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1. MESSAGE FROM OUR DIRECTOR

In today’s world, fashion is being consumed at a faster pace while the prices are getting much and much lower. Concurrently, the value of a life that is not harmful to the environment is increasing.

Dear Stakeholders,
As the world is changing and rules are being rewritten, we have opted to become a part of the change, rather than just observing it. When we observe the conventional production techniques, denim is a product that should be considered together with its environmental effects. Our vision is to make denim production completely sustainable. We are aware this goal comes with its challenges and this is another reason why it is exciting us; Orta Anadolu is moving towards this vision with concrete steps, by taking preventive measures, managing resources to this end, and investing in technology.

Our industry is unable to move forward with process, production, distribution, and research and development models that follow conventional methods. As a globally leading premium denim brand, Orta Anadolu is aiming Denim 4.0 – denim with a more sustainable vision and groundbreaking natural & developing technologies.

Design + Technology + Sustainability = Denim 4.0

Our goal is Denim 4.0! Sustainability is at the core of all our activities as our main strategy, and we develop our new practices accordingly. We see design, technology, and sustainability as a whole and embrace this as our business standard. We have the power to reduce our environmental effects, before they even surface at their source, thanks to our design - centric approach. And we use this power.

Sustainability is our most important innovative design focus. Our goal is to turn this into a sector - wide habit and combine design with technology and ethics, by establishing a more secure denim ecosystem. In other words, our goal is to create today and tomorrow’s denim with infinite possibilities.

ORTABLU

Orta’s sustainability journey started at the beginning of the 2000s. Assuming a leadership position in this respect, Orta established its sustainability platform ORTABLU in 2010. Through this platform, we pursued communication both
within and outside the company, as well as reaching the end consumer. The studies conducted were shared with the public. The studies that we conducted were shared with the public. Since our main raw material comes from the earth, risks surrounding agriculture, drought, and climate change affect us directly. In 2011, we started a dialogue with Better Cotton Initiative (BCI), keeping soil health, natural life, efficient use of water, product preservation, fiber quality and production through humane work and work security in mind, and have contributed to raising awareness about sustainable cotton throughout the world. With BCI, we are engaged in efforts in numerous countries, from Mali to India. In 2013, we were among the founders of the Good Cotton Practices Foundation (IPUD) in Turkey, the sixth largest cotton producer country in the world.

We are moving closer towards finding more sustainable solutions each day. From this year on we are making our “Indigo Flow” process – the cleanest and most sustainable indigo dyeing method possible – a standard by developing all new fabrics with this method. We have already begun to work on our goals for our next report as we present you our 2014-2016 Sustainability Report. In what lies ahead, we are striving for transparency to be able to present what we have done and how, with numbers, while we carry out our efforts.

What we should focus on: Transparency

As Orta, we support a kind of transparency that can express to the outside world what we are doing at each stage, from the raw material to the production of the final fabric. To this end, we have great plans to increase our communications with you.

We have decided to prepare our Sustainability Report in line with the GRI Standards, in order to make our long-term efforts throughout this journey more visible. We believe that such an advanced transparency effort will help us to track the environmental and social effects of our operations and identify our critical processes. This way, we will be able to focus on developing new projects inline with our new goals, to reduce our ecological footprint and increase our social influence.

The value we give to transparency helps us develop innovative solutions in our production processes. It is our greatest motivation to be constantly in search of better alternatives. Our philosophy of doing business to see design, technology and sustainability as a whole, excites us for the future in this quest. As the Orta family, we would like to thank each and every one of our valuable stakeholders sincerely, for accompanying us on this pleasant sustainability journey.

Sedef Uncu AKI, PhD
Director

Orta Anadolu Sustainability Report - Page 7
2. ABOUT THE REPORT

As Orta Anadolu, we embrace environmental, social, and ecosystem-oriented value creation not as a legal obligation, but as a voluntary effort, with the responsibilities that come with being a global company.

This report is not only intended to inform you about our work, but also to answer the question of why Orta Anadolu is preparing a sustainability report in the first place. The legacy we want to leave future generations is our “denim hand print” that focuses on the values we create, as we improve our footprint from our activities every year.

As a transparent, accountable, and a pioneer company, we see the sharing of all our activities, which have been carried out with work ethics focused on sustainable development, with our stakeholders a fundamental responsibility. In that respect, we inform our stakeholders about the social, environmental, and economic effects of our activities through one of the most effective communication mechanisms, the preparation of a sustainability report.

The sustainability reports we publish are not only communication tools to this end, but also function as a platform where we open up our sustainability politics, practices, performance and goals to our stakeholders’ opinions. We see these reports as a motivational tool to reach our goals, by developing our business processes and improving our social, economic, and environmental performance and a governance tool that also strengthens our ties with our stakeholders.

The Orta Anadolu Sustainability Report 2014 - 2016 includes our “sustainability performance” calculated from the data of our operations in our Kayseri and Bahrain factories, in the period January 1, 2014 - December 31, 2016.
The contents of our report were drawn from the results of our materiality studies during the reporting period and prepared to include the results of our studies aimed at these priority topics. You can find the other indicators that are tracked within our company in the report.

This report has been prepared in accordance with the GRI Standards: Core option. In order to ensure continuity, we have created reference points by including stakeholder feedback from our previous report and other performance indicators that are tracked sector-wide. On the other hand, we have not carried out an independent audit specifically for the scope of the report.

Our Sustainability Report was prepared through the dedicated efforts of our in-house Working Group, led by our top management. The details of this process are to be found under the “Sustainability Governance” section.

We are looking forward to hearing all of your feedback on Orta Anadolu’s Sustainability Program and Report. You can direct all your questions and comments to sustainability@ortaanadolu.com.
3. ORTA ANADOLU

ESTABLISHMENT DATE: 1953
DENIM PRODUCTION: Since 1985
CORE ACTIVITIES: Yarn Production, Fabric and Textile Industry Ready Wear and Clothing Industry
CENTERS OF PRODUCTION: Kayseri and Bahrain Factories
HEADQUARTERS: Istanbul
SHOWROOMS: Los Angeles, New York (USA); Treviso (Italy); Amsterdam (Netherlands); Hong Kong; Istanbul (Turkey)
REPRESENTATION OFFICES: Belgium, Germany, Australia, Colombia, Japan, Tunisia, Bangladesh, Spain
BRANDS: Orta, Orta Blu, Denimacademy, Ordenim, Orcotton, Denimus, AlchemyOne, I-Core, Orta Anadolu Upcycled, Mermangel, Orta Blu Protect Water, Orta Rawtech, Oldloom, Orta Stripper Jean, 2dye4.U.s, Trutech, Dare Denim, Indigo Turtles, Orta Anadolu Body Frame
OUR AWARDS

We have been selected for numerous awards based on the work we did in this reporting period and our contributions to the society, the environment and the economy. In addition to our business successes, the awards we have received from the Republic of Turkey Ministry of Environment and Urbanization and the Foundation for the Protection of the Environment have both shown us that we are on the right track with our sustainability efforts and also given us pride.

2014

Textile Engineering 3rd Apparel Exhibition Sponsorship, Erçiyes University
2013 7th Place in Kayseri Corporate Income Tax, Kayseri Chamber of Commerce (KAYSO)
2013 6th largest exporter in Kayseri, Kayseri Chamber of Commerce (KAYSO)
2013 190th place in Turkey’s 500 Establishments, Kayseri Chamber of Commerce (KAYSO)
Participation and Presentation Thank You Plaque, Nuh Naci Yazgan University
Use of Alternative Energy Support Plaque, Erçiyes University
Contribution to Export Appreciation Plaque, İstanbul Textile and Exporters Association (İTKİB)

2015

272nd Placement in Fortune 500 2015 list, Fortune 500 Turkey
Top Marke Award 2015, Textil Wirtschaft
50 Years in Trade Award, KAYSO
218th Placement in 2015 500 Large Industry Establishments Award, KAYSO
9th largest exporter in Kayseri in 2014, KAYSO
Top Exporting Company in 2014, Mediterranean Exporter’ Association (AKIB)
Successful Exporter Platin Award, Istanbul Apparel Exporters’ Association (İHKİB)
Appreciation Award, Turkish Air Forces Command Kartal Foundation
Appreciation Award, Republic of Turkey Ministry of Environment and Urban

2016

Appreciation Award, Turkish Air Forces Command Kartal Foundation
Appreciation Award, Republic of Turkey Ministry of Environment and Urban
290th Placement in Fortune 500 2016 List, Fortune 500 TURKEY
Appreciation Award, Foundation for the Protection of the Environment
Successful Application Certificate, Republic of Turkey Ministry of Energy and Natural Resources General Directorate of Renewable Energy
CERTIFICATE
ORTA ANADOLU

DENIM FABRICS 2015

WINNER IN THE PERFORMANCE CATEGORIES:
COMPETITIVE PRICING, DELIVERY PERFORMANCE
AND SERVICE

AGGREGATE IMAGE RANKED
#1

CHRISTIAN HEINRICI
PUBLISHING DIRECTOR
TEXTILWIRTSCHAFT

MICHAEL WERNER
EDITOR-IN-CHIEF
TEXTILWIRTSCHAFT

TextilWirtschaft
NEWS | FASHION | BUSINESS
4. OUR VALUE CHAIN

As Orta Anadolu, we know that the effects of our activities are not limited to our offices and factories. Therefore, we are trying to minimize, and if at all possible eliminate, the possible negative effects from all stages of our production process, starting with the fields.

The story of denim starts when the seeds meet the soil in springtime. Its journey continues with the adding of auxiliary materials such as dye and chemicals. In terms of the supply of these raw and auxiliary materials, we command a very large and strong supply chain, both locally and globally. We work with dozens of partners from the procurement of our most basic raw material, cotton, to the presentation of the final product to the customer, and it is important to us that they also share our values for sustainability.

From human rights violations to the use of chemicals against harmful pests, from occupation health and safety to the efficient use of the water that gives life to cotton, from energy saving to efficiency, we therefore adopt a holistic approach and act accordingly.

We act with a principle of creating efficiency and a supply chain focused on quality and value creation, and strive towards attaining the highest level of customer satisfaction.

