



2022

**SUSTAINABILITY
REPORT**

LC Waikiki

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*Our
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Community*

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About the Report



About the Report

LC Waikiki Mağazacılık Hiz. A.Ş. has been a prominent player in its sector since its foundation in 1988.

LC Waikiki was founded in Paris by three partners of French origin and initially began as a wholesale dealer, attracting customers with its t-shirt and sweatshirt designs in the early years of its operations. After two of the founding partners parted ways with the brand, George Amouyal became the sole shareholder. In 1997, the brand was acquired by Tema Tekstil, a subsidiary of the Taha Group, which is the manufacturer and licensor of LC Waikiki in Türkiye. Following this important milestone, the name of Tema Tekstil was changed to “LC Waikiki Retailing Services.”

LC Waikiki’s shareholder structure is built on the strong foundation laid in 1988. Among the Company’s shareholders, the Küçük Family owns 47.49 percent, the Dizdar Family 35.22 percent, the Kisacık Family 7.21 percent, the Amouyal Family 6.50 percent, and the remaining shareholders hold a 3.59 percent share.

The Company headquarters is located in Bağcılar, Istanbul and the Company offers a wide range of products, including clothing, accessories, household goods, footwear, and cosmetics. With this sustainability report, LC Waikiki comprehensively evaluates all company activities and discloses the results in line with its commitment to the principles of transparency and accountability.

This report addresses LC Waikiki’s sustainability activities, goals, and strategies for the period ranging from January 1, 2022, to December 31, 2022.

This report is prepared in accordance with 2021 GRI Universal Standards and is LC Waikiki’s first sustainability report. The Company is committed to publishing annual sustainability reports following the publication of its first report. LC Waikiki has been committed to upholding its leading position in its industry from the past to the present and is enthusiastic about continuing this role into the future. The Company demonstrates its responsible approach to sustainability with this action.

No external audit was conducted on the disclosures in the report during this reporting period. However, in the following reporting periods, the Company aims to obtain an external audit to improve the accuracy and transparency of its disclosures. LC Waikiki is dedicated to maintaining an effective communication channel with its stakeholders on sustainability topics. Accordingly, LC Waikiki has established the e-mail address sustainability@lcwaikiki.com to evaluate the suggestions, opinions, and questions of stakeholders regarding its sustainability report and sustainability activities.



sustainability@lcwaikiki.com

You can forward your questions, comments, and opinions about our report to us via this e-mail address.

Message from the CEO

Dear Stakeholders,

I am honored to present LC Waikiki's first sustainability report, which is a testament to our commitment to sustainability, social responsibility, and transparency.

At LC Waikiki, we believe that success should be measured not only by financial performance but also by the positive impact we have on our customers, society, and the environment. This belief has been the basis of our mission of "Everyone deserves to dress well," our vision of taking our Türkiye-centered brand to global heights by making investments and providing employment opportunities, and our long-established social welfare activities.

Within the scope of this report, we have identified our company's environmental, social, and financial priorities. We have integrated sustainability into our business model to secure a better future for coming generations by conducting our business operations in harmony with our planet. We are gradually incorporating sustainability into every aspect of our business, including our meeting rooms, production facilities, and window displays at our stores. We would also like to announce the establishment of our Sustainability Committee dedicated to measuring and improving our social and environmental impact, and the start of our ongoing initiatives to determine robust strategies for the upcoming periods.

We employ a dual environmental and chemical assessment process in light of the "ecological compliance" approach to ensure environmental sustainability, a material topic for our business operations. We certify our products in accordance with international standards. As a concrete indicator of our efforts, we began offering LC Waikiki Green labeled collections to our customers.

I believe that our success in supply chain management is one of the strongest indicators of our sustainability strategy. Our determination to comply with international standards through accredited ecological test reports that we have established both in Türkiye and Bangladesh and are in the process of establishing in Egypt is coupled with our commitment to following the law and the obligations imposed by the new sectoral conditions.

Our teams provide comprehensive assistance to the manufacturing companies in our supply chain that focus on self-improvement, help them in their improvement journey, and guide their efforts. As an indispensable part of our sustainability approach, we develop innovative solutions to reduce water and chemical use in our production processes and continuously improve waste management and other environmental measures. We implement projects that are designed to increase our social impact and take our sustainability efforts to the next level.

