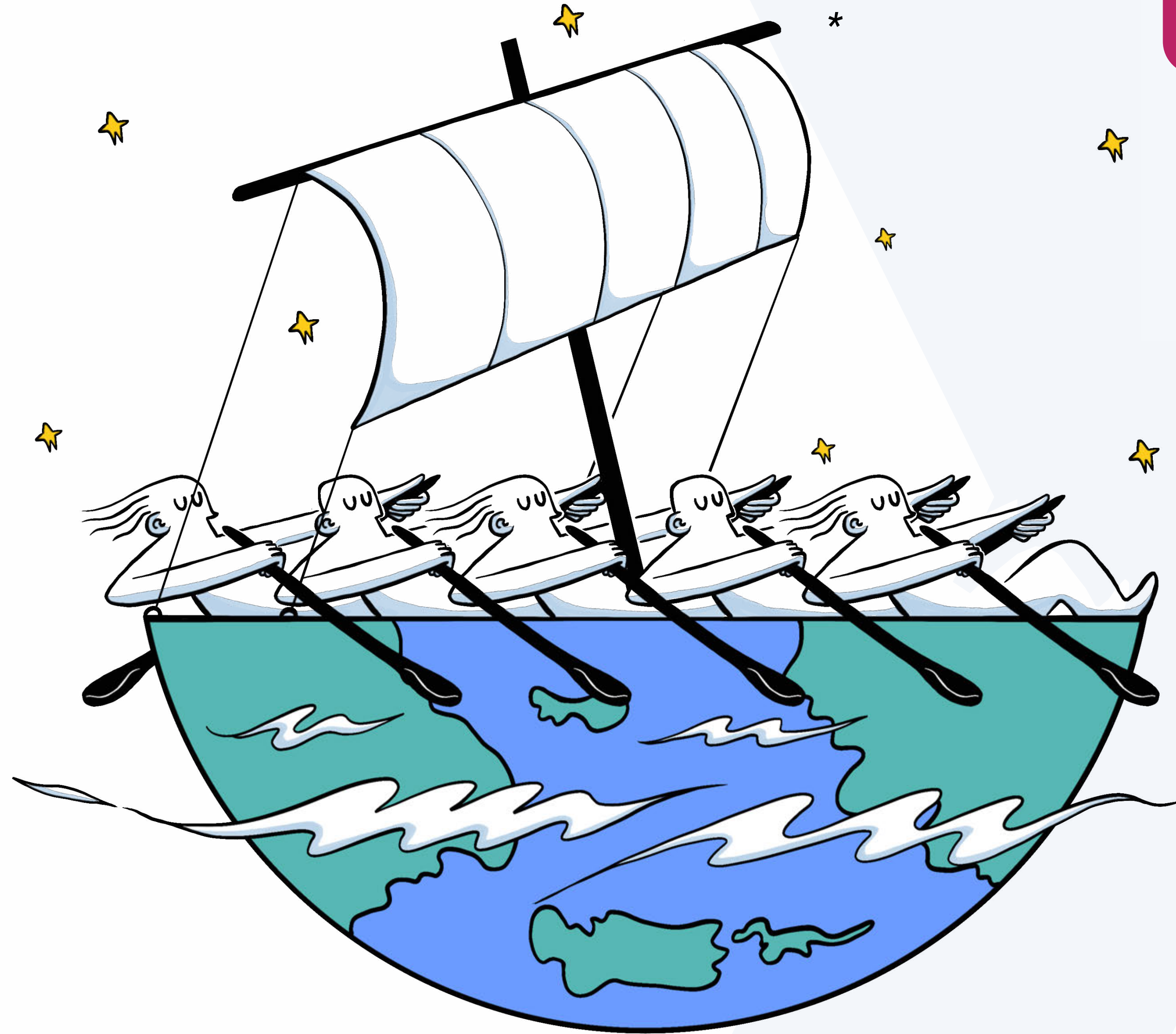


2020

ZORLU HOLDING
SUSTAINABILITY
REPORT



#Together
We Have A Future

Smart Life
 2030

* Illustrated by Eren Boz for Zorlu Holding Sustainability Report.

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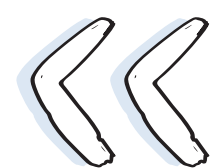
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About the Report

As Zorlu Holding, we share our environmental, social and corporate governance performance with all our stakeholders in a transparent way through our annual Sustainability Reports.

Drawn up in accordance with the “Core” category of the **GRI Standards**, the report encompasses the Smart Life 2030 strategy, our sustainability priorities and our performance in this context.

The report, through which we share our contributions to the Sustainable Development Goals, also covers the 11th Communication on Progress under the **United Nations Global Compact (UNGC)**.

For inquiries, opinions and suggestions regarding the report, please contact us via:

AkilliHayat2030@zorlu.com

Scope

To cover all our operations with significant impact, this report is based on the consolidated data of Zorlu Holding A.Ş., Korteks Mensucat Sanayi ve Tic. A.Ş., Zorluteks Tekstil Ticaret ve Sanayi A.Ş., Vestel Elektronik Sanayi ve Ticaret A.Ş., Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş., Zorlu Energy Group’s operations in Turkey, Meta Nikel Kobalt A.Ş., Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş., Zorlu Yapı Yatırım A.Ş. and Zorlu Performing Arts Center **between January 1, 2020 and December 31, 2020**.¹

Throughout the report, **Zorlu Textiles Group** refers to Korteks Mensucat Sanayi ve Tic. A.Ş. and Zorluteks Tekstil Ticaret ve Sanayi A.Ş.; **Vestel Group** refers to Vestel Elektronik Sanayi ve Ticaret A.Ş. and Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.; **Zorlu Real Estate** refers to Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş., Zorlu Yapı Yatırım A.Ş. and **Zorlu Performing Arts Center**; and **Meta Nikel** refers to Meta Nikel Kobalt A.Ş.

¹ Zorlu Real Estate Group is not included in environmental data.

Zorlu Holding at a Glance

1953

Zorlu Holding, the foundations of which were laid in 1953 when Hacı Mehmet Zorlu established Zorlu Mensucat Denizli, commenced its activities in the textile industry.

2008

The construction of Zorlu Center, Turkey's first mixed-use project, began in 2008. Zorlu Center opened its doors as a shopping and performance arts center in 2013.

1976

In 1976, Korteks Velvet Weaving Plant was established in Bursa and in approximately 10 years it began the first export sales of textiles products.

2009

In 2009, Zorlu Holding published the "2007-2009 Global Compact Progress" report for the first time.

1989

In 1989, Korteks Yarn Factory was established.

2011

Jhimpir Wind Power Plant in Pakistan began generation in 2011.

1990

Korteks Polyester Yarn Factory, Europe's largest integrated polyester yarn manufacturer and exporter, began production in 1990.

2012

In 2012, Zorlu Faktoring commenced its operations.

1993

Zorlu Enerji was founded in 1993 to meet the energy and steam needs of Zorlu Group's industrial enterprises. Today, Zorlu Enerji is listed in the Borsa Istanbul (BIST) Sustainability Index and stands out with domestic and renewable energy investments.

2015

In 2015, Zorlu Holding signed the United Nations Women's Empowerment Principles, institutionalizing its support for empowering women in the society, business, and the economy. Besides, Vestel Elektronik was included in the BIST Sustainability Index for November 2015 - October 2016 period.

1994

Vestel Elektronik, which joined Zorlu Group in 1994, and Vestel Beyaz Eşya founded in 1997 meet customers' expectations with innovative products and solutions while they are listed in the BIST Sustainability Index thanks to their high sustainability performance.

2016

In 2016, Vestel Beyaz Eşya and Zorlu Enerji voluntarily joined Borsa Istanbul's Sustainability Index for November 2016 - October 2017 period. In addition, Sarıtepe-Demirciler Wind Power Plants commenced their operations.

2000

Meta Nikel Kobalt Madencilik was founded in 2000 and joined Zorlu Group in 2007. The company continues its operations in R&D-based next generation mining without compromising on its philosophy of innovative, sustainable and eco-conscious production.

2017

In 2017, the Smart Life sustainability vision was developed. Vestel Beyaz Eşya became the first company in Turkey to receive the Water Footprint Verification in the industry. Zorlu Solar became the only authorized distributor of the U.S.-based First Solar across 26 countries.

2006

Zorlu Real Estate was established in 2006.

2018

In 2018, Zorluteks received the highest score from BSCI for thanks to its sustainable working conditions.

2007

In 2007, Zorlu Holding made commitments by signing the United Nations Global Compact, which is based on 10 principles on human rights, labor standards, environment and anti-corruption.

2019

In 2019, Vestel Beyaz Eşya expanded its brand license agreement with Sharp Corporation to include smart products. Besides, Zorlu Textiles opened a total of seven new stores in six countries.

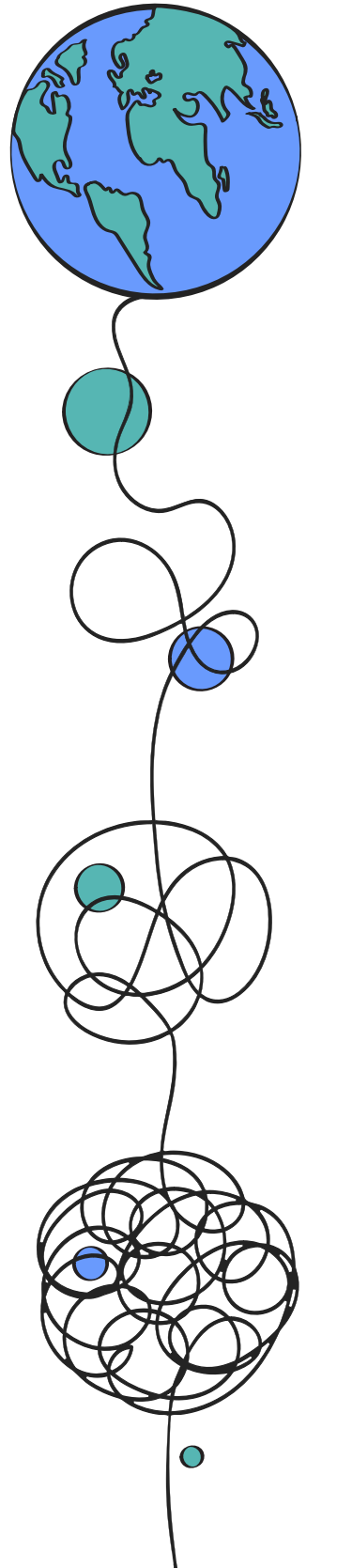
2020

In 2020, Zorlu Energy Solutions (ZES) expanded its electric vehicle charging station network to 81 cities as a result of its investments. Zorlu Enerji became a signatory to the United Nations Global Compact and took its place among the signatories of the United Nations Women's Empowerment Principles (WEPs) within the framework of the Eşit Bi'Hayat (An Equal Life) approach.

Environmental, Social, Governance (ESG) Performance in 2020

- Approximately **400** of our employees received training on topics such as **climate crisis, circular economy, entrepreneurship and innovation, diversity and inclusion** during the trainings held in cooperation with Boğaziçi University.
- Kivilımlar performed **1,891 hours** of volunteer work.
- **720** ideas were submitted to the intrapreneurship platform “Parlak Bi’Fikir” (A Bright Idea) while **15** ideas were selected. Following the applications received upon a team call, bootcamp meetings were held for teaming and teams were determined for the **8** top in-demand ideas.
- We offered an average of **6 hours of OHS training** per employee.
- Thanks to the energy efficiency activities completed in 2020, energy savings across the Group **increased by nearly 3 times** compared to the 4,419 MWh of savings achieved in 2019, **reaching 13,101 MWh**.
- Owing to energy and waste projects, we saved approximately **TL 7.7 million** in 2020.
- We increased our environmental expenditures in 2020 by **2%** year-on-year, **investing TL 15.9 million**.
- In 2020, total greenhouse gas emissions decreased by approximately **4%** year-on-year and were measured as **2,090,181 tons of CO₂e**.
- We reduced emissions by **91,339 tons of CO₂** thanks to the practices launched in 2020.
- We work with approximately **12 thousand** suppliers and business partners while our local supplier ratio has reached **74%**.
- We offered **6,979 person-hours** of training to suppliers, dealers and distributors.
- We resolved **99%** of the **7.4 million** feedback requests we received from customers in 2020. We answered **95%** of the nearly **617,000** complaints sent to the customer communication center and resolved **86%** of them. In 2020, we provided our employees with **31,259 person-hours²** of customer relations training.
- Supporting an average of **2,000** students every year, Mehmet Zorlu Foundation offers **40%** of its scholarships to primary and high school students, and **60%** to university students. We offered scholarships to **more than 25 thousand** students in total, including the 2019-2020 period.
- Zorlu PSM transferred most of the events canceled within the scope of the fight against COVID-19 to digital platforms and continued to deliver cultural and art to the society without any interruption through the motto “**#PSMyle Kal**” (Stay With PSM).

² This data is provided by Istanbul Branch of Vestel Ticaret A.Ş. and Zorlu Gayrimenkul.



Message From the CEO

« If we want to build a better future, we can only achieve this by configuring technology, digitalization and innovation in a way that will serve the good for people, society and nature. »

Ömer Yüngül
CEO

Esteemed Stakeholders,

2020 was an extraordinary year, during which the global economy contracted to unprecedented proportions, supply chains came to a standstill from time to time, and social inequalities deepened even more due to the shocking effect of COVID-19.

Global markets made a positive start to the year mainly due to the expectation that the USA-China trade wars would end after signing the first-phase trade agreement earlier in the year. Yet, the outbreak of pandemic-related problems before the end of the first quarter quickly eliminated this optimism.

In order to mitigate the impacts of the shocking contraction in the global economy, especially in the second quarter, the world's leading central banks, especially the US Federal Reserve (FED), provided liquidity to economies at unprecedented levels. During the second half of the year, there was a relative recovery in the global economy with the contribution of the measures taken and the restrictions and lockdown measures introduced. **Nonetheless, the global economy contracted by 3.4 percent in 2020 while this rate reached 6.6 percent in the Eurozone, Turkey's top destination for exports.**

Having been radically affected by these global developments, Turkish economy experienced a rapid recovery during the second half of the year, although it had a difficult time in the first half of the year. As a result of the difficulties experienced in the global supply chains, companies in Turkey, which responded to the demand from European countries very quickly and in an agile way, were able to successfully manage this process with the positive contribution of exports. While records were broken in exports, **the Turkish economy closed the year with a growth rate of 1.8 percent, becoming one of the few countries that recorded growth in 2020.**

As Zorlu Holding, **our consolidated turnover in 2020 increased by 16% year-on-year to TL 35 billion, and our EBITDA increased by 27% to TL 6.5 billion** thanks to our flexible and agile management approach and high adaptability despite the challenging conditions throughout the year.^{3,4}

³ Zorlu Holding's consolidated financial statements include the Group companies operating in the energy, textile, consumer electronics and household appliances businesses and Zorlu Yatırım AŞ, which operates in the real estate sector and is the owner of Zorlu Center. The Group's other investments in the real estate business are excluded from the above consolidated financial statements as they are not part of Zorlu Holding.

⁴ Excludes other revenues and expenses from operations.

armayı başardık.^{3,4}

While there were difficulties in the global economy due to the pandemic, the World Economic Forum (WEF) 2020 Global Risks Report listed the climate crisis and related risks among the top five risks in 2020, as in the previous year. The climate crisis continues to be a critical problem for the whole world as it threatens food security due to the extreme weather events it causes, triggers deforestation and loss of biodiversity. Although worldwide lockdowns caused global emissions to fall during the first half of 2020, the results of the 2008-2009 economic crisis show that emissions may return to their old levels. For this very reason, transition to green economies continues to be at the top of the agenda as an issue that cannot be postponed despite the shocks of the pandemic.

Another indicator of the heightened sensitivity to the climate crisis was the determination of the annual meeting theme of the 2020 World Economic Forum as **“Stakeholders for a Cohesive and Sustainable World”**. It has been acknowledged that a collective effort is necessary to achieve the goal of keeping global warming below 2 degrees Celsius around the world, set by the Paris Agreement. The pandemic is to be an important milestone in finding fast and effective solutions for global risks through the joint efforts of all institutions such as the public and private sector, as well as civil society and academia.

In the face of global crises, digitalization, one of the global mega trends, offers important opportunities that can act as an accelerator for a better life. On the other hand, the 2020 Global Risks Report published by the WEF lists digital inequality that may arise as a result

of the concentration of digital power at certain points among the most likely risks to occur in the next decade. It is important to effectively manage the risks brought by digitalization, which offers solutions for many global crises. Companies that invest in R&D and innovation can take on much more responsibility to generate solutions via the innovative products and services they offer. **Technology and digitalization can be positioned as powerful levers and accelerators on the way to 2030, creating more value for society and eliminating inequalities.** If we want to build a better future, we can only achieve this by configuring technology, digitalization and innovation in a way that will serve the good for people, society and nature.

At Zorlu Holding, we continue to contribute to the solution of complex and multidimensional issues, guided by our Smart Life 2030 strategy. We focus on doing what is good for the world through our stakeholder-based business model, which is embraced by our group companies and managed in line with their specific needs. By adopting regenerative business models, we continue to invest in areas such as renewable energy, electric vehicle ecosystem, smart homes, cities and textiles which will contribute to the solution of many global issues, especially the climate crisis, in the long term.

We strive to create human-oriented ecosystems, believing that the pre-requisite for sustainable growth is to create value for all stakeholders. In this context, we are creating an innovation-oriented, inclusive and pro-equal opportunities culture where our employees, who are the basis of all our achievements and whom we consider as

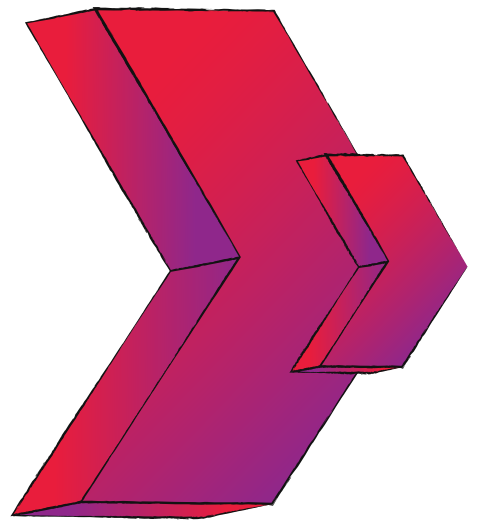
our most important value, can fully unleash their talents. We introduce value-creating projects on many topics ranging from intrapreneurship to gender equality, corporate volunteering and social innovation and take the initiative to work with all our strength to develop the collective effort on these issues and to create ecosystems.

Via our stakeholder-based approach, we take firm steps towards a better future by managing all our non-financial assets, such as human resources, innovation and environmental capital, in a way that creates more value, along with our financial assets.

We are pleased to share with you our sustainability report which is shaped by our Smart Life 2030 strategy and through which we share our environmental, social and governance activities. As a signatory to the United Nations Global Compact (UNGC) and the United Nations Women's Empowerment Principles (WEPs), we include the requirements of this status in the report. I would like to thank all our stakeholders who are an integral part of our sustainability journey.

Sincerely,

Ömer Yüngül
CEO



Message From The Chairman of The Sustainability Committee

« Through a “responsible investment holding” approach we have adopted for an equal, inclusive, fair and smart future, we will manage our non-financial assets such as human resources, innovation and environmental capital by investing in the core areas of “people-oriented ecosystems” and “regenerative business models” and continue to derive strength from radical collaborations. »

Bekir Cem Köksal
Chairman of the Sustainability Committee

Esteemed Stakeholders,

2020 was a year of uncertainties due to the global pandemic that took its toll around the whole world. This experience has shown us that we need many more innovative solutions that involve all stakeholders in the process, focus on sustainability, and are based on collective mind and effort, for complex and multidimensional issues that we cannot solve with conventional methods. Throughout this period, we have also questioned how hard we are pushing the boundaries of the world and how this situation is threatening our present and the near future.

Comprised of the impact of human activities on the environment, our **ecological footprint has increased by 173% in the last six decades**. In return, **we have exceeded the annual biocapacity of renewable natural resources and ecological processes by at least 56% across the globe.**⁵ Dependence of existing production systems on natural resources in the face of rapidly decreasing resources clearly shows that current economies and business models are not sustainable. The climate crisis, global warming and environmental problems, which emerged at the point where our understanding of production and consumption has brought us, threaten natural life, and the destruction caused thereby is increasing. The fact that human-shaped economic activities have a great impact on this situation makes it necessary for the business world to assume an active role in the solution of these issues. The pre-requisite of the business world is to develop regenerative business models inspired by nature.

It is necessary to respond to the needs of the society by establishing sustainable systems in harmony with nature, and to adopt self-regenerative business models that minimize the use of scarce resources. Bringing along an environmental, social and governance (ESG) based transformation, these business models will pave the way for companies to transform their operations and entire value chains, by considering the society and the environment, and by supporting the components of value and inclusion.⁶

⁵ The Importance of Biodiversity for Humanity, The Guardian, 2018

⁶ Designing Regenerative Cultures, Wahl, 2016

The climate crisis and its accompanying risks continue to be cited as the most likely risks in the Global Risks report⁷. **Meanwhile, the European Union's (EU) net-zero carbon emission target by 2050 and an associated target to reduce carbon emissions by at least 55% by 2030 compared to 1990 levels create an important opportunity for the business world.** On the other hand, regulatory developments such as the European Green Deal are decisive in shaping the climate agenda. Especially for a Group that mainly exports to the EU like Zorlu Group, there is an important transformation opportunity. Under this deal, the business world needs to develop responsible products and services for low-carbon growth by integrating renewable energy investments and climate finance into their agenda, along with energy efficiency and emissions management⁸. In fact, this is an important opportunity for the system-based transformation of the economy.

Technology and digitalization are among the most fundamental levers that can accelerate this transformation to be shaped by sustainability. Studies estimate that **Turkey has the potential to create more than 3 million jobs in the next decade thanks to the economic benefits and social changes that automation, artificial intelligence and digital technologies will create.** On the other hand, they suggest that approximately 21 million people who join the workforce in Turkey need to engage in upskilling in order to benefit from technology in their current profession. As a result, companies need to invest today for the future of work.⁹

Revealing how critical it is to establish human-oriented systems, this picture will bring along various dynamics as the generation Z starts to enter into the business life. Companies that create a suitable work environment for next generation employees will be able to create an important competitive advantage for sustainable growth. Studies show that companies offering a fair, diverse and equal opportunities-based work environment and engaging in effective talent management are preferred more. **The fact that the new generations that will make up 75% of the next generation workforce wish to work in socially-responsible and transparent companies is a clear indication of this.**¹⁰

Today we know that diversity within companies creates a positive impact in areas such as innovation and creativity, so teams can overcome problems in a faster and easier way. Employees who are equally supported without any discrimination feel more loyal to the team and the company they work for, reflecting positively on the employee's performance.¹¹ Research reveals that managerial staff created based on diversity are able to develop more innovative solutions and bring an average of 19% more financial return to the company. **In Turkey, it is stated that a rise in women's participation in the workforce can result in an increase of approximately 20% in the gross domestic product (GDP) by 2025.**¹² In addition, as a result of a stakeholder-based approach, it is observed that the interest in responsible companies is increasing in the financial world and in the eyes of investors, as well as consumers and employees. The clearest

indication of this is that **the size of investment funds that observe ESG criteria has tripled globally since 2015.**¹³ According to projections, **ESG-based assets approaching USD 38 trillion by the end of 2020 are expected to reach USD 53 trillion by 2025, a rise of approximately 40%.**¹⁴ This ESG-oriented transformation in the investment world will continue to be one of the most decisive factors in the financing and valuation of companies in the upcoming period.

At Zorlu Holding, we continued to respond to this stakeholder-oriented transformation experienced across the world with our Smart Life 2030 strategy in 2020 as well. Engaging in next generation activities with the help of the technologies of the future, our Group companies continued to develop products and solutions for a sustainable and smart life while they offered good and impactful examples of the next generation economy based on renewable resources and circular economy. We continued to undertake pioneering activities in Turkey in terms of ESG-oriented financing. Entitled to receive the highest score as a result of the evaluation made by the International Capital Markets Association (ICMA), Vestel broke a new ground in Turkey with its TL-denominated Green Bond issuance. **Zorlu Enerji's first sustainable sukuk (lease certificate) issuance** brokered by the Industrial Development Bank of Turkey (TSKB) **attracted attention as the first of its kind across the world, as it also included targets such as sustainable infrastructure and clean transport.**

⁷ Global Risks Report, 2020, WEF

⁸ European Commission, Green Deal

⁹ Future of Work, Mckinsey, 2020

¹⁰ Millennial Employee Engagement Study, Cone, 2016

¹¹ Mckinsey, Diversity wins how inclusion matters

¹² Mckinsey, Women Matter Turkey

¹³ OECD, Financial Markets and Climate Transition, April 2021

¹⁴ <https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>

In 2020, we also continued to carry out activities to open up space for the talents and competencies of our human resources, develop and diversify an innovation-oriented, inclusive corporate culture. In this respect, we continued to perform the second stage of our intrapreneurship program, Parlak Bi'Fikir (A Bright Idea), which is one of the most critical programs of the Smart Life 2030, by making use of digital facilities in spite of the prevailing pandemic. By publishing our Eşit Bi'Hayat Manifest so as to engage in strategic efforts on gender equality, we continued to develop a business culture that aims to act by considering equal opportunities in the fields of discourse, business environment and cooperation with stakeholders.

We designed Eşit Bi'Hayat (An Equal Life) Dictionary as a guiding dictionary to avoid sexist discourse patterns and idioms embedded in our language and made it accessible to all our stakeholders. We published the **Domestic Violence Prevention Policy** by participating in the Business Against Domestic Violence (BADV) project carried out by Sabancı University Corporate Governance Forum in cooperation with TÜSİAD and supported by UNFPA and Sabancı Foundation. Through Kivılcımlar Movement, our corporate volunteering program transferred to online platforms due to the pandemic, we continued to transform the philanthropy instilled into the DNA of Zorlu Group into a structure paving way for creating collaborations and partnerships with our stakeholders.

We continued to support "Smart Life Architects", who lead Smart Life 2030 in Zorlu Group, with training activities. Participants of

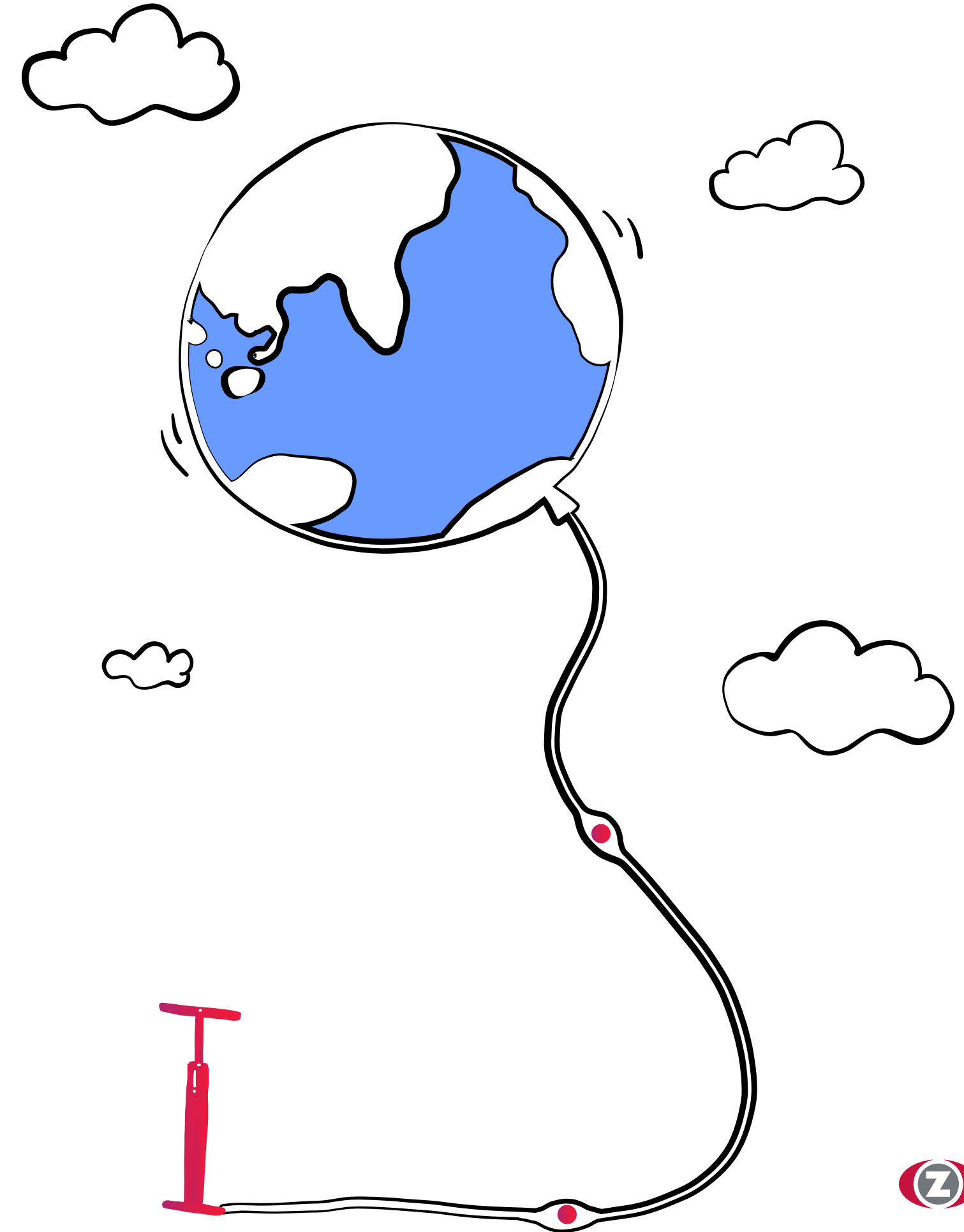
these training events improved their literacy in these areas by receiving training on different topics such as future trends, sustainable innovation and technology, intrapreneurship, strategy, sustainability leadership, diversity and inclusion, and being a purpose-driven company.

