



"Adding Value" is in Our Nature

2023 Sustainability Report



About the Report

With this report, we share with you our perspective and activities regarding the environmental, social and governance issues of the value-added products and services we offer in the categories of small household appliances, kitchenware, tableware and home textiles, in which we have been successfully operating for 50 years.

We are publishing the first sustainability report outlining this journey we set out demonstrating our understanding of the overall concept of sustainability under the slogan "Adding Value is in Our Nature".

We have determined 1 January 2023-31 December 2023 as the reporting period. This report covers the domestic and international activities of the companies forming part of the Karaca Group.

For your comments and suggestions regarding the report, please contact kurumsal_iletisim@karaca.com.



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Highlighting the Earthquake Disaster that Shook Our Country to its Core

The two major earthquakes, the epicentre of which was determined to be in the south-eastern city of Kahramanmaraş, and which struck many other urban cities with such devastation in February 2023, shook us all to our core.

We would like to express our deep sorrow regarding the lost individuals that we have heard about so far. Engin Deniz, the manager of our Jumbo Kahramanmaraş Piazza store, Güllü Kırac an employee at our Karaca Kahramanmaraş Piazza store, and Serdar Saraç employed g in the same store. We are likewise deeply saddened by the loss of Serap Uçman, an employee at our Karaca Hatay Palladium store as well as Saliha Karataş, a staff member at our Jumbo store in the same shopping centre and the son of Fatih Yıldırım who worked at our Hadımköy Warehouse.

We wish Allah to show his mercy to our citizens who lost their lives and extend our condolences to the families of the deceased and to our entire nation. We are touched by the plight of those affected by the earthquake disaster and touched by the efforts of those in the provinces affected to get the areas in which they live back to their feet and restore life to normal.

As Karaca Group, we have stood alongside with the earthquake victims by exerting our greatest efforts to help those affected from the moment we received news of this devastating earthquake. We interacted with authorised institutions and organisations such as the affected regional prefectures, district governates, the Red Crescent, and representatives of the Ministry for Disaster and Emergency Management in the earthquake region and delivered items on the list of those deemed of greatest urgency as stipulated by the relevant including blankets, quilts, pots, pans, water heaters and kitchen utensils to our citizens in the region.

We launched the "ONE HELPING HAND COMES FROM US" donation campaign, in which we donated the same item as that donated by our citizens to the earthquake victims within the context of the initiative.

What is more, We set up kitchens in the earthquake zones to serve hot meals to our citizens.

We are aware during such times of emergency of the need to work together and act in a spirit of eternal solidarity to heal the wounds of the terrible event that our country was forced to endure.

Message From The CEO

Dear Stakeholders,

As the Karaca Group, we have added value not only to the present but also to the future with what we have achieved on the path that we set out 50 years ago to realise innovation, to strive to always achieve the very best and to create a sense of privilege for all those we deal with. In this context, this report, which is a summary of the work we have realized in 2023, will guide us in setting out the future steps we will take in the field of sustainability. We are confident that we will resolutely continue taking determined steps together with all our stakeholders in line with our commitment to leave a more livable world for future generations.

Looking ahead to 2023, we can proudly say from the perspective all the companies of the Karaca Group that "*Adding value is in our nature*", which has gone from one success to another by investing in the future with every success it has achieved by drawing on corporate culture model that has been developed over the past 50 years behind us. While determining our sustainability strategy, this guiding principle, which has emerged from the Karaca's core values and has come to fruition as a result of evaluating our own dynamics and business processes and which guides us in every field in which we operate.

In this context, we first set out our sustainability goals in line with this principle and integrated the United Nations Sustainable Development Goals into our business processes. Our goal by 2030 is to carry out all our operational processes using renewable energy sources.

By using *77% renewable energy* in our small home appliances production, we prevented *35,410 tons of greenhouse gas* emissions from being released into nature in 2023 compared to previous (yearly) periods. In addition, we have made *our shopping carts 100% recyclable* and used LED bulbs in all our lighting systems at our environmentally friendly container stores. By abandoning single-use plastic products at our headquarters after the COVID-19 pandemic, we have prevented *71,175 tons of plastic waste* from entering nature and *221,450 tons of greenhouse gas emissions* from being released into the atmosphere over the past 2 years.



"By 2030, our goal is to carry out all our operational processes using renewable energy sources."



One of the most important steps we have taken was to include the development phase of our products, which lie at the very heart of our business, within the scope of the sustainability principles we have determined. Prioritizing environmental awareness and sustainability in our products and services, we turned towards employing recyclable and biobased alternative raw materials. In keeping with this change, at Kaşmir Carpet, we brought **3 million GRS-certified plastic bottles** and approximately **13 tons of recycled cotton** back to life by using them in the "Dogasever (Nature-Lover) Collection".

2023 was an important year for our country as well as for us. This year, when we proudly celebrated the 100th anniversary of our Republic, was also the 50th anniversary of the creation of our brand. Inspired by Atatürk's dining preferences and habits and the founding years of the Republic of Türkiye, the "Republic Century" collection has created a value that will carry the legacy of the of our recent culinary history to future generations.

What is more, we have continued to carry out our corporate social responsibility projects to add value to our society. With the "We Have a Future to Share" project, which we realised in cooperation with UNICEF, we have contributed approximately **14,000 children being able to exercise their rights to gain access to education** since 2018.

The earthquake disaster, which we experienced at the beginning of this year during a period in which we clarified our goals in the field of sustainability and determined our guiding principles in this area, was a bitter experience that brought us even more closely together. As the Karaca family, within the context of this difficult process, we gave priority to the welfare of our citizens and employees in the locations affected by the earthquake and provided extensive material aid and moral support to the regions in need.

As the Karaca Group, we proceed with the principle of "adding value" in every project we carry out and every step we take. We do not only add value to the work we do, to our employees who are members of the Karaca family and to the services we provide; we also aim to add value to the society we live in, the planet we live on and most importantly, to the future of the citizens of our country and the wider world. I would like to thank all Karaca family members who have contributed to this journey.

Best regards,
Fatih Karaca CEO,
The Karaca Group



2023 in Figures

3500

employess

11

brands

over
10,000
products

21 countires
488 stores

64%

female
managerial staff

7,920

tonnes of
greenhouse gas
emission offsets

77%
renewable
energy

109,425
m3
water saving

About the Karaca Group

As the Karaca Group of Companies, we started production in a glass workshop under the name "Karaca Züccaciye" in 1973 in the Süleymaniye neighborhood in the historical Fatih district of Istanbul. Today, we have 11 brands including Karaca, Karaca Home, Emsan, Jumbo and Cook Plus, Kaşmir Carpet, Homend, Nautica Home, Weimar Porzellan, Pera Bulvarı, Cooklife as well as 305 stores in 43 countries and over 2 thousand sales points. With more than 10 thousand product ranges and more than 3500 employees, we endeavour to shape the glassware, small home appliances and textile sectors.



Our Mission

To develop value-added products and services in the tableware, kitchen and home-living categories by using innovative and sustainable methods so as to provide a perfect end-to-end experience.



Our Vision

To be part of the valuable moments that people take pleasure in sharing/share with their loved ones by developing ideas that add value in the kitchenware, tableware and home textile categories.



Our Reason for Existence

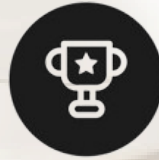
To increase and enrich the moments that people enjoy sharing with their loved ones.

Our Values



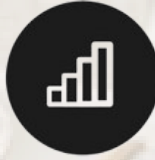
Our Firsts

We break new ground and make dreams come true



We have been succeeded

We make others proud



We have always worked hard to do better

We always strive to do better and improve both ourselves and our business.



We remain true to the spirit of exclusivity

We provide you with the privilege and exclusivity of value-added products and services

- We devise innovative and effective solutions by acting on the needs of Karaca's loyal customer; we employ flexible and innovative methods to serve them to the best of our abilities.
- By utilising technology, we raise the satisfaction levels of Karaca loyal customers and refine company processes, while not losing contact with developments in the retail sector.
- We work as a single team in harmony with other units, supporting and complementing each other.
- We learn continuously; we improve ourselves by closely following the most current international trends.

OUR MILESTONES

1994

ESTABLISHMENT

During the 90's, Karaca started to produce porcelain abroad using kaolin obtained from the Limoges region of France, the center of the highest quality porcelains in the world. In 1994, Karaca began producing stainless steel cookware and cutlery under its own brand in Istanbul. Karaca achieved the same level of quality and elegance in steel products as in the porcelain series and became a brand demand. During the same period, the world's leading brand manufacturers producing under the brand of "Karaca".

2001

KARACA

Establishment of a direct contact with consumers with its first retail store in Etiler Akmerkez. shopping mall...

2007

FINE - BONE

Karaca achieved perfect transparency in porcelain dinnerware with its Fine Bone series and encouraged its customers to choose transparent porcelain for dinnerware.

2008

emsan

Acquisition of Emsan, a very well-known and well-established brand for cookwares and small kitchen appliances, strengthening our position on the market and in the people's mind.

2012

KARACA HOME

Karaca, the leader in the dinnerware and kitchen industry, became the best home textile brand in Turkey in the first 6 months of 2013 with its new brand in the home textile industry. It aims to become one of the 5 best home textile brands in the world within 5 years. Stylish quilt cover sets, bed covers, complete sets, blankets, towels and bathrobes are introduced to the customers under the Karaca Home brand.

2014

Jumbo

Karaca acquired Jumbo, first and high-end cutlery brand in Turkey and a leader in the World.

2014

BioGranit

Granit era has begun. Karaca has started to bring the most well known cooking technique to your kitchens in order to cook natural, healthy and delicious meals.

2016

FINE PEARL

World's first and only real pearl dinnerware set introduced, after 4.5 years of research and development period.

2018

BioDiamond

We developed Turkey's first Neverburn and non-stick, Most-powerful Cookware Made with diamond crystals.

2019

POWERSTEEL

Karaca introduced Powersteel and Powersteel-Pro Series that are new generation steel products group much more durable and stronger than other kinds of steel, thanks to the 316-grade steel technology with a composition of 18% Chromium, 12% Nickel and 2% Molybdenum. Heat conduction is much faster with the copper plate placed on the bottom of Powersteel Pro products.

2019

HAIR

You can prepare your coffees either together at the same time or individually with the first and only coffee machine that can make 5 cups of Turkish coffee and 5 cups of filter coffee at the same time. Since the filter is made of stainless steel, you can always drink your coffee with the same taste. It has the feature of keeping the beverage warm for 30 minutes.

2020

Homend

In a similar fashion and design style with after-sales value-added services, Homend was purchased.

2020

Weimar Porzellan

Karaca & Europe and Germany Stores Opened. The Weimar brand was acquired.

2020

NAUTICA HOME

Collection inspired by the easy going, adventurous lifestyle of the island nomad. Marine themed brand, Nautica Home was acquired.

2020

#çaysever

Brewed by the distillation technique with Çaysever Robotea, the freshness and enjoyment of the tea last much longer.

2021

karaca container

Karaca recently opened the new concept container stores. Aiming to create offline marketplace with many global brands in large retail stores, offering "in-store only" offers and bundle campaigns.

2021

KAŞMİR HALI

One of the most reputable and well known brand with its artistic designs and high quality, carpet brand Kaşmir Hali was acquired.

2021

PREMIUM 316+

Karaca 316 Premium cutlery is the new generation of stainless steel cutlery, which is much more durable, with maximized scratch-proof and corrosion-proof features.

2022

NEW LOGO

As its 50th anniversary approaches, Karaca, in its aim to establish itself as a leading global brand, has renewed its logo so adapting its image and presence accordingly as well. By adapting the symbol of Anatolia's ancient civilizations along modern lines, Karaca thus emphasized the values that lie at the core of its essence/being.