The fact that our competent and specialized suppliers and sectors related to our area of production are located in our region adds value to our work. We meet and organize sector convocations with the specialized parts, machine and chemical auxiliary producers to collectively produce solutions to our needs.

We are proud of Orta Anadolu supporting sustainable cotton production worldwide and leading the spread of sustainable cotton production with Better Cotton license in Turkey.
1. RAW MATERIALS
   a) Cotton
   b) Regenerated Fiber
      Tencel®/Modal®/Viscose etc.
   c) Synthetic Fiber
      Polyester / Elastane etc.

2. a) BLOW ROOM
     Cotton cleaning
     Fiber opening
     Separation of short fibers
     Blending/Mixing of cotton, regenerated and synthetic fibers

2. b) RING SPINNING
     (100% cotton, CO/EL, CO/PES/EL,
     CO/CLY/CMY/VIS/etc.)
     CO - Cotton
     EL - Elastane
     PES - Polyester
     CLY - Tencel®
     CMY - Modal®
     VIS - Viscose

3. a) INDIGO ROPE DYEING
     Rope preparation
     Rope Dyeing
     Rope Unwinding

3. b) WARP DYEING (Slasher)
     Beam warping
     Rope Dyeing (Slasher)+Sizing

4. SIZING
   Strengthening of warp threads before weaving

5. WEAVING
   Raw fabric formation

6. FINISHING
   Achieving feel, appearance and usage characteristics
   Functional finishing applications
   Product-fabric formation

7. QUALITY CONTROL
   a) Physical Control
   b) Visual Control
   c) Colour Assessment

8. SHIPPING
BETTER COTTON INITIATIVE

Better Cotton Standard is a cotton production standard that is rapidly growing and aimed at the reduction of pressures on the environment and the betterment of income and welfare levels of farmers.

As of 2016, 20% of all global cotton production came from areas covered by the Better Cotton license. The share of production under the banner of Better Cotton is expected to reach 30% of global production by 2020.

The “Better Cotton Standard” is predicated on six fundamental principles:

- The encouragement of efficient use of water
- The reduction of the use of harmful fertilizers and agricultural pesticides
- The improvement of soil health
- The protection of natural ecosystems
- The protection of fiber quality
- The application of good working conditions, per International Labor Organization (ILO) treaties

In 2011, we joined Better Cotton Initiative (BCI), a cooperative, multi-partner, international initiative encompassing a myriad of partners from producers to retailers, aimed at reducing the negative environmental and social effects of cotton production and ensure the safety of the sector’s future. As Orta Anadolu, since 2011, we have been representing supply chain and industrial organizations in the BCI management committee for three consecutive terms, and got actively involved in the promotion of sustainable cotton production process activities in Turkey.

Orta Anadolu has been actively involved in trying to spread sustainable cotton production processes in Turkey since 2011.

The process that began in Turkey with BCI in 2011 has led to the foundation of Good Cotton Practices Foundation (IPUD) with the leading corporations of the sector, in order to spread the Better Cotton standard. As BCI’s official strategic partner, IPUD ensures the coordination and expansion of sustainable cotton production, while also licensing farmers on behalf of BCI in Turkey.
BCI and IPUD are aiming at constantly improving better farming practices by providing farmers with various field activities and training, arming them with the necessary knowledge, skill, and tools. The goal is for farmers to reach international standards in areas such as the appropriate use of legal agricultural pesticides in necessary quantities, the efficient use of water resources, the preservation and betterment of soil health and improving the welfare of agricultural workers.

The priority areas of Good Cotton Practices Foundation (IPUD), ensuring the realization of “Better Cotton” production in Turkey: Soil and product health, as part of integrated methods of struggle against harmful pests in cotton, the correct and informed use of legal pesticides in necessary quantities, the optimization of water use, the application of correct picking practices for clean and quality fibers, workers’ health and safety, union organizing, and the prevention of child labor.

As Orta Anadolu, along with our partners, we contribute to the spread of the sustainable transformation of cotton production both in Turkey and abroad, by opting for cotton produced under the Better Cotton license. Our procurement of Better Cotton licensed cotton in 2014 - 2016 in our Kayseri and Bahrain factories accounted for 10% of all our cotton purchases.
INNOVATION FOR SUSTAINABILITY

We believe innovative and environmentally friendly practices to be important in the production of higher quality products and the development of new business models. Therefore, we follow the path of innovation to grow our “hand print” further.

While managing the environmental, social, and health effects of our products within a legal framework, we are at the same time developing innovative processes and products that will take our performance further. We are looking for new opportunities to place natural and sustainable materials to the highest levels in our product line, while also continuing our R&D activities to minimize the environmental effects of our production processes.

We value the preservation and improvement of the quality of our fabrics and their wear performance. In this respect, in our efforts to develop eco-innovative products, we not only use natural products such as cotton, linen, dead nettle, and wool, but also nature-friendly synthetic fibers, Tencel® and Cupra.

Through processes such as ALCHEMYONE® developed by our product development unit, we use natural resources less. Furthermore, in the development stage, we test our products for free-formaldehyde and colorfastness analysis.

We observe the legal regulations for health and safety at each of our production processes. We see our material safety information forms (MSDS) as important tools for our customers to track our legal compliance and place them as such.

ALCHEMY ONE® PROSES İNOVASYONU

The AlchemyOne Process designed by Orta Anadolu allows for consumers to expend less energy while using denim products. Since the fabric assumes a softer form with this process, the need for fabric softeners by denim washers, or home washing by consumers, is reduced. At the same time, the fabric does not need to be ironed, thereby leading to time and energy savings. With improvements introduced by the AlchemyOne® process, 2,924 hectares of forestland are saved annually.

LYOCELL ADDED PRODUCTS

Lyocell is a fiber made from cellulose, a natural polymer found in all plant cells. For the lyocell mixes used in our fabrics, we opt for the TENCEL® series, a natural thread yielding high performance and produced with a small carbon footprint.

Awarded the “Europe Environment Award” by the European Union, TENCEL® is made out of the wood pulp that is derived from the trees grown in tree agriculture farms. These trees are grown in areas not suitable to either agriculture or husbandry.

Thanks to the “closed circuit” nature of the production cycle, a bleach-free treatment is applied and 99.8% of the used chemicals is reduced. Because of the Lyocell fibers in its content, TENCEL® uses less water and chemicals.

As Orta Anadolu, we prioritize the use of such eco-innovative products that have minimal environmental effects. Fabrics like TENCEL® are not only sustainable products, but also foster the less use of fabric softeners during the washing process thanks to their natural softness, just like in the AlchemyOne® process.
INDISENSE

When it comes to innovation, biology has stepped up to lead the industry along with chemistry. Today, all sectors develop new techniques inspired by microbiome technologies.

As Orta Anadolu, we have set our course to biotechnology in our back to nature adventure and have created the concept of Indisense. A future-minded concept, Indisense is born out of the unification of the words “indigo” and “sense.”

With Indisense denim assumes an intuitive grasp, with our smart fiber alternatives that cool, invigorate, awaken, and refresh the skin. Our Indisense denim fabrics have skin sense and with their production, we turn a healthier and more exciting future from a dream to reality with our innovations in this field.

INDIGO FLOW

We have initiated the Indigo Flow concept for a more sustainable future.

Indigo Flow combines Reserve Flow, an advanced Indigo dyeing process that allows for up to 70% reduced water usage, and Clean Flow, a unique indigo process that uses an organic reducing agent, with 60% less biological and chemical oxygen demand (BOD&COD), producing clean waste water.
The Indigo Flow concept we employ as Orta Anadolu provides the cleanest and most sustainable indigo dyeing possible.

**RESERVE FLOW**

Reserve Flow is an advanced indigo dyeing process.

Its advantages are:
- Up to 70% reduced water usage
- Energy saving as no heat is needed for fixing
- Applicable to many different types of indigo and sulphur dyeing
- GOTS certified fixing agent
- Fabric with a richer and cleaner look

*With Reserve Flow, Orta Anadolu was able to achieve 60% water saving in feedwater and 50% saving in water use in finishing operations; achieving a total of 55% water saving within the reporting period.*

**CLEAN FLOW**

Clean Flow is a unique indigo process using an organic reducing agent.

The benefits of the process are:
- Clean waste water
- No salt formation
- Reduced chemical use

Clean Flow test results show 60% less biological and chemical oxygen demand (BOD &COD).
ORGANIC

Each year our organic denim production is growing and developing. In the 2014 - 2016 period, we have purchased 1,319,192 kg of organic cotton.

By using organic cotton in pre-allocated proportions in our products, we are encouraging ready to wear brands to support organic cotton production and use.

Even though the use of organic cotton means higher costs for us, we see our initiative as a social investment to support the production and use of organic cotton.

Our organic production performance is audited annually by Control Union, an international, independent audit and certification company group. As Orta Anadolu, we carry in our portfolio Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS) certificates.
VEGAN DENIM

At Orta Anadolu, we have always had a passion for natural dye materials and dyeing techniques. 15 years ago, we began our experiments with various raw materials. The main impediment to dyeing with natural dye-stuff was the difficulty of attaining a good color saturation and consistency of shades. This problem arose out of the low affinity of the vegetable dyestuff to the cotton.

In 2014, we developed a new dyeing method that overcame the affinity and consistency problems. Thus, we were able to attain intense tones in vegetable indigo, as well as in other colors. As a result of our long-term research, we were able to increase the absorption force of the dyestuff in cotton and achieve stability and consistency in dyeing.

WHITE LIGHT

White Light is our water-repellent fabric group. In the design of this product group, we took extra care for it not to contain FLUOROCARBONS (PFC), a persistent bio-accumulative substance with known negative impact on the environment. In this, we have developed an eco-friendly and health-friendly group of products.

RECYCLED PRODUCTS

Today, as natural resources are quickly running out, the concept of circular economy is gaining importance with each passing day. In a circular economy, re-using and recycling come to the fore, instead of the production-use-disposal cycle. As part of our sustainable production efforts, we also believe recycling to be extremely important and to that end, are producing new fabrics made with post-consumer recycled denim.