At Zorlu Holding, we will continue to reinforce the steps we have taken for a sustainable life in 2021 as well. Through a **"responsible investment holding"** approach we have adopted for an equal, inclusive, fair and smart future, we will manage our non-financial assets such as human resources, innovation and environmental capital by investing in the core areas of **"people-oriented ecosystems"** and **"regenerative business models"** and continue to derive strength from radical collaborations.

While sharing our 2020 Sustainability Report with you, which we have prepared in accordance with our transparency and accountability principles, we would like to thank all our stakeholders, especially our colleagues, who have contributed to our Smart Life 2030 journey.

Sincerely,

Bekir Cem Köksal
Chairman of the Sustainability Committee



Dear people and institutions,
we have been living together for
thousands of years. I have been
watching you closely. I remember
the day you were born like it was
yesterday. Now you are all grown up,
it is almost like you want to move out
to your own place. I am confident that
I am a sufficient enough home for you.
but this can only work out if you
use your heads and
take the right
steps. stop
waiting for a
hero and take
action
already.

*

Smart Life 2030



Smart Life 2030

WE CREATE VALUE THROUGH RADICAL COLLABORATIONS BY BUILDING
HUMAN-ORIENTED ECOSYSTEMS AND REGENERATIVE BUSINESS MODELS

Human-Oriented

- › Employee happiness
- › Future of work
- › Social investments

Regenerative Business Models

- › Combating the climate crisis
- › Circular design

RADICAL COLLABORATIONS

INTEGRATED MANAGEMENT

- › Reaching the top in ESG ratings across all operations

- › Corporate Risk Management and Integrated Value Creation

Smart Life
ZORLU 2030

The global economy is facing a radical transformation process as a result of issues such as climate crisis, increasing pressure on natural resources, environmental pollution, especially plastic pollution, rapid population growth and talent gap. On the other hand, climate action, circular economy, technology and digitalization trends bring solutions to global issues and encompass many opportunities for the future of work and the world. The share of the private sector's responsibility in finding solutions to environmental, social and economic problems that we face on a global scale is gradually increasing, and stakeholders now expect the business world to take concrete steps. Taking its place in the global agenda as **"Stakeholder capitalism"** and **"Stakeholders for a cohesive and sustainable world"**, the human-oriented approach guides the transformation for the business world.

While the private sector has begun to systematically manage the non-financial issues affecting their balance sheets in the medium and long run, 78% of investors pay more attention to non-financial issues affecting companies' balance sheets in the medium and long term in relation to their investment decisions.¹⁵ The fact that companies that improve their Environmental, Social and Governance (ESG) performance and integrate it into their growth strategy show better financial performance in the medium and long term, are resistant to crises and manage their risks more effectively reveals that they achieve higher sustainable profitability. While interest in ESG issues regarding capital and access to finance has increased, the total assets in the field of sustainable

investment have exceeded USD 31 billion today.¹⁶ ESG investments and green recovery packages accelerated by COVID-19 are of great importance for transition to a low carbon economy. In line with these developments and trends, it is possible for the business world to create sustainable and resilient business models via innovative and responsible products and services that can create common value with a focus on human beings thanks to technology and digitalization.

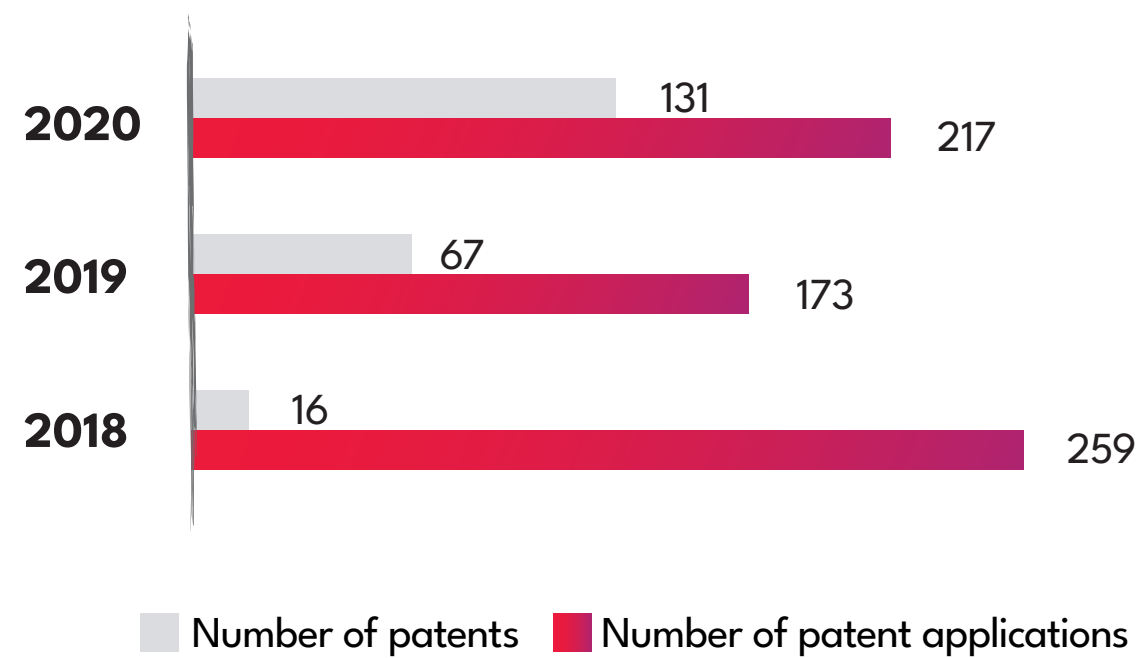
Guided by the Smart Life 2030 strategy, we respond to the risks and opportunities brought by global trends and make our business, human resources, society, business partners, customers and suppliers more resilient and adaptable to change. While we increase our capacity to create value for all our stakeholders with our strategy based on the principle of responsible investment holding, we are positioned as a stakeholder for the solution of global issues by utilizing the power of technology and innovation.

Consisting of **"Human-Oriented Ecosystems"** and **"Regenerative Business Models"**, the Smart Life 2030 is supported by an integrated management approach encompassing corporate governance and risk management. Beyond conventional corporate collaborations, individuals for environmental and social improvement, radical collaborations aiming to strengthen the ecosystem in Turkey and innovation are facilitators enabling us to implement our strategy.

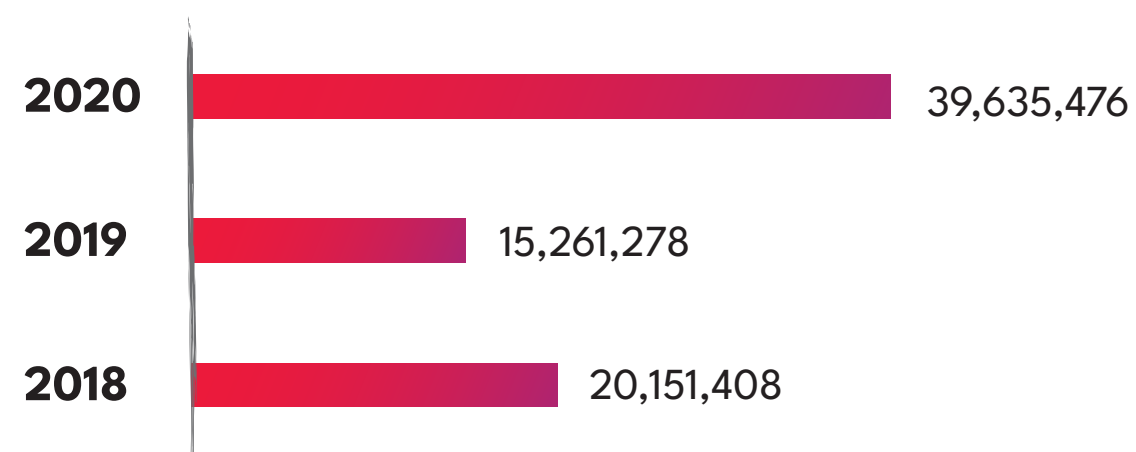
¹⁵ ESG No Longer An Optional 'Add-On' For Asset Managers, Finds Russell Investments Study, Institutional Asset Manager

¹⁶ Sustainable investment continues to gain momentum, WEF, 2020

Radical Collaborations and Disruptive Innovation



Revenue from patents (TL)



Stakeholders' expectations from companies in the face of global challenges offer important opportunities for the development of innovative solutions in the business world.¹⁷ Innovative solutions unite all stakeholders around a common goal, while at the same time providing competitive advantage, transforming business processes with profitability with a focus on the environment and people. Companies stand out by using the momentum they have gained through innovation to follow and support innovative initiatives, ensure internal transformation and create a better future for all stakeholders.

Collaborations between stakeholders with different expertise generate faster innovative and constructive solutions for complex problems.¹⁸ Leading organizations with high ESG performance oversee the interests of the society and all their stakeholders and cooperate with their stakeholders, which accelerates the transformation. The strategic cooperation of civil society organizations, public and private sectors allows for the multiplication of the impact generated by creating a comprehensive resource pool with the opinions and expertise brought by individuals from different circles.¹⁹

Technology and digitalization play a major role in building a smart life, making our lives much easier. They offer a variety of opportunities, such as proactively managing climate risks and building climate-resilient infrastructures.

Technologies such as Industry 4.0, cloud technologies, big data, internet of things (IoT) and artificial intelligence enable companies to offer more accurate and on-site services with effective customer relations, personalized innovative products and services and operational efficiency while they also pose important issues and risks such as cyber security, data privacy and security. Thanks to the developments in technology, companies can effectively manage these risks and make their business models more resilient.

We are positioned as a sector stakeholder generating solutions in the face of global challenges. The radical collaborations we have established to develop a business model with a focus on people and in harmony with nature are equipped with a strong and functional structure. Acting as levers in the Smart Life 2030 strategy, these collaborations offer a versatile environment for our Group companies to achieve their goals. Thus, we aim to respond to multi-layered global problems with multi-stakeholder structures, and strengthen the initiatives we support so that they achieve the capacity to create value on their own by following a radical path.

The budget we allocated to R&D in 2020 approached TL 500,000. The number of patents increased by 20%, the number of patent applications by 49%, and the revenue from patents by 61%²⁰ year-on-year.

¹⁷ Global Challenges and Opportunities, EY, 2019

¹⁸ Harvard Business Review, The Collaboration Imperative, 2014

¹⁹ BSR, Private-Sector Collaboration for Sustainable Development, 2018

²⁰ It covers the data of Vestel Group of Companies.

Innovation and Industry 4.0 Transformation at Zorlu Group

Zorlu Enerji

Horizon 2020, the largest research and innovation framework program of the EU, offers grant support to Zorlu Enerji for its participation in the **GECO (Geothermal Emission Control) Project**. Zorlu Enerji continues to engage in activities on Reducing Greenhouse Gas Emissions from Geothermal Energy within the scope of the main heading of Reducing Electricity Generation Costs from Renewable Energy Sources under the GECO Project covering various institutions and organizations from different countries.

Included in the Horizon 2020 project GeoSmart, Zorlu Enerji works on the Application of High Performance Renewable Technologies to Combined Heat-Power Plants under the main heading of **“Safe, Clean and Efficient Energy”**. Under the project, activities will be performed for the storage of geothermal fluid in liquid and vapor phase at **Kızıldere Geothermal Power Plants** affiliated to Zorlu Enerji, and the investigation of the impacts of **CSP (Concentrated Solar Power) and Biomass** technologies that can be integrated into geothermal power plants on power plant performance.

Zorlu Enerji aims to contribute to the reduction of greenhouse gas emissions originating from geothermal power plants under the **ERA-NET ACT Program-SUCCEED** Project integrated into the Horizon 2020 Program, supported under the main heading of Reliable, Clean and Efficient Energy and partnered by TUBITAK.

Through the Horizon 2020 GEOPRO Project, Zorlu Enerji will focus on research intended for expanding the use of geothermal energy from renewable energy sources and improving field development and operating conditions by better understanding the chemical and physical properties of geothermal fluid for **“Building a Low-Carbon and Climate-Resilient Future”**.

Participating in the **EUREKA-ITEA3 Program SMART-PDM Project** focusing on low-carbon technologies, software-intensive systems and services, telecommunications, smart electronic systems, smart production technologies, metallurgy, micro and nanoelectronic technologies, Zorlu Enerji plans to use the predictive maintenance technology for the wind power plants at **Gökçedağ WPP** of Zorlu Enerji under the project. The predictive maintenance technology aims to increase the benefits obtained from these power plants by reducing operating costs and generation losses in wind power plants.

Zorlu Enerji R&D and Smart Systems Department continues to work on electric vehicles and energy storage. Under these studies, the projects **“Examination of the Effects of Charging Stations and Electric Vehicles on the Grid and Optimizing These Loads”** and **“Testing Lithium-Ion Based Energy Storage Systems for Load Shifting”** were accepted by EMRA and the company was entitled to receive a total budgetary support of USD 5.7 million from EMRA for

the implementation of the projects. The solutions that Zorlu Enerji plans to develop aim to increase the grid security to the highest level by reducing the grid load through smart algorithms along with the widespread use of electric vehicles.

Under the **Geothermal Village Project**, Zorlu Enerji aims to offer greenhouse cultivation, heating, electricity generation, thermal tourism, food drying and aquaculture activities to be performed by the village to be established next to the geothermal power plant with waste heat from the geothermal power plant.



Vestel Group of Companies

Established over an area of 1.3 million m², Vestel City, Vestel's manufacturing base, is one of Europe's largest industrial manufacturing complexes operating in a single location. At Vestel City, the center of the Industry 4.0 transformation process, all processes from raw material entry to order delivery are monitored end-to-end digitally via a smart recognition system. Teams composed of expert engineers at Vestel Elektronik focus on various practices on areas such as horizontal/vertical value chain integration, artificial intelligence software, IoT (Internet of Things) technologies, lights-out factory applications, automation (robots, Cobots (collaborative robots)), 3D printing (additive manufacturing), AGV (Automated Guided Vehicle) and SDV (Self Driving Vehicle) applications. **Vestel was rewarded with "World Class Award", the highest level of TPM (Total Productive Maintenance) rewarded by JIPM (Japan Institute of Plant Maintenance).** In addition, it was awarded the **"Digital transformation team of the year"** as part of the Hammers awards.

Vestel was recognized with 11 awards at the Good Design Awards, the oldest and most prestigious design awards of the world through its RunnerDuo electric vehicle charging station, EVC 08 electric vehicle charging station, Glassy OLED, Lucid TV, VCross TV and Cromo TV products and reinforced its place as one of the most highly-decorated brands in these awards. It won the IF design award with the DC Satellite Charger. In 2020 Plus X Award, one of the world's most prestigious design and innovation awards hosting many global giants, Vestel Elektronik won **4 awards with its 2 products in the**

categories of Best Product, Best Brand and Most Innovative Brand. Vestel was among the **'Most Innovative Brands'**, becoming the first brand to bring this achievement to Turkey for the 5th time in the 'Consumer Electronics' category following 2013, 2017, 2018 and 2019.

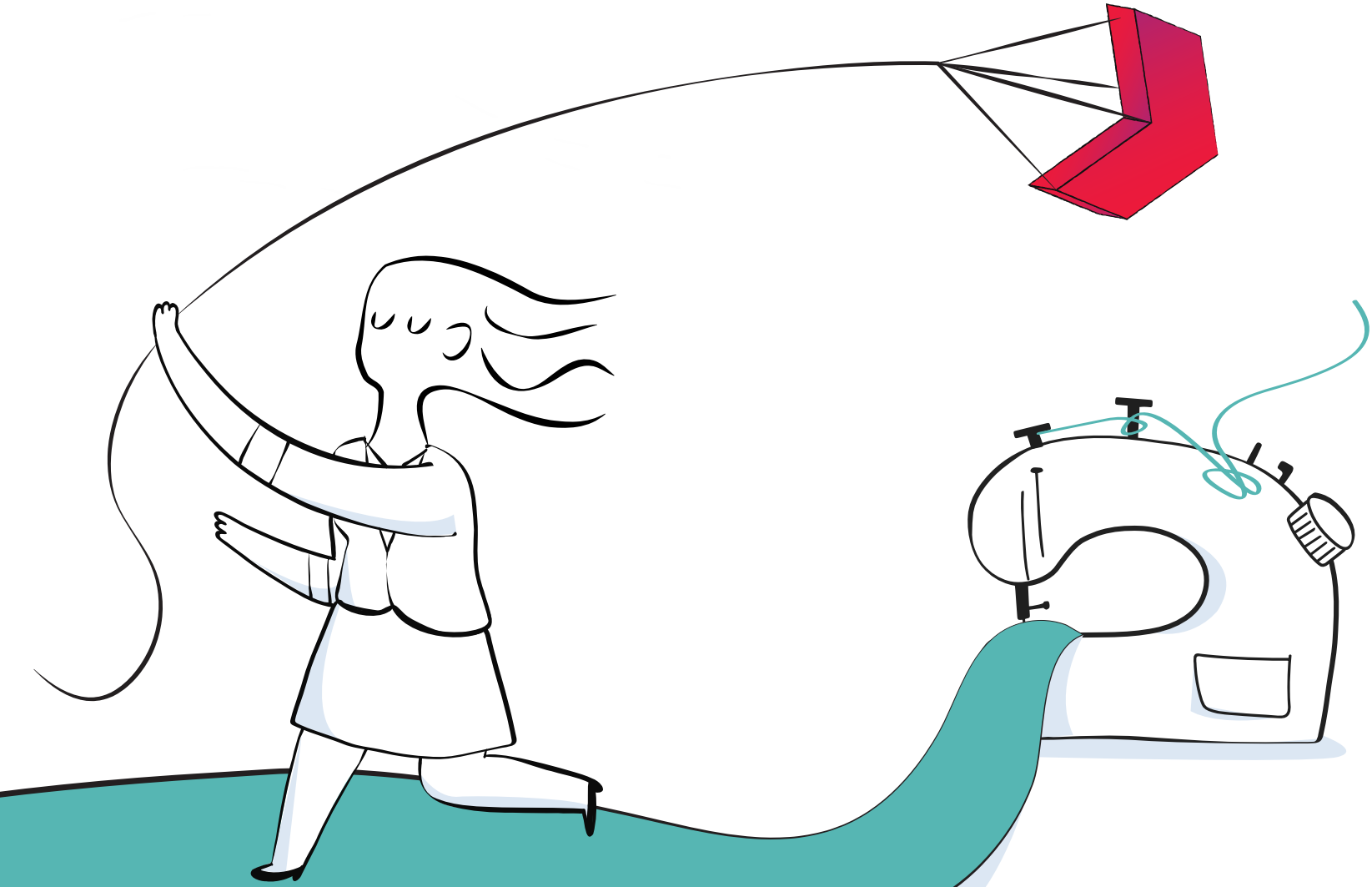
Vestel Beyaz Eşya established its digital transformation office striving to raise awareness and create a culture about modern methods. Focusing on the Design Thinking methodology, the office identified organizational needs thanks to the strategy and software activities and action was taken to respond to these needs. The modern methods used by the digital transformation office are being extended to all Vestel companies and agile practices are introduced. Via designed and produced AGVs, human labor has been minimized for in-plant transportation, and transition to automated production has started with the use of robot arms on production lines.

While continuing to make the lives of consumers easier with the technologies it has developed, Vestel Beyaz Eşya developed the Daylight technology inspired by the cleansing property of sunlight. It responds to the increasing hygiene demand due to the pandemic with washing machines, refrigerators, dishwashers and air conditioners equipped with the Daylight technology. Vestel Beyaz Eşya won the Red Dot Design Award 2020 with a total of **3 products**, and **became the company that was deemed worthy of the most awards in the Red Dot Design Award competition in our country in 2020.**

Zorlu Textile Group

Korteks is executing the **Polyester Yarn Production Project offering invisibility in the infrared region** for the defense industry. The project aims to produce sustainable yarn with infinite resistance and use feature for use in the military area.

In addition, the **High Visibility Polyester Yarn Development Project** aims to increase the number of sustainable yarns with permanently-resistant, non-polluting and non-bioaccumulating properties.



Sustainability Management

Sustainability is adopted at all levels across our entire organization from senior management to all employees, embedding it into our corporate culture.

The Sustainability Committee is chaired by the CFO. Seven Working Groups established under the Sustainability Committee on **R&D and Innovation, Employees, Environment, Corporate Governance, Relations with Society, Customer Relations, and Supply Chain** to monitor the sustainability objectives and ensure that Group companies embrace the Smart Life 2030 approach. Working group members regularly meet throughout the year to discuss the current status on sub-targets defined for the strategic objectives and if necessary, to revise the roadmap for attaining these objectives.

Leaders of the Working Groups regularly report to the Chairperson of the Committee. The Committee carried out all its activities and coordination activities through online platforms in 2020 due to the pandemic. It is planned to make changes in the organizational structure of the sustainability committee by updating the Smart Life 2030 strategy in the light of global developments. It is envisaged that the changes in the committee structure as well as duties and responsibilities will be shared in the 2021 Sustainability Report.

In addition to the Working Group, we also strive to mainstream sustainability within the Group through our approximately 200 employees, who we call “**Smart Life Architects**” and represent all our sectors.



Sustainability Committee

BOARD OF DIRECTORS

HEAD OF THE SUSTAINABILITY COMMITTEE

CEM KÖKSAL

Environmental
Working Group

Kaan Gençel

Relations with Society
Working Group

Aslı Alemdaroğlu

R&D and Innovation
Working Group

Yüce Demirseren

Corporate Governance
Working Group

Billur Demet Atan

Employees
Working Group

Zülal Öztürk Kaya

Customer Relations
Working Group

Selcen Uygüntüzel

Supply Chain
Working Group

Özgür Tirün

Vestel Group
Coordinator

Raşit Çiloğlu

Textiles Group
Coordinator

Anıl Oğuz

Energy Group
Coordinator

Funda Küçükosmanoğlu
Kaan Gençel

Real Estate Group
Coordinator

Pelin Uslu

Mining Group
Coordinator

Onur Birol

SECRETARIAT OF THE SUSTAINABILITY COMMITTEE

Dialogue with Stakeholders

In addition to our internal stakeholders, the opinions of our external stakeholders are highly valued in our strategic decisions. Based on the principle of creating value for all our stakeholders, we establish regular and two-way communication with people, institutions and organizations, especially our key stakeholders, and integrate their views into the value creation process. By taking part in different international platforms, we follow global developments closely and come together with industry stakeholders and relevant organizations to be a part of the solution.

We are signatories to the **UN Global Compact** and the **UN Women Empowerment Principles (WEPs)** while we are also a part of the **Plastic Initiative of the Turkish Business World**.

Please see the **Annexes** for the list of our memberships.

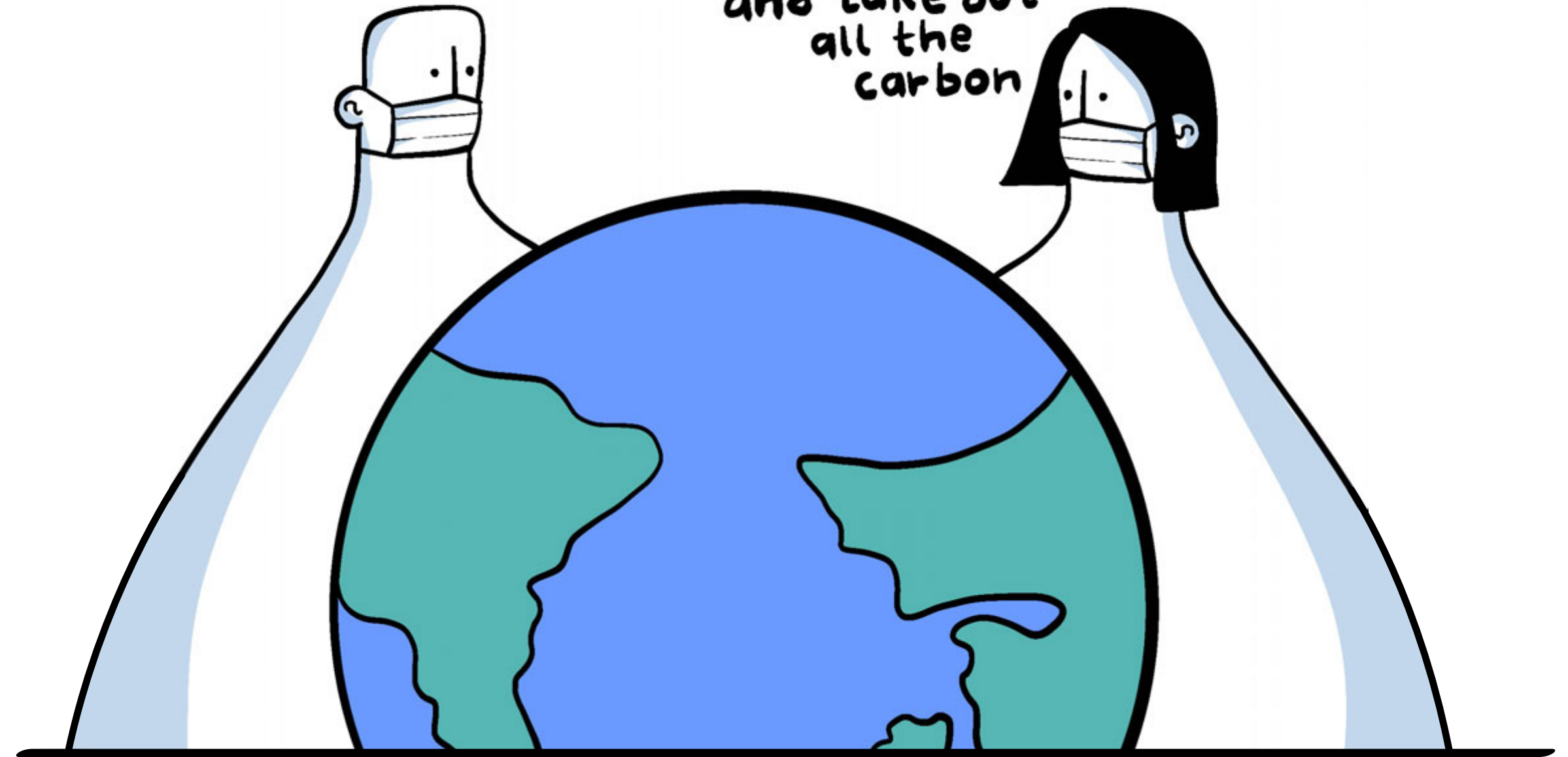
We consult our stakeholders to determine the material issues we will focus on, and we regularly conduct stakeholder analyses. These analyses enable us to identify our stakeholders' expectations and see how they evaluate our ESG performance. We identified our material issues based on the stakeholder analysis we conducted in accordance with the **AA1000 Stakeholder Engagement Standard in 2019**.

- what is wrong with the patient?

+ climate crisis *

- what do we do?