2022

karaca air pro cook

Adding a new exciting item to its range innovative products, Karaca has made a rapid, successful entry into this competitive market with its Air Fryer Karaca Air Pro Cook, which can cook healthy fries, home-made yoghurt, dry vegetable and fruit, and cook tasty oven and grill dishes as well as appetising stews and soups.

2023

GMK

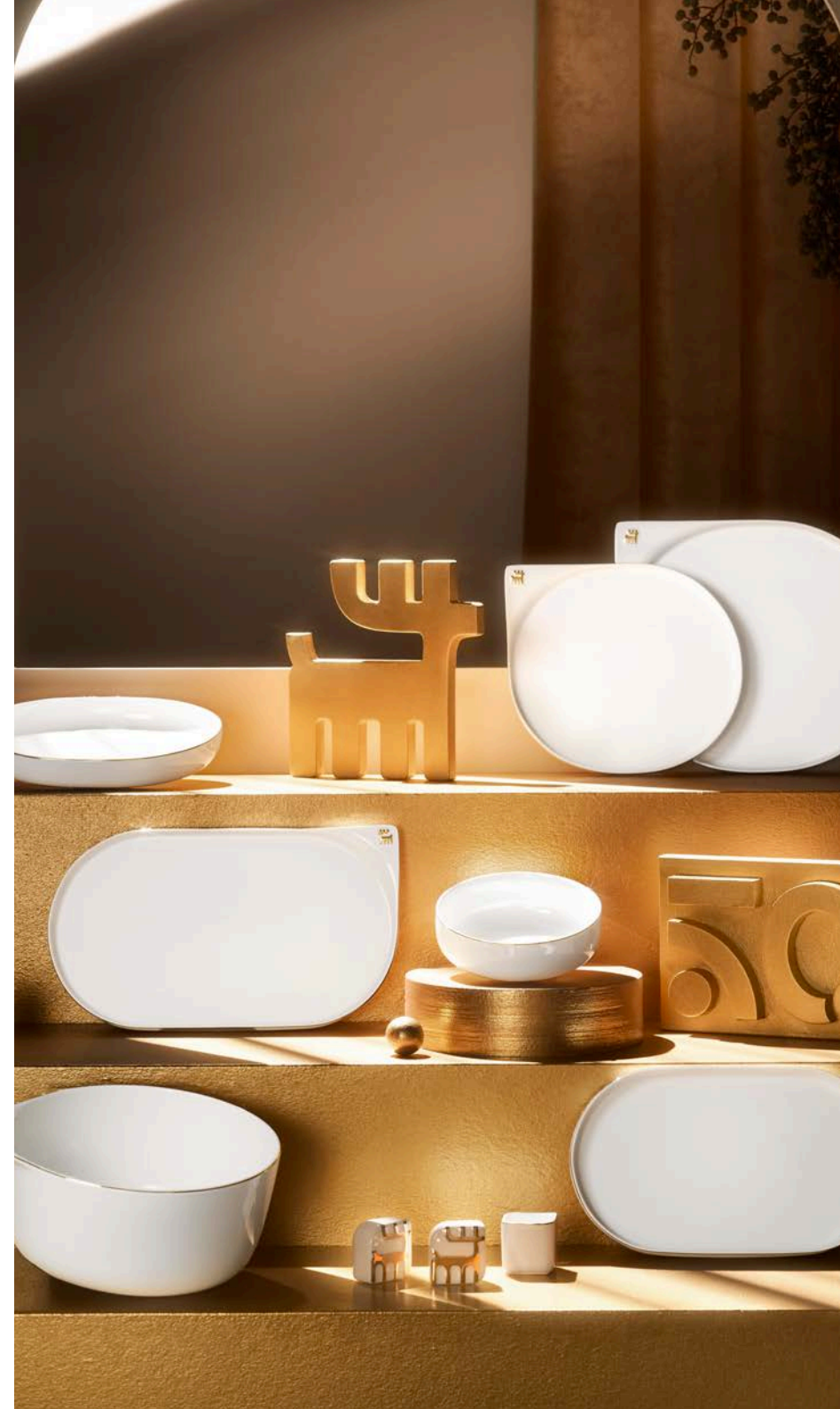
In honor of the 100th Anniversary of the Republic, Karaca introduced the Republic Century Collection, inspired by Atatürk's belongings. The GMK (Gazi Mustafa Kemal) logo, discovered during the 2-year research process and engraved on Atatürk's personal belongings, especially tableware, adorned each piece in the collection as it was used 100 years ago.

Our Brands



It all started in 1973 with the courage, hope and passion a father shared with his sons. Karaca set out on its journey always recounting the story of its humble beginnings to everyone. As Karaca's story continues, the number of plates found on the tables of families across the whole length and breadth of Türkiye has never stopped increasing. Everyone who heard this story have felt inspired to make new additions to their dinner tables. Karaca has never stopped inviting people and their families into their homes. Because Karaca's story started with passion and has been passed on from one family to another. We continue to tell this story tirelessly so that everyone can experience the same feeling of sharing.

Now, we can share the beauty of our story with you and develop designs that will help increase the happy moments you spend with your loved ones. Karaca continues to move forward with the responsibility of being the leading brand in design and reveals its uniqueness of spirit with its designs that surpass the imagination. With the belief that there is no limit to success, Karaca continues to push boundaries relentlessly and continues to feel excited in having the opportunity to share the most valuable feelings in life with you.



Our Brands



In 2012 Karaca, following a thorough analysis of customer needs and market conditions, created the "Karaca Home" brand, and entered the home textile sector with the most high quality and innovative products and services in 2012.

Today , Karaca Home, which serves customers with a sales network comprising 958 dealers, continues to grow as a result of carefully-considered marketing investments and new product development activities.

As of 2023, Karaca Home serves customer with a total of 29 stores that represent a key focus point of its operations.



Our Brands



Dating back to 1947, the story of the Jumbo brand began in a small workshop in the Çemberlitaş neighbourhood of Istanbul. By the 1950s, the company had started to market first-class products. Jumbo, which had received various quality awards in 1966, 1987, 2008, 2012 and 2016, started its modernisation process with the aim of responding to customer needs around the world. In 1987, thanks to the impact of this rejuvenation campaign, Jumbo became a brand that set new trends in the sector.

In 2014, Jumbo was acquired by Karaca Group and started to continue its activities as one of the Karaca Group Companies.

The brand started its retail activities in 2015 and opened its first store at Istanbul Marmara Forum shopping centre in January. Today, Jumbo has 66 stores across Türkiye.



Our Brands

emsan

Emsan, which was incorporated into the Karaca Group of Companies in 2008, brings its specially designed latest fashion kitchenware follows closely the latest trends in the field to consumers through its network of 1,050 authorised dealers. It continued its leadership in the field of kitchenware with its small electrical appliances breakthrough.

The brand, which started its retail operations in 2018, today serves customers through its 80 stores and continues to open new shops and outlets to expand its retail network. Today, product quality, durability, reasonable prices and customer loyalty are the first words that spring to mind when one mentions the Emsan brands.

A wide range of products from stainless steel products, dinner sets, tea and coffee sets, breakfast sets, fireproof-non-stick products, cutlery, knife sets, glassware and electrical kitchen appliances make Emsan a respected and trendsetting brand in its field.



Our Brands

NAUTICA HOME

Deriving its name from the word "Nauticus", which means ship in Latin, Nautica is inspired by those adventurers who explored the world by bravely setting out to sea.

Combining quality, design and value since its establishment in 1983, Nautica has been part of Karaca Group since 2020. Nautica, which continues to expand its product range based on the themes of the sea, islands and nautical discoveries and guided by the overriding philosophy of the Karaca Group, brings the refreshing qualities of the sea and oceans into your homes with the Evde Dört Mevsim Huzur (Four Seasons of Peace at Home) Collection.



Our Brands



Weimar Porzellan is a company lending a touch of artisanal craftsmanship dating back to 1790. Brought to life through tradition and experience, each Weimar Porzellan item tells a unique story, combining German cultural heritage with elegance, nobility and timeless beauty.

Reflecting the finest gold highlights so typical of Baroque design, the magnificent outline of the porcelain with its relief patterns adds a special touch characteristic of the palaces of central Europe. The striking motifs created by Weimar's master craftsmen combine with today's modern and noble white porcelain textures, passing the splendour so characteristic in the splendour of the palaces from one generation to the next.



Our Brands



Kaşmir Halı (Carpets), one of the favourite brands of carpet lovers, was established in 2005.

Kaşmir Halı, which was included in Karaca Group Companies in 2021, brings consumers together with a completely different carpet experience with its stylish designs that will suit every home from ethnic to modern and styles that appeal to everyone from silk carpets to recycled carpets.

Each carpet of Kaşmir Halı, which offers separate categories for all areas of the house such as living room, bedroom, children's room and kitchen, carries the Kaşmir effect to homes.

Kaşmir Halı, one of the favourite brands of those who admire great design and quality in carpet design and manufacture, was established in 2005.



Our Brands

cook*life*

Cooklife is a creative studio that embraces the philosophy of slow living through a holistic and multidimensional approach through the concepts brought to life through Cooklife Magazine, Casa Cooklife and Cooklife Garden.

We develop concepts and ideas in a communal setting in our studio that contribute to aspirational lifestyles.



Our Brands

Kita Living

Founded in the Bomonti neighbourhood of Istanbul in 2022 with the aim of creating well thought out, adaptable products that appeal to the senses and help provide for a simple and modern lifestyle.

The objects we create for living spaces are inspired by the aesthetic Japanese style of design known as 'Japandi' that focuses on details with simple geometric forms. The items featured in the Kita Living range bring together craft culture and modern production methods.

Kita Living products reflect the holistic and sustainable approach we adopt to help us adapt to the habitat we aspire to belong to.

PERA BULVARI

Pera Bulvarı has been one of the first companies that comes to mind when it comes to home decoration with its design-based orientation, product selection and brand developed since its establishment in 2011.

In 2019, it joined Karaca Group and has since consolidated its position in the sector.

Since July 2023, it has become the focus of refined tastes with its new brand identity and strategy. Alessi, Baci Milano, Guzzini, Philippi, Alessi, Baci Milano, Guzzini, Philippi feature among the official distributors of design-oriented luxury world brands in Türkiye.

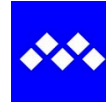
Our Brands

Homend

Founded in 2009, Homend, upon realising the pressing needs emerging in the world of small home appliances, has combined product quality with its unique design approach so as to deliver unique advantages to its consumers.

Homend, which develops its product range on a day by day basis by way of its mission of "developing purposeful innovations and functional solutions that serve life", was incorporated into the Karaca Group in 2020.

Over the course of 3 years, Homend has become one of the leading players in the small home appliances category by expanding its product range. Today, Homend offers 150 different products across 9 different categories to its consumers.



M.A.R.S. Technology is a technology, innovation and R&D (research and development) focused company offering ground-breaking, solution-orientated, high value-added products and services.

The company creates value through reliable and customised data analytics, custom software development, product design, and QA (quality assurance) and consultancy services.

Our Brands



As Bovo, we offer our customers an innovative platform that provides e-commerce businesses access to all cargo companies through a single integrated system. In this way, the need for our customers to establish separate integrations with multiple cargo companies is eliminated and processes are simplified. Managing all cargo transactions via a single platform saves time and resources. When the e-commerce site receives an order, the order is sent to Bovo and a label is created for which cargo company will carry it using the decision algorithm. The status of cargo dispatches and deliveries via all companies are then tracked and the results are displayed in real time on your website.

On the operational side, the Bovo platform increases operational efficiency by automating cargo processes. The automated processes it offers for the collection and shipment of orders minimise manual errors and increase operational speed. The Bovo collection team accepts the cargo and delivers it to the most appropriate carrier at the right time. This eliminates the complexity of dealing with complicated acceptance and delivery processes at the warehouse location. Afterwards, you can follow the whole process using the Bovo tracking panels and manage instant intervention compensation and return processes with the Bovo team. We carry 25,000 pieces of cargo daily.