We hold one of the most recognized certificates in this field, the Global Recycle Standard certificate.

On our path to design a sustainable, beautiful and more stimulating future, we collaborated with Filatures du Parc for an exclusive project. Recycled yarns, created by Filatures du Parc (INPI, May 2007), have been used in ORTA’s Bahrain Mill to create a capsule collection made entirely from recycled denim fabrics.

The recycled fibers are made from post-consumer jeans, collected through European partners. The jeans are selected and sorted according to shade, such as clear, medium and dark.
Filatures du Parc then transform the fabric taken from the jeans back into fibers. These fibers are finally blended with PET, a recycled polyester fiber made from old plastic bottles.

The most commonly used shredding systems for fiber-recycling often damage and therefore shorten the length of the individual fibers. However, a new fiber-recycling process preserves the length of the fibers, resulting in much better quality yarns.

Filatures du parc’s patented yarn spinning process is also beneficial in terms of environmental impact as it reduces the amount of dye pollution normally experienced in this process. In 2014, as Orta Anadolu we have initiated a collaboration with GarmonChemicals based on a true environmental breakthrough, to meet the commercial need for innovation in the sand blasting process, used to give denim a used and worn out look.

This collaboration, we not only support radical innovations for the development of garment processing chemicals by using GarmonGreenScreen® chemicals, but also are putting forward a new way of work based on the simultaneous application of diverse disciplines, with Garmon and GreenScreen®.

GREENSCREEN®

GreenScreen® is a revolutionary, publicly available, and transparent chemical hazard screening method, developed by the NGO “Clean Production Action (CPA),” to help society move quickly and effectively towards the use of greener and safer chemicals.

Based purely on toxicology, GreenScreen® is an assessing methodology, aimed at using safer chemicals in production.

GreenScreen® supports the employment of environmentally preferable product procurement tools including standards, scorecards, and ecolabels.

GarmonChemicals is the first company to have obtained GreenScreen® certification on a large number of their chemicals and is a pioneer in the ready to wear sector.

FAIRTRADE

We support Fairtrade that aims to protect producers’ rights and encourage sustainability in labor force practices.

As part of international and market-oriented Fairtrade standards, we are being audited by the Fairtrade Labeling Organization (FLO) and as Orta Anadolu, we have the Fairtrade certificate, showing that we are in compliance of Fairtrade Standards.
OEKO-TEX® STANDARD 100

As Orta Anadolu, we show that our production processes have no adverse effects on our customers’ health and safety with our Oeko-Tex® Standard 100 certificate.

*Oeko-Tex® Standard 100 is recognized worldwide and it is the most widely accepted standard in textiles. The certificate shows that from the raw material to the final product and packaging, none of the products contain forbidden chemicals.*

Our products are put through the Oeko-Tex® Standard 100 tests every year by the independent Centexbel firm and receive confirming reports that none of the products contain chemicals that are harmful to people’s health or to the environment. Based on these test results, we renew our Oeko-Tex® Standard 100 certificate each year.

OUR MEMBERSHIPS CONNECTED TO OUR CORPORATE SUSTAINABILITY PROGRAM:

We are in dialogue with partners who contribute to our work on a local, national, or regional scale. Some of these partners are associations that we are members of, which work in the field of sustainable development:

- National Cotton Council
- Istanbul Textile Raw Materials Exporters Association, ITHIB
- Mediterranean Exporters Association, AKIB
- Turkish Industry and Business Association, TUSIAD
- Better Cotton Initiative, BCI
- Good Cotton Practices Foundation, IPUD
- Turkey Quality Association, KALDER
- Foundation for Environmental Protection and Recycling of Packing Wastes, CEVKO
5. OUR CONTRIBUTION TO THE ECONOMY

We are a big family with our suppliers, investors, public agencies, employees, our people and local partners, constantly interacting with them on economic and social issues.

With our sustainable governance approach, we use this interaction to create value for the communities we are active in, where one of our fundamental goals is also to minimize the risk factor and strengthen our ties with our stakeholders.
THE ECONOMIC VALUE WE PRODUCE

In 2016, our revenue reached 238.6 million USD, while continuing to contribute to our economy.

Based on our model of work, we have distributed part of the economic value we have collected from our activities to stakeholders in the form of operation costs, taxes, our employees’ salaries and benefits, dividends to our investors and contributions to social missions.

**Economic Value (USD, Millions)**

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<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td></td>
<td>Gross Revenue</td>
<td>Net Income</td>
<td>Gross Revenue</td>
</tr>
<tr>
<td>Kayseri</td>
<td>218.8</td>
<td>208.3</td>
<td>211.6</td>
</tr>
<tr>
<td>Bahrain</td>
<td>52.6</td>
<td>49.49</td>
<td>58.9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>271.4</td>
<td>257.79</td>
<td>270.5</td>
</tr>
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</table>
OUR INDIRECT ECONOMIC CONTRIBUTIONS

In addition to being a profit-oriented commercial enterprise, it is very important for us to create an economic value added for the society as well. Our desire to employ this value added in a way that provides social benefits to society endows us with an important mission. In light of this mission, we work to expand the educational infrastructure in the areas of our operations and to better the quality of life of disadvantaged groups.

In Kayseri, we have undertaken all construction costs of Demir Karamancı High School, proudly bearing the name of our Honorary President Demir Karamancı and raising bright young minds. We continue to support our students by meeting all of our school’s needs.

We believe we need to supply our university students with the scientific environment they need, whose new ideas and discoveries will carry our country to the future. We have donated some of the equipment in our Orta Anadolu physical control labs to the Faculty of Engineering at Erciyes University.

We know how important qualified technical staff is for the development of our country. In order to contribute to this valuable mission, we have donated personal protective gear for students of Arif Molu Technical and Industrial Vocational School to be used in scope of Work Health and Safety.

As a company wishing to exist in a world without barriers, we believe that it will be easier for our compatriots with disabilities to gain a place in society when they are working, producing, and have steady incomes and social rights. To this end, we support the employment of persons with disabilities per a quota.

Donations

<table>
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<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Other</td>
<td>83,749.43</td>
<td>12,723.37</td>
<td>28,118.89</td>
</tr>
<tr>
<td>Education</td>
<td>47,922.6</td>
<td>34,863.9</td>
<td>17,346.2</td>
</tr>
<tr>
<td>Cause Related</td>
<td>48,000</td>
<td>0</td>
<td>100,743.4</td>
</tr>
</tbody>
</table>

Other: Institutions and Organizations  Education: Endorsements for Schools
THE ECONOMIC EFFECT CREATED BY OUR SUPPLY CHAIN

One of the most important factors allowing us to do our job well is having suppliers that meet our needs in the fastest and accurate ways possible. Since our establishment, we have become an important actor in local development by supporting the suppliers in our region through the economic volume we create through our exports.

65% of the cotton and special fiber as raw materials, almost all of the yarns, whole weaving process, transport and delivery services, natural gas, contractor services and 50% of the dyeing chemicals are procured from domestic suppliers.

Additionally, for spare parts, service and maintenance, as well as for office supplies and general cleaning we prefer to work with local firms close to our Kayseri factory.

To be able to manage our buying processes as productively as possible, we have prepared a “Buying Procedures” manual. If a local producer meets our “Product Quality,” “Fast Supply” and “Service Quality” criteria, we have made it into a principle to prioritize them. While 30% of our buying is in international markets, we meet 70% of our needs domestically.
OUR CONTRIBUTIONS TO THE DEVELOPMENT OF THE DENIM SECTOR

While our footprint is what we take from the planet when we consume, our handprint is what we give the planet when we change for better. Our Sustainability Report marks how we have translated our footprint into our handprint.

With changes in fashion and textile industries, the importance and value of denim fabric continues to grow every day. As Orta, we will define our handprint mission by celebrating the artisan, by supporting the human spirit of our co-workers, customers and consumers, by reinventing the crass industrial weight of unsustainable manufacturing processes, by innovating technology that promotes more aesthetics and ethics and last but not least by making jeans matter for the next-generation.

In keeping with our mission, we have developed projects such as “Future Hunter Gatherer” and “5374 Vintage Showroom” to invest in craftsmanship and to leave a denim legacy for new generations. With our Denim Academy Education program, we welcome creative minds in order to inform new generations of denim professionals by explaining denim production and continue to support activities that combine denim and art.

At Orta, we believe that visioning a more beautiful future which is not an idea that is confined to idealist on the fringe, but rather being shared by global youth culture, captains of the industry and leading thinkers around the world.
5374 VINTAGE SHOWROOM & 5374 VINTAGE BOOK

Located at Orta Anadolu headquarters in Istanbul, the 5374 Vintage Showroom brings together over 200 vintage items collected from various regions of the world and different periods of time. The 5374 Showroom, serving like a library, is open to inspire denim enthusiasts who wish to travel in time.

Examples of vintage denims, that have inspired us with their constantly evolving and improving design, fabric and washing concepts have been refined and developed in collaboration with Doug Gunn and Roy Luckett from The Vintage Showroom of London.

These examples were brought together in the book 5374 Vintage Showroom: A Denim Archive and now constitute the most comprehensive reference work for denim fabric. The book presents readers with extensive information on 49 unique denim pieces from the Orta Anadolu collection.

We have also presented our book 5374 Vintage Showroom, which itself is of collectible quality like the pieces in it, with a special event at our Amsterdam showroom in 2016.
TOMTOM DESIGN FESTIVAL

It is in our genes to make denim meet art. We were happy to support “Design on Tomtom Street” as a sponsor, which brought together the chaotic nature of art and design in Istanbul in perfect harmony on the Karaköy - Galata axis on September 20 - 23, 2016. The festival brought together art lovers, artists, shopkeepers, and the local population with brands like us, who value creativity. As part of the event, we organized a two-day long dyeing workshop. Our workshop drew attention from not only participants, but also designers and professionals as well. Along with our workshop efforts, we also collaborated with the young talent Gamze Yalçın, who is known for her paintings and street art. Yalçın picked Future Hunter Gatherer as a source of live inspiration during the event and gifted her designs to visitors. In addition to these works with Orta Anadolu’s fabrics, we also made it possible for participants to dye their own pieces during the festival. In an environment where interest in personalized items and fostering creativity received heightened attention, our event matched perfectly with the festival’s theme and spirit.