+plastics have spread to
his internal organs.
we have to get them out
and take out
all the
carbon



Strategic Priorities and Sustainable Development Goals

The extremely important material issues identified in the materiality analysis are consistent with the main themes of our Smart Life 2030 sustainability strategy. We see the material issues as a significant tool in creating our strategic approach. **R&D and Innovation, Financial Efficiency, Digital Transformation, Climate Change and Carbon Management, Occupational Health and Safety, Talent Management, Gender Equality, Renewable and Alternative Energy** constitute extremely important material issues.


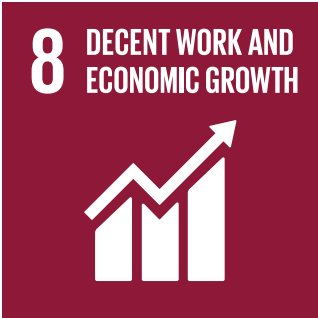

Digital Transformation and R&D and Innovation are consistent with our goal to embrace innovation as part of our corporate culture and to make society's dreams come true. To inspire our employees and to empower them with passion, we make sure to provide a workplace that offers equal opportunities for all. To this end, it is critical to invest in talent management, ensure gender equality and promote employee volunteering. Furthermore, we safeguard Occupational Health and Safety to create and maintain a safe workplace.


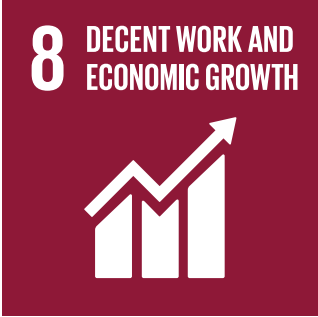
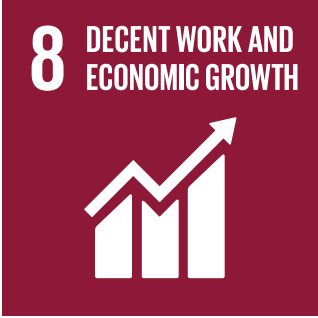
Financial Efficiency is one of the prerequisites of creating value as a profitable company. As we pursue our long-term objectives with determination, we believe that financial sustainability is key to creating shared value. We take responsibility for the environmental impact of our performance. We look out for the ecosystem as a whole, and we pay attention to Climate Change and Carbon Management to reduce our environmental impact as we grow.





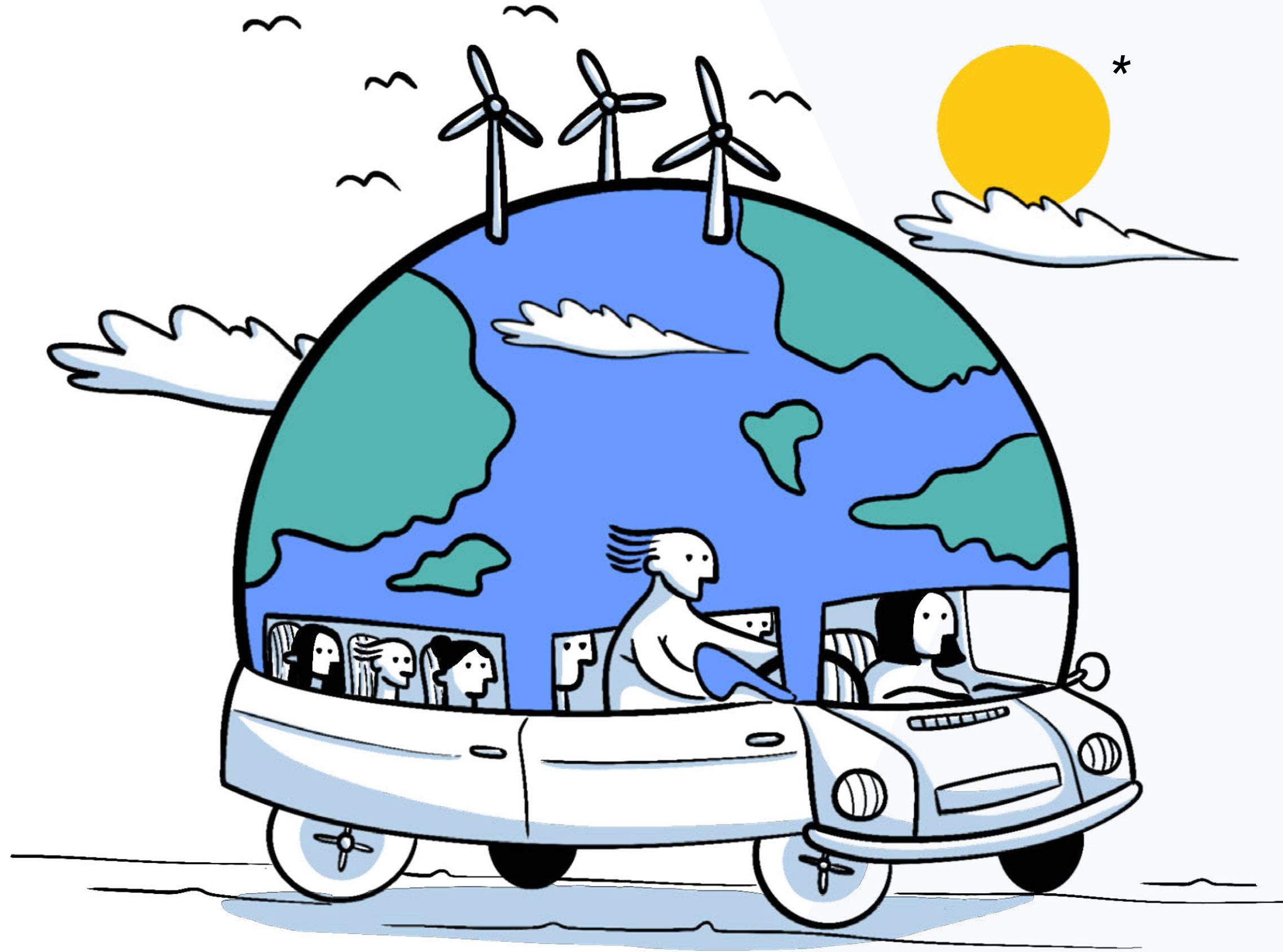
MATERIAL ISSUES

- 1 R&D and innovation
- 2 Financial efficiency
- 3 Digital transformation
- 4 Climate change and carbon management
- 5 Occupational health and safety
- 6 Talent management
- 7 Gender equality
- 8 Investing in renewable and alternative energy
- 9 Responsible product and service portfolio
- 10 Customer focus and customer satisfaction
- 11 Entrepreneurship and intrapreneurship
- 12 Employee satisfaction and loyalty
- 13 Sustainability leadership
- 14 Stakeholder dialogue
- 15 Responsible procurement
- 16 Business ethics
- 17 Employee rights
- 18 Social investment programs
- 19 Operational excellence and efficiency
- 20 Contribution to local development and employment
- 21 Sustainable raw material procurement
- 22 Social innovation
- 23 Improving digital literacy and access to technology
- 24 Transparency and reporting Waste management
- 25 Data security and customer privacy
- 26 Circular economy
- 27 Water management
- 28 Biodiversity conservation and management
- 29

EXTREMELY IMPORTANT MATERIAL ISSUES	SUSTAINABLE DEVELOPMENT GOALS WE CONTRIBUTE TO	HOW DO WE MANAGE?
<p>R&D and Innovation</p>	 <p>9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities</p>	<ul style="list-style-type: none"> • The budget we allocated to R&D in 2020 approached TL 500,000. The number of patents increased by 20%, the number of patent applications by 49%, and the revenue from patents by 61% year-on-year. • In addition to its products with high energy and water efficiency, Vestel has managed to reduce its water consumption per unit product by 23%, despite increasing the production of household appliances by 22% in the last four years.
<p>Financial Efficiency</p>	 <p>8.4. Improve progressively through 2030 global resource efficiency in consumption and production, and endeavor to decouple economic growth from environmental degradation in accordance with the 10-year framework of programs on sustainable consumption and production with developed countries taking the lead</p>	<ul style="list-style-type: none"> • Energy savings across the Group increased nearly 3 times year-on-year. The annual financial savings generated by the energy savings of 13,101 MWh were measured as TL 5.9 million. • Through the Nano Chrome Coating Production Technology developed for the first time by Vestel, 70% of cost savings and 97% of production efficiency were achieved compared to existing technologies.
<p>Digital Transformation</p>	 <p>9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities</p>	<ul style="list-style-type: none"> • Teams composed of expert engineers at Vestel Elektronik focus on various practices on areas such as horizontal/vertical value chain integration, artificial intelligence software, IoT (Internet of Things) technologies, lights-out factory applications, automation (robots, Cobots (collaborative robots)), 3D printing (additive manufacturing), AGV (Automated Guided Vehicle) and SDV (Self Driving Vehicle) applications. • The modern methods used by the digital transformation office of Vestel Beyaz Eşya are being extended to all Vestel companies and agile practices are introduced. Via designed and produced AGVs, human labor has been minimized for in-plant transportation, and transition to automated production has started with the use of robot arms on production lines.

EXTREMELY IMPORTANT MATERIAL ISSUES	SUSTAINABLE DEVELOPMENT GOALS WE CONTRIBUTE TO	HOW DO WE MANAGE?
<p>Climate Change and Carbon Management</p>	 <p>13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<ul style="list-style-type: none"> • Zorlu Enerji’s next-generation technology brand Zorlu Energy Solutions (ZES) offers electric vehicle users a convenient and uninterrupted travel experience travel with its charging station network. Allowing users to charge their electric vehicles within 30 to 60 minutes under the motto “Turkey’s fastest charging station network” is an important step towards encouraging the use of electric vehicles. • Electrip, the car rental platform with an exclusive fleet of electric vehicles, is leading the way in expanding the zero-emissions driving experience.
<p>Occupational Health and Safety</p>	 <p>8.8. Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> • Throughout the Group, we safeguard employee health and ensure occupational safety at every aspect to attain our goals of zero work- related accidents and zero occupational disease. We offered an average of 6 hours of OHS training per employee in 2020.
<p>Talent Management</p>	 <p>8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<ul style="list-style-type: none"> • We offer various learning and training opportunities at the Smart Life Academy in order to make our employees knowledgeable and competent on ESG issues. Participants have been receiving training on topics such as climate crisis, circular economy, entrepreneurship and innovation, diversity and inclusion during the trainings held in cooperation with Boğaziçi University for the last 2 years. Approximately 400 Zorlu Group employees completed the program in 2020. • With the academic support of Turkey’s leading universities, Vestel launched the Management Trainee Program (MT Program) to train young talents who have just graduated from the university as future managers. A total of 30 graduates from Turkey’s leading universities were selected among 9,528 candidates in 2020, and they joined Vestel after completing the program.

EXTREMELY IMPORTANT MATERIAL ISSUES	SUSTAINABLE DEVELOPMENT GOALS WE CONTRIBUTE TO	HOW DO WE MANAGE?
<p>Gender Equality</p>	 <p>5.1. End all forms of discrimination against women and girls everywhere 5.5. Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life 5.5.2. Share of women in managerial positions</p>	<ul style="list-style-type: none"> • Created in line with the Smart Life 2030, the Gender Equality strategy sheds light on all our activities in this area. The top-down leadership approach at Zorlu Holding forms the backbone of our strategy. • We have created a manifesto encompassing our Gender Equality approach and our commitments in this regard. • We are one of the founding members of the 30% Club in Turkey, which aims to improve the gender balance and increase the ratio of women in companies' decision-making mechanisms, board of directors and senior management to 30% and actively engage in the activities of the Club. We are among the corporate supporters of the Women on Board Association Turkey working towards the same goal. • We have been a United Nations Women's Empowerment Principles (UNWEP) signatory since 2015. • We continue to support the “Buy from Women, Let the Country Win” campaign by the Women Entrepreneurs Association of Turkey (KAGIDER) to increase the number of women in the supply chain. We are also a part of the KAGIDER Equal Opportunities Model (FEM), implemented to ensure equal opportunities in human resources processes.
<p>Renewable and Alternative Energy</p>	 <p>7.2. Increase substantially the share of renewable energy in the global energy mix by 2030</p>	<ul style="list-style-type: none"> • Having reached an installed capacity of more than 550 MW as of the end of 2020, Zorlu Solar continues to supply photovoltaic modules and inverters for industrial rooftop solar power plants throughout Turkey.



Corporate Governance

great minds think alike
and they think of sustainability

Corporate Governance

Corporate governance is a critical lever supporting the process of achieving our strategic goals and creating value for our company and our stakeholders in this respect. Our corporate governance approach is based on conducting our operations in a **transparent, fair and accountable manner**.

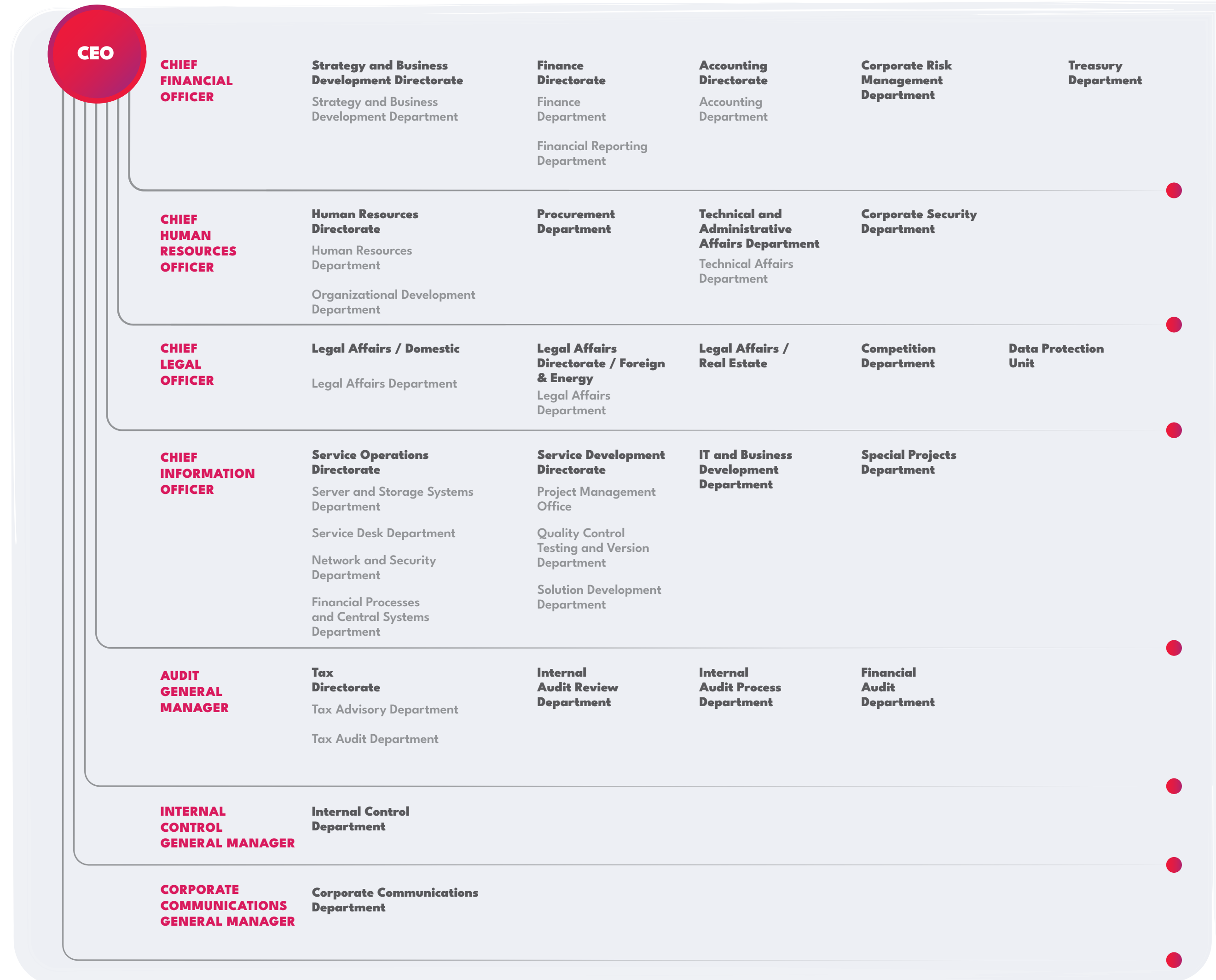
We are aware of the importance of identifying non-financial risks as well as financial risks and developing a proactive approach towards these risks. Therefore, the management of non-financial assets such as **human, innovation and environmental capital** has an important place within the corporate governance approach.

Organizational Structure

Zorlu Holding Board of Directors is composed of five members, one of whom is a woman. As per the principle of separation of powers, the positions of the Chairman and the CEO are held by different individuals.

Chief Legal Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Information Officer, Corporate Communications General Manager and Internal Control General Manager report directly to the CEO.

The Audit General Manager, on the other hand, while being subordinate to the CEO from an administrative perspective, reports directly to the Board of Directors, which gives the department its authority, in accordance with the principle of independence.



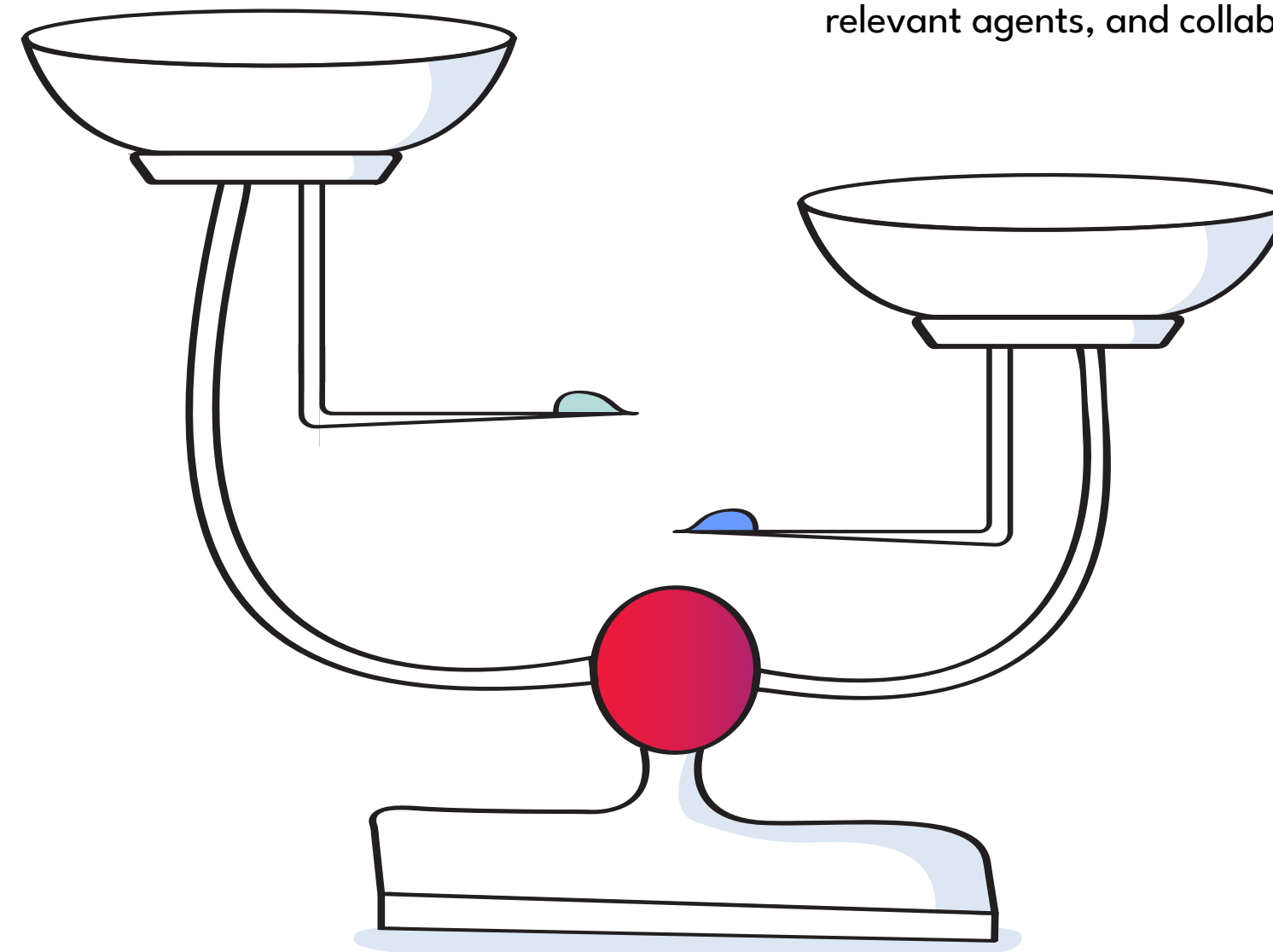
Ethical Principles, Anti-Corruption and Anti-Bribery

Zorlu Holding Ethical Principles regulate the basic principles, values and ways of doing business of the Holding and all Group companies. Concerning our entire workforce, the Ethical Principles are binding for all stakeholders, especially suppliers, business partners, dealers, authorized vendors and authorized services as well. They also ensure the effective management of our stakeholder relations. The Ethical Principles comprise relationships with employees; corporate and personal conflicts of interest; protection of assets and information security; accuracy in records and financial reporting; occupational health and safety; relationships with stakeholders; compliance with laws and regulations; prevention of money laundering, anti-bribery and corruption; political activities; social responsibility, volunteering and donations; environment and sustainability; and principles and rules for implementation, compliance and violations.

Zorlu Holding's Ethical Principles can be found [here](#).

We inform all Holding and Group company employees about the Ethical Principles, which guide all operations of Zorlu Group, as well as responsibilities about these principles. Employees may access the Ethical Principles and related practices via Zone, the internal communication platform.

The Ethics Committee, formed by Zorlu Holding Board of Directors, aims to establish, improve and sustain the culture of ethics. Zorlu Holding Chief Human Resources Officer, Zorlu Holding Chief Legal Officer and Zorlu Holding Audit General Manager are permanent members of the Ethics Committee, which is led by Zorlu Holding CEO. Responsibilities of the Ethics Committee include carrying out all activities it deems necessary; developing, updating, publishing and ensuring feasibility of the Ethical Principles; organizing training programs for employees and relevant agents, and collaborating with relevant expert organizations.



Implementation Principles and Trainings for the Ethical Principles

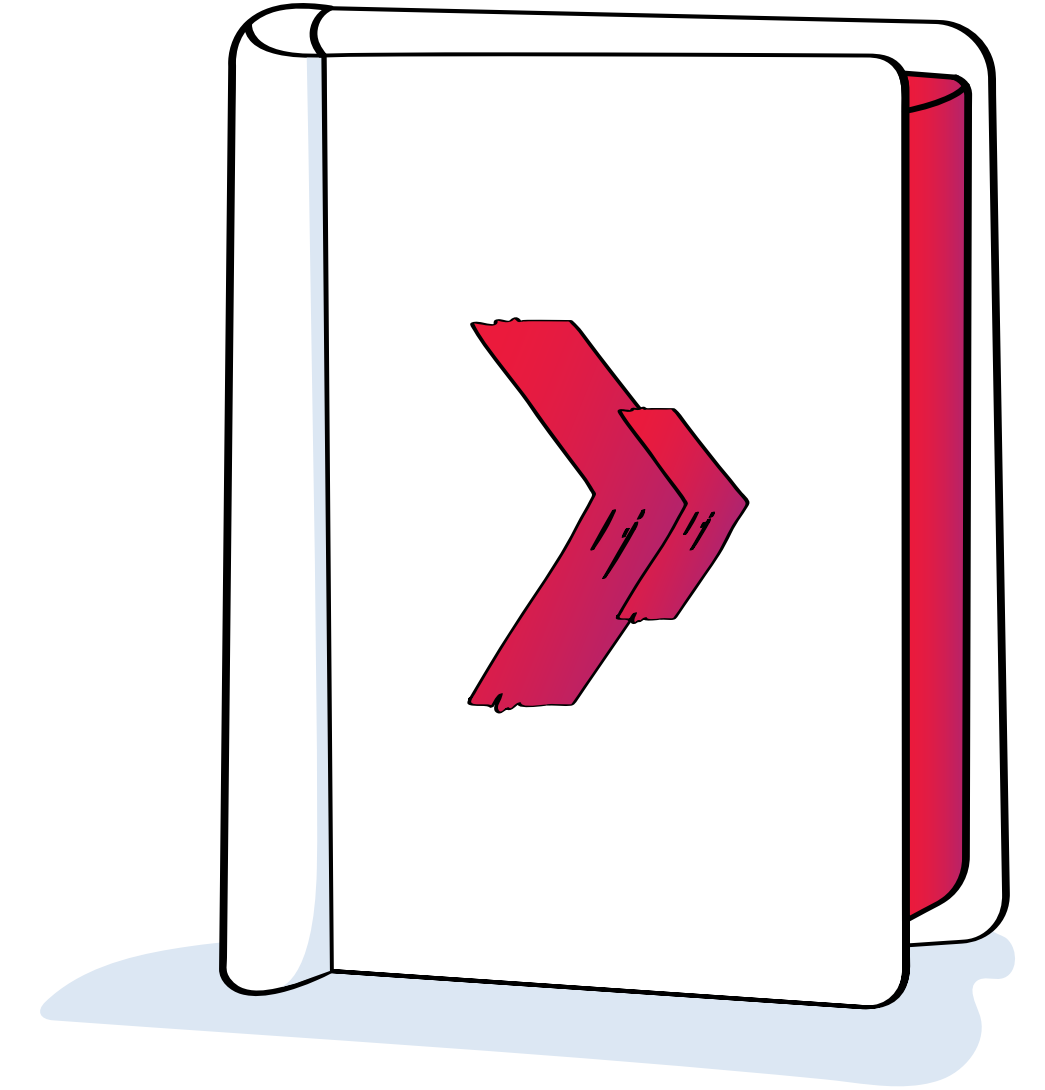
In 2018, we began building the infrastructure and content of an online training for our white-collar employees and prepared a comprehensive educational video accordingly. The online training, which includes case studies and takes about an hour, is offered to all white-collar employees within the Holding and Group companies. In this context, in addition to the employees who received training last year, a total of 3,336 employees including 28 Holding and 3,308 Group company employees, completed the Ethical Principles training in 2020. We offer training on the Ethical Principles to all new employees through an on-boarding program. We engage in sectoral planning to provide training to our blue-collar employees.

Our employees are expected to embrace the Ethical Principles and act accordingly while carrying out daily duties. In case of any uncertainty regarding the content of the Ethical Principles and/or witnessing any behaviors or practices that violate the code, employees may report the case or consult the **Ethical Principles Hotline** via e-mail (etik@zorlu.com) or phone (**0212 456 23 23 - 0850 226 23 23**). Retaliation against employees for their reports is strictly prohibited.

The Ethical Principles Hotline is available to all stakeholders as well as employees. **The Internal Audit Review Department under Zorlu Holding Audit Department** carries out all necessary examinations, inspections or investigations about the complaints, allegations or reports submitted to the

Hotlines. After reports of violations of the Ethical Principles are evaluated by Zorlu Holding Audit Department, the Internal Audit Review Department forwards the report on confirmed cases of transactions, or actions that have violated the Ethical Principles, or the review report on being unable to determine a violation of the Ethical Principles, to the CEO of the relevant company, Sector Head, members of the Ethics Committee, as well as the Board Members and the CEO. Reviews were completed for 7 of the 10 reports received in 2020 and an audit process was initiated for the remaining ones.

The Ethical Principles also covers the relevant regulations on anti-bribery and corruption. 7 of the cases reported on ethical violations in 2020 were evaluated within the scope of bribery and corruption and the Internal Audit Review Department reviewed these cases. 6 of the 7 reports were resolved. In line with the audit report and the recommendations by the Legal Department, the Human Resources department and senior management of the relevant company decided to take action (e.g. termination of employment contract, legal action, termination of business relationship with the supplier).



Risk Management

The Early Risk Detection Committee and Corporate Risk Management Department are in charge of the early detection of financial and non-financial risks that may pose threats to the existence, development and continuity of Zorlu Holding and Group companies and taking necessary measures. The Early Risk Detection Committee is chaired by an independent Board Member and composed of other Board Members. This independent committee reports only to the Board of Directors. The Corporate Risk Management Department's role in this committee is defined as meeting with committee members, and if necessary, preparing reports either on the subjects requested by the Committee Chairperson or members to be presented to the Board of Directors or on the subjects recommended by the Corporate Risk Management Department to inform the Early Risk Detection Committee. Following this meeting, the Committee Chairperson presents the committee decisions to the approval of the Board of Directors. The CFO is the highest-level executive responsible for risk management at Zorlu Holding.