We manage the entire traffic on Karaca's website using Bovo software.

Our Awards

As Karaca Group, we have received a total of 94 awards for our activities in retail, design, marketing, human resources and digital transformation from (the start of 2014) to 1st March 2024. In 2023, the year covered by our annual report, we received a total of 16 awards.



10

Good Design Awards



3

IF Design Awards



Digital Impact
Award



Reputable
Brand of the
Year



Republican
Value
Bearing
Brands
Award

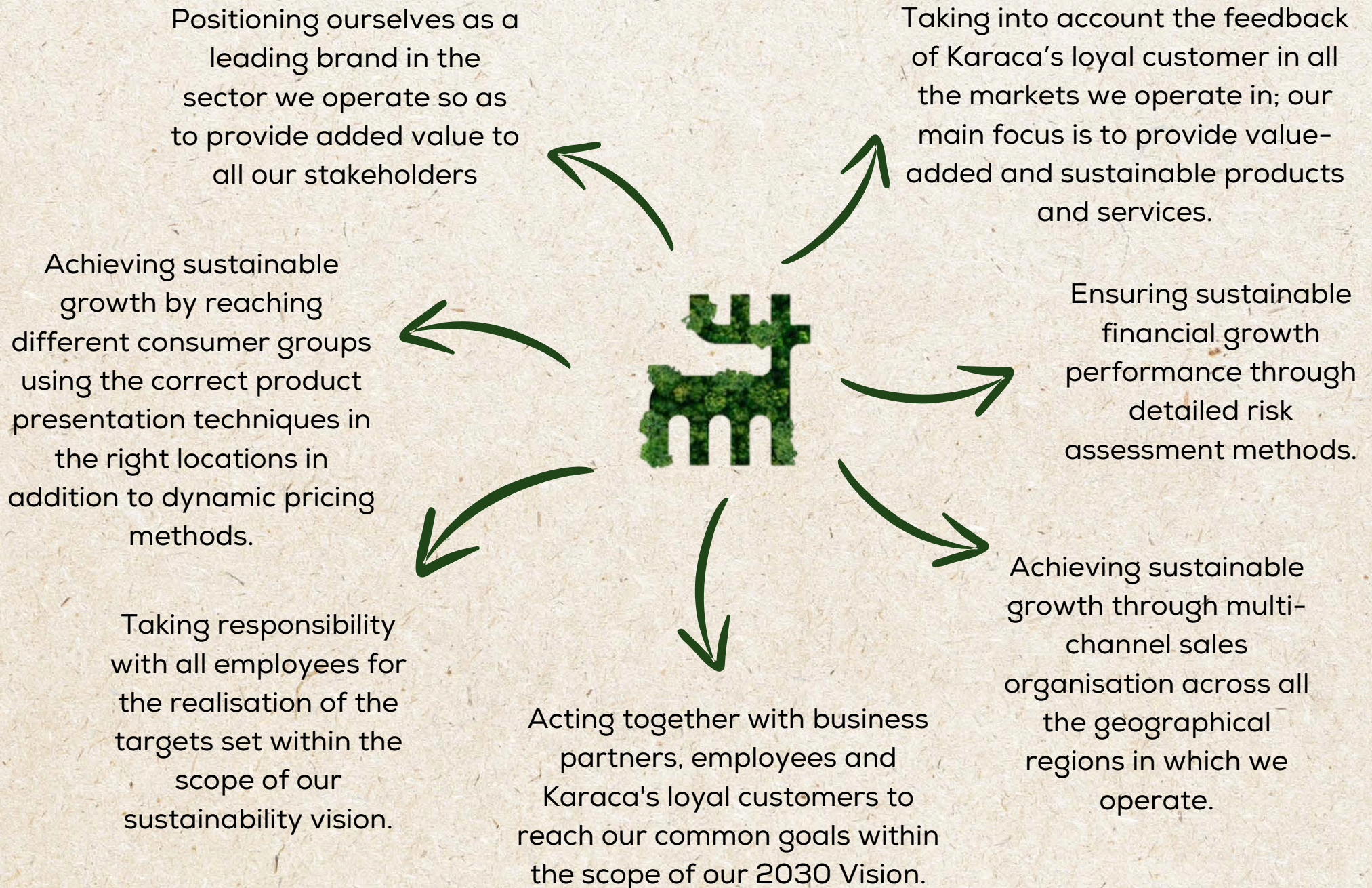


Brand Health
Project
"Bronze
award"

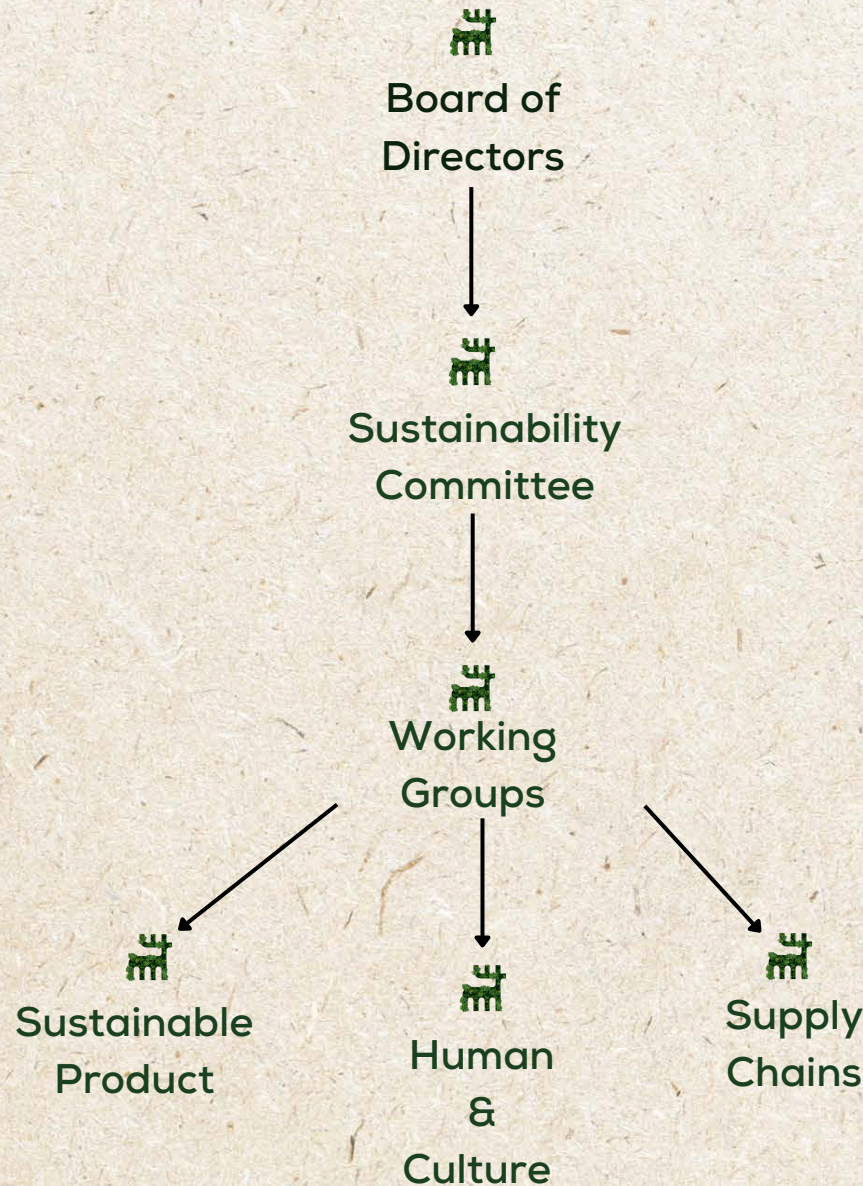
17

*number of
awards won*

Our Sustainable Growth Strategy



Our Sustainability Management



As part of our sustainability strategy, we conduct our activities with a focus on the sustainability of products, human&culture, and the supply chain.

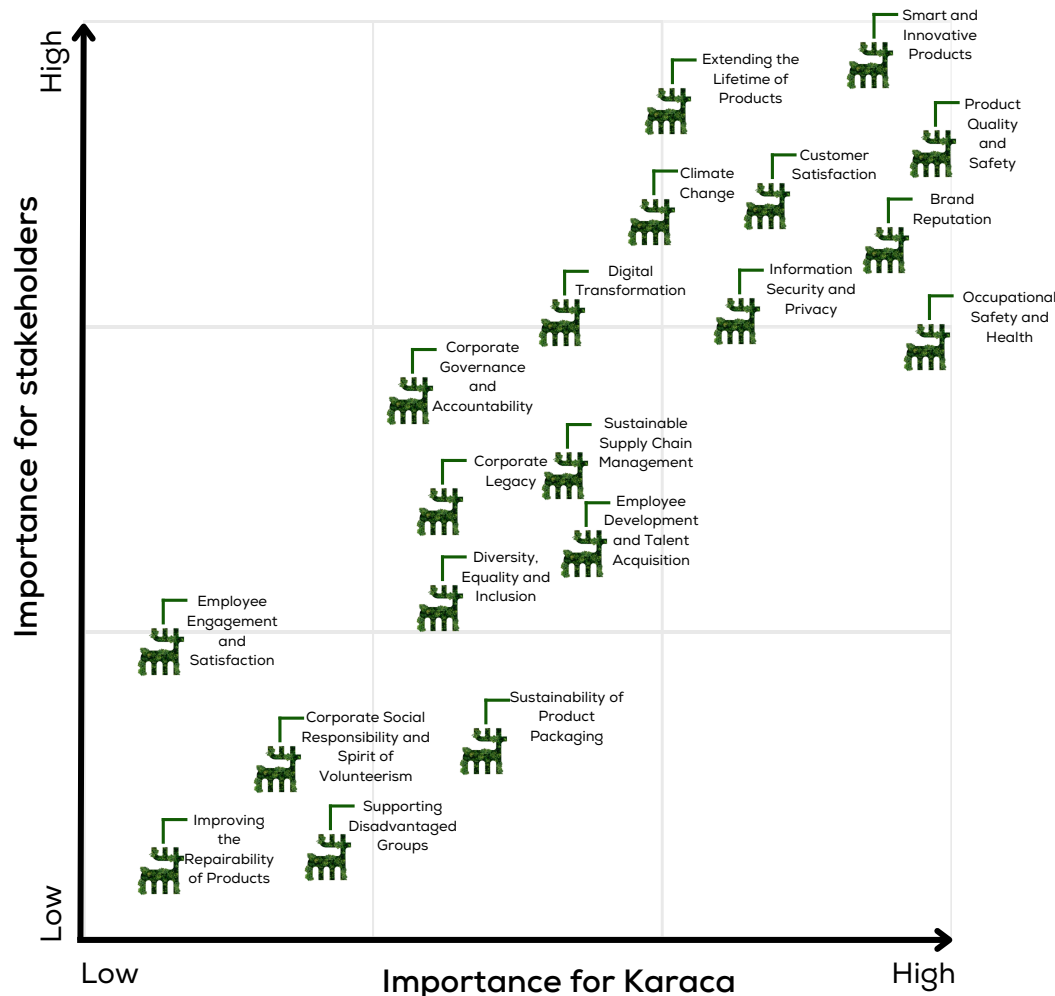
To define our sustainability efforts, we have established a Sustainability Committee at the Board of Directors level. This committee meets on a monthly basis to evaluate initiatives aimed at integrating and internalizing sustainability into our business practices.

The initiatives determined by the committee are carried out by three main working groups. We establish sub-groups under the main working groups periodically and as needed to advance and improve our processes.