SUPPORT FOR YOUNG TALENTS IN COLLABORATION WITH VAKKO ESMOD

We believe in young designers and value investing in them. Over 2015 and 2016, we came together with Vakko ESMOD in inspiring projects supporting young talents. With the competition we organized among 2nd year students at the Fashion Design and Administration Diploma Program, promising designers used their technical talents with ORTA fabrics to design casual clothes.

It gave us great pleasure to see these young prospective designers demonstrate their talents using the timeless denim fabric that speaks to all ages and tastes. At the end of the competition in 2015, the winning student, selected from a group that shone with their talents, was invited as a participant to the Denim by PV fair, while the second and third place students received a chance to participate in the Orta Denim Academy education program. In the 2016 educational year, second year students from Vakko ESMOD were given a trend presentation and we got together for the “casual wear” project a second time.
The first place project of the competition, which began with information sessions on technical sewing and the fabric, was presented to our customers as part of Orta’s AW 18/19 collection. Second and third place students are granted admission to Orta’s Denim Academy program. We are rightfully proud to have facilitated a young designer's first step into the fashion world.

THE FUTURE HUNTER GATHERER COLLECTION

We mentioned that one of Orta Anadolu’s core missions is to pass denim culture on to new generations.

To that end, we have brought together our collections Future Hunter Gatherer Part I, and its continuation Future Hunter Gatherer Part II, prepared in collaboration with the Vintage Showroom of London with final consumers, our clients and schools from April 19 to 29, 2016 in Akaretler from October 10 to 21, 2016 in Pera64, respectively.

For the Future Hunter Gatherer Part I and II collections, replicas of the vintage pieces from The Vintage Showroom based on the extensive archives of Douglas Gunn and Roy Luckett were prepared with Orta fabrics.

DENIM ACADEMY

For us, denim is a way of life and a culture to be protected and passed on to future generations. To do this in the best way possible, in 2002, we founded one of Orta Anadolu’s select brands, Denim Academy.

Denim Academy is an educational program focusing on all aspects of denim fabric production. Our goal is to be an academy that shares information with the professionals of the denim industry, presents an opportunity for research and education to design and textile students, which introduces lifelong learners to technological advancements and innovations.

In addition to providing our students with an opportunity to familiarize themselves with denim processes, we also share knowledge about the denim fabric by collectively discussing technical matters in detail. Another one of our academy’s accomplishments is providing a unique environment for industry specialists to share their experience.

Celebrating its 14th year with over 500 graduates, the Denim Academy encompasses an educational program, designed specifically to meet customers’ needs, focusing on all stages of the production of denim fabric. The program consists of workshops and a two-day long factory trip. Graduates who complete this process receive their certificates.
6. GOVERNANCE STRUCTURE

As a global company, we have built our corporate governance structure, with an eye towards national and international structures, on four universal principles: fairness, transparency, responsibility, and accountability.

Starting with our customers and employees, transparency comes first in our relationship with our stakeholders as well. We stand in equal distance in the protection of the rights of all our beneficiaries who are part of our businesses processes and approach it all with an understanding of supreme responsibility. The consistent continuation of our companies policies, predicated on these values, is ensured by our Board of Directors, all members of which are experts in their fields and competent persons.

Our Board of Directors is composed of six members, who are not part of the execution process, and one general director. The Board is chosen by the General Board among people who are know ledgeable about the sector, possess qualified experience and work history.

Our General Director, responsible to the Board of Directors, carries out his duties in conjunction with the Executive Committee, made up of six different directorates of different specializations.

Our Executive Committee meets once a month; it is the administrative mechanism encompassing human resources, performance, sales, marketing, production, finance, and buying. In the meetings, decisions about the firm’s operations are made and the Board of Directors is informed of these decisions. One third of our Committee is made up of female directors.

Our highest-ranking executive tracking Orta Anadolu’s economic, environmental, and social performance is our General Director. The Director plans for tomorrow in accordance with strategic governance, to support and realize the goals set by our board of directors and reports to them.

**Our General Director authorizes the managerial authority of the respective directors in keeping with prioritized themes, determining Orta Anadolu’s contribution to sustainable development.**
EXCELLENCE AND QUALITY

As Orta Anadolu, we believe we are producing the highest quality denim in the world. As a 64 year-old, long-established firm, we realize our steadily rising success without sacrificing our understanding of excellence or quality.

We are constantly improving our work to be able to meet the 2030 Sustainable Development Agenda, global tendencies, and local demands. We are closely following technological developments. We continue to invest in R&D efforts, while carrying out our activities in keeping with the demands of the textile sector, and the respective national and global quality and product standards. At each step of our production process, we abide by the standards, laws, and regulations governing the environment, energy efficiency, and occupational health and safety.

We continue our business processes in compliance with the quality, environment, energy, information safety, occupational health and safety, and customer satisfaction integrated management systems of ISO 9001, ISO 14001, ISO 50001, OHSAS 18001, ISO 10002 and ISO 27001 respectively.
Standards We Use to Perfect Our Management

1993  OEKO-TEX® Standard 100
1996  ISO 9001 Quality Management System
2006  Global Organic Textile Standard (GOTS)
2006  Organic Content Standard (OCS100 and OCS Blended)
2011  Global Recycle Standards (GRS)
      ISO 14001: Environment Management System
      TS 18001: Occupational Health and Safety Management System
      Fairtrade Standard and FLOCERT Certification
2013  ISO 14064-1: Greenhouse Gas Calculation Standards
2014  ISO 27001: Information Safety Management System
      ISO 10002: Customer Satisfaction Management System
2016  ISO 50001: Energy Management System
WORK ETHIC

Our work ethic rests on our company culture and values, in addition to the core values of our governance approach, fairness, transparency, responsibility and accountability. We have full confidence that our employees act in full accordance with the principles of Orta Anadolu’s work ethic, when carrying out our activities.

With responsibility that comes with being a corporate company, we have listed our work ethic principles in writing under “Fundamental Rules of Ethical Work,” in order to forge a common language and to be consulted when need be.

As Orta Anadolu, we are always respect to the social values prevalent in the geographies where we operate. We see abiding by the rules of competition, being honest with our customers, and never discriminating on any grounds as a natural part of our daily business processes, and practice them.

As Orta Anadolu, we respect all our employees’ rights from the process of hiring, throughout their entire careers. Per our ethical work policy, all hiring at Orta Anadolu is done on a free choice basis. None of our employees can be forcefully or obligatorily hired. All of our employees have the right to establish a union or join an already existing one. It is also among our important principles that our employees work under safe and healthy conditions. Therefore, all potentially harmful or negative conditions or processes of work are immediately acted upon.

All of our new hires joining our family - including our security guards - are trained in human rights and occupational health and safety as part of their orientation training.

Human rights is one of Orta Anadolu’s top concerns. It is absolutely unacceptable at Orta Anadolu to employ child labor or to compel children to work. Also, it is out of the question for Orta Anadolu to discriminate when hiring, paying indemnities, or promotions, just as it is to fire anyone or retire them on the basis of race, social class, national origin, religion, age, gender, marital status, sexual orientation, union membership, or political affiliations.

Another sensitive issue for us is the mutual trust we establish in our relations with our stakeholders. While all our financial processes are scrutinized by our experts, to eliminate the risk of malfeasance, all of firm’s employees are authorized to report any situation that they think is to be not observing work ethics or violating them, to senior management.

At the time of the preparation of this report, there are no notices against any one of our employees or suppliers on grounds of violating work ethic or any contracts they have signed, or any civil cases filed on grounds of corruption. Furthermore, there are also no ongoing or settled cases for violations of competition regulations, anti-trust laws, or monopolization. Through our reviews, we are also developing internal control mechanisms and adaptation measures to eliminate the risks of possible malfeasance.
SUSTAINABILITY GOVERNANCE

Orta Blu is our sustainability platform where we collect our efforts at being both environmentally friendly while also creating added value for society. Orta Blu serves as the pilot of managing all our processes according to the development priorities we have set.

Our CEO leads our sustainability governance. The process begins with our executive committee, under the leadership of our CEO, assigning respective issues to the directorates. The executive committee announces all our policies and goals we have set at the company level, to be able to contribute to sustainable development, to all our departments.

Our company’s and employees’ performance are monitored closely with our “Strategic Performance Indicators.”

Per our policy of excellence, we are constantly evaluating the mechanisms working towards increasing the participation of our employees, suppliers, customers, and other related parties in decision-making processes and always improving them through the tools provided to us by our governance system. At their meetings, our sustainability and governance teams are looking for, and developing, methods for strengthening the communication and ties between our stakeholders and us.
OUR SUSTAINABILITY TEAM

The key to success is to be able to become a team, working towards the same goal in harmony. Throughout this process, the effects of our work towards our sustainable development goals are assessed and monitored by our sustainability team. For us, the standards of the sustainability report, GRI Standards, also function as a supervisory tool in the monitoring of our non-financial performance.

Our sustainability team reports directly to the CEO. Our human resources and total quality management divisions aid the sustainability team in the tracking of our environmental impact, while our budget and reporting divisions help with the assessment of our economic impact. Experts from our human resources, total quality management, and marketing departments also help with the assessment of our social impact.

Our Sustainability Team
DIALOGUE WITH OUR STAKEHOLDERS

The sine qua non of our sustainable development policy is our efficient ongoing dialogue with our stakeholders, who make up our value chain. We are working effortlessly to create value for our stakeholders at each link of the chain. Our relationships with our suppliers, customers, and employees are built on our approach of transparency, trust, and quality. We make corporate visits thanks to our open door policy and through joint projects; we can assess the effects of our operations jointly with our suppliers, customers, and employees and can discuss joint actions when need be.

Employing different channels of communication according to the needs of each one of our stakeholders provides us with opportunities to perfect our operations.

We can understand the thoughts and expectations of our suppliers from our operations on the basis of our regular visits and the successful communication we have built up with them over the years. We are constantly in contact with our clients through the satisfaction surveys we administer and tools such as Denim Academy, where we share all the processes going into production with them. Thanks to the applications we developed based on the needs of our stakeholders, we can adopt the demands reaching us as a roadmap to perfect our work.