Our social sustainability team improves the working conditions of the companies in our supply chain through social compliance audits, while also empowering our suppliers with projects and training programs. They filled us all with pride by receiving our first award in the Equity, Diversity, and Inclusion category at the prestigious Best Business Awards with the "Stronger Future with the Women in Business" project.

I can confidently say that our way of doing business rejects discrimination and adopts an inclusive approach to create a talent-based assessment culture. We took a major step in this direction by creating Türkiye's first disability-friendly clothing collection.

Thanks to our LCW Limitless collection, we underlined that people with disabilities are an integral part of society and our efforts received great recognition. At LC Waikiki, we are proud to be members of a brand that contributes to the development of its sector and country by contributing to the development of our employees' professional, leadership and behavioral competencies. Additionally, providing support to low-income households and people in need with our volunteering programs and philanthropic initiatives brings joy to our employees and myself.

I would like to once again underline our holistic approach to sustainability. While designing products that reflect the budget, fashion sense, and needs of our customers all over Türkiye, we are also committed to elevating our brand with an environmentally and socially sustainable approach. Simultaneously, we maintain and develop our company's overseas operations with similar dedication and responsibility. We are taking firm steps to become a trailblazer by accelerating our growth and success in the international arena. At LC Waikiki, our aim is to deliver a well-known, reliable, and sustainable Turkish brand to the global retail clothing industry.

Our ongoing sustainability-focused projects are central to our vision for our company's future success. We are determined to continuously improve our performance based on the feedback of our employees and all our stakeholders and to continue growing together. Thank you for your unwavering faith in our brand and for supporting us on this journey.

Best regards,

Mustafa Küçük

LC WAIKIKI

About LC Waikiki

As a leading company in the fashion retail sector, LC Waikiki is the 16th largest corporation in Türkiye according to the Capital 500 Survey of 2022.

The Company's vision is to become one of the three most successful clothing brands in Europe, and it continues to grow both domestically and internationally with its own stores and franchise partners in line with legal obligations. This vision is reinforced with its mission of "Everyone Deserves to Dress Well."

The Company operates in markets covering a wide geographical area. These markets include *Albania, Azerbaijan, Bahrain, Belarus, United Arab Emirates, Bosnia and Herzegovina, Bulgaria, Algeria, Ecuador, Indonesia, and Armenia*. The Company also operates in *Morocco, Palestine, Ghana, Guatemala, Georgia, Croatia, Iraq, Montenegro, Qatar, Cameroon, Kazakhstan, Kenya, Kyrgyzstan, TRNC, Congo, Kosovo, Kuwait, Libya, Lebanon, Hungary, Macedonia, Malaysia, Malta, Egypt, Moldova, Uzbekistan, Peru, Poland, Reunion, Romania, Russia, Senegal, Serbia, Saudi Arabia, Tajikistan, Tunisia, Türkiye, Uganda, Oman, Ukraine, Jordan, Greece, and Zambia*.

everyone deserves to dress well



About Lc Waikiki

Committed to the belief that “everyone deserves to dress well,” the Company aims to offer fashion at affordable prices.

Türkiye’s market leader in all clothing categories since 2004, LC Waikiki started its global journey in 2009 and became one of Europe’s leading fashion retailers in 2014. Today, LC Waikiki represents Türkiye’s strong position in the international textile retail sector by being the market leader in 22 of the 54 countries in which it operates.

“everyone deserves to dress well”



operates in
54
countries



16th
largest
corporation
in Türkiye



Market
leader in
22
countries

About Lc Waikiki

LC Waikiki's product range has expanded since 2016 with a focus on specialized sub-brands and retail formats in certain categories.

LC Waikiki maintains its growth strategy with LCW Home in home textiles, LCW Dream in underwear and LCW Steps in the footwear category; it also offers the LCW XSIDE brand for young customers in a different store format.

LCW HOME



LCW DREAM



LCW STEPS



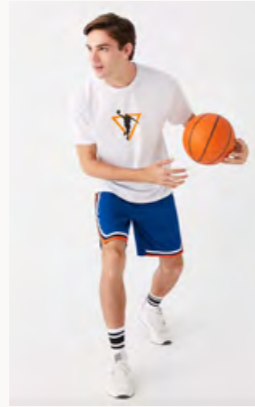
XSIDE



About LC Waikiki

Within the scope of this strategy, the following sub-brands were added:

