number of Employees	8,497		7,933		8,169	
Number of White-Collar Employees	7,795		7,340		7,616	
	5,523	2,272	5,301	2,039	5,592	2,024
Number of Blue-Collar Employees	702		593		553	
	387	315	350	243	322	231

*Consolidated data for the Head Office, Logistics Warehouses and Stores.

	2022		2023		2024	
Employee Demographics*	Female	Male	Female	Male	Female	Male
Number of Employees by Type of Employment	8,497		7,933		8,169	
Number of Full-Time Employees	6,038		5,795		5,750	
	4,095	1,943	4,001	1,794	4,033	1,717
Number of Part-Time Employees	2,459		2,138		2,419	
	1,815	644	1,650	488	1,881	538

*Consolidated data for the Head Office, Logistics Warehouses and Stores.



	2022		2023		2024	
Employee Demographics*	Female	Male	Female	Male	Female	Male
Number of Employees with Disabilities	119		142		125	
	49	70	63	79	54	71
Ratio of Employees with Disabilities (%)	1.40		1.79		1.53	

*Consolidated data for the Head Office, Logistics Warehouses and Stores

	2022		2023		2024	
Employee Demographics*	Female	Male	Female	Male	Female	Male
Number of Intern Employees	1,180		645		459	
	442	738	375	270	268	191

*Consolidated data for the Head Office, Logistics Warehouses and Stores.

	2022		2023		2024	
Employee Demographics*	Female	Male	Female	Male	Female	Male
Number of Employees by Age	8,497		7,933		8,169	
Under 30	5,439		4,951		5,073	
	3,881	1,558	3,659	1,292	3,815	1,258
30-50 (inclusive)	2,854		2,744		2,816	
	1,924	930	1,864	880	1,930	886
Over 50	204		238		280	
	105	99	128	110	169	111

*Consolidated data for the Head Office, Logistics Warehouses and Stores.



	2022		2023		2024	
Managerial Positions	Female	Male	Female	Male	Female	Male
Number of Employees in Managerial Positions	949		887		948	
	525	424	461	426	509	439
Number of Employees in Non-Managerial Positions	7,548		7,046		7,221	
	5,385	2,163	5,190	1,856	5,405	1,816
Number of Board of Directors Members	-		4		6	
	-	-	1	3	4	2
Number of C-Level Management Team Members	-		3		3	
	-	-	1	2	1	2
Number of Directors	24		26		26	
	10	14	13	13	13	13
Ratio of Female Managers	%55		%52		%54	

	2022		2023		2024	
Parental Leave*	Female	Male	Female	Male	Female	Male
Number of Employees Taking Parental Leave	270		264		231	
	232	38	228	36	197	34
Number of Employees Returning to Work After Parental Leave	54		61		37	
	54	-	61	-	37	-

*Consolidated data for the Head Office, Logistics Warehouses and Domestic Stores.

	2022		2023		2024	
Promotions*	Female	Male	Female	Male	Female	Male
Number of Employees Subject to Performance Assessment	5,718		4,041		3,816	
	3,787	1,931	2,654	1,387	2,604	1,212

*Consolidated data for the Head Office, Logistics Warehouses and Stores.



	2022		2023		2024	
Total Number of Newly Hired Employees*	Female	Male	Female	Male	Female	Male
Total Number of New Hires	6,433		6,308		7,135	
	4,318	2,115	4,435	1,873	5,224	1,911
Under Age 30	5,748		5,667		6,553	
	3,830	1,918	3,994	1,673	4,819	1,734
Age 30-50 (inclusive)	650		606		542	
	468	182	424	182	376	166
Over 50	35		35		40	
	20	15	17	18	29	11
Number of Vacancies Filled by Internal Candidates	-		30		23	
			17	13	13	10

*Consolidated data for the Head Office, Logistics Warehouses and Domestic Stores.

	2022		2023		2024	
Employee Trainings (person*hours)	Female	Male	Female	Male	Female	Male
Total Orientation Training Hours	66,666		47,330		30,008	
Total Training Hours	106,240		148,828		82,089	
	70,663	35,577	104,429	44,399	61,324	20,765
Average Training Hours per Employee	19		27		14	
	19	18	28	26	15	12



	2022	2023	2024
Employee Trainings (person*hours)			
Total Training Hours on Ethics	1,262	924	831
Total Training Hours on ESG/Sustainability	1,131	743	1,871
Total Training Hours on Environmental Management	51	987	1,538
Total Training Hours on Data Security and Privacy	-	-	127
Total Training Hours on Digital Transformation	-	-	365
Total Training Hours on Equality, Diversity, and Inclusion	-	-	3,818

*Consolidated data for the Head Office, Logistics Warehouses and Stores.

	2022	2023	2024
OHS Training* (person*hours)			
Total OHS Training Hours Provided to Employees	23,229	28,460	22,004
Head Office	819	9,336	2,664
Logistics	6,036	4,260	5,268
Stores	16,374	14,864	14,072
Average OHS Training Hours per Employee	3	4	3

*Consolidated data for the Head Office, Logistics Warehouses and Stores.