Our reciprocal visits with our suppliers and clients, the mutual projects we develop and our open door policy towards our employees allow us to always keep our channels of communication open.

<table>
<thead>
<tr>
<th>Our Stakeholders</th>
<th>Method of Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>Company Visits, Corporate Website, E-mail</td>
</tr>
<tr>
<td>Clients</td>
<td>Audits, Sustainability Reports, Denim Academy, Customer Satisfaction Surveys, Expos and Showrooms, Activities, Projects</td>
</tr>
<tr>
<td>Employees</td>
<td>Trainings, Suggestion Systems, E-mail, Open Door and One-to-One Meetings, Occupational Health and Safety Council, Business Excellence Exercises (Kaizen, 5S, Gemba), Internal Bulletins, Systematic Meetings</td>
</tr>
<tr>
<td>Unions</td>
<td>Meetings With Union Representatives, Collective Bargaining and Contracts, Daily and Weekly Meetings</td>
</tr>
<tr>
<td>Local Community</td>
<td>Corporate Website, Social Media Accounts, Technical Trips for Students</td>
</tr>
<tr>
<td>Public Institutions</td>
<td>Corporate Website, Sustainability Reports, Annual Activity Reports, Surveys</td>
</tr>
<tr>
<td>Media</td>
<td>Social Media Accounts, Projects</td>
</tr>
<tr>
<td>Industrial Divisions</td>
<td>Membership and Systematic Meetings</td>
</tr>
<tr>
<td>Universities</td>
<td>Support for San-Tez, TEYDEB and Other Research Projects, Visits, Information Sessions</td>
</tr>
</tbody>
</table>
MATERIALITY

For our 2014 - 2016 Sustainability Report, we have accounted for the effects of global risks like climate change, migration, excessive use of natural resources on our business model and also global trends. In this reporting period, 2015 went down in history as the biggest opportunity our generation ever had to steer our world in the direction of sustainable development. For 17 global sustainable development goals, climate change chief among them, to be accepted on such a large scale was a crucial turning point for our world. In order to achieve these goals, we too, have assessed the effects and contributions of our operations. The local reflections of the global scale illuminated the establishment of our priority topics, as a general trend.

SCALING MATRIX

<table>
<thead>
<tr>
<th>INFLUENCE ON STAKEHOLDER ASSESSMENT &amp; DECISION</th>
<th>• Waste Management • Natural Resources</th>
<th>• Wastewater Management • Education &amp; Training • GHGs • Human Rights • Energy Consumption • OHS • Economic Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>• Employment</td>
<td>• Climate Change</td>
</tr>
<tr>
<td>Medium</td>
<td>• Indirect Economical Impacts • Employee Productivity • Employment • Noise Pollution</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>• Biodiversity • LCA</td>
<td>• Market Presence</td>
</tr>
</tbody>
</table>

Every feedback we receive from our stakeholders is invaluable for us. Therefore, we have set the priority topics towards our corporate sustainability goals based on the feedback we have received from our stakeholders. We have utilized communication channels such as group workshops, OHS (Occupational Health and Safety) Committee meetings, Open Door Activities, trainings, meetings with union representatives, marketing visits and other communication tools to learn of our stakeholders’ thoughts. As the sustainability team, we followed the GRI Standards’ prescribed approach, based on the opinions we collected. We have created a “materiality matrix” to also include topics we focused on in our previous report. The administration of the material topics, under
the economic, environmental, and social sustainability headings, was carried out under the responsibility of our sustainability team members, all of whom are experts in their own fields.

**Our Contributions to Our Employees**
- Employees’ Rights
- Right to Collective Bargaining and Freedom of Organization
- Employee Personal Development
- Occupational Health and Safety

**The Economic Value Added We Create**
- The direct economic value we create
- Indirect economic value

**Climate and Environmental Protection**
- Emission control and reduction of CO₂
- Energy Efficiency and Waste Heat Recovery Projects
- Efficient Water Management

**Our Value Contribution to Society**
- Social innovation

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**THE DISTRIBUTION OF MATERIAL TOPICS IN THE VALUE CHAIN**

<table>
<thead>
<tr>
<th></th>
<th>Raw Material Purchasing</th>
<th>Production</th>
<th>Quality Control</th>
<th>Shipping</th>
<th>Marketing &amp; Sales</th>
<th>After Sales Services</th>
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</thead>
<tbody>
<tr>
<td>Economic Performance</td>
<td>X</td>
<td></td>
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<tr>
<td>Market Presence</td>
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<td>X</td>
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<tr>
<td>Buying Practices</td>
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<tr>
<td>Natural Resources</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Waste Management</td>
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<tr>
<td>Waste Water Management</td>
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<tr>
<td>Climate Change</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Green House Gases</td>
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<tr>
<td>Energy Consumption</td>
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<tr>
<td>Human Rights</td>
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<td></td>
<td>X</td>
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<tr>
<td>Occupational health and safety</td>
<td>X</td>
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<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Education and Training</td>
<td>X</td>
<td>X</td>
<td>X</td>
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</tr>
</tbody>
</table>
7. FROM SOCIAL RESPONSIBILITY TO SOCIAL INNOVATION

As Orta Anadolu, we are not only recycling denim fabric. We are also trying to open up pathways to new beginnings by transforming life itself. To be able to realize our efforts, we allocate a certain portion of our budget to social missions every year.

As Orta Anadolu, we increase our value creation for society by doing what we know best: producing denim. Social innovation is the most important tool we use to achieve our goal. While we fulfill our duties to society, we are going beyond donations and are taking part in social initiatives. What used to be viewed as philanthropy once has now evolved into the concept of social responsibility, something that is embraced by large segments of society. Today, it is now giving way to social entrepreneurship, a new mechanism of social support.

Social innovation is playing a key role in the attainment of our sustainable development goals, by enabling us to generate creative and innovative solutions. As a global firm, we are embracing social responsibility on a global scale. We have introduced a series of initiatives on three continents, helping local NGOs to continue with their programs.

*We travel, roll up our sleeves and we are resolutely employing our international experience to solve problems.*

As Orta Anadolu, we are trying to develop solutions for the local communities’ problems, hand in hand with them. We are sharing in their day-to-day lives to be able to better understand, how we can be of help. Thanks to this participation, we are taking important steps to solve the problems, while we are also identifying other areas in need of support, based on the feedback we receive. This allows us to get to the heart of the problems and take part in them with our solution partners.
SUPPORT FOR EDUCATION

Science Heroes

“Why can’t our children become the future scientists, engineers, driven entrepreneurs and mindful citizens of the world?” is a question guiding all our actions. To support them to this end, we have been supporting the Science Heroes Program, an international tournament with a scientific content, since 2012.

We have participated in the “Science Heroes Tournament” in Gaziantep on March 1st, 2014 with our project themed “The Strength of Nature” and we received the “Best Inspiring Coach” award that we are delighted about.

In a room specifically prepared for them, our Science Hero Children developed their robots by building Lego pieces for the “Strength of the Nature” theme every Saturday between September and January, with the guidance of their coaches, who were Orta Anadolu employees. While preparing their project, our Science Heroes acquired life long skills that they can use and develop, such as participatory team work, research, brainstorming, debate, mutual solution, communication, and presentation, while also collecting memories they can cherish for a lifetime.
While forests are home to millions of living being, they produce 20% of the oxygen in the world, seas provide 70% of the oxygen that all living beings need. However, our seas that are providing us with oxygen and nutrition are being polluted, specifically by terrestrial activities, the dumping of marine litter and food wastes. Every year, thousands of tons of waste are dumped in seas and oceans, 60% of which is plastic substances. These substances can subsist in nature for over 400 years and they continue to exist in smaller pieces as time passes. This presents a threat to the ecological life at sea. A host of marine species face the threat of extinction. Moreover, micro-plastics accumulate in the bodies of marine species and make their way into our bodies when we consume marine species such as mussels or fish.

As Orta Anadolu, we are part of a global initiative to reduce pollution in the seas and preserve the bio-diversity in the marine ecosystem. The International Coastal Cleanup Campaign was initiated by a non-governmental organization called “The Ocean Conservancy” in Texas, USA, in 1986. Following the huge interest it attracted, the campaign first spread throughout the United States and then to the rest of the world, when it gained an international standing and was given the name International Coastal Cleanup (ICC). In 2014, we organized an event under the name Clean Beach Day where we cleaned up the Bostancı Coast in Istanbul with our employees’ children and members of a private sports club.
Caretta caretta and Cheloni amydas are two very special species that have existed over 110 million years on earth.

Indigo Turtles
As part of our marine preservation efforts, we are striving to protect and ensure the survival of these two endangered sea turtle species, indigenous to the Mediterranean fauna, in our joint project “Indigo Turtles” with Mavi Jeans and Ecological Research Society, EKAD. Along with hundreds of university volunteers, customers and followers, Mavi and Orta Anadolu employees join EKAD’s efforts in Antalya, the endangered caretta caretta’s nesting site, in August every year. Volunteers from around the world help hatchlings climb out of their nests and begin their journey towards the open sea. EKAD provides awareness raising and information services to the local community and tourists, at the information centers it has set up in the centers of population in the area. EKAD also provides education session to local governments, the administrators and personnel of tourism facilities, local shopkeepers, small businesses, and schools on issues of correct and efficient use of coasts, light and noise pollution and the effects they have on the sea turtles, while at the same time is engaged in the reorganization of the beach and the back area.

Because of irresponsible construction of hotels in their habitat, wastes left around the beach area, the destruction of their eggs, and conscious or unconscious damages done to their nests, and other such factors, the baby caretta mostly die before they can reach the sea. This project led by EKAD has created great awareness around the issue.

Every year a total 236 volunteers help protect 2500 nests along the coast where caretta caretta eggs are over a three month period. Thanks to the efforts of the volunteers, 41,000 baby caretta caretta as of date have reached the sea and set on their voyage of life.