LCW Active



for active life enthusiasts

LCW Vision



for stylish smart, trendy clothing lovers

LCW Classic



for timeless, stylish, and casual wear fans

LCW Denim



for denim lovers

LCW ECO



for ecological and sustainable products

LCW Grace



for elegant, traditional, and stylish designs

LCW Jeans



for jeans

LCW Limited



or limited edition special collections

LCW Limitless



for designs that know no boundaries

LCW Modest



for conservative clothing options

LCW Outdoor



for outdoor activities

LCW Basic



for innovative and basic clothing needs

LCW Formal



for formal and business wear

LCW Maternity



for maternity wear



LC Waikiki aims to increase customer satisfaction and brand loyalty by offering a comprehensive range of products for **different lifestyles and needs with its wide and diverse sub-brands.**

About Lc Waikiki

The Company's international growth strategy was initiated with the launch of its first overseas store in Romania in 2009.



Focusing on emerging markets and aspiring to reach more customers, **Lc Waikiki offers quality products at affordable prices in 54 countries across 4 continents.** This successful expansion has enabled LC Waikiki to export its retail experience to 53 countries and to attain leading positions in the markets where it operates.



We are proud to wave our country's flag on 4 continents in 54 countries



As the eighth largest fashion retail brand in Europe, LC Waikiki continues its efforts to become one of the top three most successful fashion retail brands in Europe in the following years. LC Waikiki adopts an inclusive approach that recognizes each country's culture, standard of living, and seasonal differences and designs collections that meet global needs. In this context, the Company constantly expands its collections by considering local demands and updating its range of products to meet the needs of its customers.

LC Waikiki demonstrated the power of its business model by launching its first franchise store in Saudi Arabia in 2012 and has achieved significant growth internationally thanks to its franchise operations. Today, the Company operates as a franchise with 17 business partners in 20 countries and has continued launching stores in new countries even during the COVID-19 pandemic. With this strategy, franchise operations account for approximately 20% of LC Waikiki's international sales, reinforcing the brand's position in the global fashion industry.

Economic Overview

LC WAIKIKI
At a Glance 2022

Sectoral Presence and Growth

according to the 2022
Capital 500 survey

**16th largest
company in Türkiye**



Ranked
6th in 2022
**Brand Finance
Turkey**

Europe's 6th
largest fashion retail brand

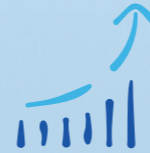
Investments and Sales Performance

Approximately
**4 billion TL
investment**
in 2022



2,049 pieces
of LC Waikiki
merchandise sold
every minute

101% growth
with a turnover of 74.3
billion TL, equivalent to
4.4 billion USD



Turnover and Market Leadership

**37.6
billion TL**
Domestic
turnover



**36.7
billion TL**
International
turnover

Turnover generated
on e-commerce
platforms:
4.9 billion TL

**570 million
pieces** of
merchandise
sold in total

Operations in
54 countries
across
4 continents

with market
leadership in
22 of these
countries

Retail Store Network and Global Presence

More than
**1,200
stores** in
54 countries across
4 continents on a global scale



Corporate and Social Responsibility Overview

LC WAIKIKI
At a Glance 2022

Standards and Certificates



ISO 9001
Quality Management Systems standard



ISO 27701
Personal Data Management Systems standard



ISO 27001
Information Security Management Systems



PCI DSS
Data Security Standard compliance certificates

Digital Transformation and Customer Satisfaction

Türkiye's largest single-brand e-commerce website

85% of the Company's software platforms developed in Türkiye

90% customer satisfaction rate

90% of customer inquiries resolved **within 24 hours**



90% of customer calls answered within the **first 30 seconds**



90% of social media inquiries answered within the first **37 minutes**

average response time for chat inquiries: **13 seconds**

Employee Training and Development

In-house training in **20 different languages** by the Corporate Academy Department



with a staff of **600** internal trainers, coaches, and mentors

988,020 hours of training provided to employees in 2022

26,588 hours of training provided to suppliers

3,241 social audits performed on suppliers in 2022

Social Contribution and Corporate Social Responsibility

689,155,755 cases of in-kind assistance and cash aid in 2022

A total of **15,227** students receiving educational support



5,5443 women employees receiving training as part of the **"Stronger Future with the Women in Business"** project

As a company that employs women and women executives at one of the highest rates in Türkiye, women make up **63%** of our workforce & **47%** of our executives

Nature and Environment Overview

Quality and Test Management

since 2007 by **UKAS** & **TURKAK** laboratories have been accredited



A daily average of **10,000** tests are performed on **1,600** samples

&

corresponding to **3 million** tests on **360,000** samples annually.