The effective management of risks is crucial for the sustainability of our companies and activities. Under our Smart Life 2030 strategy, we strive to manage risks in the most effective way by combining analytics with our experience and knowledge. Within the scope of risk management, we aim to effectively manage and eliminate all risk factors that may have a negative impact on the company's sustainability. The Early Risk Detection Committee initiated preliminary work to pilot the Risk Management System at Zorlu Enerji as part of sustainability efforts.

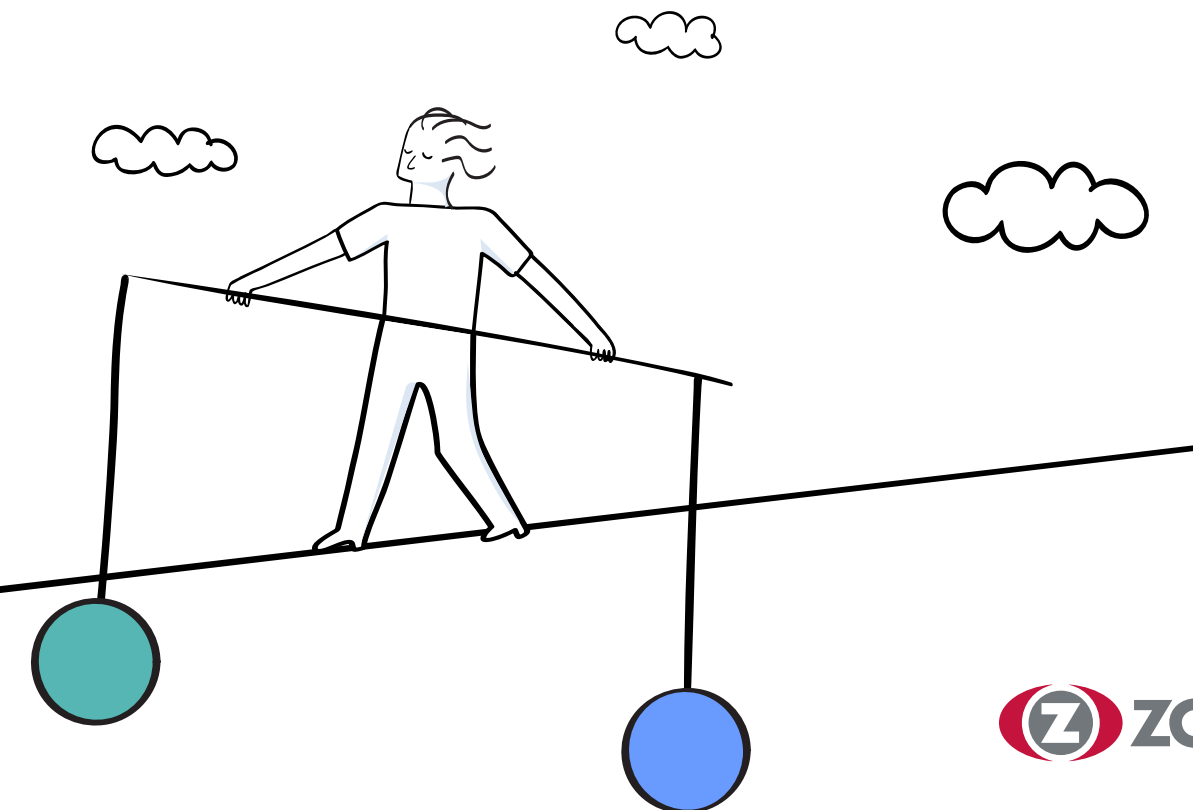
According to the **Corporate Risk Management Policy**, which is binding for Zorlu Holding and all Group companies, risks are managed at Zorlu Group through the following stages:

- › Goal setting
- › Risk identification
- › Risk assessment and inherent risk
- › Action identification
- › Waste risk and action plan follow-up

Accordingly, risk management principles are integrated into the strategic planning and target setting processes, and it is ensured that the company's strategies and objectives are compatible with the risk appetite. Afterwards, risks and opportunities that may affect the company's objectives are identified through a joint study across the organization, and the likelihood of these risks and their possible impacts on the company are identified. At the same time, the value of the risk before the actions taken and control activities, that is, the inherent risk, is calculated. The most appropriate risk responses (**Risk Acceptance, Risk Transfer, Risk Mitigation, Risk Avoidance**) are identified against the assessed risks, and the risks are proactively managed based on the right actions in this regard. Following the actions taken, the residual risk, which is the resulting value of the risk, is calculated. Throughout the risk management process, the action plan is monitored to track the completion status of the relevant actions, the Key Risk Indicators, risk reporting and sharing with the stakeholders. We are striving to establish risk awareness and culture in Zorlu Group's all operations.

In 2020, we conducted a risk assessment survey across the Group in order to create an effective risk culture in our Holding and Group companies and to improve the existing risk culture. In this way, we managed to analyze risk awareness and carry out probability-impact analyses. We also offered Cyber Risk Awareness Training and completed preliminary work on cyber risk insurance. In 2020, we, through the Early Risk Detection Committee, submitted the following risk reports to the Board of Directors in order to ensure adequate oversight of corporate risk management processes:

- › Electricity Sector in Turkey and Across the World and Zorlu Enerji
- › Impacts of COVID-19 on National Economies
- › COVID-19 Measures of Zorlu Group Affiliates within the Framework of the WEF Pandemic Report
- › Cyber Risk Awareness and Perception
- › Expectations for Turkish and Global Economy in 2021
- › Impacts of Slowing Growth in the European Economy - Household Appliances Sector & Electronics Sector



FINANCIAL RISKS	HOW DO WE MANAGE THEM?
LIQUIDITY RISK	<p>Liquidity risk is defined as the inability of a company's assets to meet its cash demands. Liquidity risk arises when assets have longer maturities than those of liabilities. We manage liquidity risk proactively, through planning in advance alternative courses of action based on possible scenarios and stress test results.</p>
FINANCIAL RISK	<p>Group companies under Zorlu Holding make long-term investments due to the nature of their operations. The financial needs of these investments are met by bank loans in addition to equities. We manage financial risks, arising from not being able to find sufficient amounts of applicable funds, by integrating alternative financing methods to the existing structure in order to diversify company's funding resources.</p>
FOREIGN CURRENCY RISK	<p>External funding used in financing investments and raw material procurement by Group companies under Zorlu Holding are mostly in foreign currency. As a result, the Group is exposed to foreign currency risk. We eliminate this risk primarily by routine methods of balancing the accounts. When necessary, we hedge with derivatives to minimize potential negative impacts. We alleviate the impact of fluctuations in the current market values of the derivatives on financial statements by means of hedge accounting.</p>

FINANCIAL RISKS	HOW DO WE MANAGE THEM?
<p>INTEREST RISK</p>	<p>Group companies under Zorlu Holding are affected by the changing interest rates in domestic and global markets as they fund their investments with various external funding resources. As a result, the Group is considerably affected by fluctuations in interest rates. We use various derivatives to minimize this risk. We alleviate the impact of fluctuations in the current market values of the derivatives on financial statements by means of hedge accounting.</p>
<p>CREDIT RISK</p>	<p>Credit risk is defined as the possibility of a borrower or a party of a contract to be unable to meet contractual obligations. Regarding this risk, the Holding employs comprehensive Receivables Risk Management. Our systematic management framework includes an Internal Rating Mechanism and most notably Credit Insurance. We embrace a preventive approach in receivables management. For instance, we obtain financial reports from outside sources and carry out Intelligence Activities about customers with whom we are in a commercial relationship. Moreover, we request Letters of Guarantee, Bank Checks, etc. from customers for assurance against receivables risk. Measures and actions taken regarding receivables risk management are monitored and approved by Group companies' Credit Risk Committees.</p>
<p>ECONOMIC RISKS</p>	<p>Economic risks manifested through shrinking demand, recession, inflation, increasing energy and commodity costs negatively impact Group companies in investment and operation phases. We measure possible related negative impacts via sensitivity, scenario and stress test analyses and develop different action plans for each case. The Risk Committee periodically reports to the Board of Directors on economic risks that might affect investment opportunities.</p>

NON-FINANCIAL RISKS	HOW DO WE MANAGE THEM?
<p>STRATEGIC RISKS</p>	<p>Measures to take against Strategic Risks require full-fledged projects and strategic risks are directly reported to the senior management. Zorlu Holding Corporate Risk Management Department monitors and reports general or industry-specific strategic risks. Strategic risks, such as competition that affect market share, change in customer demands, development of products and services, investments and growth are managed by diversifying investments in various industries and countries, accurate and timely assessment of changes in all fields. Business Development and Strategy Directorate coordinates all necessary activities regarding these risks and opportunities with relevant departments. We assess legal, political, etc. risks regarding Zorlu Holding's overseas investments pre- and post-investment with the help of consulting services when necessary, and adopt country-specific courses of action and management frameworks.</p>
<p>OPERATIONAL RISKS</p>	<p>Operational risks arise due to transactions necessary for daily practices and they need to be improved. With the activities of the Holding's Audit, Financial Audit, Internal Control and Tax Audit Departments; we control and audit all operational processes (procurement, production, delivery, transportation, sales, human resources, customer services, information technologies, etc.) of the Holding and Group companies.</p>

NON-FINANCIAL RISKS	HOW DO WE MANAGE THEM?
<p>BUSINESS CONTINUITY RISK</p>	<p>We strategically prepare contingency plans regarding saving and recovering functionality of critical systems, technical infrastructure and facilities in alternative locations during or after disasters, unexpected incidents or emergencies. We periodically revise these plans and test their applicability with necessary drills.</p>
<p>LEGAL RISKS / COMPLIANCE</p>	<p>We manage legal risks such as changes in regulations, lawsuits, tax disputes, violation of intellectual property rights, unfair competition, critical issues in contracts with stakeholders and related risks through well-coordinated communication between all relevant units within Group companies and the Holding.</p>
<p>REPUTATIONAL RISK</p>	<p>Exposure to all risks may negatively affect the reputation of the Holding and Group companies. We manage reputational risk through maintaining multi-dimensional, consistent and continuous communication with all stakeholders. Moreover, we protect our brand value and reliability by integrated management of all communication processes in line with strategic business goals. To this end, the Corporate Communications Department is represented at the CEO level.</p>

NON-FINANCIAL RISKS	HOW DO WE MANAGE THEM?
<p>INFORMATION SECURITY RISKS</p>	<p>Information security related risks have recently become increasingly more effective and we try to mitigate their potential negative impacts on activities primarily by reinforcing our infrastructure. Efforts on the traceability of technological infrastructure include various external scans as well. Furthermore, we closely follow laws and regulations regarding information security and strive to ensure maximum compliance with them.</p>
<p>ENVIRONMENT / HEALTH / SAFETY-RELATED RISKS</p>	<p>We follow all policies and procedures regarding compliance with legal standards on environmental health, stakeholder safety and health across all Group companies and the Holding. All Zorlu Holding employees go through mandatory occupational health and safety training in accordance with regulations. We transfer risk through natural disaster and terrorism risk insurance.</p>
<p>TRANSFER OF NON-FINANCIAL RISKS</p>	<p>We design and purchase insurance policies customized for each subsidiary for the insurable risks of Zorlu Holding and all Group companies with regard to fixed assets, loss of profit, liability and transportation. We work with brokers best suited for each insurance policy, thus monitoring the impact of developments in the global and local market on relevant industries.</p>

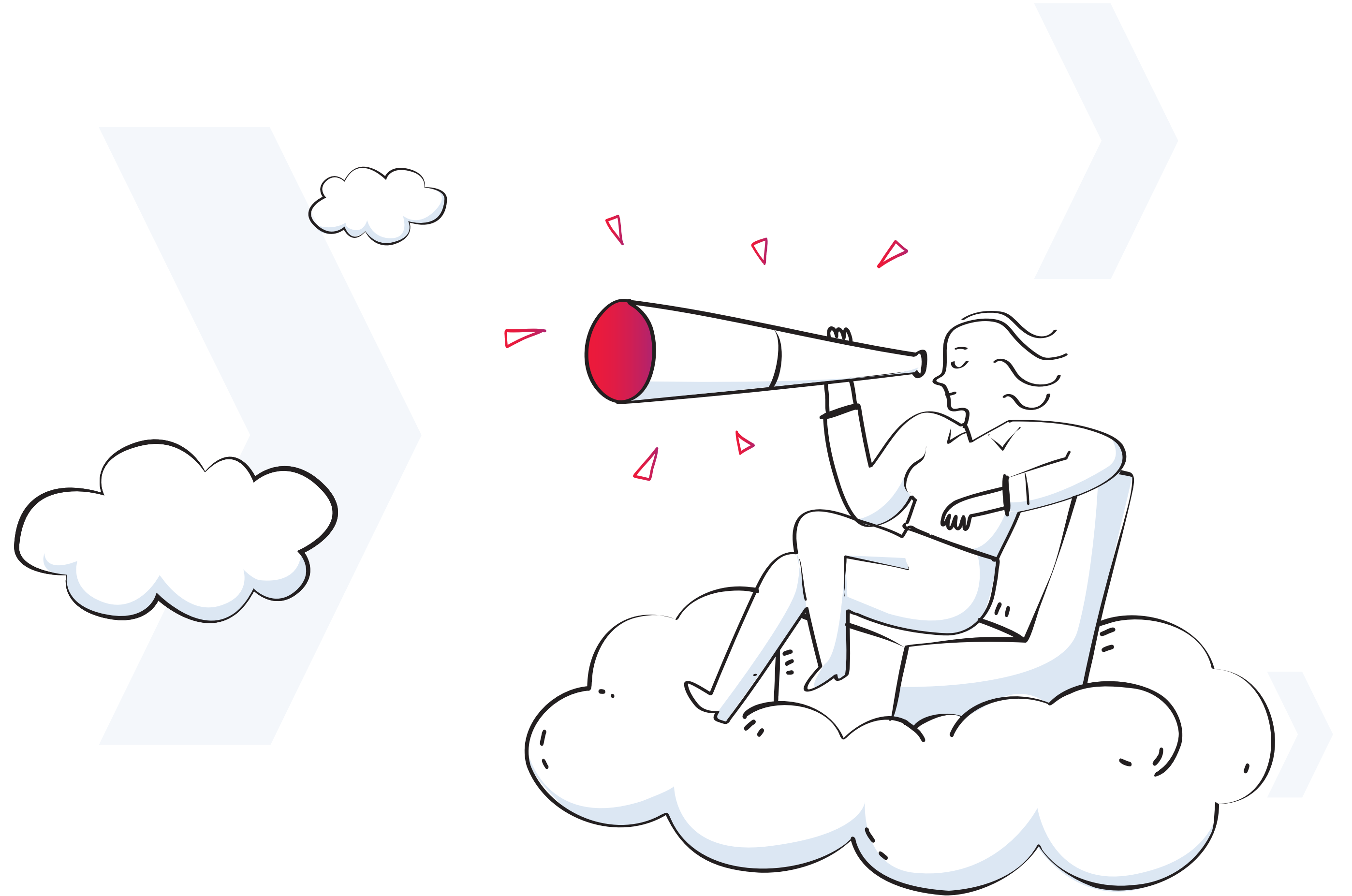
Audit

Zorlu Group companies are audited by the **Audit Department of Zorlu Holding**.

The Audit Department is comprised of Internal Audit Process, Internal Audit Review, Financial Audit, Tax Audit and Tax Advisory departments. Duties of the Department include carrying out activities on the effective and efficient use of resources, compliance with written rules, and information accuracy, security and reliability in line with a Board-approved, risk-based annual audit program. The department also provides consulting services with reasonable assurance.

Throughout the year, the Audit Department organizes monthly meetings with the CEO and Board of Directors. In these audit evaluation meetings, participants evaluate planned and actual audits, consulting services, and special audits. They share findings, review action plans and follow-up results based on these findings, and then review plans for the upcoming period.

For more details about Zorlu Holding Audit Department, please see our **2019 Annual Report**.



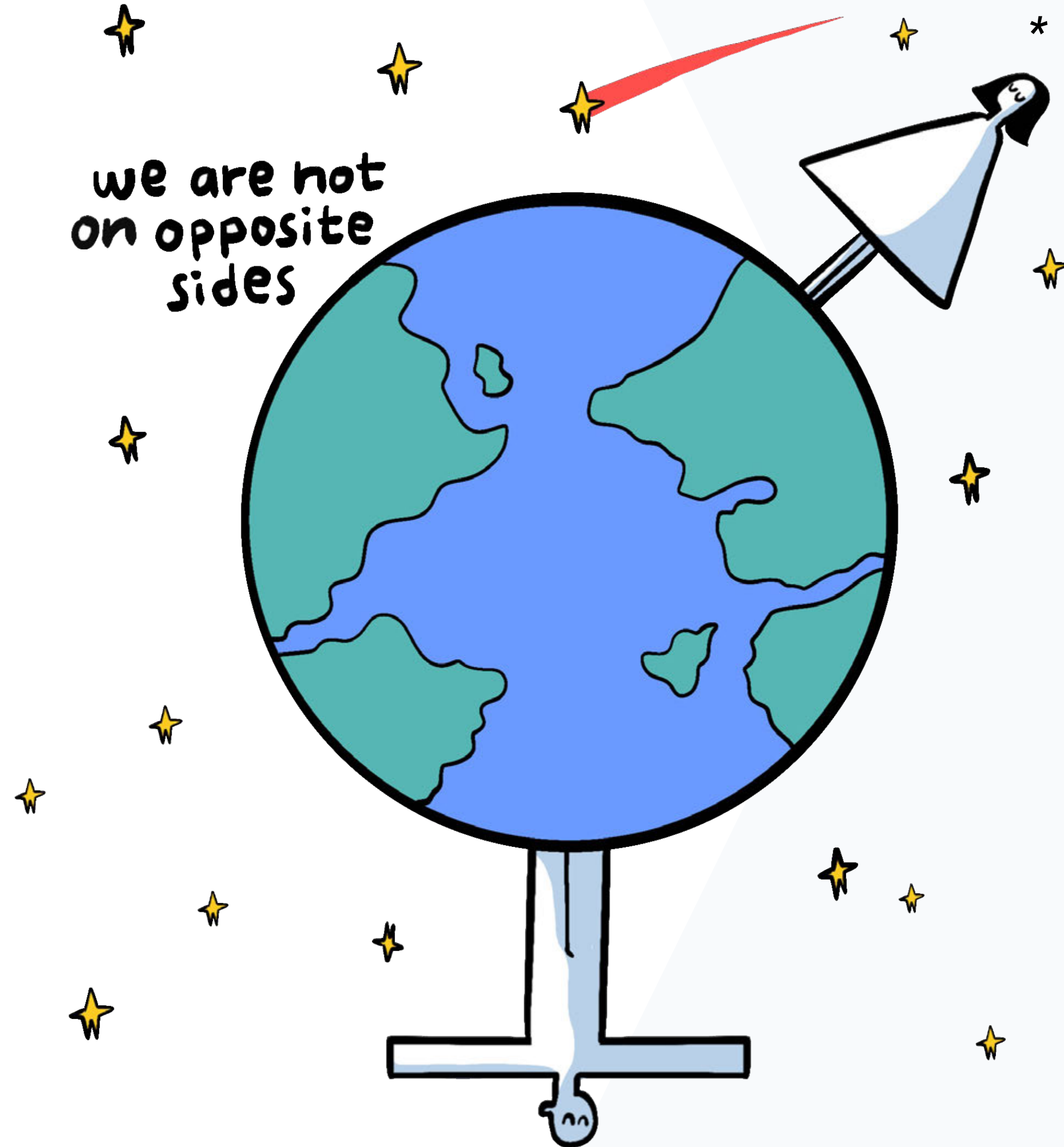
Internal Control System

Implementing an internal control mechanism effective in all activities and processes is an indispensable component of a responsible and sustainable management approach. Zorlu Holding centrally coordinates and carries out internal control of Zorlu Group companies. **Zorlu Holding Internal Control Department** aims to carry out efficient, effective, integrated and consistent risk management at Group companies in line with objectives. To this end, the department coordinates establishing and maintaining an internal control system to enable sharing, disseminating and spreading the implementation of best practices of companies.

The Internal Control Department prepares an annual risk-based internal control plan. The plan is prepared based on risk-based evaluations by the Internal Control Department, requests from the Board of Directors and management, findings on internal control from audit activities conducted by the Audit Department, and corporate risk maps. The annual internal control work plan is submitted to Zorlu Holding's CEO and Board of Directors for information and approval.

The Internal Control Department supports executives and employees with identifying improvement areas in business processes and the internal control system, as well as identifying necessary steps to take. The department also provides support for utilizing informational technologies effectively, implementing predetermined actions and regularly monitoring the progress of such actions. In addition, the department provides regular guidance to executives and process owners on these issues. During regular meetings between the Internal Control Department and the management, internal control activities planned and realized within the year are evaluated and relevant findings are shared. In addition, action plans to be implemented on the findings and follow-up results are shared, and plans for the upcoming period are reviewed. All relevant executives and employees of group companies contribute in establishing, monitoring and evaluating internal control systems and taking the necessary measures.

For more details about the Zorlu Holding Audit Department, please see our **2019 Annual Report**.



Human-Oriented Ecosystems

Human-Oriented Ecosystems

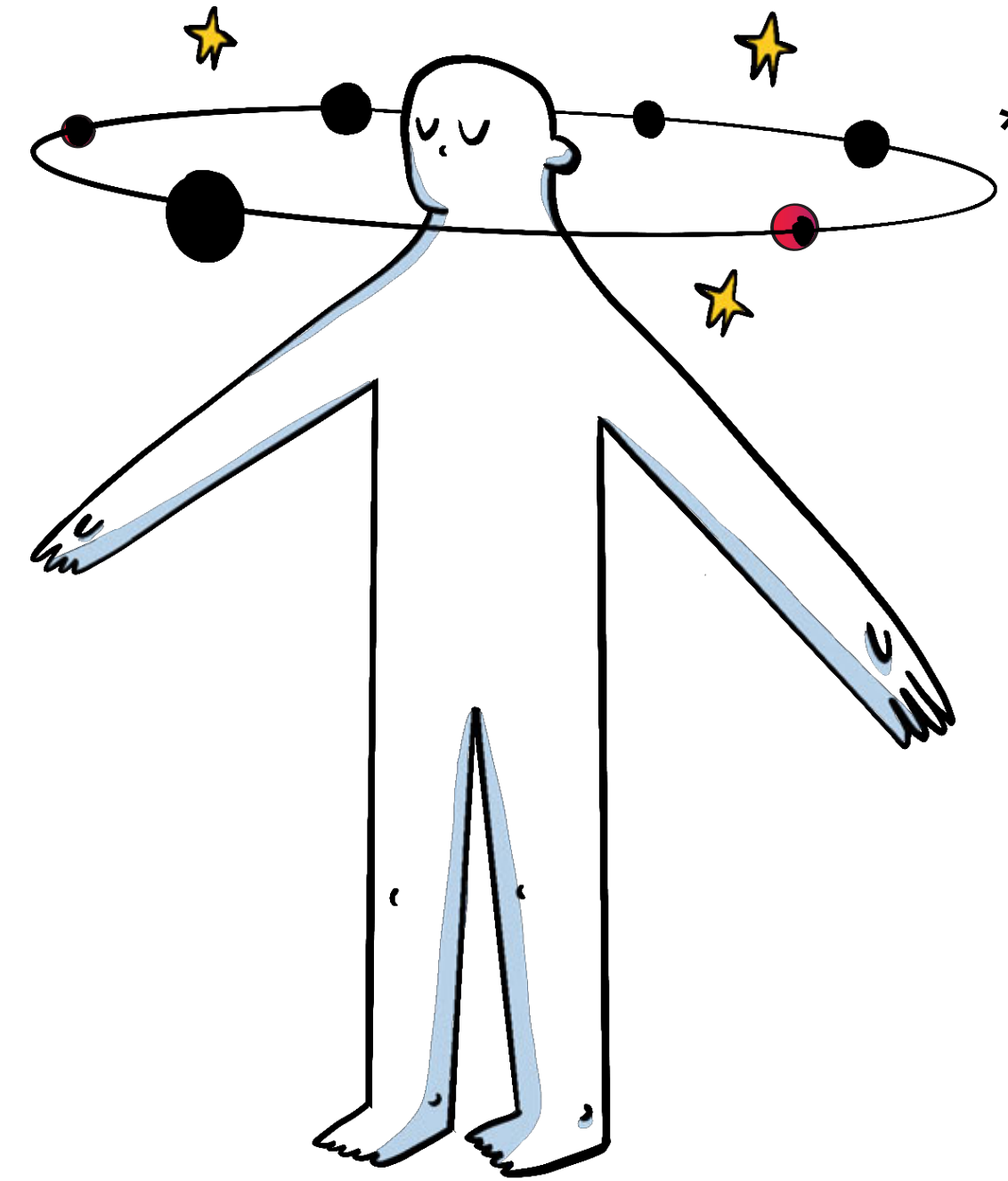
Assembled under the theme of Stakeholders of a Cohesive and Sustainable World in 2020, the World Economic Forum (WEF) highlighted the Future of the Society and Work and Fair Economies among focal areas.²¹ We are witnessing that social inequalities deepen and this issue becomes more visible, especially throughout the COVID-19 process. It is the shared responsibility of all stakeholders to work on reducing inequalities by creating fairer economies. Taking action jointly and effectively to build a resilient society, aiming for the well-being of humanity as part of the transformation, and preparing for the future by strengthening human resources are critical issues that stand out for the business world today.

Global trends such as changing employee demographics, emerging technologies and digitalization, the global pandemic, and goal-centrism affect the expectations of the workforce and deeply transform the way they do business. In today's world, where the future of work is being shaped, it is of great importance for companies to get prepared for new working conditions as of today. In order to adapt to change, it comes to the fore to be the preferred workplace by understanding the expectations of the next generation workforce, and to improve the acquired talents in parallel with the global change. Establishing human-oriented responsible business models that prioritize the expectations and

well-being of employees and integrate them into the value creation process are critical elements to both gain competitive edge and increase value creation capacity.

Generation Z, which will make up 75% of the next generation workforce, wishes to work in socially responsible and transparent companies.²² In this sense, it is important for companies to adopt a goal-oriented approach for playing a role in solving environmental and social problems, as well as ensuring employee happiness through a fair, egalitarian and inspiring work environment with a focus on people where they can achieve their potential.

We create value for our employees, society, business partners, suppliers and customers by establishing **human-oriented ecosystems** in all of our operations. We closely follow the changing demographics of employees, anticipate their impact on our business, and invest accordingly. We mainstream gender equality, equal opportunities and inclusion within all our Group companies via the programs we develop with a focus on diversity, inclusion and accessibility. Thanks to our Shared Value and Benefit-oriented social investment approach, we carry out activities with our Group companies to support the sustainable development of our geography.



²¹ World Economic Forum Annual Meeting, 2020

²² Millennial Employee Engagement Study, Cone, 2016

The Future of Work and Workforce Management

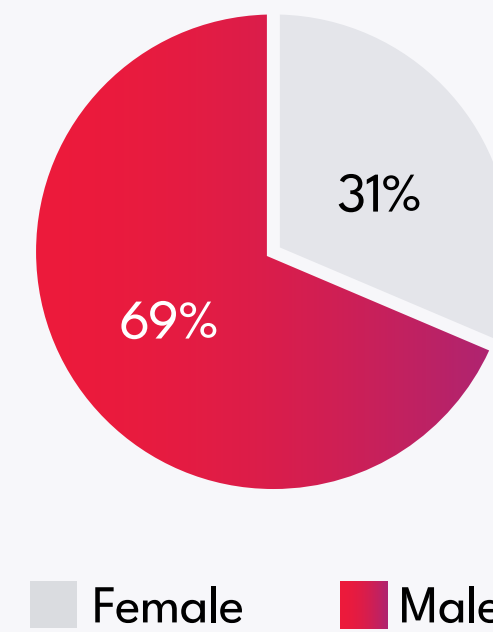
Studies estimate that Turkey has the potential to create more than 3 million jobs in the next decade thanks to the economic benefits and social changes that automation, artificial intelligence and digital technologies will create.²³

Approximately **21 million** people within the workforce of Turkey need to engage in upskilling in order to benefit from technology in their current profession. This reveals that companies need to make necessary investments as of today to adapt to the future of work.