As Orta Anadolu, by taking part in the protection efforts, we have also been witness to the moment when the baby caretta caretta emerge from their shells and have contributed to this amazing natural cycle of life by helping them safely reach the sea.
"Sustainable Living Film Festival (SYFF), founded 10 years ago with the collective efforts of those who share a vision of a sustainable life, is a festival of short and long films and documentaries featuring the inspiring stories of complicated global problems and those who are struggling to find solutions to these problems. Screened simultaneously in a host of cities, these films are aired through a platform that is accessible to all. By realistically addressing environmental and social problems, the festival fosters the development of a global consciousness.

As Orta Anadolu, we are both supporting The Sustainable Living Festival, while also participating in the one in our city with our employees."
3. TERRESTRIAL LIFE

Plant Seedling

During winter, Mother Nature sleeps and gathers her strength to come back to life with the arrival of spring. As Orta Anadolu, we greet spring by planting trees with kids. We know that trees are one of the greatest legacies we can leave next generations. Taking our cue from the idea that love for trees serves as the basis for love of other people, as Orta Anadolu we have taken part in “One Sapling One Student” campaign, in order to imbue our school-aged children with this love. On April 11, 2016 we planted 200 trees with our students in Kayseri, where our factory is located. These activities are carried out in many cities throughout Turkey, under the leadership of Environmental Protection Journal ÇEV-KOR.

*Thanks to this movement; in 2014 27,500, in 2015 37,000 and in 2016 22,100 Taurus Cedars, Pines and Black Pines were planted.*
8. OUR VALUE CONTRIBUTION TO OUR EMPLOYEES

We see our employees as Orta Anadolu’s greatest treasure. We are a gigantic team of 2456 employees producing denim for the largest fashion brands, with our headquarters in Istanbul, our Bahrain and Kayseri factories and showrooms around the world.

All our environment-friendly projects presented in our sustainability report and leaving our handprint on the world, are the result of the outstanding performances of our administrators and our employees, working selflessly to reach our goals.

Our human resources policies encompass hiring and placement, wages, ORTA culture, the performance management system, career planning system and education. By including our total quality management approach and all topics of human rights in our human resources policies, we have created our own management plan in pursuit of perfection. Thereby, our human resources policies were shaped within a framework of “social compliance.”

It is very important for us that our working conditions improve. To that end, we are taking steps based on legal requirements, client expectations, and good industrial practices. We are constantly updating our business processes per the demands of the time.

Our human resources policies, which we enforce without any concessions, include measures against the use of cruel and inhumane treatment, for the prevention of child labor, forced labor, discrimination, coercion, maltreatment, and harassment, the ensuring of the freedom to unionize and collective bargaining, OHS conditions, employee wages and conditions for employee development.
EMPLOYEE RIGHTS

Respect for human rights lies at the core of our human resources processes. We provide our employees with a fair space on all human rights processes, such as hiring, remuneration, promotions, appointments, education, and development. By abiding by the principle of equality of opportunity, we never allow for discrimination on the basis of gender, nationality, religion, or age. We implement practices for remuneration and benefits on the basis of merit and respect our employees’ right to organize and collective bargaining.

*We provide our employees, male or female, with equal opportunities, by observing no differences among them, and support them on issues of health, safety, education, and personal development. To further improve the said conditions, we pay attention to the feedback we receive from our employees and allow them to contribute by researching applicability.*

All Orta Anadolu employees go through an orientation process when they first start work. During the orientations, through trainings, we inform our employees of all of Orta Anadolu’s policies, procedures, company culture and approach to human rights.

*Our 2456 employees have received a total of 837 hours of orientation training when first hired.*

We have endless respect for the laws and the rights of our employees. We take the processes outlined in Labor Law and Personnel Regulations No. 48 as the basis for our employees’ reassignments, appointments or leaving work for various reasons, for our operations in Turkey. Our union-member employees are subject to the processes in Collective Bargaining Contracts. Similarly, in our Bahrain operations we follow the regulations and period of notice provisions in effect in the country.

At Orta Anadolu, we adopted the principle of equal pay. We determine the appropriate remuneration for our employees’ performances based on fair wages policy, economic indicators, and the firm’s capacity to pay and intercompany harmony. While personal performance yields are used to determine the salaries of our white-collar employees, wages for our blue-collar employees are determined on the basis of collective bargaining. We reevaluate salaries and wages once a year.

*Collective Bargaining and the Freedom to Organization*

We accept trade unions to be an important stakeholder. Per our human resources policy, we continue our dialogue with the unions in an effective manner. Our employees are free to use their right to organize and collective bargaining in any way they choose. As of the end of 2016, 59.59% of our employees are covered under collective bargaining contracts. In our collective bargaining meetings, we discuss our employees’ requests regarding areas of work with room for improvement, such as working conditions, occupational health and safety and social benefits and are careful to implement them whenever possible.
EMPLOYEE PERSONAL DEVELOPMENT

Our employees’ personal development is just important to us as their professional development. We devise programs geared towards the development of not only their talents and specialties, but also for developing their capacities in areas of trust building, capability for innovation, administration, leadership and cooperation. We know very well that our competitive strength and the value added we create are directly tied to our properly managing our human capital, encouraging our employees’ personal development and motivating them.

Our development programs help our employees to enhance their professional skills. We help each of our new hires to adapt to the conditions of work more easily by helping them adopt the company culture through orientation and on-the-job trainings. Through our technical trainings, we strive to build a functional bridge between the qualification requirements of the work and professional life, while also aiming to build the qualified workforce we need. Thereby most of our employees adopt a life-long learning approach. In this respect, through our trainings, we hope to raise even further awareness in our employees who are acquiring skills through work. We enable our employees to receive vocational qualification certificates that are legally required, by putting them through coursework at institutions and exams authorized to issue these certificates. Thereby we not only prevent undocumented work, but also help our employees in their professional and personal development. Our technical and specialization units training our employees in the intricacies of denim production consist of spinning, weaving, textile dyeing, working at heights, machine maintenance, steam boiler, welding, forklift operation, improvement technologies, fire protection, energy efficiency, industrial maintenance and repairs, electrical work, heavy currency facilities, and steel welding.
During our reporting period, we have contributed to our employees’ awareness and development, per ISO standards, with ISO 9001 Quality Management System, ISO 50001 Energy Management System, and ISO 27001 Information Security System trainings. We aim for our target trainee group with the ISO 9001 to be able to apply Quality Management System, be knowledgeable about the requirements of the standard, to have the necessary knowledge and skill to be able to interpret the materials. In this respect, we ensure that our management possesses the required ability and qualifications to be able to carry out their tasks effectively. With the ISO 50001 Energy Management System trainings we aim to use energy efficiently, prevent waste, reduce the burden of energy costs on the economy, protect the environment, and increase efficiency in the use of energy and energy resources and we raise awareness in our employees to this end. With the ISO 27001 Information Security System trainings, we strive to draw attention to information security, data collection, delivery to the final consumer, storage and use, the procedures in case of cyber attack and inform our employees to this end.

To support our employees to pursue their own development in keeping with their personal goals is the foundation of our team approach. Thereby, we believe that each of our employees will be able to contribute a shade of their own color to the denim and contribute value to the communities in which they live and to our company. Trainings in line with this approach: “Consult my intelligence,” stress and team management, winning teams training, leadership, effective communication, hygiene, emergency and fire safety, and management systems.

<table>
<thead>
<tr>
<th>Employee Trainings (People*Hours)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Collar Employees</td>
<td>63,024</td>
<td>33,720</td>
<td>33,733</td>
</tr>
<tr>
<td>White Collar Employees</td>
<td>4897</td>
<td>7063</td>
<td>5673</td>
</tr>
<tr>
<td>Female Employees</td>
<td>5011</td>
<td>1261</td>
<td>2305</td>
</tr>
<tr>
<td>Male Employees</td>
<td>63,860</td>
<td>42,971</td>
<td>37,485</td>
</tr>
<tr>
<td>Environment Trainings</td>
<td>0</td>
<td>0</td>
<td>1094</td>
</tr>
<tr>
<td>OHS Trainings</td>
<td>3979</td>
<td>1284</td>
<td>8467</td>
</tr>
<tr>
<td>Human Rights Trainings</td>
<td>776</td>
<td>815</td>
<td>837</td>
</tr>
</tbody>
</table>
OCCUPATIONAL HEALTH AND SAFETY

It is one of our primary responsibilities that our employees work in healthy workplaces at each step in our value chain. We apply our occupational health and safety (OHS) processes in a compatible manner with our quality, environment and energy policies.

Per our OHS policies and to ensure the occupational health and safety of our employees, we pay attention to the legal regulations of the countries, where our factories are located. Not only that, but we also pay attention to the quality of life of our employees and carry out practices that go beyond the legal frameworks, per OHSAS 18001 management system.

Our management system leads the way in fulfilling all the requirements needed to provide our employees with a healthy work environment. We use OHS procedures to prevent all work accidents and occupation related sicknesses.

In our Turkey operations, Articles 51, 52, 53, 54, and 55 of Section 6 of the Collective Bargaining Contract discusses the preventive measures for occupational health and safety and work-related accidents. The Contract also deals with how to make work places adequate to ensure employee health and safety, in order to prevent the most basic and indispensible human right, the right to life.

Another important aspect of the Collective Contract is abiding by the regulations for occupational health and safety and to establish the necessary mechanisms needed to ensure the compliance with the precautions taken by the “Occupational Health and Safety Committee.” Representation of employees on OHS Committee, use of protective gear in the production processes, and precautions to be taken in case of non-compliance with the regulations also come to the fore.

Just as we hold information sessions on all Orta Anadolu policies and procedures during the hiring orientation, we also explain to employees our occupational health and safety procedures. We do not let new hires to start their jobs without first completing a training with our occupational safety experts.
OHS COMMITTEES

The most fundamental right of our employees during their work process is their “right to life” and the “right to work in a healthy environment.” The OHS committee leads our way so that we can protect these two rights. To monitor and improve the occupational health and safety conditions, we hold Occupational Health and Safety-Environment team meetings with a team composed of department engineers, occupational safety experts, and our environmental and sustainability engineer. At these meetings we discuss suggestions from our employees on occupational health and safety and environment, any work-related accidents that occur despite all the precautions we have taken and trainings we have provided, as well as any near-miss cases. We evaluate the agenda items as a team and carry out the necessary work to prevent such events from occurring in the future.