Our Strategic Prioritisation Analysis

While conducting our Strategic Prioritisation Analysis;

- We analysed global and sectoral trends and identified the issues and risks to be focused on across the geographical regions in which we operate,
- The "potential material issues" identified after analysing trends, risks and good practices were evaluated with senior management and finalised by sharing them with all stakeholders,
- The identified priority issues were submitted for the evaluation of all our internal and external stakeholders.




PRIORITY	HIGH PRIORITY	VERY HIGH PRIORITY
<ul style="list-style-type: none"> • Improving the Repairability of Products • Corporate Social Responsibility and Spirit of Volunteerism • Supporting Disadvantaged Groups • Employee Engagement and Satisfaction • Sustainability of Product Packaging 	<ul style="list-style-type: none"> • Sustainable Supply Chain Management • Corporate Governance and Accountability • Diversity, Equality and Inclusion • Corporate Legacy • Employee Development and Talent Acquisition • Digital Transformation 	<ul style="list-style-type: none"> • Smart and Innovative Products • Extending the Lifetime of Products • Brand Reputation • Customer Satisfaction • Information Security and Privacy • Climate Change • Product Quality and Safety • Occupational Safety and Health

Our Stakeholder Communication

"We always work with our partners in a partnership based on trust, authenticity, and transparency. We approach all our partners with the same humility and sincerity; we share success, responsibility, and decisions alike.

We believe that the relationship with one of our partners being based on trust and sincerity instills the desire to realize their own dreams with Karaca. As a team, we aim to provide a suitable ground for making a difference and writing success stories.

Stakeholder Group	Communication Method	Frequency of Communication
 Customers	Carrying out of surveys, phone calls and related activities	Continuous and real time
 Suppliers	Meetings with suppliers, audits, site visits	On a monthly basis
 Public	One-to-one meetings, conferences, digital channels, projects	When required
 Media	Press conferences, product launches, interviews, press releases	Continuous communication
 Civil Society	Project development and follow-up meetings, workshops, seminars and conferences	On a quarterly basis
 Employees	Meetings, internal communication channels, training programs, events, meetings for skills development	Continuous communication
 Business Partners	One-to-one meetings, e-mail communication	Continuous communication
 Society	Carrying out of social projects, social media	Continuous communication
 Dealers/Franchising	Seasonal meetings	Continuous communication

Our Sustainability Goals



Adding Value to Business and Stakeholders

To establish the necessary infrastructure to ensure the entire supply chain is compliant with the 'Karaca's Purchasing Policy' and traceable.

Creating innovative products and services to meet the expectations of Karaca's customers

Making the best use of technology to improve product accessibility and customer experience

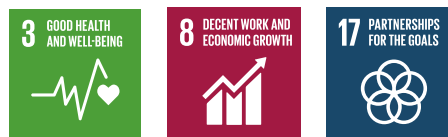


Adding Value to Society and Employees

To plan social responsibility projects that will contribute to social development and welfare in line with the partnerships we have already established with our stakeholders

To create a fair working environment that protects the health and rights of all employees in our company

Creating working conditions that protect the health and rights of all employees in our supply chain

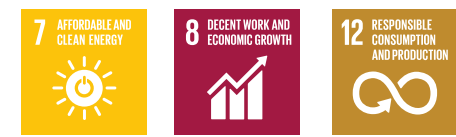


Adding Value to Product and Services

Focus on end-to-end sustainable product design

To provide the energy used in all our operational processes from renewable sources

Optimisation of product packaging and responsible use of resources



1

Adding Value to Business and Stakeholders

"We integrate our environmental, social and ethical goals into all business processes."

We integrate our environmental, social and ethical goals into all our business processes as part of our sustainability strategy to add value to the society and environment we live in. In all markets where we operate worldwide, we strive to make a measurable contribution to a life worth living for future generations. We are increasing the transparency of the social and environmental impacts of all our operational activities by transitioning to systems that will facilitate data collection across all group companies.

In addition to fulfilling all the requirements for which we have legal responsibility, we operate both Karaca-specific and global management systems.

Impact on Sustainable Development Goals:



2

Adding Value to Society and Employess

" We've Got a Lot to Share"

Within the scope of our vision, we continue our efforts in employee engagement and talent development to create a diverse and happy team within the Karaca Family, and we are increasing the number and impact of our corporate social responsibility projects."

Impact on Sustainable Development Goals:



3

Adding Value to Product and Service

"Based on the principle of Responsible Production and Consumption, we build a sustainable product throughout its entire life cycle."

By 2030, we plan to ensure that our entire product range serves at least one Sustainable Development Goal. By 2030, we aim to source 100% of the electricity we use in all our operational processes from renewable sources.

We continue optimization efforts to reduce the use of packaging in product packaging, and we aim to obtain all our product boxes from sustainable sources by 2030.

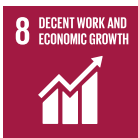
Impact on Sustainable Development Goals:



2030
SUSTAINABILITY
VISION

Adding Value to Business and Stakeholders

"We integrate our environmental, social and ethical goals into all our business processes."



Integration of Sustainability into Our Business Model

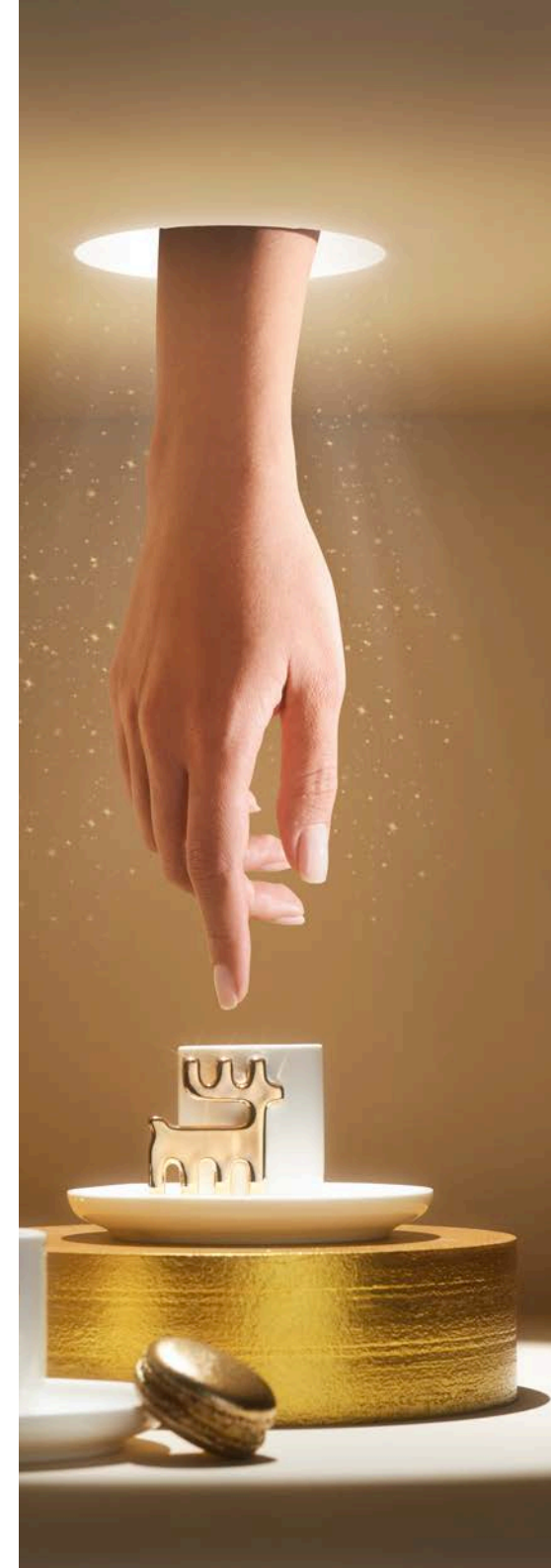
Our sustainable growth strategy is an integral part of corporate ethical culture and reflects our core values. We work with the support of all departments to achieve our company's goal of "becoming a sustainable company" and aim to create economic, social and environmental value for our stakeholders and contribute to sustainable development. We ensure long-term value creation along the entire value chain through the key elements we have identified within the scope of our strategy:

Contribution to Sustainable Development

At Karaca, we define our sustainability strategy in line with the United Nations 2030 Sustainable Development Goals. This provides an opportunity for our group companies to align their contribution to sustainable development and maximize the greatest positive impact together with their stakeholders and aims to cover all 17 Sustainable Development Goals (SDGs). However, due to the nature of our industry, context and business model, there are specific SDGs on which our company focuses more. Key areas of focus are SDG 8 (Decent Work and Economic Growth), SDG 12 (Sustainable Consumption and Production) and SDG 17 (Partnerships for the Goals).

Human Rights

At the Karaca Group, we have a strong commitment to promoting and respecting human rights, as reflected in our Human Rights Policy. Our Group recognizes that respect for human rights is important and the key to sustainable development and proactively seeks to play an important role in promoting and respecting these rights. We therefore aim to ensure that human rights are respected throughout the value chain.



Integration of Sustainability into Our Business Model

Diversity and Inclusion

At Karaca, we recognize that our differences and similarities make us unique and we promote respect and understanding between people. We believe that by attracting diverse talent, Karaca can better understand the diverse backgrounds of its customers and the communities it is associated with. At Karaca, we foster a culture of inclusion and respect by advocating for equitable workplace environments where everyone can thrive and succeed. In our company, we are committed to creating an atmosphere of understanding and acceptance where everyone can develop their talents every day. Our company is committed to creating a working environment where all employees are responsible for treating coworkers, candidates, suppliers, contractors and customers with the highest respect. We are against all forms of discrimination in our company. This principle applies to all corporate transactions, especially in the field of human resources.

Environmental Sustainability

At Karaca, we are aware that moving towards a sustainable business model means more efficient use of the resources we utilise. At our company, we implement three environmental strategies (Energy, Cyclical Production and Biodiversity) that guide our efforts to achieve environmental excellence. Our Group aims to use resources more efficiently, not only with regard to the products it puts on the market, but also in its facilities such as its headquarters, stores and logistics centers.

Product Health and Safety

Beyond fulfilling all our legal responsibilities, we apply Karaca-specific management systems and global standards. In this way, we aim to be a leader in the field of sustainability and create positive changes in the business world and wider society.

Combatting Bribery and Corruption

At Karaca, we display zero tolerance to all forms of corruption, fraud and bribery.



Our Integrated Management Systems

Integrated management systems play a key role in achieving our organization's sustainability goals. These systems provide a holistic approach to managing environmental, economic and social impacts and allow us to continuously monitor and improve the performance of our business with regard to sustainability.

Our integrated management system promotes the efficient use of resources with a focus on minimizing our environmental impacts. We continuously strive to achieve the targets we set in areas such as waste management, energy efficiency and carbon footprint reduction.

In addition, thanks to our integrated management system; we are able to optimise our business processes and reduce costs. We also increase business profitability by increasing productivity and cost savings through cost efficiency and process improvements, allowing for effective use of resources.

Since 2018, within the Karaca Group, the Emsan and Karaca Züccaciye (Glassware) companies have been implementing the ISO 9001 Quality Safety Management System, and our Emsan, Karaca Züccaciye and Mars Technology companies have been operating an integrated management system, which follow ISO 27001 directivess regarding information security management systems.

[Click for](#) our Integrated Management System policy.

We have not received any complaints concerning Information Security issues during the reporting period.



Ethics

At Karaca, our first priority is to work to be happy. In this respect, peace, trust and equality in business life are among our top priorities. With our deep-rooted history of half a century and more than 3,800 employees, we never compromise on the importance we attach to business ethics in order to safeguard a peaceful working environment peace at work and maintain trust between employees and employers.