Approximately **400,000** annual ecological tests are conducted for children's and baby products

Sustainability and Innovation

Active participation in **ISO & CEN** international standardization committees for the identification of hazardous chemicals and the establishment of new standards

Water and chemical traceability were increased in denim washing processes with the **Lowscore** program

Up to **40% water savings** were achieved in the production of denim products in the Green collection



Environmentally Friendly Production and Products



Water conservation is prioritized with the **LC Waikiki Green** label

Using **recycled** cotton and polyester, applying vegetable dyeing techniques and manufacturing naturally colored cotton



Approximately **625 million** plastic bottles are recycled annually with the **rPET project**

As the first brand to work with **naturally colored cotton**, we manufactured 350,000 products using naturally colored cotton and reduced water use by 30%

Baby products are manufactured using vegetable dyes, offering more **environmentally friendly and healthy alternatives**

Fabric waste has been collected and monitored since 2015, contributing to **sustainable production processes**



Nature and Environment Overview

Environmentally Friendly Production and Products

All domestic dyeing, printing and washing suppliers are subjected to **environmental and chemical audits**

Sustainability and **environmentally friendly production processes** are promoted

A total of **7,001,038 kg** of fabric waste was collected and monitored in 2022



ensuring **efficient use of resources**

Returned products were inspected by a team of approximately 45 people and **75% of the inspected products were reused**

preventing waste and extending the lifespan of products



As the first company to produce ecological cosmetics, the **Natura Series** offers eco-friendly perfumes



with 84% biodegradable raw materials for fragrances, vegetable alcohol produced from sugar cane, recyclable glass perfume bottles,

50% recycled PP perfume caps, and FSC-certified recycled paper packaging

The LC Waikiki chemical and **safety standards** and the global regulatory requirements have been applied across all product lines

Energy Management and Conservation

The headquarters, stores, and logistics centers have received the **Zero Waste Certification**

Solar power plants were invested in at the headquarters and logistics warehouses



3 million KWh of energy have been saved thanks to LED conversion in stores



13.5 million KWh of has been saved by replacing light fixtures

Solar power plants in logistics centers were invested in to generate approximately **1.15 million kWh** of electricity on a yearly basis



Preventing 810 tons of CO₂ emissions

(An annual reduction of approximately 3M TL in electricity bills is estimated considering the current electricity unit prices.)

Investments were made to build a solar power plant on **75,000** square meters of land to provide power for the headquarters

Awards and Achievements



Felis Awards

We received the Felis award in the Curious Category's Exciting with Insight section.

Brandverse Awards

We received the Silver Award in the Data Analytics Section - Casual Apparel Category.

MarTech Awards

We received the "Best Use of Technology in Digital Customer Experience" award.

Effie Awards Turkey

We won 2 awards in the Fashion Textile Accessories category.

International Business Awards®

We were awarded 2 Silver and 1 Bronze Stevie Award at the Stevie Awards.

Şikayetvar ACE Awards

We were awarded the Diamond Award for Customer Services.

Retail Sun Awards

We were awarded the Digital Transformation Achievement Award at the Retail Sun Awards.

Crystal Apple

We collected 1 Crystal and 2 Silver Awards at the Crystal Apple Awards.

TEGEP Learning and Development Awards

We received an award in the Internal Trainer Development Program category.

Anlam100 Survey

We ranked 4th in the survey conducted by Fast Company Türkiye and its associates.

A.L.F.A. Awards

We received the most awards with 3 first-place awards.

Mission and Vision

Our Mission

As one of Türkiye's leading global brands, we believe that everyone deserves to dress well, and we operate accordingly.

We strive to make more people happy every day by pursuing our mission to dress people to fit their styles and budgets. To this end, we are working to bring fashion to a wider audience with our workforce of 56,000 employees.

Our Vision

While striving to improve our processes, mechanisms, and competencies in line with our vision of becoming one of the three most successful brands in Europe, we continue to pursue our passion following the goals based on the principles of social responsibility and sustainability and the satisfaction of our employees, customers, and suppliers.



everyone deserves to dress well

LC waIKIKI

Values

LC WAIKIKI
everyone deserves to dress well

Being Customer-oriented

We prioritize the satisfaction of our customers in every decision and every step we take.

Being Virtuous

We attach great importance to honesty and transparency in all our business processes.