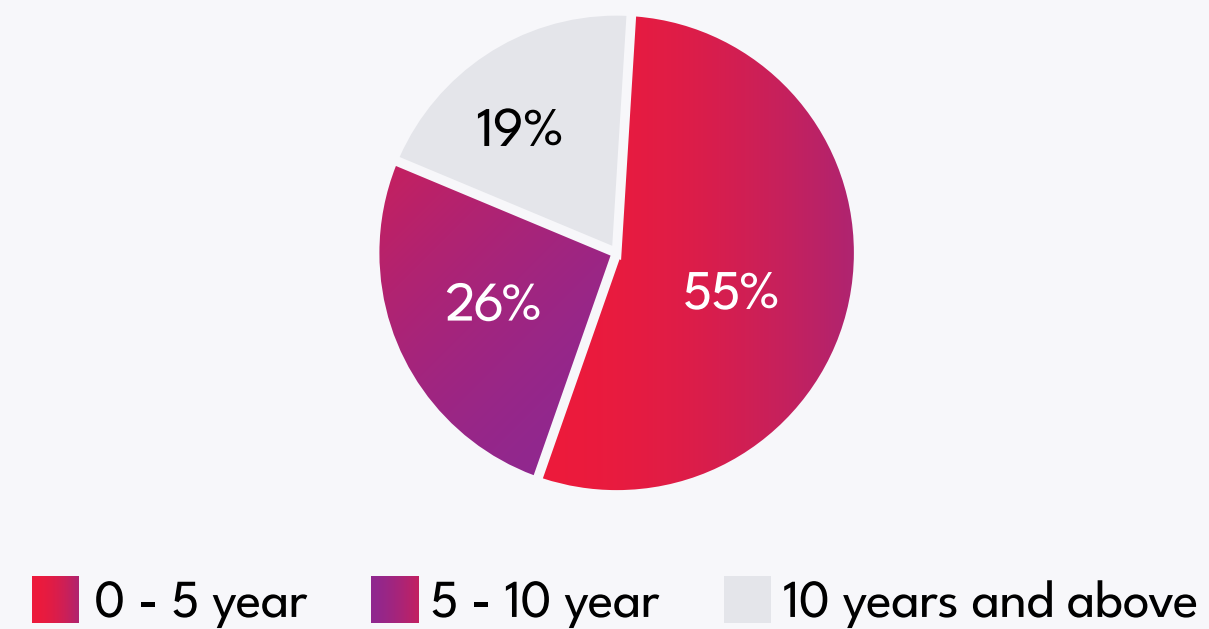
We closely monitor the change in employee demographics and expectations, and identify our focal areas in order to respond to the change in the best way possible.

As of 2020, we offer our nearly 28,000 employees a decent, fair and equal working environment, where differences are considered as richness and support our employees to develop their competencies and to become better equipped in line with the requirements of the age.

EMPLOYEES BY GENDER (%)



OF EMPLOYEES BY YEAR (%)



²³ Future of Work, Mckinsey, 2020

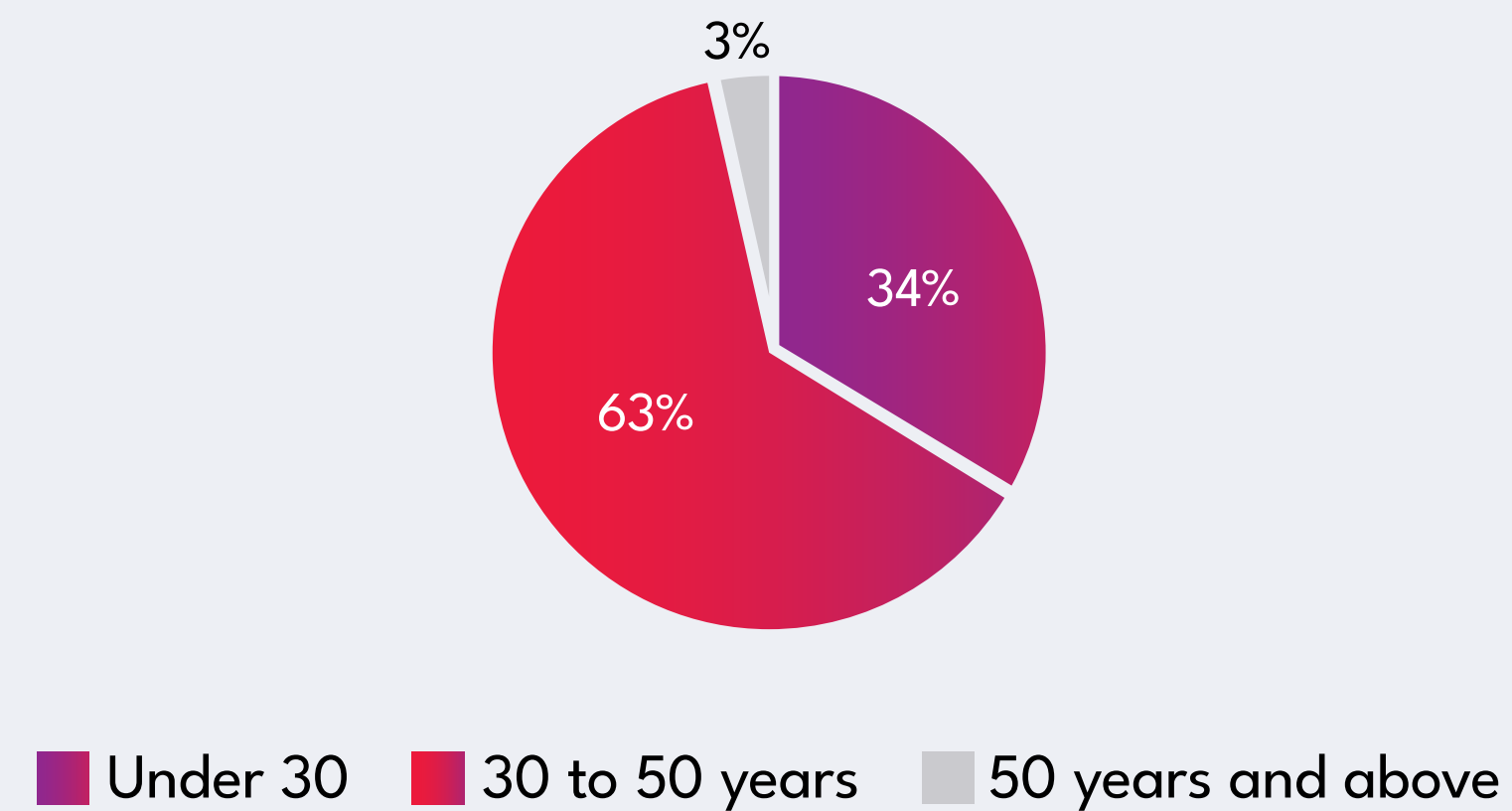
Diversity

It is stated that the increase in diversity elements within the workforce contributes positively to the financial success of organizations. In particular, diversity within teams creates a positive impact in areas such as innovation, creativity and empathy, so the teams can overcome problems in a faster and easier way. Equally-supported employees feel a belonging to the team and the company they work for, reflecting positively on the employee's performance.²⁴

We never allow discrimination through our **zero-tolerance principle** and we do not discriminate on the basis of religion, language, race, ethnicity, gender or sexual orientation in any of our human resources processes, from recruitment to remuneration.

We organize trainings and activities to promote diversity and inclusion within our corporate culture.

BREAKDOWN OF EMPLOYEES BY AGE GROUPS



²⁴ Mckinsey, Diversity wins how inclusion matters

Gender Equality

We advocate
gender equality.

The inability to benefit from the various talents of the society due to gender discrimination results in a great economic cost. Research reveals that managerial staff created based on diversity are able to develop more innovative solutions and bring an average of **19%** more financial return to the company. In Turkey, it is stated that a rise in women's participation in the workforce can result in an increase of approximately **20%** in the gross domestic product (GDP) by 2025.²⁵

As an advocate of gender equality, we strive to raise awareness and ensure equality within our own business culture, and we move forward with the vision of being a guide to the sectors. Created in line with the Smart Life 2030, **the Gender Equality strategy** sheds light on all our activities. The top-down leadership

approach at Zorlu Holding forms the backbone of our strategy. The strategy is composed of a structure evaluating all functions and activities of the organization from a gender equality perspective with an inclusive and egalitarian approach.

We support the empowerment of women in social and economic life as well as the rise of their participation in the workforce. We attach importance to rendering gender equality a corporate policy and carry out all our human resources processes within our companies in accordance with this vision. We aim to contribute to the awareness of all our stakeholders on gender equality.

The Gender Equality Manifesto, through which we share our commitments and gender equality approach, is available [here](#).

We are one of the founding members of the **30% Club** in Turkey, which aims to improve the gender balance and increase the ratio of women in companies' decision-making mechanisms, board of directors and senior management to **30%** and actively engage in the activities of the Club. We have been a **United Nations Women Empowerment Principles (WEPs)** signatory since 2015. We continue to support the **"Buy from Women, Let the Country Win"** campaign by **the Women Entrepreneurs Association of Turkey (KAGIDER)** to increase the number of women in the supply chain. We are also a part of the **KAGIDER Equal Opportunities Model (FEM)**, implemented to ensure equal opportunities in human resources processes.

At all Zorlu Group companies, we engage in activities to increase the number of female role models and leaders within our organization and to ensure equal representation of women in our senior management.

Cooperation by Zorlu Enerji for GE

Zorlu Enerji supports **Turkish Women in Renewables and Energy (TWRE)** working towards strengthening communication among female professionals in the energy sector in Turkey and bringing more female professionals into the sector.

Hosting the event held in 2020, Zorlu Enerji also contributes to the initiative's mentoring program with its 6 female engineers.

²⁵ Mckinsey, Women Matter Türkiye

Employee Commitment and Satisfaction

Our employees, who are satisfied with their jobs and loyal to their institutions, are among the key elements carrying us forward and increasing our capacity to create value.

In this respect, we see it as a strategic priority to maximize employee loyalty and satisfaction. We focus on listening to our employees, establishing effective and bilateral communication, and carefully consider and evaluate the feedback received from them.

We identify areas that have room for improvement in order to increase employee satisfaction in the Holding and Group companies through various studies and surveys, and we continuously improve these areas by creating different action plans for each sector. We measure employee loyalty and satisfaction every two years. **In 2019, Zorlu Group's overall employee satisfaction rate stood at 51, while the employee loyalty rate was 67.**



Talent Management

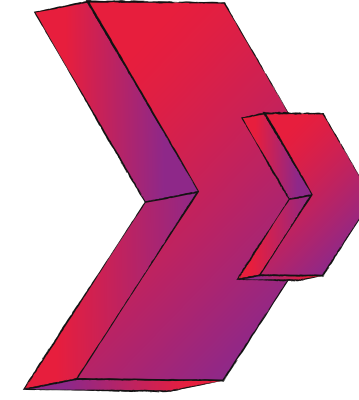
We recognize the critical role of talent.

We train future leaders.

In order to be a sustainable organization, it is of great importance to manage the talent correctly and to support the competencies in accordance with the requirements of the age. Understanding the expectations and demands of talents correctly, following and identifying the needs of positions in parallel with global developments, supporting individuals in personal development, mental wellbeing and communication skills apart from professional competencies have a positive impact on business results. In addition, this contributes to the resilience of individuals.

We are aware of the critical role of our talents in achieving our strategic goals. We train future leaders based on the competencies and needs of our employees. We invest in our employer brand in order to bring next generation talents into our Group, we design various paths and introduce programs to raise new talents within the company. We offer our employees platforms through which they can freely apply their new ideas and convey them to the company, and encourage them to increase their entrepreneurial spirit and problem-solving abilities.

We offer our employees various development and training opportunities, and launch innovative practices to prepare them for the future of work. In 2020, we provided our employees with 53,745 hours of training in total and 1.93 hours of training per employee. At the same time, we support our employees in designing their career paths and provide them with the opportunity to receive mutual feedback through performance assessments. We offer horizontal and vertical career development opportunities within all companies and implement rotation practices in accordance with the career goals of our employees and the needs of our companies. With the launch of the performance module of the project, which was initiated last year for the digital transformation of the Human Resources Information Systems infrastructure throughout the group, we carried out the performance assessment process for 2020 over this application. In addition, we launched our project for the employee master data management module in 2020. We will continue to integrate innovative practices into our human resources processes.



Vestel Management Trainee (MT) Program

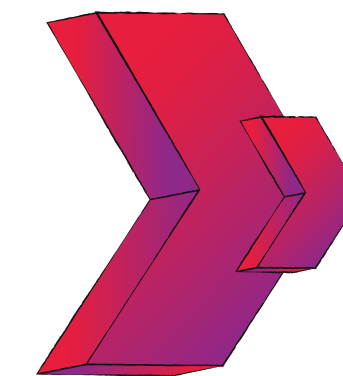
With the academic support of Turkey's leading universities, Vestel launched the **Management Trainee Program (MT Program)** to train young talents who have just graduated from the university as future managers. The eleventh of the program was held in an online fashion in collaboration with Koç University in 2020. Under the program, the professional and personal development of management trainees is supported through in-house trainings as well as academic courses. Trainees benefit from the knowledge and experience of managers at various levels through internships within different units of Vestel Group of Companies, while at the same time experiencing the culture and way of doing business of companies. A total of 30 graduates from Turkey's leading universities were selected among 9,528 candidates who applied to the program in 2020, and they started working at Vestel after completing the program.

Parlak Bi'Fikir (A Bright Idea)

Through **Parlak Bi'Fikir** program encompassing Zorlu Holding's intrapreneurship and open innovation activities, we aim to support the entrepreneurial spirit and strengthen an innovative corporate culture in our companies. The program, the second cycle of which was initiated in 2020, is expected to be completed in 2021. Within this cycle, 720 ideas were submitted. After the evaluation of the jury, including the top management, 15 ideas were selected. Following the applications received upon a team call, bootcamp meetings were held for teaming and teams were determined for the 8 top in-demand ideas. After the teams continue to work together, it is anticipated that an interim evaluation will be performed and successful ideas will receive seed investment.

Smart Life Academy

While introducing our **2030 Smart Life strategy**, we offer various learning and training opportunities at the Smart Life Academy in order to make our employees knowledgeable and competent on ESG issues. Participants have been receiving training on topics such as climate crisis, circular economy, entrepreneurship and innovation, diversity and inclusion during the 24-hour Sustainability 101 training held in cooperation with Boğaziçi University for the last two years. Employees attending the program by at least 80% are granted a certificate of attendance. Approximately 400 employees completed the program in 2020 while participants who scored high in the post-training evaluation were also awarded a certificate of achievement by the Boğaziçi University Lifelong Learning Education Center (BUYEM).



Corporate Volunteering

Since 2018, we have been carrying out
volunteering activities with 1,399 Kivilcim volunteers
in line with our focal areas.

The annual cost of achieving the Sustainable Development Goals (across all sectors) is between USD 3.9 trillion and USD 6 trillion.²⁶ Given the current commitments of governments and other organizations globally, there is an annual funding gap of between USD 3 trillion and USD 5 trillion worldwide. It is stated that employee volunteering efforts to bridge this funding gap may accelerate the process of achieving SDGs and fetching up.²⁷

We attach importance to volunteering activities both to create common value and to achieve systemic transformation. Since 2018, we have engaged in volunteering work for eliminating inequalities to contribute to the solution of social problems and in line with our focal areas identified for the environment with the help of our **1,399 volunteers** under “**Kivilcimlar**”, our corporate volunteering program. Kivilcimlar performed 1,891 hours of volunteer work in 2020.

In March 2020, we launched the Projects Developed by Kivilcimlar. In this context, through “**There is a Kivilcim in Koruncukköy!**” volunteering project suggested by one of our Kivilcimlar volunteers, we introduced professions to 100 secondary and high school students with the help of 20 Kivilcimlar volunteers in cooperation with Koruncuk Foundation.

Career Talks

Through Career Talks, our e-volunteering project winning an award in the category of the Most Successful E-Volunteering Project in the 13th Awards from the Heart of the Private Sector Volunteers Association, 34 MZV scholarship holders studying at the 4th grade of the university and 51 Zorlu employees had one-on-one conversations. We contributed to the career journeys of the scholarship holders with via the volunteering project, through which we reached 63 volunteer hours during 60 online meetings.

²⁶ World Investment Report: INVESTING IN THE SDGs: AN ACTION PLAN, UNCTAD

²⁷ Turkey IMPACT 2030 Council, DP World Yarımca, Headline Diversity, Istanbul Bilgi University and RW Institute, Volunteering for an Inclusive Future report, 2020

Occupational Health and Safety

At Zorlu Holding and across the Group companies,
we provided 6 hours of OHS trainings per employee
on average in 2020.

As we operate in many different sectors, we have different levels of occupational health and safety (OHS) risks. While there are high OHS risks in the durable consumer goods and energy sectors, there are lower OHS risks in our other Group companies.

At Zorlu Holding and Group companies, we approach OHS from a risk perspective, analyzing, preventing and mitigating all workplace health and safety risks. Throughout the Group, we safeguard employee health and ensure occupational safety at every aspect to attain our goals of our zero work-related accidents and zero occupational disease. We comply with national and international legislation and regulations as we strive for a healthy, safe and decent work environment

with practices that go above and beyond legal requirements. In this respect, Zorlu OHS standards guide our companies. There were no fatal work-related accidents in any of our companies in 2020.

We offer safe working environments to all our employees, and we consider safety under our programs and activities in a way that encompasses mental and emotional health beyond physical health. We design and develop programs for employee health and happiness. In order for occupational health and safety to become a corporate culture, we conduct OHS trainings and offer various incentives. At Zorlu Holding and across the Group companies, we provided 6 hours of OHS trainings per employee on average in 2020.





Community Relations

Community Relations

We design programs to create social benefit via our companies under the umbrella of Zorlu Holding, and implement impactful projects in various fields.

human-oriented ecosystems based on a holistic system mentality that is beneficial for all stakeholders, and act guided by the principle of creating common value for our employees, environment and society. In order to respond to the needs of all segments of society and to reduce inequalities, we draw strength from strategic collaborations and partnerships by involving internal and external stakeholders from different disciplines in the process and in the solution of problems. **In order to design a better future in the various sectors we operate, we focus on innovation and prioritize social benefit in the creation of products and services.**

We have identified our areas of social benefit and responsibility as social innovation, entrepreneurship, quality education, the reduction of inequalities, gender equality, creative industries, culture and arts, sustainable cities and communities in a way that will directly contribute to sustainable development by analyzing the needs and expectations of our stakeholders. We rely on measuring and developing the change created under our projects and also designing the projects in accordance with the responsible consumption and production framework.

At Zorlu Holding, we believe that developing innovative ideas is possible with cooperation and a participatory culture. In this context, beyond a process in which only internal stakeholders and employees participate, we maintain benefit-oriented

collaborations in which external stakeholders are also partners in solving problems, and we achieve social transformation together with our stakeholders.

Through **Mehmet Zorlu Foundation**, we develop projects that contribute to the development of society, particularly in the fields of education, culture and arts, sports and health. We support the **Education Reform Initiative** and the **Teachers' Network** to improve the quality of education and develop teachers' competencies. We are striving to strengthen the social entrepreneurship ecosystem with **imece**, the social innovation platform of which we are the founding partner, which develops innovative and sustainable solutions against social problems. Believing that an equal life is possible for everyone, we contribute to **reducing inequalities and gender equality** with **No Barriers at Zorlu** and **Eşit Bi'Hayat** projects. While organizing cultural and artistic activities for all segments of the society with **Zorlu Performance Arts Center (Zorlu PSM)**, we support technology and creativity-oriented thinking and production with **Digilogue**.

²⁸ Forbes, The Growing Importance Of Social Responsibility In Business

²⁹ WEF, Stakeholder Capitalism: A Manifesto for a Cohesive and Sustainable World, 2020

³⁰ Shared Value, 2011, Harvard Business Review

Mehmet Zorlu Foundation (MZV)

We have provided scholarships to more than 25,000 students so far through Mehmet Zorlu Foundation. With the Zorlu Children's Theater, we brought together more than 900,000 children with art.

Through Mehmet Zorlu Foundation, we aim to contribute to raising self-confident generations who dream and believe in themselves since 1999. To this end, we have engaged in activities to create social value through activities in education, health, sports and culture-art.

Via the education scholarships of Mehmet Zorlu Foundation, we support an average of 2,000 students each year with scholarships, and become partners along the journeys of young people who build the future. We offer long-term support to our scholarship holders, 40% of whom are primary and high school students, and 60% are university students, and we continue to support them until they graduate based on the criteria of success and need. As Mehmet Zorlu Foundation, we offered scholarships to more than 25 thousand students in total, including the 2019-2020 year of study.

Through our foundation, we offer medicine, medical product and material aid to people in need, and deliver necessary materials to disaster zones in case of disasters such as earthquakes and floods in Turkey as well as the various regions of the world. In addition, we support institutions

such as the Education Volunteers Foundation of Turkey, the Mother Child Education Foundation, Koruncuk Foundation, the Foundation for the Support of Women's Work, the Laughter Heals Association, and the Six Dots Association for the Blind.

Through Zorlu Children's Theater, we bring culture and art together with children all over Turkey in order to feed their imagination. We have reached over 900,000 children in 18 years at around 2,000 performances of 14 plays by Zorlu Children's Theater active since 2003. In 2020, we compiled the stories of 15 children in a book with the story contest **"A Dream, A Play"** enabling children aged 8-12 to stage their dreams at Zorlu Children's Theater. We ensured that these stories could reach more children by turning them into audio books. In addition, we organized a workshop with Koç University Social Impact Forum (KUSİF) to increase the social impact of the "A Dream, A Play" project, and performed activities to identify the areas for improvement within the project and to amplify its impact. We continue to work on the winning story in 2020 to premier in 2021.

MZV-MEF YetGen 21st Century Competencies Education Program

We support young people to acquire the skills
and competencies required for the 21st century.

While companies and institutions are rapidly transforming due to global megatrends, the skills needed by companies and institutions are also evolving rapidly. Research reveals that companies have difficulty in finding the talented workforce they need due to the "talent gap" emerging due to these megatrends.³¹

We act as partners with MEF University for **MZV-MEF YetGen 21st Century Competencies Education Program** in order to enable young people to adapt to the requirements of the age we live in and to acquire the life skills and adaptation competencies required for the 21st century. **Within the framework of the program executed under the leadership of MEF University Vice President and YetGen Founder Prof. Erhan Erkut, we support young people not only with academic, technical and professional knowledge, but also with 21st century skills and competencies.** Under MZV-MEF YetGen 21st Century Competencies Education Program, we support young people through courses such as Presentation Techniques and Teamwork, Transition to Algorithmic Thinking, Excel, Career Planning, Forms of Literacy in the 21st Century, Technology Literacy, Self-Development, Sustainability and Social Innovation and Transition to the Business World.

The program, which is eligible for high school and university students, consists of various stages such as classroom training, graduation project, summer internship and post-internship experience exchange. Organized at the end of the program, the Youth Summit brings students together with prominent experts from various fields in Turkey to inspire young people. In order to increase the accessibility of the program, we make the trainings available to young people in different regions of Turkey via live broadcast. The number of high school and university students graduating from the program by the end of 2020 reached 1,190.

We have been conducting social impact
assessments with Koç University Social
Impact Forum since 2016, when the program
was launched, in order to examine the impact
of our training on students.

As Zorlu Holding, we believe it is critical to measure the impact of the change created in order to improve the programs we implement. To this end, we have been conducting social impact assessments with Koç University Social Impact Forum (KUSIF) since 2016, when the program was launched, in order to examine the impact of our training on students. In the light of this assessment's outcomes and the feedback of all our stakeholders including the students in particular, we review the program design and develop activities that will further enhance the impact created. As a result of various interviews, surveys and focus groups conducted with the students who graduated from the program in 2020, we saw that MZV scholarship holders' level of knowledge and skills, which they would later need in their careers and job search, improved and that they felt more prepared for the business world within the scope of the 21st Century Competencies program.

³¹ ManpowerGroup 2019
Talent Gap Report

Education Reform Initiative (ERG)

We support quality education.

Since 2011, we have been supporting the Education Reform Initiative working guided by the goal of “**Quality education for all**” within the framework of Mehmet Zorlu Foundation's mission to support quality education. Established with the initiative of Sabancı University and considered as one of the best education policy think-tanks of the world, the Education Reform Initiative (ERG) is performing its activities with Education Observatory and Education Laboratory units.

The Education Observatory annually shares its “Education Monitoring Reports” through which it monitors the developments in the field of education and offers policy recommendations, striving to improve the education system and rely on data for decision-making processes. The Education Laboratory, on the other hand, brings together individuals, institutions and organizations from various fields of expertise in order to create a common mind from different views, and annually organizes the “Good Practices in Education Conference” to increase the exchange of good examples in education.

The Education Monitoring Reports for 2020 are available [here](#).



Teacher's Network

We believe that change
starts with the teacher.

Believing that teachers play a crucial role in the quality of education and the achievements and happiness of students, we support the **Teachers' Network** led by the Education Reform Initiative. Mother Child Education Foundation, Aydın Doğan Foundation, Enka Foundation, Mehmet Zorlu Foundation, Sabancı Foundation and Vehbi Koç Foundation are among the main supporters of the Teachers' Network, an exchange and cooperation network where teachers get stronger personally and professionally by coming together with their colleagues and individuals and institutions from various disciplines.

The Teachers' Network develops solutions for the needs of teachers **'together with teachers, not on behalf of teachers'**, and creates a community that enables sustainable empowerment by bringing together the resources needed in the field of education. As a stakeholder of the Teachers' Network that has reached over 35,000 participants from 81 provinces through more than 1,000 events and meetings via physical and online meetings with the help of 450 Change Messenger teachers and over 300 stakeholder individuals and institutions from 43 different cities and has had an impact on over 90,000 students through the activities contributed by civil society organizations, universities and local administrations, MZV aims to contribute to the development of teachers and the quality of education with the help of them.



* Illustrated by Eren Boz for Zorlu Holding Sustainability Report.

imece

We contribute to the creation of a social innovation ecosystem in Turkey.

We contribute to the development of a social innovation ecosystem in Turkey in order to generate innovative and sustainable solutions for social problems. In this context, we started our journey with the question “How can we find innovative and sustainable solutions to social issues together?” and as Zorlu Holding, we are among the founders of the social innovation platform imece.

We believe in the power of generating solutions through imece platform, where people and institutions creating the change meet and work together to find solutions to social, ecological and cultural issues. We develop the capacities of young people and social entrepreneurs with training, mentoring, communication networks, and contribute to the process of triggering a systemic transformation through the content and communities created.

In 2017, 2018 and 2019, imece’s incubation program supported **43** social startups focusing on the themes “**Quality Education**”, “**Gender Equality**” and “**Reduction of Inequalities**” under imece Support Program intended for

social startups. Bringing together social startups with resources such as grants, comprehensive mentoring and trainings, imece Support Program offered opportunities for startups to access local and global networks, beneficiaries and customers.

With the first three years of learning and the growth of the ecosystem, imece transformed its support program into an impact accelerator in 2020. Focusing on Quality Education and Circular Economy, the impact acceleration program “imece impact” aims to accelerate seven social startups generating social and ecological benefits in the growth stage and to make the social impact they produce visible. AnadOlive, BPREG Natural Fiber Composites and Laska working with a focus on Circular Economy and Kodris, Manibux, The Academy and Tospaa working with a focus on Quality Education were selected as startups for the program. The program the main partner of which is Zorlu Holding is planned to be completed in 2021. You can follow the process of the impact acceleration program on the website of “**imece impact**”.

imeceLAB, the open innovation laboratory within imece, offers a program where high school and university students can acquire competencies in social benefit and innovation, and collectively develop solutions addressing economic, ecological, social and cultural issues. In processes where the resources and expertise of many stakeholders such as civil society, academia, private sector and public institutions come together, imeceLAB provides experience transfer to young people with its interdisciplinary mentor network. In 2020, Zorlu Holding acted as the main partner and **imeceLAB** and

Yenibirlider Association executed the ‘**Healthy Individuals and Communities**’-themed issue solution process through digital platforms due to the prevailing pandemic conditions. **30** teams consisting of **115** students from **20** different cities of Turkey participated in the process. Having received training and mentoring support for three weeks, **the teams held 158 meetings with more than 60 mentors and completed the program with more than 20 hours of training**. Under the program, Health and Wellbeing, which became much more urgent and important with COVID-19, was put on the agenda.

In 2020, we organized various events that brought together the stakeholders of the social innovation ecosystem under imece. To this end, we organized the **imece dialogues** event series, which comprehensively addressed the change environment brought about by the global pandemic crisis. Experts presented their insights into the future of the society, business world and learning under three separate seminars titled “**Society in the Change**”, “**Future of Work in the Change**”, “**Future of Learning in the Change**”. At the “Co-Learning Ecosystem Meeting” held at the end of the series, professionals and institutions working in the field of social benefit shared their approaches and lessons learned in this process. Focal areas of the imece summit to be held in 2021 were identified by making use of the outputs of the 4 meetings held.