OHS Metrics	2024
Accident Frequency Rate	30
Head Office	13.18
Logistics	152.64
Stores	7.50

*Consolidated data for the Head Office, Logistics Warehouses and Stores.



OHS Metrics*	2022	2023	2024
Number of Days Lost Due to Accidents	291	181	386
Head Office	27	0	48
Logistics	22	49	216
Stores	242	132	122
Number of Accidents	436	470	624
Head Office	23	28	34
Logistics	187	244	253
Stores	76	82	101
Contractors	150	116	236
Number of Fatalities	-	-	-
Head Office	0	0	0
Logistics	0	0	0
Stores	0	0	0
Contractors	0	0	0
Number of Occupational Diseases	-	-	-
Head Office	0	0	0
Logistics	0	0	0
Contractors	0	0	0

*Consolidated data for the Head Office, Logistics Warehouses and Domestic Stores.

	2023	2024
Customers		
Number of Koton Club Members	3,160,305	6,486,421



GRI Content Index

GRI Content Index	
Statement of use:	Koton has prepared its report covering the period of January 1, 2024 -December 31, 2024 in accordance with the Global Reporting Initiative (GRI) Standards.
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s):	-

GRI Standard	Disclosure	Location	Page	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	A Brief Overview of Koton, Our Product Groups	12, 16	
	2-2 Entities included in the organization's sustainability reporting	About the Report	5	
	2-3 Reporting period, frequency and contact point	About the Report	5	
	2-4 Restatements of information	-	-	The previous reporting period was not significantly different from the current one.
	2-5 External assurance	-	-	During the reporting period, no external assurance audit was obtained.
	2-6 Activities, value chain and other business relationships	About Koton, Our Valur Chain	12, 43	
	2-7 Employees	Social Performance Indicators	104-109	
	2-8 Workers who are not employees	-	-	The report's information is the property of Koton's employees.
	2-9 Governance structure and composition	Our Corporate Structure	27, 28	
	2-10 Nomination and selection of the highest governance body	-	-	Restriction: In accordance with the organisation's confidentiality policies, this information is not made public.
	2-11 Chair of the highest governance body	Our Corporate Governance Approach	27-31	
	2-12 Role of the highest governance body in overseeing the management of impacts	Our Corporate Governance Approach	27-31	
	2-13 Delegation of responsibility for managing impacts	Our Corporate Governance Approach	27-31	
	2-14 Role of the highest governance body in sustainability reporting	Our Corporate Governance Approach Our Sustainability Strategy	27-31, 35-38	
	2-15 Conflicts of interest	Our Corporate Governance Approach Business Ethics and Compliance	27-31, 92	
	2-16 Communication of critical concerns	Our Corporate Governance Approach Our Stakeholder Engagement	27-31, 44-48	
	2-17 Collective knowledge of the highest governance body	Our Corporate Governance Approach	27-31	
	2-18 Evaluation of the performance of the highest governance body	Our Corporate Governance Approach	27-31	
	2-19 Remuneration policies	Our Corporate Governance Approach Employee Development and Employee Satisfaction	27-31, 64-71	
	2-20 Process to determine remuneration	Employee Development and Employee Satisfaction	64-71	



GRI Standard	Disclosure	Location	Page	Explanation
	2-21 Annual total compensation ratio	-	-	Restriction: In accordance with the institution's privacy policies, this information is not made public.
	2-22 Statement on sustainable development strategy	Our Sustainability Strategy, We Respect Our Society	35-38, 82-89	
	2-23 Policy commitments	We Respect People, Our Corporate Governance Approach, Our Sustainability Strategy	62-81, 26-33, 35-38	
	2-24 Embedding policy commitments	We Respect People, Our Corporate Governance Approach, Our Sustainability Strategy	62-81, 26-33, 35-38	
	2-25 Processes to remediate negative impacts	Business Ethics and Compliance, Our Risk Management, Internal Audit and Internal Control	92, 32, 33	
	2-26 Mechanisms for seeking advice and raising concerns	Equality, Diversity, and Inclusion, Business Ethics and Compliance	76-81, 92	
	2-27 Compliance with laws and regulations	Business Ethics and Compliance, Management Systems and Standards	92	
	2-28 Membership associations	Corporate Memberships and Partnerships	99	
	2-29 Approach to stakeholder engagement	Our Stakeholder Engagement	44-48	
	2-30 Collective bargaining agreements	-	-	The company has no employees who are covered by a collective bargaining agreement.
Materials Topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Materiality Analysis	39-41	
	3-2 List of material topics	Our Materiality Analysis	39-41	
	3-3 Management of material topics	Our Materiality Analysis	39-41	
Business Ethics and Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our Business, Business Ethics and Compliance	39-41, 91, 92	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Compliance	92	
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Compliance	92	