**In addition to the OHS team works, we have established the legally required OHS Committee and hold bimonthly meetings. The OHS Committees represent 100% of our employees.**

This committee is among the tools we use to remain in constant communication with our employees, to follow up on all improvements in occupational health and safety and environment. The OHS committees consist of the employer or a representative of the employer, occupational safety expert, company doctor, human resources, one person responsible for administering either personnel, social relations, or administrative and financial duties, a civil defense expert, a foreman, a workers’ representative, and the primary representative.

We believe that it will foster the development of OHS culture if employee opinions were represented on OHS committees. Therefore we encourage participation. Department heads carry the primary responsibility in enacting the relevant safety precautions and practices and their consequences and assume leadership positions in this regard.

We carry out our OHS practices in keeping with the provisions of OHSAS 18001 Occupational Health and Safety Management System and legal regulations. Our internal inspections are carried out every year by internal experts trained in Occupational Health and Safety Management System. Furthermore, we are audited at certain times of the year in areas of Occupational Health and Safety and Social Compliance, by our clients and audit firms providing services in testing, audit, supervision, licensing and certification to a number of industries.
We pay maximum attention to ensuring the safety of our employees and take every precaution to that end. Thanks to these precautions, there were no cases of occupation related sicknesses in the reporting period. However, despite all the precautions we took there were 164 cases of accidents in our Kayseri and Bahrain factories during the production operations.

These accidents were noted as, waist injury, wrenches, objects falling, objects stinging, clashes, falls, cuts, jamming, burns, strains, splashing of chemical materials, being crushed, poisoning, and slips. Employees in such accidents were provided with the necessary medical help and treatments. Furthermore, our OHS Committees began follow-ups to prevent such accidents from occurring again.
9. OUR VALUE CONTRIBUTION TO THE ENVIRONMENT

Cotton production and water consumption, along with other chemical raw materials and energy we use in the production processes constitute our environmental effects in denim production.

We realize that to the extent we can better manage these effects, we can reduce our ecological footprint from water consumption, land use, carbon emissions by that much. The areas of natural resources, water, greenhouse gases and energy topics constitute our efforts as part of the Sustainable Development Goals, under the headings “Responsible Consumption and Production” (No. 12), “Climate Action” (No. 13), “Life in Waters” (No. 14), and “Terrestrial Life” (No. 15).
OUR MANAGEMENT APPROACH

We coordinate our environmental effects not only with full compliance with the country of operation’s legal regulations, but also by going beyond that with voluntary management initiatives. As our main raw material provided by the earth, we value cotton immensely.

Sustainable cotton production aims to reduce the possible negative environmental and social side effects of global cotton production. In order to expand sustainable cotton production in Turkey and in the world, Orta Anadolu has been participating actively in national and international platforms, and supporting commercial and social practices that would be making cotton producers’ and cotton-related supply chains’ future sustainable.

Better Cotton Initiative is the corporate owner of the Better Cotton Standard, which is widely accepted worldwide as sustainable cotton standard and as of 2016 accounted for 20% of the global cotton production. Orta Anadolu has continually been a board member of BCI since 2011.

Good Cotton Practices Foundation (IPUD) has been striving to expand sustainable cotton production in Turkey and has been active in Turkey as BCI’s strategic partner since 2013. Orta Anadolu has participated actively in IPUD’s founding efforts. Our cotton purchasing director has been acting as chairman of IPUD’s board on behalf of the National Cotton Council, since 2013.

In addition to our supply chains, we are also looking for better alternatives of using water and energy efficiently and reducing these side effects through improvement efforts. With the ISO 14001 Environment Management System and ISO 140064 Greenhouse gases Management System, we ensure the continuity of our systems. At marketing and sales stage, we carry out publicity, stakeholder participation and awareness efforts.

By creating Orta Anadolu culture among our employees. We are hoping to make our environment management efforts last. It is a long-term commitment to establish this culture. Therefore, we are holding environmental training to be able to share our company’s environmental resource management culture with our employees.

During our reporting period, in 2016, we have conducted 1094 hours of environmental training with 1015 white-collar and 79 blue-collar employees. At these trainings, we covered subjects such as energy use in our production processes, efficiency, and water and waste management.
We Take Good Care of the Soil

We believe it is an important responsibility to protect and look after the soil, which gives a unique gift such as cotton. As part of BCI, we support environmentally friendly practices, such as using less water and chemicals to protect the soil.

We encourage sustainable cotton practices by not only using BCI cotton but also organic cotton. In 2012, we started our first efforts at organic fabrics. And in 2006; we achieved Global Organic and Organic Content Standards.

Today, we supply many global brands with fabrics produced from organic cotton. Furthermore, in 2014, we were the focus of attention at the Global Denim Awards in Amsterdam, with the special designs using our organic fabrics, by the young English designer Bhavesh Samji.
Climate Change

Climate change is of critical importance for a company like us, in the production industry with a main raw material directly tied to soil and the water regime. The struggle against climate change is not only important for the sustainability of our business but also because of its social implications and is therefore, one of the top items on our agenda. We are determined to reduce the effects of climate change and contribute to a sustainable future for our business activities, with the awareness rising from our sense of responsibility.

While the struggle against climate change continues globally and at the intra-state level, we also believe that “everyone should do their part” on the local level as well. As we have outlined in Number 13 of Orta Anadolu Sustainable Development Goals, we contribute to the localities that our firm is active in by reducing greenhouse gas emissions, and global goals such as adaptation to climate change and minimizing its effects.

Throughout our value chain, we analyze our effects regarding greenhouse gases, which lead to climate change, and we hope to reduce these effects. Our management of greenhouse gases is one with a global outlook and per national and international standards.

In terms of climate change, the ISO 50001 Energy Management and ISO 14064-1 Greenhouse Gas Control Team, carried out by our company, are continuing in a complimentary manner. These two standard determine our company’s field of focus and activities. On the issue of climate change, we conduct production based greenhouse gas emission measurements, in order to determine the risks arising from greenhouse gas emissions.

Our efforts are coordinated by our energy management team. Furthermore, these efforts are being led by our greenhouse gas control team, composed of a total quality management engineer, environmental and sustainability engineer, energy engineer, and maintenance engineer. We also organize environmental educations to strengthen the awareness around greenhouse gas emissions.

When we are calculating the greenhouse gas amounts that we either leave directly into the atmosphere or indirectly through carbon dioxide equivalency, we use the “ISO 14064-1 Guide for the Measurement and Reporting of Formation Level Greenhouse Gas Emissions.” We include CO₂, CH₄, N₂O, HFC, and PFC emissions, though SF₆ emissions are not included in the analysis, as we do not produce that. We annually calculate the data we collect per an administrative control approach, using the emission factors published by TEIĄŞ* and IPCC**.

*TEIĄŞ: Turkey Electricity Transmission Company
**IPCC: Intergovernmental Panel on Climate Change
EMISSION GRAPH

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kayseri</td>
<td>72,867.27</td>
<td>78,373.77</td>
<td>59,578.93</td>
</tr>
<tr>
<td>Bahrain</td>
<td>13,617.71</td>
<td>13,904.86</td>
<td>15,699.62</td>
</tr>
<tr>
<td><strong>INDIRECT EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kayseri</td>
<td>1,197.48</td>
<td>22,505.48</td>
<td>19,944.93</td>
</tr>
<tr>
<td>Bahrain</td>
<td>16,400.67</td>
<td>15,582.17</td>
<td>16,450.42</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>121,083.12</td>
<td>130,366.28</td>
<td>111,673.90</td>
</tr>
</tbody>
</table>

**Thanks to the energy efficiency and saving efforts of our Energy Management Team, formed as part of the project led by Republic of Turkey General Directorate of Renewable Energy - UNIDO - UNDP, we were able to reduce our greenhouse gas emissions by 14% from 2015 to 2016.**

As part of our Energy Policy, we have sought to reduce the amount of electric energy we consume through our “Using Energy Efficiently” efforts. Every improvement in energy consumption, whether it is heat, steam, or electricity, contributes to minimizing the greenhouse gases we emit to the atmosphere. In the following years, we aim to identify the main sources of the greenhouse gases in our value chain we emit to the atmosphere, to present the distribution of these resources and prioritize reduction projects, while also continuing with our project monitoring and raising awareness on these issues among our employees and the larger society.

**Energy**

In the fight against climate change, which we see as part of our environment management system, greenhouse gas management and energy management are our two complimentary policies. The advances we make in terms of our energy policy, contribute to our local efforts in the fight against climate change.

In 2015, we joined the Energy Management System (EnYS) project initiated by Republic of Turkey General Directorate of Renewable Energy - UNIDO - UNDP with our Kayseri factory. In the second half of 2015, we established our Energy Management Team with the full participation of all our production units and the contributions of some of the relevant divisions from our administrative units. The teams inspected all our sites and put together consumption graphics. With these graphs, we began to continuously track our energy concentration and improve it by identifying open areas for immediate intervention. Our Energy Management Team continued with its energy monitoring and improvement efforts throughout 2016 as well. At the onset, we established and published our policies, so our company's energy efficiency culture could be built on solid foundations.
We believe that we can achieve a full transformation with the excitement that brings all our employees together. We are planning energy management as a project encompassing all our employees, in addition to the energy management team. To this end, we have organized awareness trainings for all our employees and energy efficiency trainings for the critical management operators, to assimilate energy efficiency consciousness.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ELECTRICITY CONSUMED BY THE FACTORY (KWH)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kayseri</td>
<td>97,629,862</td>
<td>111,588,864</td>
<td>100,948,914</td>
</tr>
<tr>
<td>Bahrain</td>
<td>35,653,638</td>
<td>33,874,272</td>
<td>35,761,780</td>
</tr>
<tr>
<td><strong>TOTAL NATURAL GAS CONSUMED BY THE FACTORY (STD M³)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kayseri</td>
<td>25,067,589</td>
<td>26,121,722</td>
<td>23,726,396</td>
</tr>
<tr>
<td>Bahrain</td>
<td>7,022,400</td>
<td>7,170,480</td>
<td>8,096,003</td>
</tr>
</tbody>
</table>

**Energy Policies Of Orta Anadolu**

As an energy-intensive producer of the denim sector, our company seeks to diminish its energy consumption and costs and thereby increase its long-term environmental and economic sustainability.