We maintain our commitment to transparency and impartiality to the fullest degree with the support of an external independent ethics hotline company with whom we have been working since 2021. We do our best to ensure that this sensitive process is carried out as fairly and transparently as possible by conducting it with an external partner thanks to our 24/7 accessible ethics hotline company.

Our ethics hotline, which receives applications via web, phone and e-mail, serves our white-collar and blue-collar employees at Karaca. 99% of the 194 issues brought to our attention in 2023 were resolved, while notifications regarding "discrimination" and "working hours", which feature among the most reported issues in the sector, were well below the sector average.

99%

*rate of resolution of
issues raised during the
reporting period*



As the Karaca Group, we act decisively in the fight against bribery and corruption and take the necessary steps to ensure that all our employees adopt and implement the related policy. Effective implementation of this policy is vital to protect our company's reputation and ensure a conducive and transparent business environment.

The articles of our policy are as follows:

- Any form of bribery, (whether in the form of giving or the accepting of bribes) or corruption is strictly prohibited and will be met with severe disciplinary penalties.
- We encourage transparency and accountability in our internal operations. Our financial transactions and decision-making processes should be transparently documented and traceable.
- All employees will be regularly trained with regard to anti-bribery and anti-corruption and activities to raise awareness in these matters will be organised. Necessary support will be provided for our employees to raise awareness and display the correct behaviours concerning these issues.
- Everyone employed at Karaca is expected to adhere to the principles of honesty and business ethics. In case of any suspicion of bribery or corruption, this should be immediately reported to the managers or relevant departments.
- Karaca is committed to full compliance with the laws and international standards of the countries in which it operates. Full compliance with legal regulations regarding anti-bribery and anti-corruption will be maintained and all necessary reporting on these issues will be made regularly.
- As Karaca, we act decisively in the fight against bribery and corruption and take the necessary steps to ensure that all our employees adopt and implement this policy. The effective implementation of this policy is vital to protect our company's reputation and ensure a conducive and transparent working environment.



Human Rights

Karaca aims to foster a positive working work culture among its employees, to establish a corporate culture based on respect for human rights in the daily working life of the company and focus on success in achieving sustainable goals at a global level, while determining the principles of implementing policies in keeping with the principles outlined previously.

- Karaca strives to create a corporate culture based on respect for human rights and focusing on sustainable success at a global level. In this context, it aims to increase the value of employees and other stakeholders by implementing the best human resources practices in the fields of business in which it operates. It shapes its human rights approach by adhering to laws, corporate values and ethical rules, and prioritizes inclusiveness and equal opportunities.
- With the vision of becoming the most respected employer possible, it adopts a fair, systematic and development-oriented approach in all human resources processes such as recruitment, career management, training and development, and performance management. While rewarding consistent high performance, it follows competitive wage and benefit policies in line with market conditions.
- Karaca respects the cultural differences of its employees and is committed to strengthening the country's cultural heritage by passing on these differences to future generations. The company implements programmes that support the balance between work and private life and establishes communication channels by taking into account the suggestions and expectations of employees. In this way, it increases employee loyalty and satisfaction and provides a healthy and safe working environment. It shapes and strengthens the future of its employees with an approach that encourages continuous development and innovation. In this context, it aims to maximise the potential of its employees by offering continuous training and development opportunities.



TURQUALITY®

TURQUALITY is the world's first and only state-sponsored branding programme and was put into effect in 2004 for selected Turkish brands.

This programme aims to offer support to companies encompassing all processes from marketing to after-sales service in a way and to accelerate the institutionalisation process of businesses so allowing them to gain a foothold in international marketplaces and so raise the image of Turkish products. As the Karaca Group, we embarked on this process by prioritising our product categories that were deemed to have the greatest branding potential in 2013.

As part of this process, we have planned our strategic actions in the light of cooperation with global audit firms.

As part of this process, we have planned our strategic actions in the light of financial inspections carried out by global audit companies.



Sustainable Supply Chain

As Karaca Group, we consider compliance with internationally recognized environmental, social and ethical standards and principles agreed upon by our suppliers, whom we see as essential business partners for the wellbeing of all our companies, as among our primary responsibilities.

While realizing our sustainable growth strategy, we aim to cooperate with the stakeholders involved in our supply chain with regard to sustainability management and its essential components, to increase sustainability awareness and to support our activities with exemplary approaches that are environmentally friendly in nature.

Our Core Principles,

- To ensure that all operations within our supply chain are conducted in compliance with legal and ethical standards.
- To establish sincere, honest, respectful, fair, impartial, and transparent business relationships with all our suppliers without discrimination; to ensure that all procurement activities, including supplier selection, are conducted fairly, and to fulfill our obligations to our suppliers on time.
- To create a sustainable supply chain culture for the environment and society by setting an example for our stakeholders in the supply chain with approaches that raise awareness about sustainability and corporate social responsibility.
- To encourage our suppliers in providing feedback and sharing best practices by collaborating with them to ensure continuous improvement.

90%

*Locally Production
Rate*

Adding Value to Society

"We Have a Future to Share"

As part of our vision, we are increasing the number and impact of our corporate social responsibility projects.



"We Have a Future to Share"

"As Karaca, we have implemented the 'We Have a Future to Share' project in collaboration with UNICEF for the education of our children."

Within the scope of this this project we invited 11 prominent Turkish leading figures in their respective fields to design Turkish coffee cups for this project: Ara Güler, one of the world's most-famous photographers; Ayşe Kulin, journalist and author of numerous best-selling books in Türkiye; Devrim Erbil, whose works are among the three most highly-valued painters by Forbes; Ferhat Göçer, a vocalist, who performs a wide range of music ranging from opera to modern music; İlber Ortaylı, the world-renowned historian; Kenan Doğulu, a pop and rock singer who always draws attention with his hit songs on Turkish radio; Kerem Görsev, actor and writer Müjdat Gezen, who has acted in more than 100 plays and movies and written several books; the pop singer, Nilüfer, winner of the Turksh Golden Record and Golden Butterfly awards; Rahmi Koç, honorary chairman of Türkiye's largest conglomerate; and Varol Yaşaroğlu, cartoonist and producer of the first Turkish animated film.

We reached a total of 25 million people in our communication projects. We managed to attract 15 million of the 47 million people who visit our store every year and 4 million e-commerce visitors to the project. Together with everyone who made a contribution to our project by purchasing a coffee cup, we were able to put a smile on the faces of our children and offer them hope for a happier future.

14,000

girls have been helped
to access education



"Women in Sales" Project

Through our Women in Sales project we launched in 2023, we have employed 71 women aged thirty-five and over by bringing them into the retail sector. We were chosen for the Employment Creation award as a token of appreciation by Istanbul Metropolitan Municipality for this project that was carried out in the city in close cooperation with municipal authorities.



71

women were employed
within the scope of the
project

KARİYERİNE
karaca'yla
iz bırak.

KARACA'DA KADININ İZİ platformunu oluşturduk.

Bu yönde satış ağımızda yenilikçi bir adım olarak, **KARACA SATIŞA KADINLAR İLE İZ BIRAKIYOR** Projemizi **İSTANBUL BÜYÜKŞEHİR BELEDİYESİ** iş birliği ile başlatıyoruz.

Tüm Türkiye'deki KARACA Mağazalarımızda 35 yaş ve üzerindeki kadınlara kariyerlerinin ikinci baharında, bizimle çalışmaları için fırsat sunuyoruz.

Kurumsal tecrübesi olup aktif çalışma hayatına devam etmek isteyen kadın adaylar, KARACA Mağazalarımızda tam ve yarı zamanlı çalışabilirler.

Lise mezunu ve üzeri,
35 yaş ve üzeri,
Ekip çalışmasına yatkın,
Satış ve ikna kabiliyeti yüksek tüm adayların başvurularını bekliyoruz.

Sen de başvur,
Kariyerine Karaca'yla İz Bırak!

isealim@karaca.com

Adding Value to Employees

"Within the scope of our vision, we continue to work on employee engagement and talent and skills development to create a diverse and happy teams within the Karaca Family."



Development of Talent

Future Leaders' Programme

As the Karaca Group, through the "Leaders of the Future" Programme, we aim to bring together the most successful, hardworking young talents from leading universities, who can most quickly and easily adapt to the institution the fastest, and to transfer the knowledge and experience of the current management staff to the talents of the leaders of the future.

Candidates starting the project:

- Take part in process improvement projects in line with the needs of business departments/units.
- Take necessary actions in developing, monitoring and implementing new business strategies.
- Take Responsibility for identifying aspects of the business that are missing absent and need to be improved within existing strategies.
- Work on existing processes to ensure operational excellence.
- 24 candidates have been accepted onto this programme, within the scope of the wider project, 11 of which people have been trained as managers in different departments within the company and are successfully carrying out their duties. The programme is currently continuing.

11

*the number of
employees who started
in a managerial position
under this programme*

Development of Talent

Retail Camp

We gathered all our store managers in a hotel in Sapanca and provided them with the opportunity to set their targets for the new year, offer sales and customer-oriented training, undergo table manners and table setting workshops, and chat with experts in their fields. We rewarded our stores that achieved the greatest success during the year.

Conversation Club

We conduct face-to-face half-hour speech development lessons with a native speaker trainer at Karaca in support of the language development of Karaca staff working abroad.

Online Language School

At Karaca, we launched an online English course in line with our most important value, that of improving ourselves and our business.

Leadership, Performance and Sales Coaching Training

Sales consultants of our Karaca and Jumbo brands came together at the "Leadership, Performance and Sales Coaching" training sessions. The training we organized with the contributions of trainer Ayten Polat Akkaya was both informative and enjoyable.

Innovative Idea Development and Creativity Training

During this educational initiative where we came together with expert trainers in their fields, the first training of this one month programme was "Innovative Idea Development and Creativity Training". We had a pleasant training with our employees who spent 2 full days under the leadership of trainer, Fülya Özkan.

Development of Talent



Through Karaca Academy, we carry out planning for training programmes by focusing on the social, cultural and technological training needs within the development of Karaca employees; we develop practices that support the continuous learning and development of our employees. By digitalising our trainings, we try to ensure that our employees can receive training whenever they want, regardless of time and place, thus ensuring equal opportunities for our employees in Türkiye and abroad.

Our Academy not only produces content for the development of employees in their respected sessions business areas, but also organizes seminars and trainings that improve the employee experience and increase their emotional and mental well-being

Online Education Platform (E-Campus)

As part of our digitalisation efforts, Karaca Academy started to use e-campus as its customised distance education platform. Thanks to this application, we have created personalized training content for our employees in different departments.

In order to speed up the orientation process of our new employees, we complete the Karaca employee training programme sessions trainings, which include ethics, PDPL (Personal Data Protection Law) familiarisation and other supplementary information, through the E.mobile application. We organise additional training sessions and activities to increase the productivity of our employees through measurement and evaluation studies conducted as a follow on from the training sessions we provide using the E.mobile application.

733

*Ethics and PDPL
training hours*

Cultural Ambassadors

Our cultural ambassadors are those employees who represent and disseminate our company's values, mission and culture. They play an important role within and outside the company, reflecting our company's identity and goals. Cultural ambassadors also work to spread company culture among employees, guide new employees, support our company's mission and values, and strengthen our company's reputation in the outside world. Passionate about adopting and implementing the most positive elements of our corporate culture, these employees set an example for other employees and help spread the cultural values at the heart of our company's philosophy.



Sincerity



**Collaboration and
Sharing**



**Positive
Attitude**



**Leadership
Abilities**



**Spreading the
Corporate Mission**

Our Cultural Ambassadors who work on a voluntary basis have:

- Implemented the "Directors Compete" Project and revised the checkout hours at the Central Office
- Launched the Company Meal Card scheme
- Implemented the Complementary Health Insurance scheme
- Helped to organise provision of dietitian services
- Founded rowing and soccer clubs

Human and Cultural Activities

Vision - Mission meetings

In July and January of 2023, we held meetings attended by managers and senior executives within the company. At the Vision - Mission meetings, each company unit department discussed their six-month targets and different workshops were organised to bring Karaca employees together.