GRI Standard	Disclosure	Location	Page	Explanation
Equality, Diversity and Inclusion				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect People, Equality, Diversity and Inclusion	39-41, 106	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Equality, Diversity and Inclusion Social Performance Indicators	106	
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our Business, Occupational Health and Safety	39-41, 63, 72-75	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety	72-75	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	72-75	
	403-3 Occupational health services	Occupational Health and Safety	72-75	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	72-75	
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, Social Performance Indicators	72-75, 104-109	
	403-6 Promotion of worker health	Occupational Health and Safety	72-75	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	72-75	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	72-75	
	403-9 Work-related injuries	Occupational Health and Safety, Social Performance Indicators	72-75, 104-109	
Business Ethics and Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our Business, Business Ethics and Compliance	39-41, 91, 92	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Data Privacy	93	



GRI Standard	Disclosure	Location	Page	Explanation
Creating Value for Society				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our Society, Creating Value for Society	39-41, 83, 84-89	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Creating Value for Society	84-89	
Climate Change and Emission Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our World Climate Change and Emission Management	39-41, 51, 52	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management, Environmental Performance Indicators	53-54, 102-103	
	302-2 Energy consumption outside of the organization	Energy Management, Environmental Performance Indicators	53-54, 102-103	
	302-4 Reduction of energy consumption	Energy Management, Environmental Performance Indicators	53-54, 102-103	
	302-5 Reductions in energy requirements of products and services	Energy Management, Environmental Performance Indicators	53-54, 102-103	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy Management, Environmental Performance Indicators	55, 102-103	
	305-2 Energy indirect (Scope 2) GHG emissions	Energy Management, Environmental Performance Indicators	55, 102-103	
	305-3 Other indirect (Scope 3) GHG emissions	Energy Management, Environmental Performance Indicators	55, 102-103	
	305-5 Reduction of GHG emissions	Energy Management, Environmental Performance Indicators	55, 102-103	
Water and Wastewater Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our World Water and Wastewater Management	39-41, 51, 56	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water and Wastewater Management	56	
	303-2 Management of water discharge-related impacts	Water and Wastewater Management	56	
	303-5 Water consumption	Water and Wastewater Management Environmental Performance Indicators	56, 102-103	



GRI Standard	Disclosure	Location	Page	Explanation
Waste Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our World Waste Management	39-41, 51, 57-58	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management	57-58	
	306-2 Management of significant waste-related impacts	Waste Management	57-58	
	306-3 Waste generated	Waste Management Environmental Performance Indicators	57-58, 102-103	
Sustainable Products				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our World Sustainable Products	39-41, 51, 59-61	
Employee Development and Employee Satisfaction				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect People Employee Development and Employee Satisfaction	39-41, 63, 64-71	
GRI 401: Employment	401-1 New employee hires and employee turnover	Social Performance Indicators	104-109	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Development and Employee Satisfaction	64-71	
	401-3 Parental leave	Social Performance Indicators	104-109	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development and Employee Satisfaction Social Performance Indicators	64-71, 104-109	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development and Employee Satisfaction	64-71	
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development and Employee Satisfaction Social Performance Indicators	64-71, 104-109	
Digitalization and Innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our Business, Digitalization and Innovation	39-41, 91, 94-95	
Supply Chain Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Materiality Analysis, We Respect Our Business Supply Chain Management, Social Performance Indicators	39-41, 91, 95-97, 104-109	



Glossary

VFR: The Value Reporting Foundation

TSRS: Türkiye Sustainability Reporting Standards

SASB: Sustainability Accounting Standards Board

TCFD: Task Force on Climate-related Financial Disclosures

WEPS: Women's Empowerment Principles

BC: Better Cotton

AYD: Council of Shopping Centers and Investors

TEV: Turkish Education Foundation

WBCSD: World Business Council for Sustainable Development

IPCC: Intergovernmental Panel on Climate Change

IEA: International Energy Agency

SES: Solar Energy Systems

YEK-G: Renewable Energy Guarantee of Origin

UNEP: United Nations Environment Programme

RCS: Recycled Claim Standard

GRS: Global Recycled Standard

GOTS: Global Organic Textile Standard

BCI: Better Cotton Initiative

ZDHC: Zero Discharge of Hazardous Chemicals

OHS: Occupational Health and Safety

OSGB: Joint Health and Safety Unit

CSR: Corporate Social Responsibility

KVKK: Personal Data Protection Law

Contact

Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş.

Adress: Ayazağa Mahallesi, Maslak
Ayazağa Caddesi, No:3, İç Kapı
No:5 Sarıyer/İstanbul

E-mail:

surdurulebilirlik@koton.com/

Phone: (+90) 212 331 33 00

WhatsApp Support Line:
0850 208 71 71

koton.com.tr

Our Social Media Accounts:

[f koton](#)

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Pricewaterhouse Coopers Türkiye

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