You can access the outputs of the event through the **report**.

No Barriers at Zorlu

We create barrier-free
living spaces.

At Zorlu Holding, we take care to ensure that our activities are accessible to everyone so that every segment of society can benefit equally from the opportunities created by sustainable development. Being aware of the fact that accessibility is a right, we especially increase the physical accessibility of the venues we offer. To this end, we aim to create a barrier-free living space at Zorlu Center with “**No Barriers at Zorlu**” project.

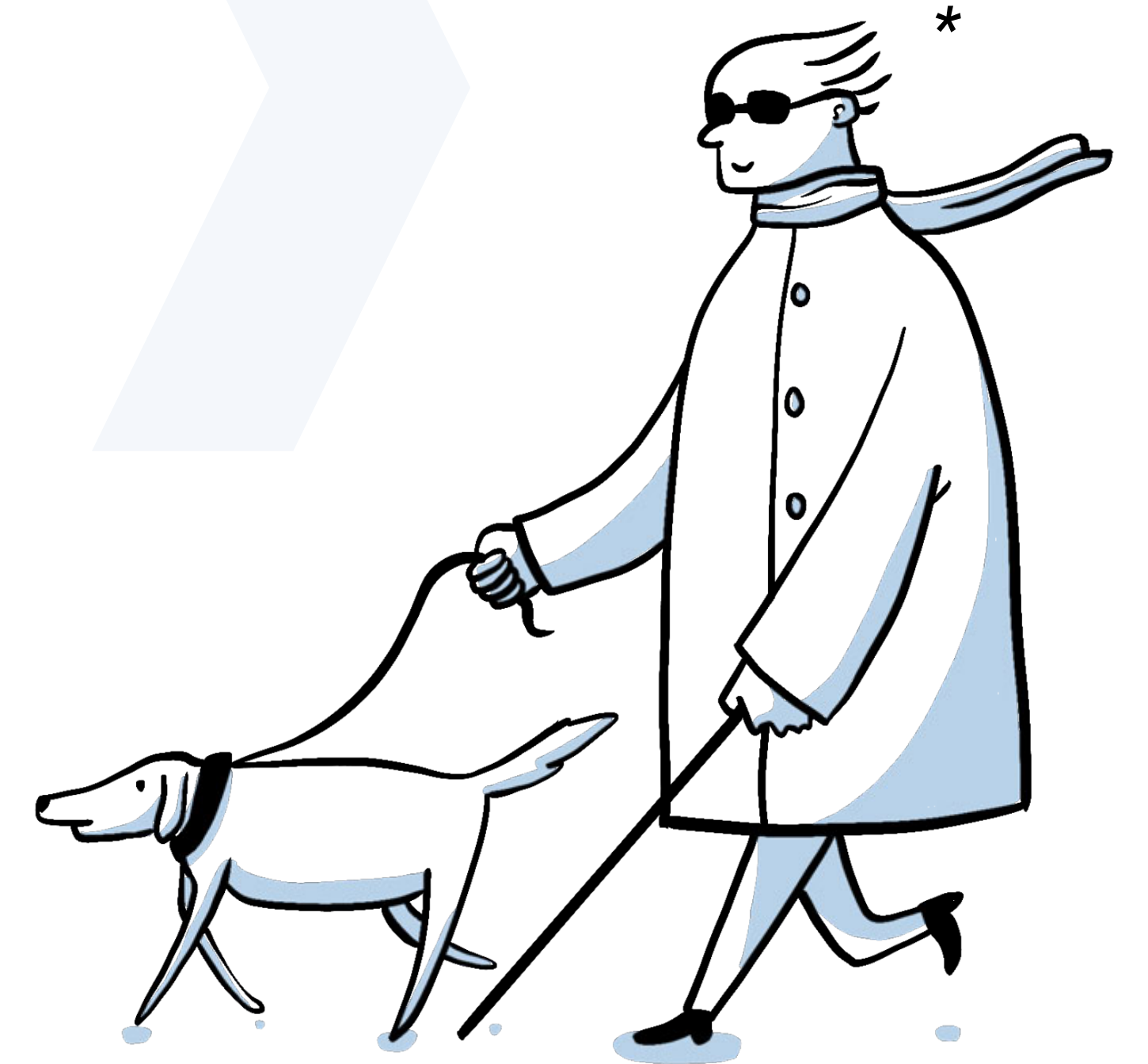
In 2017, we started our cooperation with the Guide Dogs Association, which is the first and only one association in this area in Turkey, and our No Barriers at Zorlu project, with the goal of turning Zorlu Center into a barrier-free living space. Our collaboration with the association and our support for the association are still going on and we are expanding the scope of our supports.

Under the project, we taught all staff members at Zorlu Center food courts sign language, and prepared restaurant menus in Braille with the support of **Association of Blinds of Turkey (TURGED)**. Thanks to the **Yol Arkadaşım AVM** feature on the **Hayal Ortağım** application brought to life by Turkcell and

Young Guru Academy (YGA) at Zorlu Center, we help people with visual disabilities to participate in social life more actively and independently. With this feature, the visually-impaired guests of Zorlu Center can easily reach any place they want by having information about the places around them.

We made accessible Amfi Pub, Cheers and the jazz club touché for visually-impaired individuals through Blindlook selected under the 3rd Support Program of imece in order to ensure that visually-impaired guests can have a comfortable experience both at concerts and in the dining areas within Zorlu PSM.

With its “No Barriers at Zorlu” project, Zorlu Center was deemed worthy by the International Council of Shopping Centers of the “Social Support” Award in Europe and the “ICSC Foundation Albert Sussman” Award across the world. These awards granted a financial support of USD 25,000 to the association.



Eşit Bi'Hayat (An Equal Life)

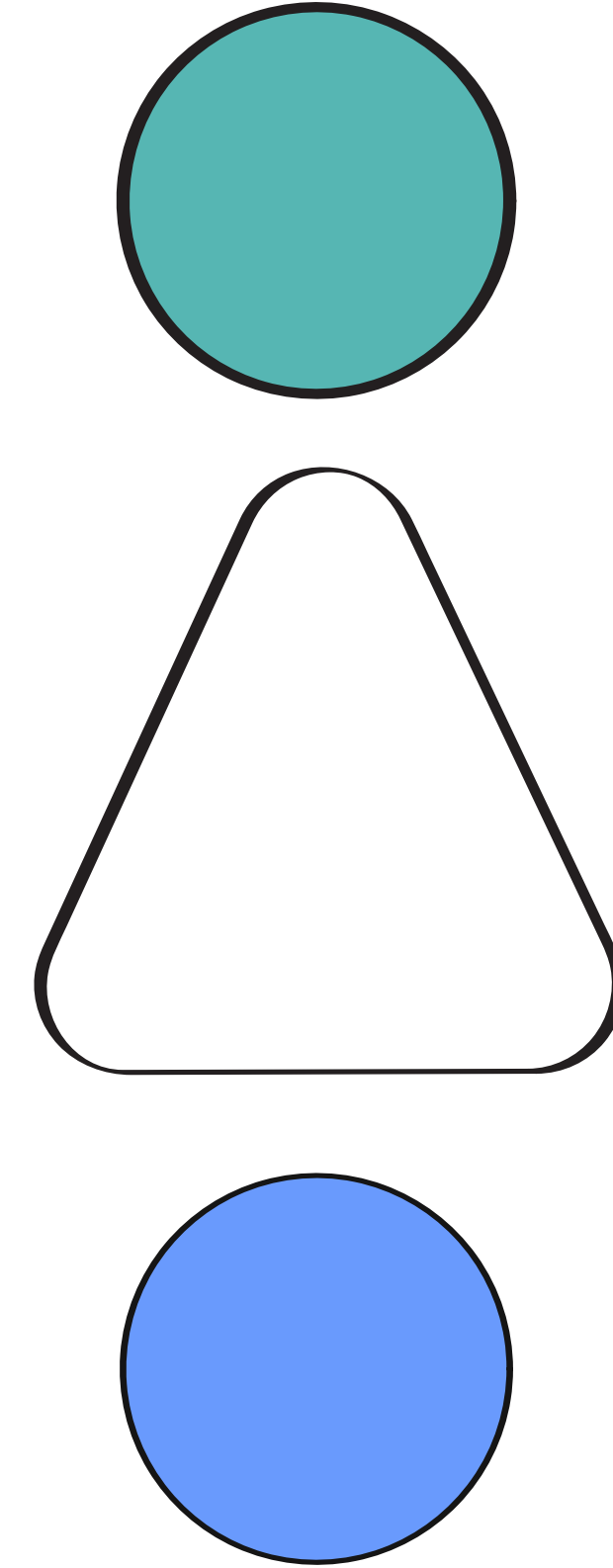
We support gender equality.

We believe that an equal life is possible for everyone.

We value the full and effective participation of women in decision-making processes in economic and public life, and assume responsibility for ensuring the equal participation of women in workforce. We have been a **United Nations Women's Empowerment Principles (WEPs)** signatory since 2015. Together with the business world, we strive to ensure equality throughout the society, and aim to create an ecosystem in which women participate more actively in all areas of life. We reflect our awareness of gender equality in

our discourses and work environment, and focus on contributing to the awareness of all our stakeholders with whom we work. Our **Eşit Bi'Hayat** Manifesto encompassing our commitments to creating an inclusive and diverse corporate culture and taking another step towards achieving equality throughout society, especially in the business world is available [here](#).

You can learn more about our approach and the projects we have carried out in 2020 to support gender equality in the **Human-Oriented Ecosystems** section.



Digilogue

We aim to improve the
relationship of creative
industries with technology.

Through Zorlu Performance Arts Center, we support technology and creativity-oriented thinking and production with the Digilogue platform under which we act as the coordinator. Among the goals of the Digilogue platform are to **raise curiosity about digitalization, ask questions and develop interdisciplinary dialogues**. We bring together professionals of the creative industry at Digilogue, which encourages individuals to think, interpret and represent art, history, architecture, fashion, cinema, and global issues, such as the climate crisis, with digital possibilities.

We are organizing Digilogue panels and summits to bring together opinion leaders who develop new approaches to the future of art and technology, and those who are engaged in research and production. We also coordinate exhibitions and projects that make digital transformation of art visible and real by utilizing advanced techniques.

IN 2020:

Under the **“University Lab 2020”** research project that we execute with SALT, we made an open call for universities executing projects about new media to consider from a new perspective the **“art”, “architecture and design”** and **“city, society and economy”** archives of SALT Research compiling more than 1,800,000 written and visual documents in its collection. Included in the University Lab 2020, Koç University and Sabancı University transformed SALT Research’s collection access, classification and relations of data with each other into a digital memory with the contribution of Digilogue. Demographic and algorithmic analyses of SALT’s visual and written documents provided archive visitors with contemporary perspectives.

You can watch the **“University Lab 2020”** presentations [here](#).

Through the projects and networks created in the field of digitalization, Digilogue has added a new perspective to the research project **“Protection of Technological Artworks”**, which seeks answers to the question of how to carry artworks to the future by taking into account the rapid transformation in technology, and is conducted by Sabancı University and digitalSSM.

You can find all recordings [here](#).

At the 5th Istanbul Design Biennial, of which we acted as the experience sponsor, we provided a digital layer that would enable us to question the curatorial approach of the biennial titled **“Empathy Revisited: designs for more than one”** curated by Mariana Pestana. Under the cooperation of Digilogue and the Istanbul Design Biennial, we created a digital experience with a series of Instagram filters reinterpreting the biennial curation.

You can find the details of the project at the Design Biennial [here](#).

Organized since 2017, the Future Tellers brought together the professionals of creative industries through online platforms under the theme **“Social Transformation and Creative Industries”** under the cooperation of Zorlu PSM and IKSU (Istanbul Foundation for Culture and Arts) and was organized as an online dialogue series in the form of seminars in harmony with the spirit of 2020 during which we questioned our former life, transformed our perspectives, stayed online the whole time and radical transformations were triggered.

You can watch the entire Future Tellers dialogue series [here](#).

Zorlu Energy Group

Zorlu Energy Group develops projects primarily in the field of education, particularly in the regions where it operates, supports imece and Mehmet Zorlu Foundation, and contributes to “Eşit Bi’Hayat” program. Offering scholarships to university students with limited financial means, Zorlu Energy Group has been meeting the energy needs of **Tohum Autism Early Diagnosis and Education Foundation** since 2013 under the project “**We Channel our Energy to the Education of Children with Autism**”. It has been contributing to the treatment and education processes of spastic children for five years by supporting the **September** project, which Zorlu Holding has also supported since 2016.

In order to support the fight against the pandemic in 2020, Zorlu Energy Group donated 100,000 masks, approximately 15,000 pieces of protective clothing and 150 respiratory devices to hospitals and healthcare workers in the provinces where it operates.

Zorlu Textile Group

Aiming to create social benefit with a focus on reducing inequalities, Zorlu Textile Group launched the project “**Classroom in My Colors**” and “**Hopes Turning Into Work**” in 2020. Organized in cooperation with the **Community Volunteers Foundation (TOG)**, transforming the pictures drawn by children into curtains, and raising the awareness of children about on volunteerism and coexisting peacefully through a series of workshops, the project “Classroom in My Colors” has so far reached around 4,000 children in 48 schools across 14 provinces of Turkey. Under the project “Hopes Turning Into Work”, the waste fabrics at Zorluteks factory were sent to women who were convicted in prison, and all of the revenues from the sales of products such as bags and key chains designed by women from these fabrics was transferred to women. In the upcoming periods, Zorlu Textile Group plans to launch project especially for women and girls in cooperation with AÇEV, KAGIDER and Koruncuk Association and to implement programs on science, art, environment and career for the children of employees and the students mentored by volunteers.

Vestel Group of Companies

Developing future-oriented social projects on the axis of the environment and people, Vestel implemented projects to benefit the society, especially disadvantaged groups, in 2020. While Vestel strives to improve the accessibility of disabled individuals in all areas from its products to its factories, customer services and stores under the “**Accessibility**” project, it aims to increase the employment of disabled individuals with the “**Equal Chance**” project. Employing 19 disabled people in 2020, Vestel now employs 464 disabled people at Vestel. Executing projects for animals in need of help and care, Vestel designs walkers from the parts of household appliances that have reached the end of their useful life under the “**Walker**” project. Between 2018 and 2020, a total of 20 walkers were produced and donated by Vestel Beyaz Eşya for disabled animals. As of the end of 2020, 58 female technicians were trained under the “**Female Technicians**” project aiming to contribute to women's employment and increase the interest of women in being technicians. Considering contributing to the development of social life in the field of sports among its main responsibilities, Vestel is the “**Main Sponsor of Women's National Volleyball Teams**” and the “**Official Sponsor of Men's National Volleyball Teams**” and continues to offer its support in many different branches of sports such as diving, handball and e-sports in 2020.

In 2020, Vestel was one of the final candidates for the Sustainable Business Awards presented by the Sustainability Academy to highlight the projects of institutions creating significant environmental and social impacts in line with the Sustainable Development Goals of the United Nations and to share them with wide audiences in the category of “**Cooperation**” with the project “**Heritage of Voice**” through which Vestel employees narrated books for the e-library of GETEM Boğaziçi University Technology Center for the Visually-Impaired and the category of “**Empowerment of Women**” with the project “**Female Technicians**”. The “**Walker**” project, on the other hand, received the “**Most Creative Volunteering Project**” Award at the Ceremony of the Awards From the Hear organized by the Private Sector Volunteers Association in 2020.

Zorlu Gayrimenkul

In line with the concept of inclusion, which is a prerequisite for creating sustainable towns and cities, Zorlu Gayrimenkul makes sure that its real estate activities are accessible by everyone. To this end, it aims to turn Zorlu Center into a barrier-free living space in cooperation with the **Guide Dogs Association** under the project “No Barriers at Zorlu”.

Organizing a social media campaign with the motto “**We are Heartfelt to the Love of Education!**” in cooperation with TOCEV in 2020, Zorlu Gayrimenkul enabled the participation of more than 40,000 individuals and offered financial support to the association. In addition, it helped raise awareness about autism by turning all the lights of Zorlu Center blue with the “**Light Up Blue for Autism**” campaign.

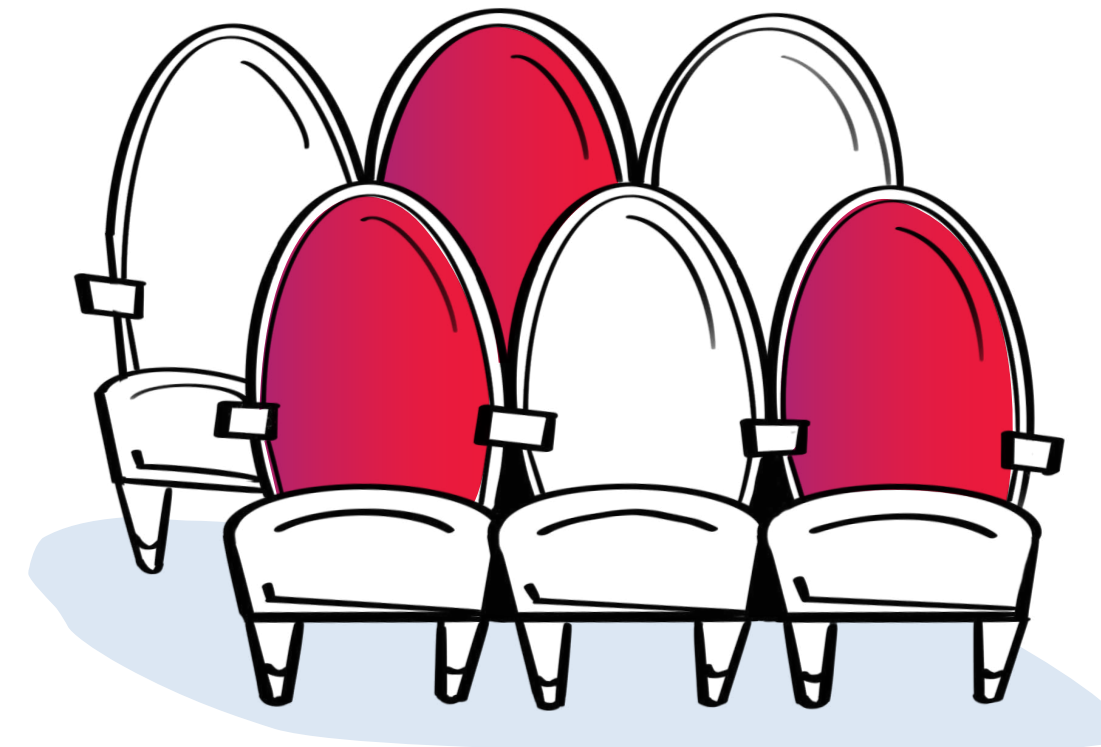
Zorlu Performans Arts Center

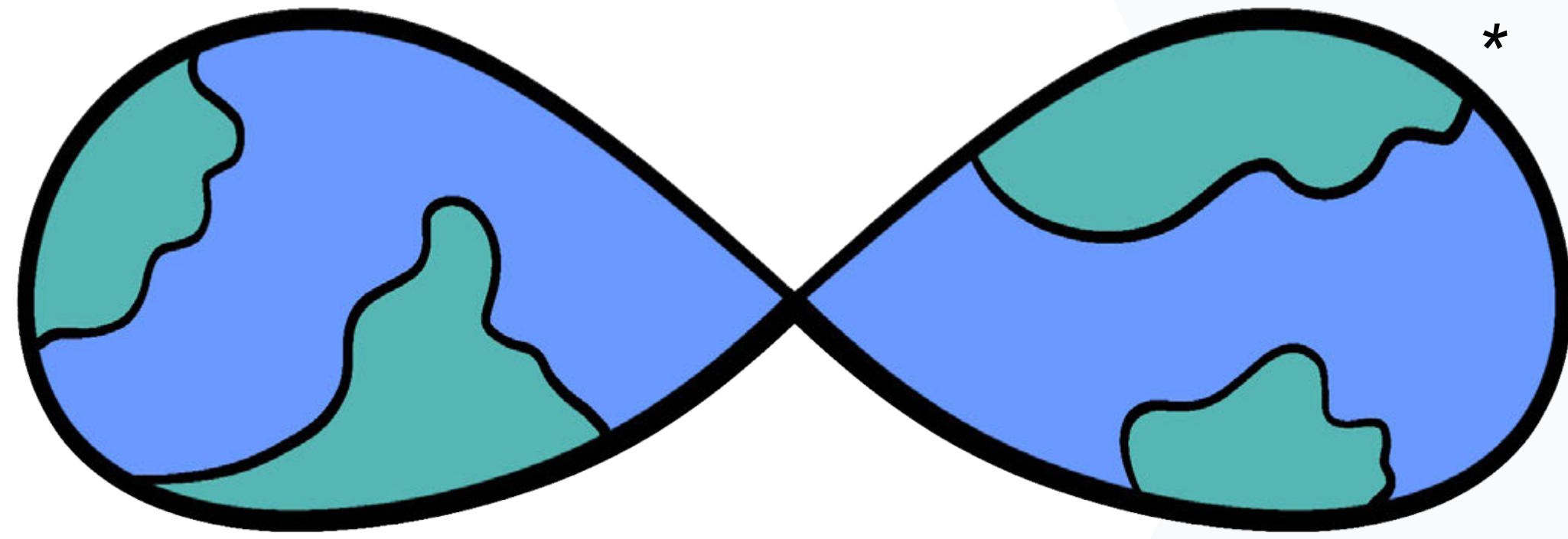
With Zorlu PSM, we bring culture and arts to all segments of society.

Culture and arts are among the indispensable drivers of sustainable development and also contribute to the advancement of social values and individuals. Zorlu Performing Arts Center is the meeting point for culture, art and entertainment life from festivals to Broadway musicals, concerts by local and foreign musicians and theater plays. Organizing events for each segment of the society and serving as a unique intercultural bridge between the East and the West, Zorlu PSM has hosted more than 2.5 million art enthusiasts to date.

Organized by Zorlu PSM in Istanbul as part of the Barcelona-based Sónar, a pioneer of experience-oriented festivals in the world, Sónar Istanbul won the Gold Medal in the event category at the 2019 Stevie-International Business Awards for creating a unique experience and offering a brand new world to its guests with its excellence in production and event organization.

The My Last Minute Seat practice, implemented by Zorlu PSM by asking the ideas of young people, aims to create social benefits by increasing access to events and inclusiveness. This practice allows customers to reserve no-show seats for students in return for a donation of TL 1 to the Community Volunteers Foundation (TOGEV). Approximately **14,000** students have benefited from the practice so far.





the world's resources
are not limitless

Regenerative Business Models

Regenerative Business Models

We are preparing for the future based on a regenerative business model approach encompassing the climate crisis and circular economy.

Comprised of the impact of human activities on the environment, our ecological footprint has increased by 173% in the last 6 decades. In return, we have exceeded the annual biocapacity of renewable natural resources and ecological processes by at least 56% across the globe.³² Dependence of existing production systems on natural resources in the face of rapidly decreasing resources clearly shows that current economies and business models are not sustainable.³³ Natural life continues to be adversely affected due to the climate crisis and environmental pollution as well as the mentality of production and consumption. **The resulting damage paves the way for increased interaction between people and wildlife, creating more favorable environments for the spread of infectious diseases.**

In today's world, where the measures and steps taken in the fight against the climate crisis prove to be insufficient, plastic and environmental pollution is increasing rapidly and extreme weather events are becoming more frequent, it is necessary to develop **regenerative business models** inspired by nature to increase the resilience of the business world. Responding to the needs of the society by establishing sustainable systems in harmony with nature, and adopting self-regenerative business models that minimize the use of resources for basin inputs such as energy and raw materials remain on the top of the agenda. Bringing along an environmental, social and governance-based transformation, these business

models will pave the way for companies to transform their operations and entire value chains, through which the society and the natural environment are taken into consideration, and the components of value and inclusion are supported.³⁴

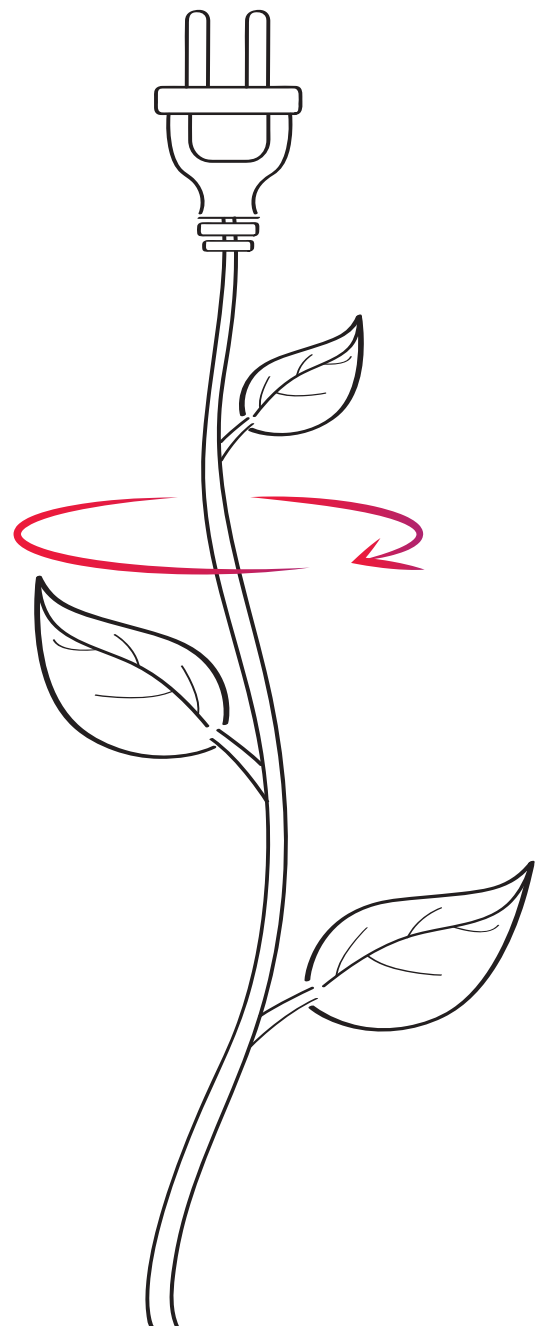
While we are preparing for the future based on a regenerative business model approach encompassing the climate crisis and circular economy, we also transform our society and ecosystem thanks to this model involving all our stakeholders and creating common value for them. We position this mentality, which we mainstream within all of our group companies, as the basic principle in all our investment decisions.

In environmental management, we refer to international standards as a guide, follow our performance with targets, and strive to disseminate best practices. We share our performance transparently within the scope of the Carbon Disclosure Project (CDP), as well as sustainability reports. As the first energy company to participate in CDP, Zorlu Enerji annually reports its carbon and water footprint. Vestel Elektronik responds to carbon and supply chain programs, and Vestel Beyaz Eşya responds to carbon and water programs.