We also determined our strategies for the future at the meeting where we planned how we will move forward to achieve our goals and discussed how this plan will be communicated to our teams. We completed this 3-Module program (Product - Support - Transformation) in a productive and fun atmosphere with the participation of our Group CEO Fatih Karaca and Board Members Emre Karaca and Selin Kiper.

CxO Meetings

These meetings are attended by Karaca's board members, general manager and assistant general managers. These meetings were held at different times during the year in Sultanahmet, Kazdağları, Cappadocia and Rize in accordance with the nature of the topics determined in advance. By organising these meetings, we aimed to increase the communication between participants and discuss issues such as Karaca's 2030 Global vision and company culture.

Directors Compete!

In this program, which has become a Karaca company tradition in Karaca and organized for the 6th time in 2023, 15 directors and 15 regional managers of Karaca are paired and entered into a series of activities in which they had to compete against each other. During the course of and at the end of the competition, prizes and events were organized to motivate and increase the enthusiasm of the competitors. The directors formed their teams with 3 people selected from their own departments and aimed to capture the grand prize by trying to break the sales record in Karaca stores in every point of Türkiye.

November Campaign

In order to increase the motivation of all Karaca employees working at the headquarters during November, we organized different activities throughout the month, such as organising a party with a DJ, distributing gift kits, drinks and snacks as well as photo opportunities.

Human and Cultural Activities

Mother's Day Squad

To increase the motivation of employees on different days determined by our E-Commerce department during the month of May, on Mother's Day, we organized different culinary events at company headquarters. We also aimed to keep employees' motivation high by presenting small gifts to all employees in this squad.

Working in the Store on Mother's Day

As company employees, in order to better foster and experience a spirit of solidarity as part of wider Karaca family, more than 150 Karaca employees voluntarily went to the stores in the role of headquarters employees on the Mother's Day weekend and supported those employees on the front line in the stores themselves

HR Store Visits

As the Human Resources and Culture team, we visited our partner stores one day every week to support the stores and to listen to the problems of our employees in the store. By visiting nearly 40 stores per month, we did not leave Karaca employees alone on the front line. of our business

Sales Winners Breakfast

Every month, we hosted our store employees who achieved the highest sales among our stores at our headquarters and organised more than 25 breakfasts attended by the CEO, Karaca General Manager and the Assistant General Manager of the Human Resources and Culture Department.

New Year Event

Since 2015, we have been organizing a New Year's Eve event with the participation of all centre teams before New Year's Eve, where everyone happily welcomes in the New Year.

Chef's Table Event

In order to increase the motivation of the teams at our Headquarters teams and allow them to enjoy a different experience, the teams took turns at the cooking event held at Chef's Table, together with master chefs.

Diversity and Inclusion

Karaca has established a Diversity and Inclusion Policy in order to bring a common understanding of equality to the daily working life of the company by creating a well-defined working culture of its employees and to determine the principles of implementation of these shared principles.

- As Karaca, we aim to develop our business culture in a way that supports diversity and inclusion. We adopt the mission of creating balanced and sustainable added value at every level of our organization by creating an understanding, safe, creative and synergetic working environment and culture brought about through diversity and inclusion.
- Diversity means recognizing the differences between what makes people different and factors such as where they come from, their upbringing, culture and experiences.
- Inclusion refers to an environment where every employee feels respected and valued, and where they feel they belong to their team and their company.
- Diversity and inclusion are taken into consideration especially in areas such as gender equality, equal opportunity, recruitment and promotion processes, leadership, personal rights and working conditions, and performance management. Our company adopts principles of diversity and inclusion to ensure gender equality, combat sexism and strengthen the representation of women in business life.
- Recruitment, promotion, personal rights and working conditions are based on merit and the skills required for the job. We also encourage women's participation in the workforce and a policy of equal pay for equal work. Promoting diversity increases the potential for new ideas and facilitating the company's adaptability to changing circumstances. This allows us to better understand customer needs and deliver superior service. A diverse work environment enhances employee motivation and increases retention rates.

Employee Rights

Our business model includes the embracing of the concept of diversity throughout the organization, nurturing differences and ensuring that our employees, our most valuable stakeholders, participate in processes where they can realise their potential in a fulfilling way. As part of this vision, we carefully consider the satisfaction of our employees and their loyalty to the company and evaluate them in the most constructive way possible manner

As the Karaca family, we constantly strive to increase the satisfaction of our employees and encourage them to share their thoughts freely. We consider the feedback we receive from them as extremely important.

In this direction, we started to cooperate with "Great Place to Work" in 2022 in order to evaluate employee satisfaction in a comprehensive manner. In 2023, we implemented surveys as part of our collaboration and were awarded the "Great Place to Work" certificate valid for the period November 2022- 2023.

In light of the findings of the survey, we are developing our practices to increase employee satisfaction and improve working conditions, with the aim of reducing personnel turnover.



We were awarded the "Great Place to Work" certificate valid between November 2022-2023.



Employee Rights

Weekly Doctor Visits Every Monday

On the 14th floor of our company, every Monday of the week, our company doctor accepts patients. Our company employees may visit the doctor every Monday to be examined and have medical prescriptions issued and renewed.

Dietitian Support

With the support of Dietitians from Diyetiko, we aim to teach Karaca employees how to maintain a healthy mindset and physique and guide them with regard to nutritional food choices so supporting our staff members to make healthy eating part of their daily lifestyles.

Delivery Agreements with Neighborhood Pharmacies

We have made agreements with different pharmacies situated in the vicinity of the company headquarters, enabling our employees to purchase medicines at more affordable prices. We have also made it easier for employees to order their medicines and receive them directly at our headquarters.

Suggest a Friend

Karaca employees share with us the CVs of their friends who they think can contribute to the culture of our Karaca family. As a result of the positive progress of the process and after the completion of the employee's two-month trial period, we present a gift voucher to the Karaca employee who recommended his/her friend and welcomed him or her friend to the Karaca family.

Support for Postgraduate Education

In order to support the educational development of our employees, we cover the costs of the master's and doctoral education programs they plan to pursue.

Breakfast, Lunch and Meal Card Support

In order to ensure that Karaca employees at our headquarters can continue their work efficiently and provide the necessary nutritional support, we provide breakfast in the morning and lunch in the afternoon, in addition to monthly meal card provision.

Complementary health insurance

We provide complementary health insurance support for our employees to avoid problems in accessing health services.

Gender Equality

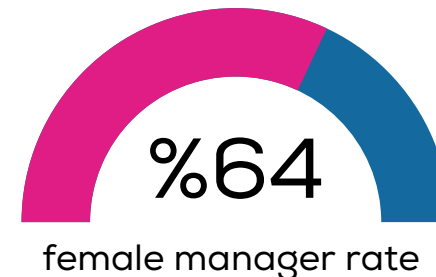
We run various programs and initiatives to increase the representation of women in leadership positions and in the workforce.

As 52% of our employees are women, we can observe that women make up a significant proportion of our workforce. 64% of our managers are women, thus ensuring a strong representation of women in leadership roles within the organization.

We organise multidimensional situational leadership development training programmes to encourage the promotion of women to leadership roles. These trainings allow female employees to discover and strengthen their leadership potential. To promote the diversity and inclusiveness of the female workforce within recruitment processes, we attach importance to diversifying our candidate pools and gender equality. We also regularly collect and analyse feedback to understand the challenges women face in business life and develop solutions.

52%

female employee rate



Occupational Health and Safety

The main objectives of the Karaca Group Occupational Health and Safety Policy are to protect Karaca employees against possible occupational diseases and accidents and to provide them with a healthy and safe working environment.

As Karaca, we attach importance to occupational health and safety, which is one of the most important measures that serves to increase the quality of life and productivity of our employees and, more importantly, to protect and secure their state of physical and mental well being.

In line with advancing our Occupational Health and Safety processes in as careful a manner as possible, we organize monthly meetings between our Occupational Health and Safety experts and sustainability manager, warehouse managers, occupational safety experts, Human Resources and Culture department with regard to our Occupational Health and Safety processes whether in our offices, warehouses and stores, and receive reports from our experts concerning possible problems and measures that arise and improvements that can be taken in such circumstances.

Within Karaca Group, during the 2023 reporting period, our warehouse employees underwent a total of 3,840 hours of Occupational Health and Safety training, that is equivalent to 8 hours per person. Again, in the 2023 reporting period, there were no reports of employees affected by fatal injuries or occupational diseases.

3,840

*occupational health and
safety training hours*

Adding Value to Planet

"By 2030, we aim to provide 100% of the electricity we use in all our operational processes from renewable sources."



Sustainable Retail

As the Karaca Group, on account of the responsibility and sensitivity we feel towards environmental issues, have launched a new range of concept stores that respect nature. Through these stores, which we call Container Stores, we aim to reduce the environmental impact in many areas from design to product delivery.

We use recycled metals, pallets, furniture and materials during the construction phase of Container Stores, which are now operational in Paris, Ankara, Izmir and Samsun. For energy efficiency, we have included low energy consumption and durable lighting in these stores. In addition, we have reorganized the logistics processes in these concept stores. We have switched to a decentralized distribution and service network. By so doing, we contributed to the reduction of total greenhouse gas emissions generated by the logistics network.

In parallel with Karaca's "department store" approach, Container Store products are accompanied by end-of-season products. Aiming to create an offline marketplace with many global brands in large retail stores, these businesses offer only "in-store" offers and package campaigns.

Taking the concept of sustainable merchandising into consideration, we have committed to making all our shopping carts from 100% recyclable materials. We carried out all painting processes using water-based paints and replaced 100% of our lighting systems with LED bulbs. We have incorporated into our operational processes the recycling of all store furniture items that have reached the end of their useful life, and the repair and utilization of reusable ones in new forms.



100%

*rate of LED lighting
rate in stores*

100%

*recyclable rate of
shopping carts*

Contribution to Biodiversity

As the Karaca Group, we value the environment and attach great importance to the mark our employees leave on the lives of those around them and Karaca. From this perspective, we not only honour our employees' contributions in this respect but also make a significant contribution to the protection of nature by donating a sapling on behalf of Karaca employees on each anniversary of the date they joined our company.

Thanks to this worthwhile practice, we demonstrate our determination to build a future that is more at peace with nature every year.