Achieving Together

We see teamwork and cooperation as the key to success.

Gaining In-depth Expertise

We aim to have in-depth knowledge and specialization in every field.

Facing up to Challenges

We generate creative and innovative solutions to overcome the challenges we face.

History



1988 | Foundation of LC Waikiki

Founded in France in 1985 by French designer George Amouyal and his partners, LC Waikiki took its name from the initials “Les Copains” meaning “friends” in French and the famous Waikiki Beach.



1997 | LC Waikiki's Rebirth as a Turkish Brand

In 1997, Tema Tekstil, a subsidiary of Taha Holding, acquired the French company LC Waikiki and transformed it into a Turkish brand. LC Waikiki strived to grow in the industry with its wholesale dealership strategy until 2000 and reached a network of nearly 500 dealerships.



2000 | Focusing on the Retail Sector

LC Waikiki prioritized its retailer identity over its wholesale dealership system and focused on a strategy to open its own stores from 2000 onwards, accelerating the opening of modern stores and increasing the number of its stores where customers could access the Company's collections. In the same period, LC Waikiki introduced the XSIDE brand in 2000 to appeal to different lifestyles and young people over the age of 15 who followed fashion.



First store in Europe, Romania

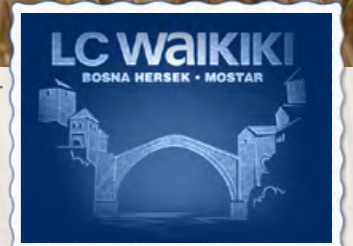
2009 | Start of the International Journey

LC Waikiki opened its first store in Europe in Romania in 2009. Following this first step, the Company has progressed quickly and today operates **954 stores in 46 countries**, including Albania, Azerbaijan, Bosnia, Bulgaria, Morocco, Georgia, Iraq, Iran, Kazakhstan, Kosovo, Macedonia, Egypt, Poland, Romania, Russia, Saudi Arabia, Ukraine, and Iran.

2011 | Leader in Türkiye



In 2011, Tema Tekstil changed its name to LC Waikiki Mağazacılık Hizmetleri Ticaret A.Ş. and became the leader of the Turkish ready-to-wear clothing sector thanks to the success of the LC Waikiki brand.



100th store, Mostar

2014 | Launch of the 100th Store Abroad

In line with its goal of becoming one of the three most successful ready-to-wear brands in Europe, LC Waikiki reached an important milestone by opening its 100th store in Mostar, Bosnia and Herzegovina.

History



2016 | Entering the Home Textile Category with LCW Home

In September 2016, LC Waikiki stepped into a new category by introducing home textile products to its customers as LCW HOME.

2017 | Expansion to New Continents

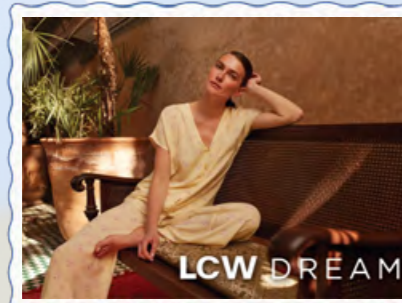
LC Waikiki entered sub-Saharan Africa and Southeast Asia by opening stores in Indonesia and Kenya.

2018 | Social Responsibility Project with LCW Sense

The LCW Sense project was the first of its kind to make life easier for people with visual impairments, receiving 3 awards from the globally-recognized Mercury Excellence Awards.

LC Waikiki

GROWING WORLDWIDE



2019 | LCW Dream and 500th Store Abroad

LC Waikiki introduced new products to customers with the LCW Dream sub-brand in the underwear category and reached 500 stores abroad by opening new stores in Croatia, Palestine, Malta and Congo.