³² Living Planet Report, 2020

³³ The Importance of Biodiversity for Humanity, The Guardian, 2018

³⁴ Designing Regenerative Cultures, Wahl, 2016

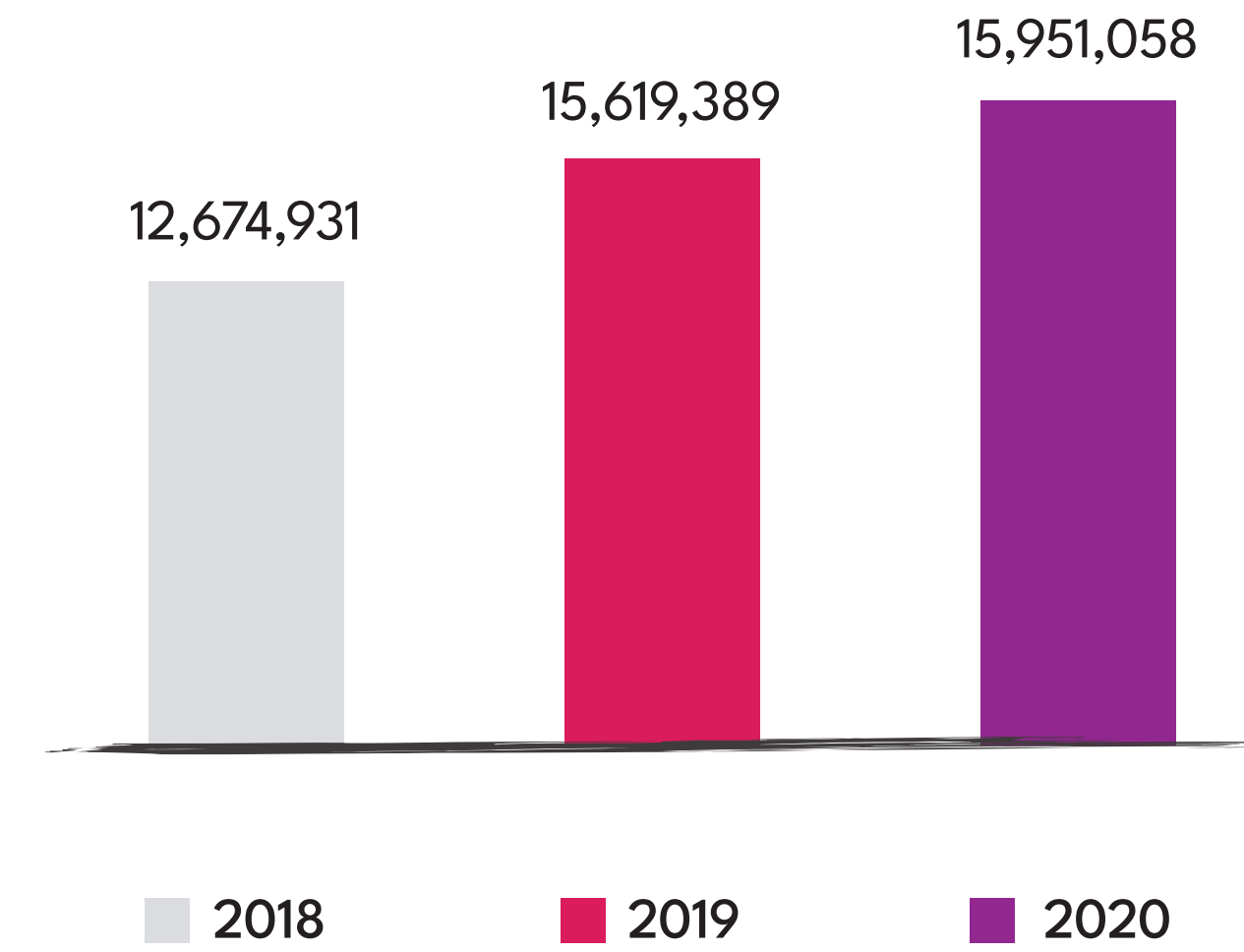


	ISO 14001 Environmental Management System	ISO 50001 Energy Management System	ISO 14064 Greenhouse Gas Verification Standard	ISO 14046 Water Footprint Verification Standard
ZORLU ENERJİ	✓	—	✓	✓
VESTEL BEYAZ EŞYA	✓	✓	✓	✓
VESTEL ELEKTRONİK	✓	✓	✓	—
ZORLUTEKS	✓	✓	✓	—
KORTEKS	✓	—	✓	—
META NICKEL	—	—	—	—

While the number of businesses/factories covered by the ISO 14001 certificate across Holding and Group companies stood at 41 (77%), the businesses/factories covered by the ISO 14064 and ISO 50001 certificates was 18 (34%) and 13 (24%), respectively.

At Zorlu Holding, we increase our environmental investments and expenditures every year. We increased our expenditures in 2020 by 2% year-on-year, investing TL 15.9 million. These expenditures increased by approximately 25% when compared to 2018. In addition to the expenditures and investments, no criminal sanction was imposed in this area in 2020.

Environmental Investments and
Expenditures by Years (TL)



Combating The Climate Crisis

The Global Risk Reports published by the **World Economic Forum** have listed the climate crisis and the risks it entails as the most probable risks since 2017.³⁵ The climate crisis continues to be a critical problem for the whole world as it threatens food security due to the extreme weather events it causes, triggers deforestation and loss of biodiversity.³⁶ As the scale and damage of the climate crisis increase, economies become fragile, while vulnerable segments of the society are those most affected.

Extreme weather events such as fires, floods and droughts put serious pressure on natural resources. While they primarily threaten biodiversity and wildlife, they also cause a decline in water resources.

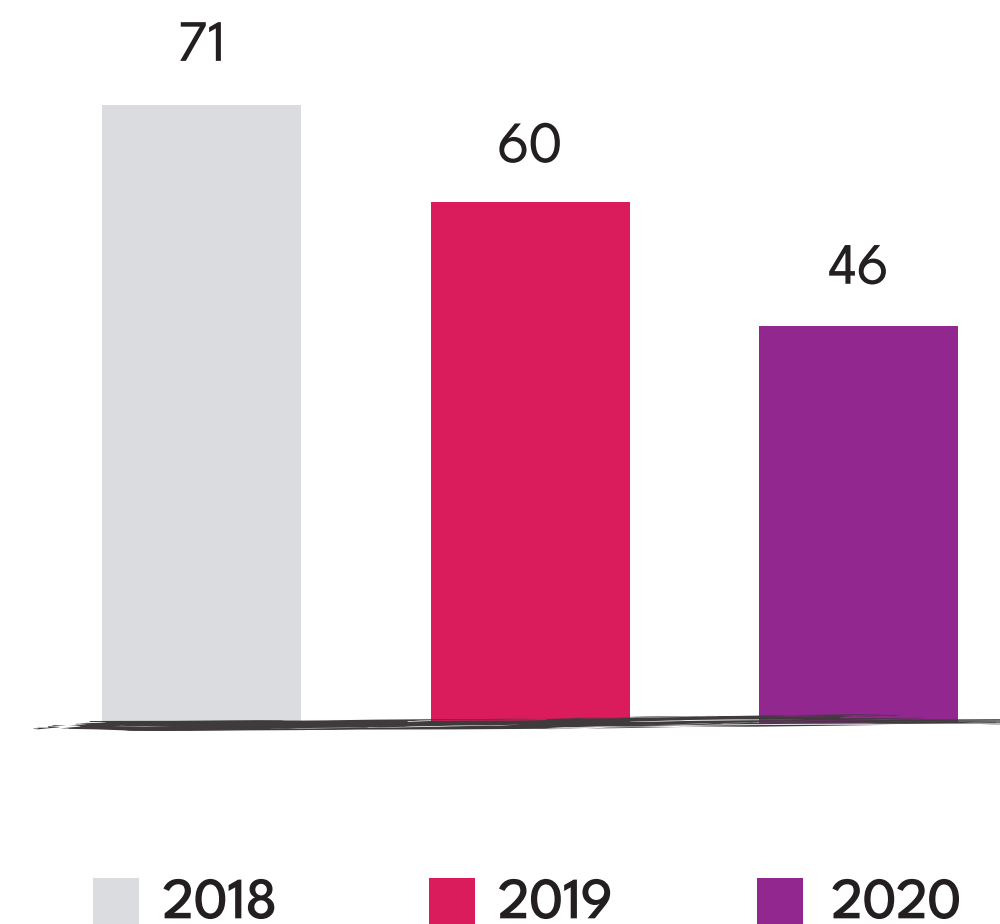
In order to prevent the destruction and tackle the climate crisis, the global temperature rise must be kept below 1.5 degrees Celsius.³⁷ In addition, investments are necessary for adapting to global warming and the already-changing climatic conditions. For the business world, this means helping to establish net zero emissions commitments and build climate-resilient infrastructure. While the pressure placed on companies by investors for these efforts is increasing, regulatory developments such as

the **European Green Deal** are shaping the climate agenda. Upon the Call for a European Green Deal³⁸, the EU is committed to achieving its net-zero carbon emissions target by 2050. Accordingly, the EU aims to reduce its carbon emissions by at least 55% by 2030 compared to 1990. In the light of these developments, the business world especially including the companies with strong commercial ties with the European Union needs to develop responsible products and services for low-carbon growth by integrating renewable energy investments and climate finance into their agenda, along with energy efficiency and emissions management.

Group companies and our stakeholders feel the devastating effects of the climate crisis in different ways. We operate in many different fields from energy to textiles, consumer electronics, mining and real estate. As a Group with a wide and diverse portfolio, we adopt innovative business models. While managing the risks and opportunities brought by the climate crisis, we refer to the European Green Deal and Sustainable Development Goals³⁹ as a guide and support partnerships established by the public and private sectors. We take critical steps by investing in innovative, low-carbon technologies, increasing the use of renewable energy, and encouraging our customers to adopt conscious consumption.

We reduce our carbon emissions thanks to innovative energy efficient technologies and process optimizations that we introduce every year. We reduced emissions by 91,339 tons of CO² thanks to the practices launched in 2020. In 2020, total greenhouse gas emissions decreased by approximately 4% year-on-year and were measured as 2,090,181 tons of CO₂e.

Greenhouse Gas Intensity
(Ton/TL Million)



³⁵ World Economic Forum, Global Risks Report 2021

³⁶ Climate Crisis, World Bank, 2020

³⁷ Intergovernmental Panel on Climate Change, Special Report on Global Warming of 1.5°C, 2018

³⁸ European Commission, Green Deal

³⁹ United Nations 2030 Sustainable Development Goals

Zorlu Enerji Alaşehir Renewable Co-Generation Plant

Zorlu Enerji completed its project design to transform Alaşehir-I Geothermal Power Plant into a renewable co-generation plant within the scope of amended local legislation. The company aims to generate 6 million kWh of electricity annually by establishing a 3.58 MW solar power plant within the power plant, which has an installed geothermal capacity of 45 MW.

While this level of generation will meet the annual electricity consumption of approximately 1,700 households, it will also prevent 300 tons of CO₂ emissions.

Zorluteks Ecodesign

Zorluteks has developed Ecodesign, a new product range produced by consuming less resources thanks to an optimized process. The company tried to optimize its processes by analyzing the production processes used by applying a Life Cycle Analysis (gate to gate) to the products under Ecodesign umbrella. The analysis concluded that the carbon footprint of products could be reduced by at least 50% compared to the processes used by Ecodesign. A more detailed analysis of the project achievements suggests that the carbon footprint of the process will decrease 1.6 times compared to the conventional pigment printing process and 2 times compared to the conventional reactive printing process.

In addition, 40% less water will be consumed compared to the conventional rotary printing process. Under the Ecodesign product range produced using less water, energy and chemicals, many products such as bed linens, tablecloths and decorative pillowcases will be manufactured.

Vestel Electric Bicycle Battery

Vestel started producing the first domestic electric bicycle battery in Turkey. The hardware, software, mechanical designs, production and testing infrastructure of the batteries are completely created and performed by Vestel. The batteries provide numerous advantages thanks to their reliability, long-lasting use and online service.

This operation aims to create financial value with the quality, cost, delivery times and after-sales services of bicycle batteries, which are offered to bicycle manufacturers and e-bike system manufacturers.

Zorlu Enerji Green Loan Agreement

Zorlu Enerji launched the first lot of the sustainability-themed Sukuk Issuance Program (with a total amount of TL 450 million) with an amount of TL 50 million, which was created by TSKB in 2020. This issuance is also Turkey's first sustainable sukuk issuance and is the first of its kind across the world with its sustainable sukuk framework.

Organized in line with the four basic standards of the International Capital Market Association (ICMA), this issuance transaction differs from others in that it also includes objectives such as sustainable infrastructure and clean transportation.

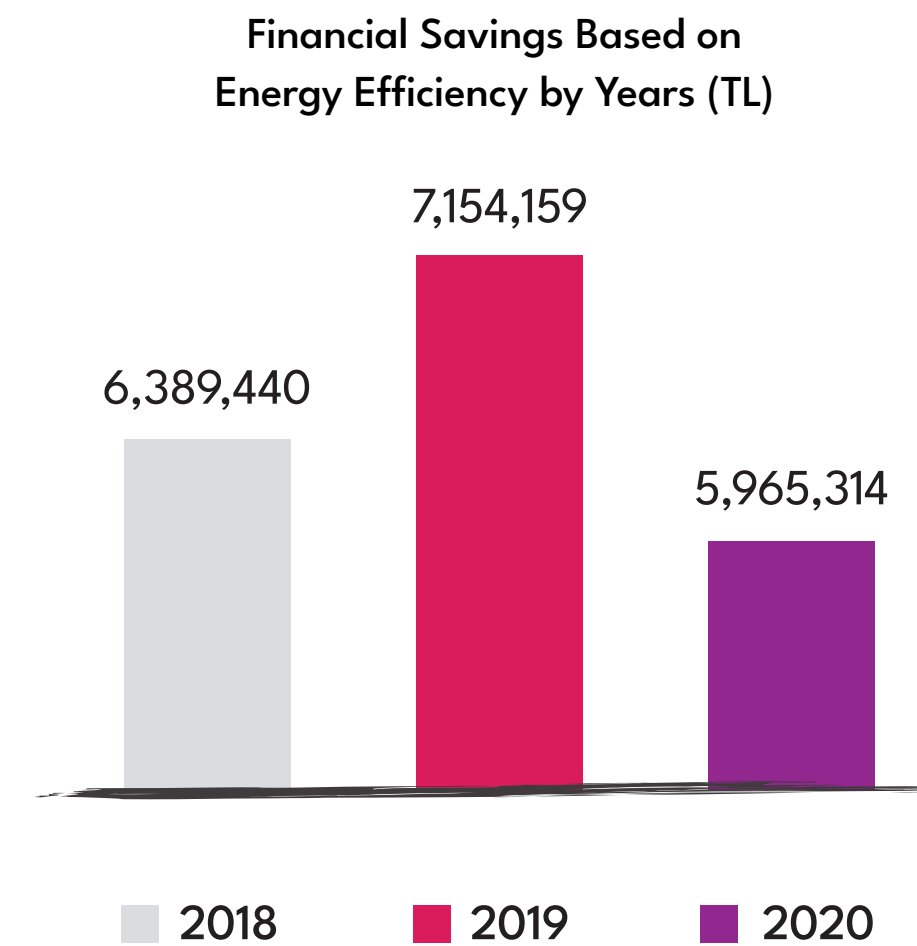
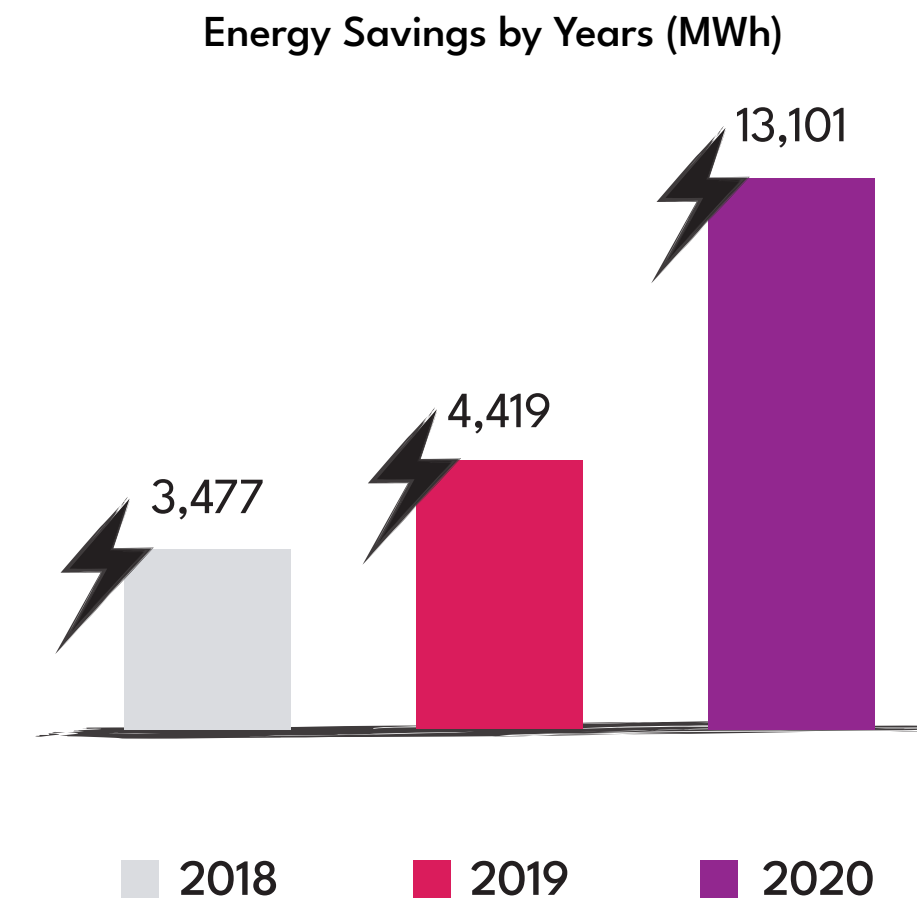
Energy Management

While we focus on operational efficiency to reduce energy consumption, we invest in renewables for electricity generation in the energy sector.

Decarbonization of energy generation plays a fundamental role in reducing greenhouse gases, the rate of which is increasing in the atmosphere, as a priority. In order to achieve this, investments in low-carbon energy sources such as renewable energy, nuclear energy and natural gas come to the fore. Global renewable energy generation rose by 2% in 2020, setting a record. The International Energy Agency suggests that increased renewable energy capacity is more successful in reducing greenhouse gas emissions than the restrictions imposed during the COVID-19 pandemic.⁴⁰ In addition, it is necessary to boost efficiency with innovative technologies in order to reduce energy intensity. According to the scenarios created, it is predicted that increasing energy efficiency will reduce greenhouse gas emissions by 40% in the next 2 decades.⁴¹

Energy efficiency and decarbonization of electricity generation play an important role in tackling the climate crisis. To this end, our Holding and Group companies focus on operational efficiency to reduce energy consumption while we also invest in renewables for electricity generation in the energy sector.

Thanks to the energy efficiency activities completed in 2020, we saved 13,101 MWh of energy. The activities performed throughout the Group increased nearly 3 times compared to the 4,419 MWh savings in 2019. The annual financial savings generated by the energy savings of 13,101 MWh were measured as TL 5.9 million.



⁴⁰ International Energy Agency, Global Energy Review: 2020 CO₂ emissions

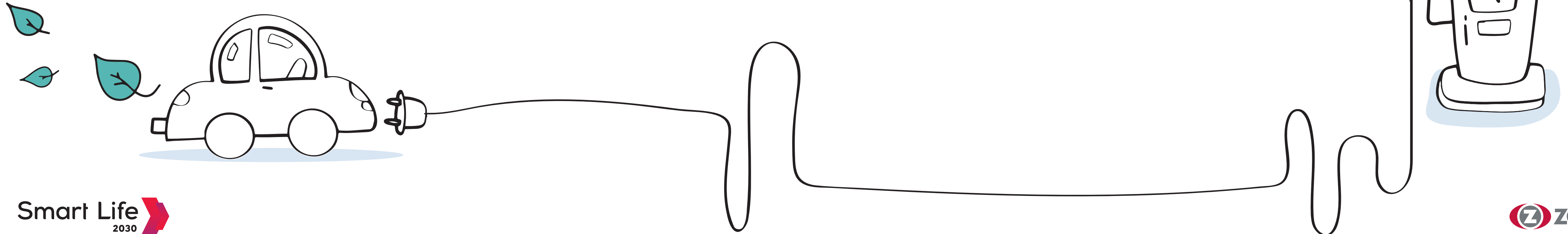
⁴¹ International Energy Agency, Energy Efficiency

Renewable Electricity Practices at Zorlu Holding and Group Companies

Zorlu Gayrimenkul and Zorlu Tekstil continue to improve their environmental, social and governance performance by putting sustainability at the center in line with the Smart Life 2030 strategy. In line with this approach, Zorlu Center and Zorlu Tekstil documented the electrical energy they use with **the International Renewable Energy Certificate (I-REC)** in cooperation with Zorlu Enerji. This certificate shows that the energy needs of Zorlu Tekstil Kırklareli Campus, Zorlu Shopping Center, Zorlu PSM and Raffles Istanbul are covered by the green energy produced by Zorlu Enerji at Alaşehir I Geothermal Power Plant. In addition, we minimize the environmental impact of electric vehicles with the clean energy supplied to ZES electric vehicle charging stations at Zorlu Center.

Zorlu Energy Solutions (ZES)

Zorlu Energy Solutions (ZES), the electric charging station network launched by Zorlu Enerji in the field of sustainability with the vision of being the energy company of the future, furthers its service a little bit every day to make the uninterrupted travel experience accessible. ZES, the electric vehicle charging station network established by Zorlu Enerji in 2018 to support the electric vehicle transformation for a carbon neutral future, **has reached 1,000 sockets in all 81 provinces**. In addition, it completed the installation of stations at Istanbul University-Cerrahpaşa campuses after Istanbul Technical University during the green campus initiative. Thanks to 7 ZES charging stations installed in Büyükçekmece, Bahçeköy, Cerrahpaşa, Sultangazi and Bakırköy campuses and two in Avclar campus, students will be able to charge their vehicles with clean energy certified with the International Renewable Energy Certificate (I-REC).



Circular Economy

The direct economic model, the most common production model globally, is based on the principles of “**produce, use, dispose**” and is considered as the basis of today's waste problem. For this reason, it is important to produce durable, repairable and easily-recyclable products in order to reduce waste and to bring them back to the economy at the end of their life cycle. Such cyclical models, which will prevent environmental pollution and contribute to the fight against the climate crisis, also come to the fore with their economic benefits.

It is predicted that adding value to waste through regenerative business models will create an annual economic value of USD 600 billion by 2030 within the European Union alone⁴². It is important to rapidly adopt an economy approach based on “**produce, use, reuse**” in this field, which has important opportunities for the business world.

Based on **the circular economy approach**, which is the second pillar of our regenerative business model, we aim to minimize the use of resources during production, design products in a cyclical manner, and transform the economic potential of waste into benefits for the society, the environment and our business. In all our Group companies, we protect our natural capital through a regenerative model.

By adopting an innovation-based business model in our Group companies, we implement practices that involve our stakeholders, reduce the use of resources and bring waste back into the economy, and respond to the climate crisis. Thus, while managing our environmental impact, we contribute to the establishment of sustainable systems with innovative products and services.

Zorluteks OXIPRO Projesi

Executed by Zorluteks and 15 partner companies from 11 different countries, OXIPRO project aims to develop sustainable products using environmentally-friendly enzymes in the detergent, textile, cosmetics and food supplements industries based on an interdisciplinary and systemic innovation approach. The project will reduce resource consumption, environmental pollution and harmful chemical consumption, and boost product functionality with the enzymes to be developed as equivalent to the chemicals used in the processes. The immobilization feature of the enzymes to be developed enables the enzymes to be collected and reused after the process. Thus, while supporting the reduction of production costs, it also contributes to the circular economy.

Zorluteks is the sole producer in the textile industry and one of the four pilot plants where the enzymes to be developed will be used. In order to be able to carry out within a single step the desizing and bleaching processes, which are the most basic processes in the pre-treatment processes of cotton fabrics, a special immobilized enzyme is designed for the textile industry. This technology aims to combine these processes, which currently use 8 different chemicals, via a single enzyme. In addition to a decrease in the number of chemicals, 43% improvement in water consumption and 50% improvement in energy consumption is expected in finishing pretreatments.

⁴² Ellen MacArthur Foundation, Growth Within: A Circular Economy Vision For A Competitive Europe



Natural Resource and Waste Management

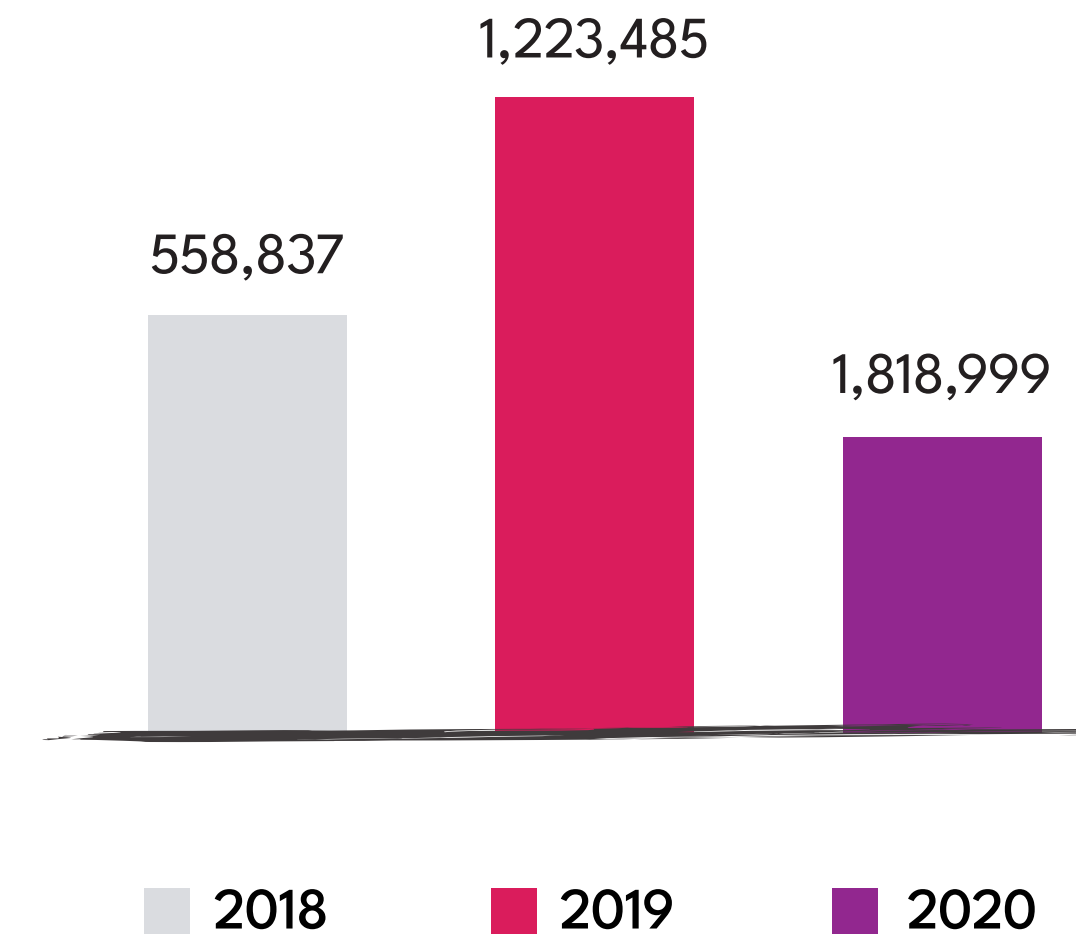
The climate crisis and the extreme weather events triggered thereby, the changing production and consumer habits due to socioeconomic development, and the ever-increasing population increase the pressure on all resources. Changing climatic conditions, such as drought and changes in precipitation regimes, adversely affect living creatures, directly resulting in a decrease in water resources. The decrease in water, which is a direct input in agriculture and industrial production, has a negative impact on the entire society, especially on the operational activities of the business world. It is estimated that there will be a 40% gap between global water supply and demand by 2030.⁴³ In order to adapt to the emerging climatic conditions, it is necessary to strengthen the existing infrastructure and to increase the resilience of business processes by effectively managing regional water risks.

Research shows that approximately 8.3 trillion tons of plastic have been produced since the early 1950s, of which 60% have merged into the natural environment or have been stored.⁴⁴ On the other hand, 53.6 million tons of e-waste were generated worldwide in 2019, of which only 17% were collected and recycled.⁴⁵ Bringing back to the economy the waste, which has an important economic potential, especially e-waste, through recycling offers many environmental and social opportunities for the business world.

At Zorlu Holding, we are aware of the fact that rapidly-depleting water and other natural resources must be managed properly. We focus on efficiency and recovery practices to reduce our operational impacts, especially in the mining-metallurgy and energy sectors. In the textile, consumer electronics and household appliances sectors where we touch customers, we develop pioneering and economical products by using nano technologies, digital, smart and next generation technologies in our products. Thanks to their energy- and water-efficient properties, these products help our customers reduce their energy and natural resource consumption. In order to control the environmental impact throughout the production phase, as well as product efficiency performance, we effectively analyze and manage the stages from the design to the use and the recycling of the products that have reached the end of their life cycle. In 2020, 80% of all hazardous waste was recycled.

In today's world, where environmental pollution, especially plastic pollution, has reached challenging levels in terms of management, we focus on reducing and recycling waste at its source by adopting effective waste management. In addition, we act with the awareness of the financial and environmental benefits to be offered by waste management by switching to cyclical systems and using alternative raw materials, especially in electronic waste. We continue to engage in efforts to become a zero-waste Holding.