As ORTA ANADOLU TİC. VE SAN. İŞL. T.A.Ş. we pledge to;

- Constantly improve all processes of our production with new developing technologies, on the basis of energy efficiency.
- Provide the necessary knowledge and resources to reach our stated goals.
- Abide by the legal provisions and other requirements of the regulations we are subject to on energy use, consumption and efficiency.
- Raise the level of awareness on energy efficiency and resource use through trainings for our employees.
- Prioritize energy efficient products and services in all of our business processes, including buying, and to support design activities that will improve our energy performance.
- Increasing energy performance every year by continuous improvement activities.
Energy Management Team

Energy Efficiency Projects

In 2015, the Energy Management System was put into effect. With this system, we carried out efforts to increase management’s awareness in embracing and supporting EnYS. We established our Energy Policy and announced it to all our employees. The EnYS Team was formed and its duties and responsibilities were defined.

The Significant energy Users (SEUs) have been determined for electricity and thermal energy, which was at the top of our team agenda. We can think of the SEUs as the place where our team’s improvement efforts would begin. We have given one-on-one training to our blue collar employees by their machines. We have tried to include them in this process and emphasize what they should pay attention to with regards to energy efficiency. We have received clearer and more positive feedback from these one-on-one trainings and continued resolutely with our course.
For each SE, Critical Operating Parameters were determined.
Operators began tracking the critical operating parameters.
Energy routers were determined.
The relationship between the energy source and routers was defined by regression analysis.

Per our Energy Policies and Energy Management Systems (EMS), every year we set goals for efficiency and energy reduction and closely track our progress. With the introduction of our Energy Management System, our efforts were systematized since 2015 and have been yielding results since 2016. With the energy consumption graphs produced as part of EMS, we could identify the areas where there is room for improvement and we have devised an action plan, specifically focusing on the production operations, for these improvements.

**Thanks to measures in our action plan such as elimination of compressed air and steam leak-offs, using drivers having frequency control, process improvements, insulation, use of LED lighting, awareness training for employees, we were able to save 11,692,162 kWh energy.**

**After initiating our Energy Management System, we worked all year long to reach our goals. In 2016, we were able to meet our goal of 11,508,718 kWh savings for heat and energy and saved 11,692,162.**

Improving on such an important part of our value chain as production, we let this energy spirit of Orta Anadolu with all of our employees. With each of our activities, we see that our knowledge has grown and the awareness levels of our employees are higher, and that we are one step closer to our goals.

**With EnYS practices, a total of 3,434,474 kg of CO₂ emission was prevented.**

**Energy Density**

Per our energy policy, we track our performance on efficiency and energy reduction through energy density data. Our performance criterion is our energy consumption per unit of revenue, in other words, energy density.

**With the improvements introduced in our Kayseri plant, we were able to reduce our energy density from 201 in 2014 to 171 in 2015, per 1000 Euros. In 2016, we were able to retain the 181 level.**
By using energy accurately and efficiently, we plan on reducing our natural gas consumption with our cogeneration unit, which allows for us to produce our own electricity. The improvement targets in every department’s unit action plans leads us to our goal. All of our employees are supporting our march towards a more sustainable future by re-using water, per our environmentally friendly production approach and offering further suggestions for energy savings.

**Waste**

As Orta Anadolu, we produce 70 million meters of denim in a year. About 8% of the denim we produce assumes a second-rate quality character through the processes. However, we still use the same energy, labor force, and natural resources like water and cotton to produce this 8%.

*Therefore, we are coming up with solutions for these second-rate fabrics not to go to waste, but maintain their value added and stay within the economy.*

**Beyond Green Towards A Zero Waste Economy**

With this in mind, we assumed the primary sponsorship of the Beyond Green Zero Waste Economy Conference in Amsterdam in 2016 and discussed in detail the issue of second-rate quality product, which is not only a problem for us but for the entire textile sector. What is rated as second order of quality in textiles amount to a very significant loss of resources. We therefore sponsored the Beyond Green and Hechkaton organization, where leading professionals of the textile sector and students participate, for the resources that we poured into production to be able to stay within the economy.
Waste Management

As part of Orta Anadolu, a team for production waste was established in 2015 and started working to manage the wastes arising out of the production processes.

The team’s mission: “To create a company culture, in which we value our wastes just as much as we value the products we produce and sell”. These products are intermediate products that emerge during production and not turning into utility model and are sold at prices below their costs.

There are 45 different kinds of production waste, of which some of the closely monitored ones are:

- Cotton tailings
- Yarn waste (Reste yarn)
- Warehousing and weaving waste (waste stuffing, knotting warp waste, false selvedge waste)
- Treatment waste (cloth pieces, sliding cloth, blanket and damage fabric)

The Production Waste Team managed a 27% fall in “reste” waste arising during yarn production in the period 2015 - 2016. The team continues its work in standardizing other waste items and reducing them. We are eliminating our waste per Turkey and Bahrain’s legal regulations, by classifying the wastes that arise during yarn and denim production and the social settings of our offices and campuses into dangerous and non-dangerous camps. We keep some of our waste in re-production cycle through recovery and recycling methods, and thereby contribute to the circular economy.
**Total Hazardous Waste Per Its Disposal Method (Tons)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY RECOVERY</td>
<td>2.33</td>
<td>1.97</td>
<td>1.59</td>
</tr>
<tr>
<td>(RECYCLING) RECOVERY</td>
<td>177.58</td>
<td>180.825</td>
<td>175.83</td>
</tr>
</tbody>
</table>

**Total Non-hazardous Waste Per Disposal Method (Tons)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(RECYCLING) RECOVERY</td>
<td>2531.616</td>
<td>2290.58</td>
<td>3278.5</td>
</tr>
</tbody>
</table>

We approach packaging with a different kind of sensibility, as well. Prior to shipment, we pack the denim fabrics we produce in polyethylene nylon. 100% of the packaging material is made of renewable material. Furthermore, we were able to collect and recycle 160 tons of the packages we released through licensed firms in 2016.

**Amount Of Packaging Waste Recycled (Tons)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41</td>
<td>193</td>
<td>160</td>
</tr>
</tbody>
</table>

**Water**

A great responsibility falls on the shoulders of industries to preserve oceans, seas, and water resources and their sustainable employment. Because the water we use in our production is a limited resource. With this responsibility in mind, we strive to increase efficiency and recycling in water consumption.

We utilize well water in our Kayseri factory and municipal waters in our Bahrain factory. In our factories, we use water mostly for fabric finishing processes and mercerization. With this in mind, we are striving to spread practices that minimize the use of well and city water.
**Water Usage (m³)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kayseri</td>
<td>1,899,235</td>
<td>2,199,227</td>
<td>1,934,564</td>
</tr>
<tr>
<td>Bahrain</td>
<td>530,268</td>
<td>507,478</td>
<td>548,807</td>
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<tr>
<td>TOTAL</td>
<td>2,429,503</td>
<td>2,706,705</td>
<td>2,483,371</td>
</tr>
</tbody>
</table>

Before discharging the wastewater from our operations, we treat it at our own biological wastewater treatment plant and then direct it towards the city’s sewage system. Due to the sensitivity with which we approach this issue, there was not a case of leakage from our activities during this reporting period.

**Wastewater Discharge (Tons/Year)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kayseri</td>
<td>793,987</td>
<td>831,611</td>
<td>807,101</td>
</tr>
<tr>
<td>Bahrain</td>
<td>419,488</td>
<td>400,627</td>
<td>434,925</td>
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<tr>
<td>TOTAL</td>
<td>793,987</td>
<td>831,611</td>
<td>1,242,026</td>
</tr>
</tbody>
</table>

**Waste Water Discharge and Chemical Recovery**

Mercerization, a fabric finishing process, presents a great potential for reducing wastewater and chemical substances used as alkalis. In 2016, we focused our improvement efforts on the mercerization process. With the necessary machine equipment investment and installation, we were able to filter and collect some of the high concentration alkali-water mixture used in the mercerization process in a tank and re-use it during mercerization process.

Furthermore, we began to re-use some of the low concentration alkali-water mixture that arose during washing. Through this recovery system, we were able to re-use wastewater, while reducing the water flowrate going to our biological wastewater treatment plant, as well as the amount of alkali used in the process.
### KAYSERI - WASTEWATER CONCENTRATION (mg/L)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Discharge Limits Per Regulations (mg/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>COD</td>
<td>793,987</td>
<td>831,611</td>
<td>807,101</td>
<td>1,000</td>
</tr>
<tr>
<td>BOD</td>
<td>419,488</td>
<td>400,627</td>
<td>434,925</td>
<td>600</td>
</tr>
<tr>
<td>TSS</td>
<td>793,987</td>
<td>831,611</td>
<td>1,242,026</td>
<td>400</td>
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</table>

### BAHRAIN - WASTEWATER CONCENTRATION (mg/L)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Discharge Limits Per Regulations (mg/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>COD</td>
<td>&lt;100</td>
<td>&lt;100</td>
<td>&lt;100</td>
<td>350</td>
</tr>
<tr>
<td>BOD</td>
<td>&lt;25</td>
<td>&lt;25</td>
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All of our parameters fall below the legally outlined levels of water discharge in our countries of production.

COD: Chemical Oxygen Demand

BOD: Biological Oxygen Demand

TSS: Total Suspended Solids
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<td>76</td>
<td>There is no protected area or high biodiversity value area nearby our operational sites.</td>
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<td>GRI 307: Environmental Compliance 2016</td>
<td>307-1 Non-compliance with environmental laws and regulations</td>
<td>Any non compliance case hasn't been occurred during reporting period.</td>
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<td>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk none</td>
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<td>408-1 Operations and suppliers at significant risk for incidents of child labor none</td>
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<td>413-2 Operations with significant actual and potential negative impacts on local communities none</td>
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