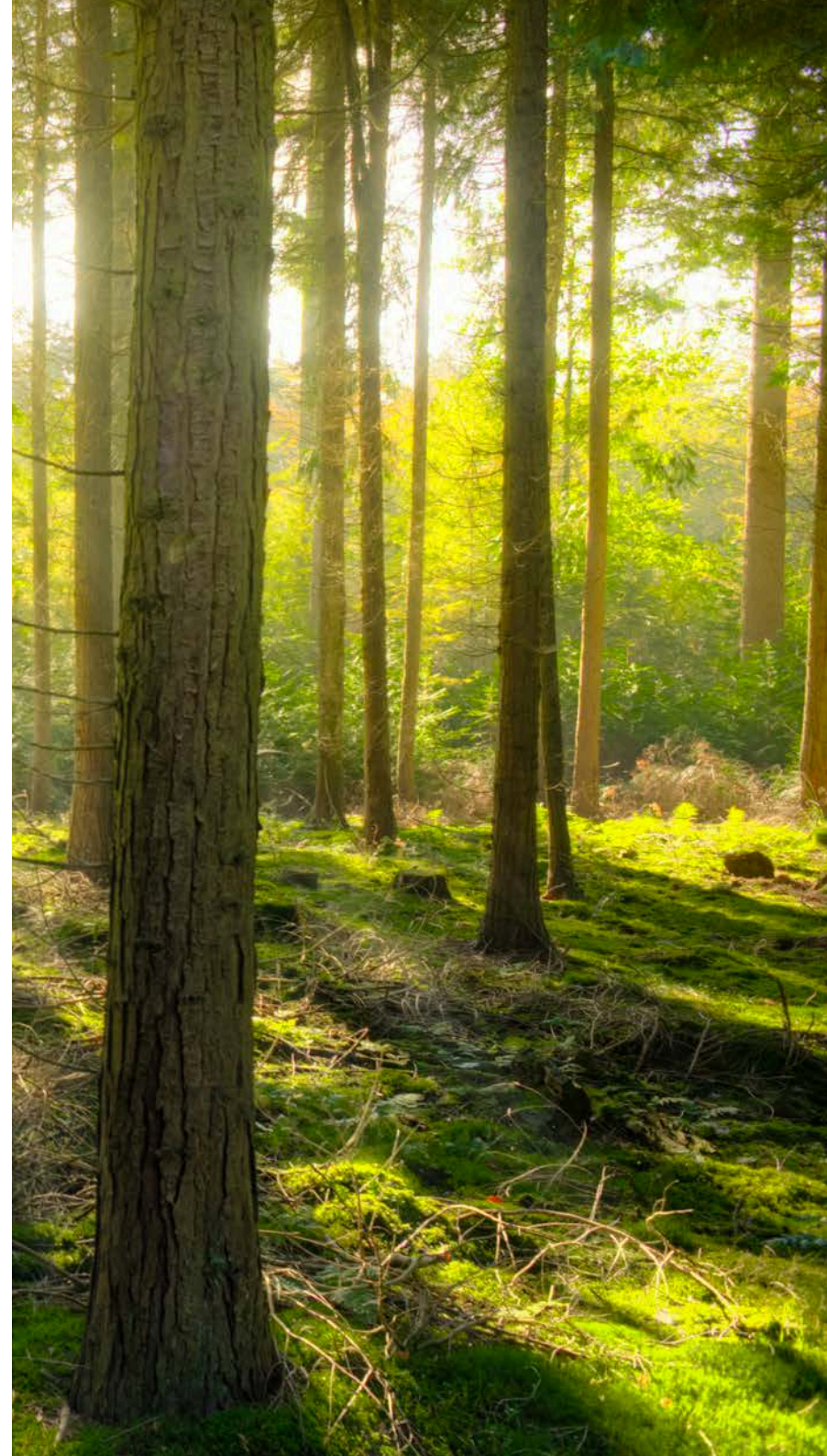
Between 2015 and 2023, we planted 19,251 trees on behalf of Karaca employees, a practice we have been deeply committed to since 2015. The activity of planting sapplings not only adds to aesthetic improvements to our immediate environment, but also plays an important role in our determination to safeguard and combat deforestation. Each sapling serves our goal of preserving the balance of nature and leaving a greener world for future generations.

19,251

*Number of trees
planted*

7,920 tonnes

*The amount of greenhouse
gas emissions prevented from
being released into nature*





Renewable Energy

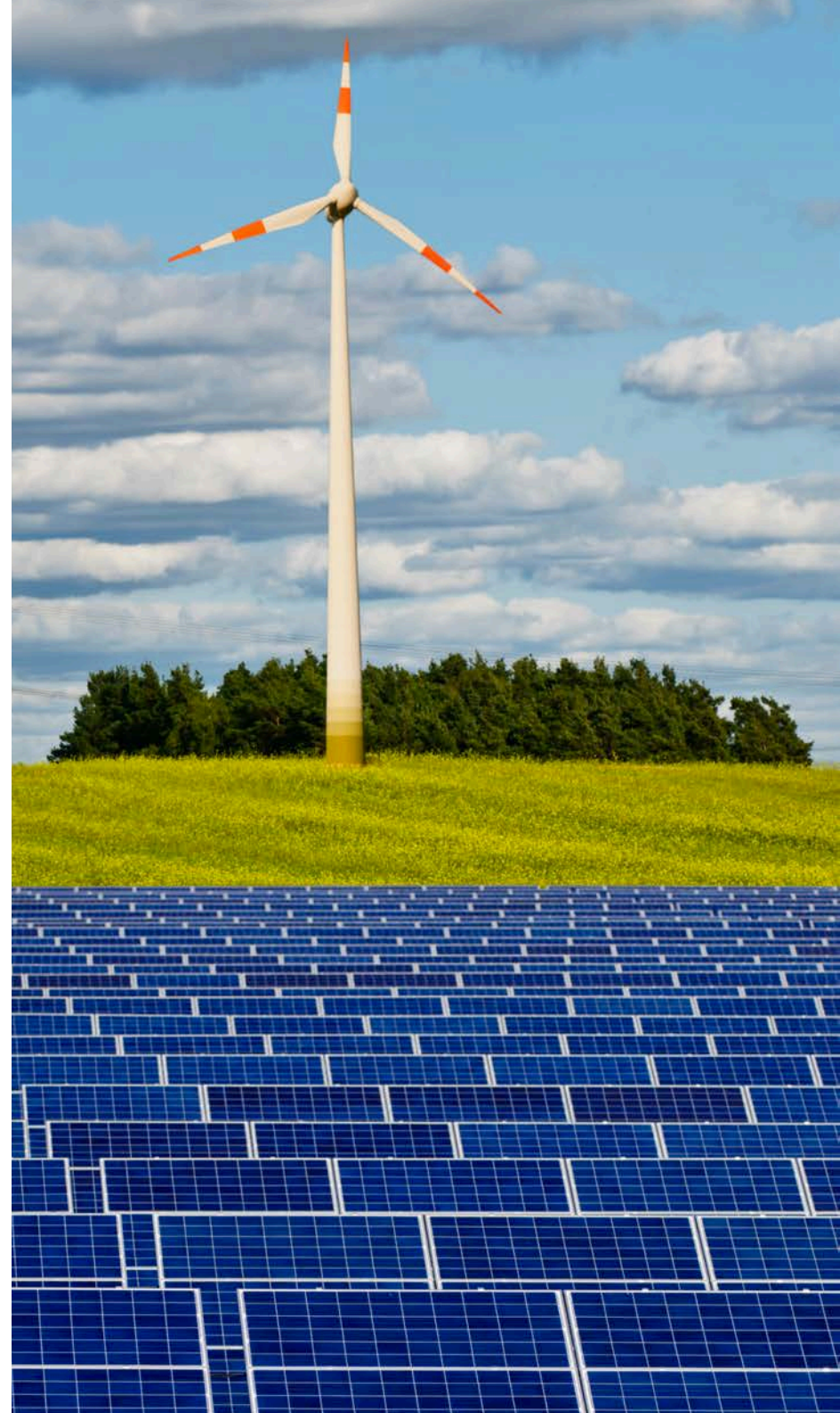
Energy use is the most fundamental environmental and governance resource of our operational processes. By 2030, we aim to source 100% of the electricity we use in all our operational processes from renewable sources.

We use 77% renewable energy in the production of our small home appliances category products. Thanks to our 2023 renewable energy use we prevented 35,410 tons of greenhouse gas emissions from being released into nature.

By 2023, we plan to obtain a large percentage of the energy we will use in our warehouse from the sun by means of the solar power plant we will install on the roof of our new "mega warehouse" project, which has been largely completed, and we are developing renewable energy power plant projects that will cover the energy consumption of all our operational activities for the future.

35,410 tonnes

*The amount of greenhouse gas
emissions we prevented from
being released into nature*



Waste Management

As the Karaca Group, we manage strategic efforts for waste management from the perspective of environmental sustainability. We cooperate with licensed recycling companies that deal with the waste generated at our logistics centres and Head Office. We monitor the processes of all our recyclable waste in detail and take care to ensure that these processes are carried out in accordance with environmental norms and standards. Thanks to our waste management practices, we recycled 710 tons of paper, plastic and electronic waste in 2023.

At Karaca Group Headquarters, we completely removed our single-use plastic products after the pandemic. In this way, we prevented a total of 71,175 tons of plastic waste from entering the nature and approximately 221,450 tons of greenhouse gases from being released into the atmosphere over a 2-year period.

In our offices, we implement various practices that raise environmental awareness to reduce paper consumption. We mostly process our paperwork and documentation and carry out business processes through online platforms, thus aiming to significantly reduce our need for printed paper. In our stores, we are developing our digital merchandising processes to reduce paper waste (such as with regard to posters). In 2021, we opened our first digital concept store and by the end of 2023, we had opened a total of 5 digital stores in Izmir and Istanbul. Thanks to the digital label application process introduced at our first digital store, we prevented 6.5 tons of greenhouse gas emissions.

We started to recycle materials from our unusable boxes and parcels at our logistics centers in our product packaging by converting them into shredded paper. By this practice, we reduced the nylon we use per product by 2.4 times, thereby reducing plastic waste generation and reducing our environmental impact by making use of cardboard previously deemed unusable. In addition, we gave up plastic-based tape and started to use fiber-based varieties instead.

710

tonnes

*The amount of
waste recycled*



Augmented Reality Application

With this technology developed for Karaca's mobile telephone application, Karaca's customers can examine more than 2 thousand products in 3D view (format) before purchasing and evaluate how the product will look in their home environment. Through this technology, Karaca Group aims to both provide an interactive purchasing experience for Karaca's customers and reduce their environmental impact by reducing the rate of product returns.

The fact that there has been a decrease of nearly 50 percent in the return rates of the products that offer the option of viewing at home using the augmented reality option since the day the application was launched shows that these steps are very beneficial from the perspective of environmental impact. Thanks to this technology, we have been able to reduce the return rate of the products arising from our logistics operations.

In the customer surveys conducted regarding this issue, 92 percent of Karacas customers who had initially experienced products via out AR (Augmented Reality) application expressed satisfaction with their purchases.

[Click here](#) if you wish to explore this issue in detail.

60,89%

*percentage of products featured on AR technology
applications in our product range*



Adding Value to Product and Services

"Sustainable products lie at the heart of our sustainability strategy. Based on the principle of responsible production and consumption, we build products that remain sustainable throughout their entire life cycles."



Sustainable Product and Services

By 2030, we plan to ensure that our entire product range serves at least one Sustainable Development Goal. In addition, during the product development phase, we consciously opt for recyclable, recycled, biobased alternative raw materials and raw materials obtained from responsible sources, so establishing practices that extend the product life cycle and emphasise the healthy aspects of our products to Karaca customers.

We continue optimization efforts to reduce the use of packaging in product packaging at every stage, and we aim to produce all our product boxes using sustainable sources by 2030.

When designing our products:

- We pay attention to the use of alternative and secondary raw materials,
- We prioritize efficient, responsible and renewable consumption of resources,
- Committed to our value-added product philosophy, we take care to create a long-lasting and easily repairable product range,
- With our special collections, we are ambassadors for the transmission of our cultural heritage to future generations,
- We are working to ensure that products that have completed their useful lifecycle can be reused/recycled by Karaca customers,
- We make sure that packaging is made from responsibly sourced materials and try to keep the use of plastic to a minimum.



Our Products Containing Sustainable Raw Materials

Use of Recycled Raw Materials

As the Karaca Group, we continue our R&D studies in order to integrate our products that use recycled raw materials in the production phase of all our product groups.

At Kaşmir Halı (Carpets), we treated 3 million GRS Certified plastic bottles and 13 tons of recycled cotton and used the materials we recovered in the Doğasever Collection.

In creating the Nature Pro cookware set, which we produced using 92.91% recycled materials, we emitted an approximately 200 times smaller carbon footprint compared to when untreated primary materials were used.

Use of Alternative Raw Materials

As the Karaca Group, we are developing our product collections containing bamboo fabrics in order to reduce the environmental impact of our textile products.