Annual Financial Savings
Achieved by Waste Projects (TL)



⁴³ World Economic Forum, Regenerative Business Models: A Roadmap for Rapid Change, 2020

⁴⁴ Our World in Data, Plastics Pollution

⁴⁵ Global E-Waste Monitor 2020

Vestel Waste Paint Recovery and Reuse System

Thanks to the “**Waste Paint Recovery and Reuse System**” developed by Vestel, waste paint particles used in production are recovered and made ready for reuse. Vestel designed all chemical formulations and machinery, the system was used for the first time by Vestel Elektronik and was registered with 3 patents. From the beginning of the project until the end of 2020, a total of 177 tons of waste paint were recovered, 460 tons of CO₂ emissions were prevented and water consumption was reduced by 123 tons.



Korteks - Polymer Recycling Project

Korteks develops circular economy solutions to combat the increasing environmental pollution and climate crisis. It aims to save energy and reduce the cost of raw materials through the projects that primarily focus on the reuse of waste that will be generated throughout production processes. Equipped with the largest integrated polyethylene terephthalate (PET) yarn production center in Europe, Korteks manufactures recycled PET chips and yarn out of waste PET bottles and production waste PET yarns at its Polymer Recycling Facility. With its production, the company avoids the annual fossil fuel consumption of 50,412 MWh and prevents the greenhouse gas emission of 5,902 tons of CO₂e. The facility also saves 3,957 tons of pure terephthalic acid and 1,637 tons of mono ethylene glycol annually.

Metanikel WSD Water Recovery Project

Process water is one of the most important inputs within the hydrometallurgical process applied at Metanikel, Gördes plant. The water needed for the process was met from clean water sources. The recycling project ensures that the water within the process waste sent to the Waste Storage Dam (WSD), where the waste resulting at the end of the process is stored, is fed back to the process with the newly-installed system, and the relevant need is met with the return water to a large extent. In 2020, 2,019,262 m³ of water was recovered and reused in processes. Since the commissioning of the project in 2017, approximately 4.9 million m³ of water has been reused.

Vestel's Plastic Commitments

Recycling the production and engineering waste and residues generated throughout all processes under the cooperation of Production, R&D and Quality Control teams and reusing them in its products and components, Vestel Electronic undertakes to use a total of 1,887 tons of recycled PC/ABS and PP plastic including 629 tons by the end of 2021, 629 tons by the end of 2022 and 629 tons by the end of 2023. In addition, the company will improve TV product and packaging designs without adversely affecting quality and durability, and aims to reduce the plastic used in packaging by 831 tons by the end of 2023 compared to the base year of 2020.

Vestel Beyaz Eşya cooperates with domestic and foreign suppliers and start-ups in order to ensure the availability of recycled and alternative plastic raw materials. By recovering the wastage generated throughout production processes, it undertakes to use a total of 7,081 tons of recycled plastic in products and components, including 1,983 tons by the end of 2021, 2,361 tons by the end of 2022, and 2,737 tons by the end of 2023. In addition, it is planned to reduce the use of plastic by 1,000 tons by the end of 2023 compared to the base year of 2020 along with design improvements to be made in packaging.

Biodiversity

Human-induced changes in land use directly affect wildlife, resulting in reduced biodiversity. Natural life has changed rapidly in the last 5 decades due to global trade, changes in consumption habits, population growth and urbanization. It is seen that the populations of some species decreased by an average of 68% between 1970 and 2016.⁴⁶

The mining and energy sectors in which we operate have significant impacts on biodiversity. In order to effectively manage this impact, we primarily conduct research on flora and fauna. We focus on monitoring and conservation studies after identifying the species within their spheres of influence. While our work for established campuses progresses in this way, we carry out the same work for new investments during the planning stage and take the necessary steps for the protection of ecosystems and species. Thus, we introduce measures to mitigate environmental risks from the very beginning, and aim to manage our impact on biodiversity and wildlife in the best way possible.

Zorlu Enerji Biodiversity Conservation Activities

In 2018, Zorlu Enerji signed a cooperation protocol with Ege University and developed a project for the research and conservation proposals of the endemic *Heliotropium thermophilum* plant located within Kızıldere I GPP site. Outputs of the project were used in the preparation of a master's thesis in 2019. The company continues to work with Ege University on conservation project proposals. At the same time, it actively continues to engage in bat and bird watching practices approved by the Ministry of Forestry and Water Affairs within the wind power plant site in Osmaniye.

Zorlu Enerji Zero Carbon Footprint Forests Project

Zorlu Enerji has been calculating its carbon footprint resulting from its operations since 2010 and has engaged in an afforestation program to offset its carbon footprint. As part of the Zero Carbon Footprint Forests Project, more than 330,000 saplings were planted in Kars-Çıldır, İzmir-Tire, Osmaniye-Bahçe, Denizli-Buldan, Manisa-Salihli and Gaziantep-Nurdağı districts to create memorial forests as of the end of 2020.

Zorlu Enerji Bird Radar

Turkey's First Bird Watching Radar was installed within Gökçedağ Wind Power Plant in 2011 in order to protect both birds and turbines due to Zorlu Enerji's sensitivity to protect natural life. Thanks to the Bird Radar System, which started to operate actively in the spring of 2012, birds or flocks of birds approaching the wind farms can be detected and monitored in real time through the monitor. Operationally, the turbines can be stopped for a short time during bird passage, while sound waves are sent with the LRAD (Long Range Acoustic Device) system, and the flight direction of birds can be changed. Since its installation, no bird death has occurred at Gökçedağ Wind Power Plant due to operation.

⁴⁶ Living Planet Report, 2020

Inclusive Value Chain

As Zorlu Group, we aim to transform and develop together with our stakeholders throughout the value chain, from the first link starting with the supply of raw materials to the last link ending with the end-consumer. Zorlu Holding's fields of operation, such as the textile, energy, electronics, household appliances, real estate, mining and metallurgy, enable us to create impact within a large ecosystem. In this respect, we establish collaborations with our suppliers through a partnership approach and move towards our goals together. In addition, we contribute to the sustainability journey of customers with the sustainable products and services we develop, while also responding to changing consumer behaviors.

The COVID-19 pandemic has further exposed the vulnerabilities in globalized supply chains. In line with our experience and effective risk management throughout this period, we aim to encourage social and environmental transformation for our business partners, suppliers and customers by focusing on areas such as respect for human rights, responsible sourcing, combating the climate crisis, traceability and resilience in procurement processes.

Sustainable Supply Chain

As supply chains turn into larger and more complex structures due to globalization, companies face more and more risks every day. The ESG performance of each producer in the supply chain directly affects the performance and reputation of companies. Therefore, it is increasingly important for companies to manage their supply chains with a holistic approach.

At Zorlu Group, we closely monitor and proactively manage risks related to the supply chain, and aim to ensure continuity and resilience in the supply chain. Acting based on a responsible procurement approach, we follow the risks from the procurement of raw materials and strive to minimize the impact of risks at every step of the supply chain.

The problems experienced in globalized supply chains throughout the global pandemic period highlighted localization in supply. At Zorlu Group, we prioritize local suppliers in order to contribute directly to local development. While working with approximately 12,000 suppliers and business partners, the rate of local suppliers among all suppliers reached 74% in 2020. Payments to local suppliers accounted for 29% of total payments.

In order to improve the social and environmental performance of suppliers and business partners, we have set standards that observe local and international regulations. Serving as a guide for all Group companies, **Principles** are comprised of main subjects such as the prevention of child labor and forced labor, prevention of discrimination, humane treatment, remuneration, working hours, freedom of association and collective bargaining, occupational health and safety, environment, and ethics. In order to ensure that suppliers, dealers and distributors comply with these principles and support their development, we provided a total of 6,979 person-hours of training in 2020. We offer trainings to suppliers under various sector and business-specific topics. These include technical training on quality, data security, occupational health and safety, and business processes.

Considering environmental and social criteria while selecting suppliers, we carry out environmental and social audits to ensure that our cooperation with suppliers blooms as long-term and sustainable collaborations. In 2020, 4% of our suppliers were subjected to environmental and social audits.

Customer Relationships

One of the important components of our approach towards regenerative business models is our customers. We consider innovative approaches in our relations with customers, whom we consider among our key stakeholders for sustainable growth.

One of the biggest advantages of the information society is the ability to quickly access information everywhere, pushing customers to be more conscious. While choosing products and brands, customers increasingly reflect criteria such as being more transparent, accountable, reliable and sensitive in their choices. Technologies such as Industry 4.0, cloud technologies, big data, internet of things (IoT), artificial intelligence enable effective customer relations and personalize the customer experience with innovative products and services. On the other hand, changes in the needs and demands of customers due to the COVID-19 and the predominant use of digital methods while communicating with customers brought a new dimension to the activities of companies towards their customers. Among the most important items that will be on the agenda of companies for the post-COVID-19 period is to find solutions for the demands and needs of customers by making use of digitalization.⁴⁷

The Smart Life 2030 strategy also encompasses a mentality of mutual transformation and development with customers. In the light of this mindset, we establish active/double-sided communication with customers based on transparency and impartiality with customer orientation in order to ensure customer loyalty. We prioritize responding to changing customer demands as quickly as possible,

integrating with digitalization and communicating effectively with customers. On the other hand, we continue to guide the preferences of customers in accordance with the requirements of the age, and we encourage them to act with a sense of responsibility. In addition, by listening to them, we pave the way for them to transform Zorlu Holding and its companies. Our mutual cooperation moves our business forward. Thus, we always follow the approach of providing the best and top quality service in all sectors in which we operate, and we continuously improve our products and services for our 12.2 million customers as of 2020.⁴⁸

We regularly conduct customer satisfaction surveys to receive the feedback of our customers and to identify the areas of improvement. In addition to satisfaction surveys, we use platforms and channels that are easily accessible and capable of interacting with each other, such as communication centers, website contact forms and social media to collect feedback and complaints. We further our efforts to respond to every feedback and complaint we receive, and we expand the scope of our customer engagement approach to involve customers in the design stage of our product development process. We resolved 99% of the 7.4 million feedback requests we received from customers in 2020. We answered 95% of the nearly 617,000 complaints sent to the customer communication center and resolved 86% of them. We also offer training to employees on customer relations. In 2020, we offered 31,259 person-hours⁴⁹ of training on this subject.

⁴⁷ The next normal arrives: Trends that will define 2021-and beyond

⁴⁸ Business to Business (B2B) and Business to Consumer (B2C) categories are indicated together.

⁴⁹ This data is provided by Istanbul Branch of Vestel Ticaret A.Ş. and Zorlu Gayrimenkul.

Customer Experience-Oriented Activities at Vestel

Vestel develops different practices to improve the customer experience by making use of digitalization and to increase customer satisfaction and loyalty while increasing its brand reputation. Some of the prominent practices in 2020 are listed as follows;

- By making use of digitalization, it enables customers to find solutions for their problems without waiting for the authorized service provider. Through www.cozumuvvar.vestel.com.tr website, customers can access information and solution videos for problems that they can solve by themselves, without the need for any technical service. With simple and user-friendly content, consumers can solve their problems without the need for any technician support. Customers are also able to rapidly file their own service requests without having to contact the call center. Çözümü Var website was selected as a Commendable Project in the category of the best technology use regarding customer experience at the CX Awards in 2020.
- Through the **Electronic Appointment System**, customers receive an SMS showing the hours and days with an available slot in accordance with the daily work plans of the authorized service providers to install the product, and can choose the time according to their available and create an appointment upon purchasing products from dealers and stores.
- Thanks to **Vestel Ekspres** concept, customers can instantly find the product they want, compare them quickly and purchase them with the same day delivery option. Offering user-friendly applications such as shopping

experience and fast delivery on digital screens, Vestel Express brings the convenience of online shopping to stores. The system has functions such as reviewing product features, product comparison and getting information about campaigns through digital screens. Vestel continues to develop new generation retail-specific digital practice at its Ekspres stores and introduce them to consumers. There are Ekspres stores at 15 points in Istanbul and Izmir.

- The **Central Repair and Recovery Center** aims to generate less waste and contribute to the circular economy by checking defective spare parts, classifying recoverable materials and allocating them for reuse and directing non-recoverable materials to recycling based on classification by category. In this way, it is ensured that service providers are prevented from replacing defective materials and such defective materials are repaired and reused.
- With the **Daylight technology**, sustainability-oriented improvements are made in various household appliances such as refrigerators, washing machines, dishwashers and air conditioners. Thanks to the Daylight technology, food waste is prevented by helping all kinds of foods to preserve their freshness for a longer period of time; indoor air quality is improved; dishes are washed more hygienically, while a high level of hygiene is ensured in the laundry without the use of additional chemicals.
- With **Vestel Evin Akıllı (Smart Home) mobile application**, all controls and settings can be easily managed in a remote fashion with regard to Wi-Fi enabled products. Customers can control these products via their phones as they like.

In order to reduce the time of fault detection in household appliances, it monitors the error codes given by household appliances through interactive screens that enable them to be simulated. Thanks to this application, 2,000 active technicians all over Turkey can diagnose the faults of our customers' household appliances very quickly and accurately, and faults can be resolved faster thanks to the pinpoint trouble-shooting flow diagrams presented within the application. Ranking first with its Fault Code Application in the 2020 Successful Team of the Year Award of KalDer, which plays a role in promoting quality awareness and teamwork in businesses, Vestel Service Academy was rewarded with the Gold Award.

- With **Online Spare Parts Sales**, spare parts are sent directly to customers for repairing their defective products or products that require replacement, while enabling customers to be competent for making necessary repairs.
- The project called "**Heryerdeyiz**" executed in call centers selects the calls that leave a mark on customers in 81 provinces and rewards the customer representatives who successfully delivered these communication experiences. Under its motto "Her Şey Bi' Teşekkür İçin" (Doing Our Best for a Thank You), Vestel Customer Services won the "Best Customer Experience" award in the TV, Household Appliances and Mobile Phone categories in 2020 A.C.E. Awards organized by şikayetvar.com.

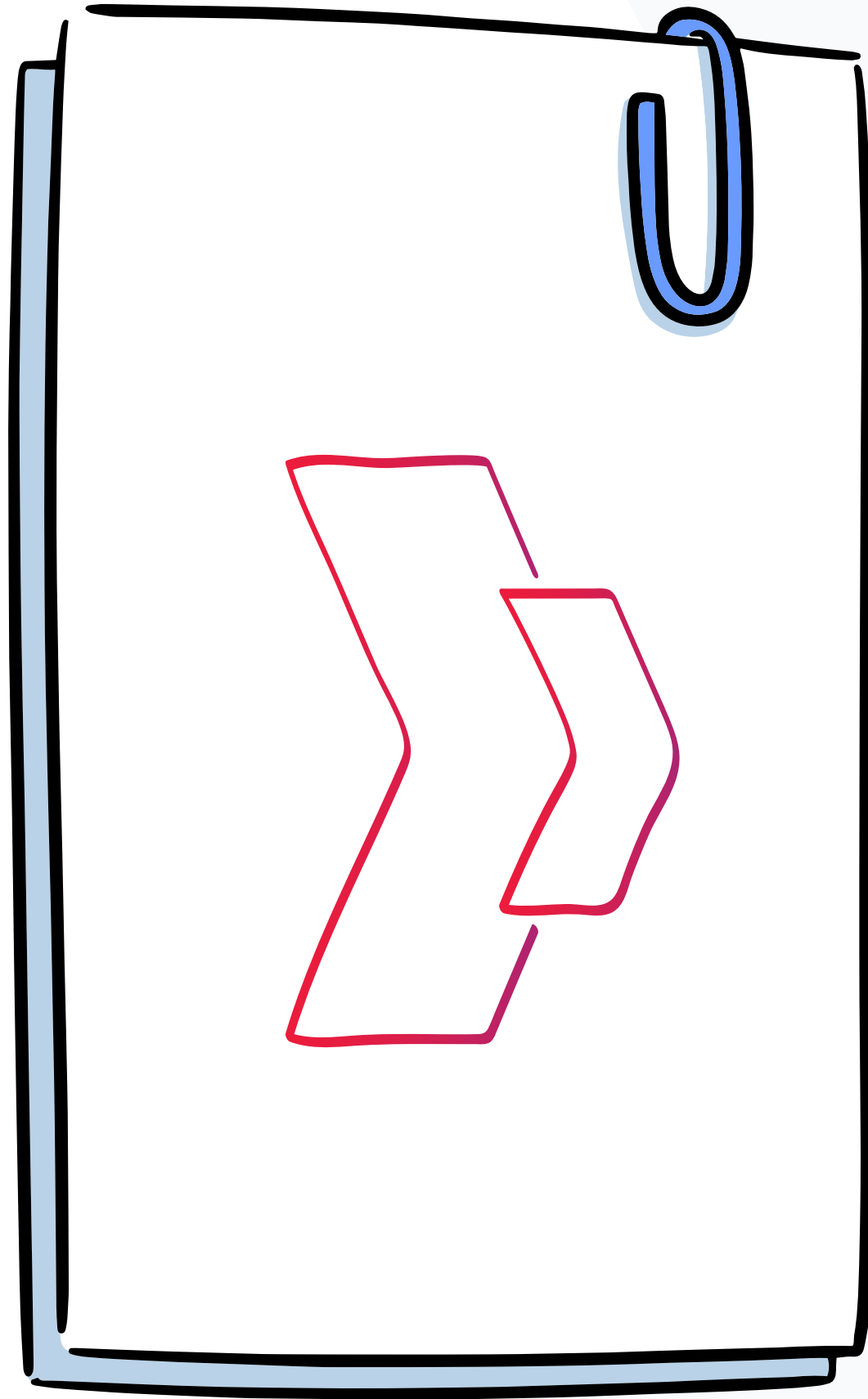
Zorlu Enerji Satisfaction 4.0 Project

Addressing customer satisfaction with a focus on Industry 4.0 transformation, Zorlu Enerji developed interactive, smart and user-friendly technologies specific to the electricity distribution sector and the “186” hotline of the sector under the Satisfaction 4.0 Project. During large-scale power outages, many calls were simultaneously placed for the call centers depending on the number of affected subscribers, but these calls could not be responded with the existing infrastructure technology at the time. Thanks to the infrastructure developed by Zorlu Enerji, it is possible to detect from the base stations from which city the consumers or users are calling, and instant notifications can be made to distribution companies. As a result of the project creating value for the entire sector, infrastructure was improved and the accessibility of the “186” hotline was increased throughout the sector.

Zorlu Tekstil's Customer Relations Practices Throughout the Pandemic

Zorlu Tekstil transferred its physical client visits to digital platforms as a result of the restrictions triggered by the global pandemic. Through the online factory tour, the entire factory site can be shown to clients. In addition, clients can monitor production activities via videos. A virtual fair was held by transferring the images, color charts and catalogues of the products to digital media.





Annexes

Annexes

Memberships and Collaborations

- › Ashoka
- › Babadağlı Industrialists and Businessmen Association (BASIAD)
- › Bursa Disaster Association (BURAD)
- › Bursa Research Foundation
- › Bursa Industrialists and Businessmen Association (BUSIAD)
- › Education and Culture Foundation of People of Denizli (DENBIR)
- › Digitaleurope
- › Foreign Economic Relations Board of Turkey (DEIK)
- › Aegean Industry and Business Association (BUSIAD)
- › Endeavor
- › European Man Made Fiber Association
- › Entrepreneur Institutions Platform
- › Entrepreneurship Foundation
- › Hasbahçe Social Assistance and Solidarity Association
- › imece
- › Istanbul Chamber of Certified Public Accountants (ISMMMO)
- › Istanbul Technical University Çekirdek
- › Business Council for Sustainable Development (BCSD Turkey)
- › Geothermal Power Plant Investors Association
- › Women Entrepreneurs Association of Turkey
- › Turkish Society for Quality (KALDER)
- › Corporate Communication Professionals Association
- › Corporate Governance Association of Turkey
- › Middle East Solar Industry Association (MESIA)
- › Association of Private Sector Volunteers (ÖSGD)
- › Guide Dogs Association
- › Social Innovation Exchange
- › Association of Artificial Synthetic Fiber Manufacturers (SUSEB)
- › Accumulator Importers and Producers Association (TümAküder)
- › Institute of Internal Auditing - Turkey (TIDE)
- › Turkish Industry and Business Association (TUSIAD)
- › Turkish Public Relations Association (TUHID)
- › Ethics and Reputation Society (TEID)
- › Association of Turkish Home Textile Industrialists and Businessmen (TETSIAD)
- › Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- › Association of Turkish Travel Agencies
- › Spastic Children's Foundation of Turkey
- › Technology Development Foundation of Turkey
- › UN Global Compact Turkey Network (UNGC)
- › Uludağ University Support Foundation
- › International Patent Association (UPB)
- › International Competition and Technology Association (URTEB)
- › Young Guru Academy
- › 30% Club
- › Women on Board Association Turkey
- › Yanındayız Association
- › Yeniden Biz Association

Social Performance Indicators

OHS Data - Employees	2018	2019	2020
Absenteeism (Total Lost Labor)	357,882	389,213	514,934
Number of Accidents	2,539	2,012	1,661
Accidental Absenteeism	13,625	11,779	8,725
OHS Trainings	111,025	121,522	155,103

	2018		2019		2020	
Employees by Gender	Female	Male	Female	Male	Female	Male
Number of Employees	7,473	15,716	7,473	15,716	8,345	18,701
Employees by Category	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
Number of Employees	14,968	8,221	14,968	8,221	19,606	7,355
Total	23,189		24,526		27,046	

Environmental Performance Indicators

Greenhouse Gas Emissions (tons CO ₂ e)	2018	2019	2020
Scope 1	1,985,973	1,761,657	1,529,655
Scope 2	361,913	367,363	554,676
Scope 3	51,285	42,844	5,850
Total	2,399,172	2,171,865	2,090,181

Water consumption (m ³)	2018	2019	2020
Tap water	3,463,426	3,279,736	3,271,111
Surface waters (Sources such as Wetlands, Rivers, Lakes, Seas, etc.)	1,275,766	777,821	1,552,842
Total	80,204,450	82,292,239	86,716,055
Wastewater amount	1,734,888,622	2,483,230,911	2,166,158,411*

* Zorlu Enerji considers water passing through HEPPs and released back to the environment as waste water. Some of the wastewater originates from the geothermal power plant. Two cases explain the difference between the use of tap water and wastewater.

Total Hazardous Waste (tons)	2018	2019	2020
Total Hazardous Waste	4,360	4,483	26,006**
To Landfill	1,803	2,309	2,342
Recovered for Energy Purposes	640	808	761
Reused	252	145	113
Recycled	1,786	1,367	20,876
Other	27	6	92
Total Non-Hazardous Waste (ton)	91,044	80,968	118,839
To Landfill	4,951	19,613	18,495
Recycled	56,848	59,084	58,794
Recovered for Energy Purposes	425	3	76
Reused	16,012	14,145	14,869
Other	10,765	7,370	12,059

** The increase in 2020 results from the geothermal drilling activities of Zorlu Energy Group. In 2020, 80% of all hazardous waste was recycled.

UNGC Reference Index

Area	Principles	Related Section in the Report
HUMAN RIGHTS	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Diversity • Gender Equality • Corporate Governance • Supply Chain
	2. Businesses should make sure that they are not complicit in human rights abuses.	• Diversity • Gender Equality
LABOR STANDARDS	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Employee Engagement and Satisfaction
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	• Occupational Health and Safety • Corporate Governance • Supply Chain
	5. Businesses should uphold the effective abolition of child labor.	• Corporate Governance • Supply Chain • Occupational Health and Safety
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Diversity
ENVIRONMENT	7. Businesses should support a precautionary approach to environmental challenges.	• Combating the Climate Crisis • Energy Management • Natural Resource and Waste Management
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Circular Economy
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	• Radical Collaborations and Disruptive Innovation
ANTI-CORRUPTION	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Corporate Governance

GRI Content Index

GRI STANDARD	INDICATOR	PAGE NUMBER ANR/OR LINK	EXPLANATION OF INFORMATION NOT PROVIDED
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
	Organizational Profile		
	102-1	4	
	102-2	http://www.zorlu.com.tr/tr/faaliyet-alanlari/markalar#	
	102-3	http://www.zorlu.com.tr/tr/bize-ulasin/iletisim	
	102-4	http://www.zorlu.com.tr/tr/faaliyet-alanlari/markalar#	
	102-5	http://www.zorlu.com.tr/assets/files/faaliyet-raporlari/faaliyet-raporu-2019.pdf , S.8	
	102-6	http://www.zorlu.com.tr/assets/files/faaliyet-raporlari/faaliyet-raporu-2019.pdf , S.26	
	102-7	http://www.zorlu.com.tr/assets/files/faaliyet-raporlari/faaliyet-raporu-2019.pdf , S. 10-11, 26	
	102-8	41, 75	
	102-9	68	
GRI 102: GENERAL DISCLOSURES 2016	102-10	There were no significant changes.	
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	102-12	73-74	
	102-13	73-74	
		Strategy	
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	102-15	33-38	
	Ethics and Integrity		
	102-16	32	
	102-17	32-33	

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GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
GRI 102: GENERAL DISCLOSURES 2016	Governance		
	102-18	21-22	
	102-19	21-22	
	102-20	21-22	
	Stakeholders Engagement		
	102-40	22, 73-74	
	102-41	There are no employees working under collective bargaining agreement.	
	102-42	21-22	
	102-43	21-22	
	102-44	21-24	
	Reporting Practice		
	102-45	5	
	102-46	5	
	102-47	23-29	
	102-48	There were no restatements.	
	102-49	There were no significant changes.	
	102-50	5	
	102-51	January 1 - December 31 2020	
	102-52	5	
	102-53	5	
102-54	5		
102-55	77-81		
102-56	No external assurance for the report provided.		

GRI Content Index

GRI STANDARD	INDICATOR	PAGE NUMBER ANR/OR LINK	EXPLANATION OF INFORMATION NOT PROVIDED
GRI 200: Economic Standard Series			
	Anti-Corruption		
GRI 103: MANAGEMENT APPROACH 2016	103-1	32	
	103-2	32	
	103-3	32	
GRI 205: ANTI-CORRUPTION 2016	205-2	32-33	
	205-3	32-33	
GRI 300: Environmental Standard Series			
	Energy		
GRI 103: MANAGEMENT APPROACH 2016	103-1	61-62	
	103-2	61-62	
	103-3	61-62	
GRI 302: ENERGY 2016	302-5	61	
	Water		
GRI 103: MANAGEMENT APPROACH 2016	103-1	64-66	
	103-2	64-66	
	103-3	64-66	
GRI 303: WATER AND EFFLUENTS 2018	303-3	76	
	303-4	76	

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GRI 300: Environmental Standard Series			
	Biodiversity		
GRI 103: MANAGEMENT APPROACH 2016	103-1	66-67	
	103-2	66-67	
	103-3	66-67	
GRI 304: BIODIVERSITY 2016	304-2	66-67	
	Emissions		
GRI 103: MANAGEMENT APPROACH 2016	103-1	58-60	
	103-2	58-60	
	103-3	58-60	
GRI 305: EMISSIONS 2016	305-1	75	
	305-2	75	
	305-3	75	
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GRI 300: Environmental Standard Series			
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	103-3	68-69	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	68-69	
GRI 400: Social Standard Series			
	Employment		
GRI 103: MANAGEMENT APPROACH 2016	103-1	40	
	103-2	40	
	103-3	40	
GRI 401: EMPLOYMENT 2016	401-2	43-44	

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GRI STANDARD	INDICATOR	PAGE NUMBER ANR/OR LINK	EXPLANATION OF INFORMATION NOT PROVIDED
GRI 400: Social Standard Series			
	Labor/Management Relations		
GRI 103: MANAGEMENT APPROACH 2016	103-1	40-41	
	103-2	40-41	
	103-3	40-41	
GRI 402: LABOR/MANAGEMENT RELATIONS 2016	401-2	Minimum legal notice periods are applied regarding operational changes.	
	Occupational Health and Safety		
GRI 103: MANAGEMENT APPROACH 2016	103-1	46	
	103-2	46	
	103-3	46	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	46	
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GRI STANDARD	INDICATOR	PAGE NUMBER ANR/OR LINK	EXPLANATION OF INFORMATION NOT PROVIDED
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	Training and Education		
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GRI 404: TRAINING AND EDUCATION 2016	404-1	44	
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	Diversity and Equal Opportunity		
GRI 103: MANAGEMENT APPROACH 2016	103-1	41-42	
	103-2	41-43	
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GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	41-42	
	405-2	There is no gender-based discrimination in remuneration.	
	Local Communities		
GRI 103: MANAGEMENT APPROACH 2016	103-1	47	
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GRI 413: LOCAL COMMUNITIES 2016	413-1	48-56	

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Material Topics That Are Not Covered By The GRI Standards			
	R&D and Innovation		
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	Financial Efficiency		
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