In product ranges apart from home textiles, we prefer innovative raw materials that increase the strength of the product and improve cooking processes in our tableware & kitchen categories. In order to integrate the use of alternative raw materials into all our product groups, we follow global trends and continue our R&D studies in our product development stages.

Thanks to our fabrics produced from bamboo, we prevented the pollution of 109,425 m³ of water compared to had we produced and used cotton-based materials.



Clean Energy and Local Production

Renewable Energy Use

As the Karaca Group, we prioritize renewable energy sources in our production in order to use clean energy, which is one of the most important sources for environmental sustainability.

We use 77% renewable energy in the production of our Small Home Appliances category products. Thanks to our use of renewable energy in 2023, we prevented 35,410 tons of carbon emissions from being released into nature.



Made In Türkiye

In addition to the improvements made within the manufacturing process of the products designed by Turkish engineers, supporting local production and minimizing logistics operations are of great importance especially in providing solid pillars to support sustainability efforts.

Thanks to our Sustainable Supply Chain, we are increasing the number of our products manufactured in Türkiye every year. In addition to our Sustainable Supply Chain approach, we are increasing the number of our products designed by Turkish engineers and manufactured in Türkiye every year. Local production accounts for 90% of the manufacture of products in our small home appliances category.



Recyclable and Durable Products

Recyclable Products

As the Karaca Group, we examine all life cycle stages of a product in detail as part of our product development processes and design our products with material preferences that can be easily recycled by users.

As of 2023, we will have over 500 products in our tableware category. These are all 100% recyclable product types. Our Nature Pro cookware set, 90% of which is made from recycled materials, can be recycled after use.

Durable Products

As Karaca Group, we carry out R&D studies to ensure that our products can be used for a longer period of time by the user. In this way, we both increase the satisfaction of our consumers and reduce the environmental impact of our products.

We contribute to the cyclical economy by preventing Karaca customers from having to buy new products as the products in our cooking group come with a guarantee of up to 70 years and those in our tableware group a lifetime assurance that the patterns or designs on our products do not fade or rub off.



Cultural Heritage Products

Increasing efforts to protect and preserve the world's cultural and natural heritage is among the most vital sustainable development goals.

As the Karaca brand took root in the unique soil of Turkey, we attach importance to the history and culture of our country and create special collaborative collections in order to pass them on to future generations to give the themes featured in them more prominence.

As of 2023, we have designed a total of 142 products across 5 different collections, most notably "Paye Selçuklu", "KaracaXArslantepe", "Alacahöyük", "KaracaXIstCollection" and "Cumhuriyet Yüzyılı" (Century of the Republic) in order to popularize cultural heritage. You can visit our virtual stores created for our Paye and Cumhuriyet Yüzyılı Collections.

[Click to](#) look at our "Paye" Collection

[Click to](#) look at our "Cumhuriyet Yüzyılı" Collection

We minimize environmental impact during the manufacture of products and perform carbon offsetting for the emissions we are unable to eliminate.

As of 2023, we minimize our impact by carbon offsetting at all our company events. On October 18, 2023, we offset the carbon emissions caused by the "Cumhuriyet Yüzyılı" Collection launch event.



User-Friendly Products

Products that Reduce Plastic Use

As the Karaca Group, we develop products that can be used multiple times and increase the number of these products from day to day in order to transform consumers' single-use plastic preferences.

At our Karaca Group headquarters, we completely removed our single-use plastic products after the pandemic. In this way, a total of 71,175 tons of plastic waste was prevented from entering nature over a 2 year period.

We prevented 221,449 tons of greenhouse gas emissions from being released into the atmosphere.

User-Friendly Products

Thanks to its value-added products, the Karaca Group helps its customers prevent food waste with storage containers that keep their meals fresh for a long time, facilitate healthy diets with dinner sets that change eating habits, reduce electricity and natural gas consumption with cooking products that heat up over a short time and cool down over a longer period, and reduce ease of use and less energy consumption with smart and remotely-controlled products.

Our Quick and Safe pressure cooker has been tested and approved allowing users to save 65% energy compared to traditional cooking methods and to preserve 64% of vitamin A and 25% of vitamin B in cooked food.



Design Center

Our Design Center is a unit organized as a separate entity within the organisational structure of capital companies with their legal or business headquarters in Türkiye, established to carry out design projects or activities specific to our company's needs or priorities based on orders within the framework of a contract, engaged in domestic design activities and employing at least ten full-time design personnel or the equivalent number, and offering sufficient design know-how and capabilities.

Accredited in 2018 by the Ministry of Industry, the Karaca Züccaciye A Inc. Design Center creates innovative, differentiated and functional projects with high added value and the potential to create competitive advantage. Product development initiatives help to allocate resources correctly and manage them in accordance with strategic goals.

In our 190 m2 design center, 60% of the personnel have bachelor's degrees and 3% have master's degrees.



Our Design Center in Numbers

61

staff
members

%64

of staff members
hold at least a
bachelor's degree

190 m²

total area

10

collaborations
with
universities

165

design and
trademark
registration
projects

8

product
collaborations

Design Center

The annual "Student Awards" leg of the IF International Design Awards, which were started in 1954 and received more than 5,500 entries from 59 countries in the categories of product, packaging, communication, interior design, professional concept, service design and architecture, was held in Türkiye and Istanbul for the first time in 2023 under the sponsorship of Karaca. As a well-known Turkish company in the field of kitchenware, tableware and home textiles, we sponsored this international design competition for young talents called the IF DESIGN STUDENT AWARD 2023 and presented a special award for four different concepts devised by students.



Performance Indicators



Social Performance Indicators

Topic	2023	
Employment	Female	Male
Total Number of Employees	1,992	1,819
Number of White-Collar Employees	622	620
Number of Blue-Collar Employees	1,370	1,199
Number of Managerial Staff	Female	Male
Under 30 years of age	20	21
30-50 years of age	215	350
Over 50 years of age	11	15
Executive Board	1	5
Number of Employees According to Age	Female	Male
Under 30 years of age	1,233	851
30-50 years of age	701	908
Over 50 years of age	56	56
Number of Employees Recruited	Female	Male
Under 30 years of age	796	551
30-50 years of age	282	325
Over 50 years of age	22	25
Total	1,100	901



Social Performance Indicators

Topic	2023	
<i>Number of Disabled Employees</i>	Female	Male
Number of Disabled Employees	19	34
<i>Number of Employees by Duration of Employment</i>	Female	Male
0-5 years	1,815	1,544
5-10 years	147	217
10 years and above	30	58
<i>Employee Turnover</i>	Female	Male
Number of employees aged under 30 who left position	1,539	1,191
Number of employees aged between 30 and 50 who left position	444	523
Number of employees aged 50 or above who left	17	35
Employee Turnover Rate (%)	77.26	65.48
<i>Number of Employees at Design Centre</i>	Female	Male
Total	38	23

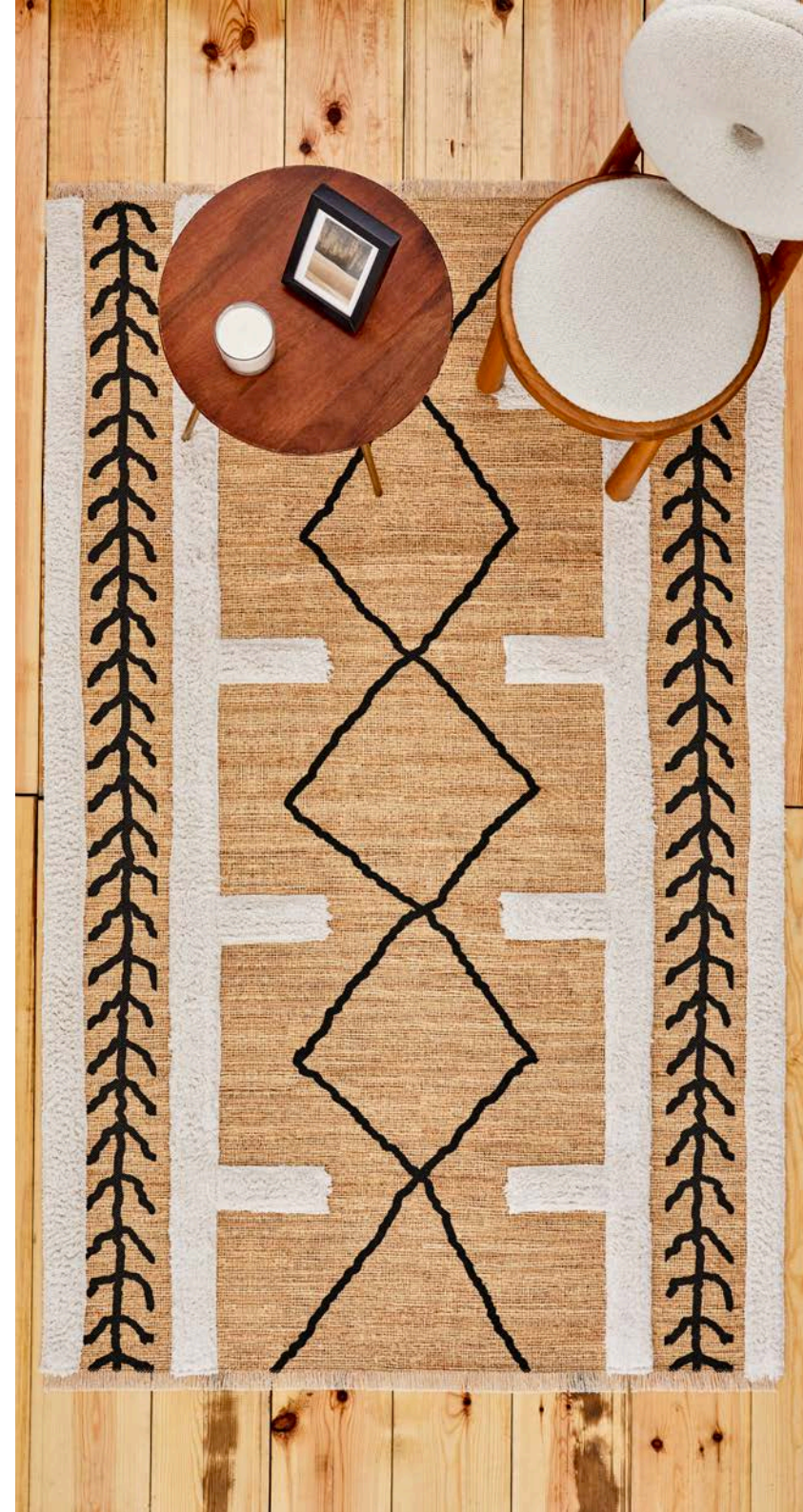


Social Performance Indicators

<i>OHS Training Figures</i>	2023
Total Hours of OHS Training	3,840
Average training hours per employee	8
<i>OHS Performance</i>	2023
Number of Accidents	117
Total Working Hours	7,305,899
Accident Frequency Rate	13,2
Number of Fatalities	0
Number of Occupational Illnesses	0
Rate of Occupational Illnesses	0
<i>Karaca Academy Training Programmes</i>	2023
Number of Hours of Ethics Training	233
Number of Hours of LPPD Training	500
Number of Hours of Karacasever Training Programme	833

OHS: Occupational Health and Safety

LPDD = Law(s) On Personal Protection of Data



Environmental Performance Indicators

<i>Water Management</i>	2023
Total Water Consumption (m3)	49.564,13

<i>Emissions Management</i>	2023
Scope 1 Emissions (tonnes CO2eq)	4.030,19
Scope 2 Emissions (tonnes CO2eq)	21.816,05
Total (tonnes CO2eq)	25.846,24

<i>Waste Management</i>	2023
Recycled Paper (tonnes)	355,56
Recycled Plastic (tonnes)	21,24
Recycled Electronic Waste (tonnes)	333,734
Total (tonnes CO2eq)	710,534





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