2020 | 1000th Store on the Global Scale

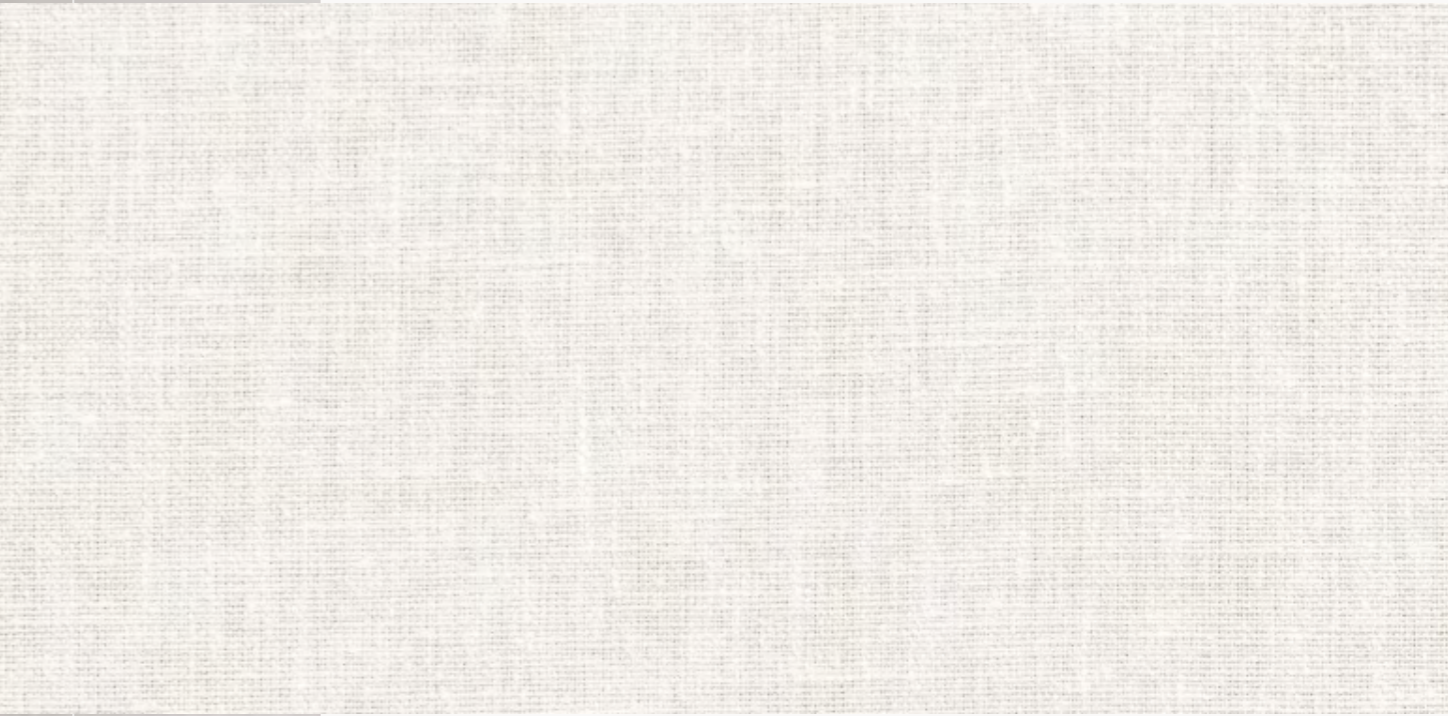
LC Waikiki continues to grow globally with its mission of "Everyone Deserves to Dress Well" and celebrated this important milestone by opening its 1000th store in Kyiv, the capital of Ukraine.



1000th store, Kyiv

02

Sustainability Strategy



Sustainability Governance

LC Waikiki aims to maintain its economic, social, and environmental responsibilities at the highest level by placing sustainability at the center of its business practices. The Sustainability Committee, established with this mindset, shapes the Company's strategies in relevant areas by considering all aspects of sustainability. The Committee is instrumental in strengthening LC Waikiki's leadership in the sustainability field and taking necessary steps to meet stakeholder expectations. The goal of this approach is to enhance the long-term success of the Company and its positive impact on society.

The Company's Sustainability Committee is responsible for the strategic management of the Company's sustainability activities and is an integral part of the organization. The Committee, which includes managers and representatives from LC Waikiki's various units, assesses risks and opportunities in economic, social, environmental, ethical, and governance areas and closely monitors national and international sustainability trends. The Committee is also responsible for formulating and regularly updating the Company's sustainability policies and strategies. In this context, the Committee shapes business strategies for sustainability issues by evaluating the Company's economic achievements as well as its social and environmental impacts.

“The Sustainability Committee is tasked with overseeing all aspects of LC Waikiki's sustainability approach. Specifically, the Committee aims to improve the Company's sustainability performance by thoroughly examining various subjects such as the impact that economic activities have on sustainability, social responsibility projects, environmental sustainability goals and ethical practices.”



The Committee, which includes managers and representatives from LC Waikiki's various units, assesses risks and opportunities in economic, social, environmental, ethical, and governance areas and closely monitors national and international sustainability trends.



Sustainability Committee

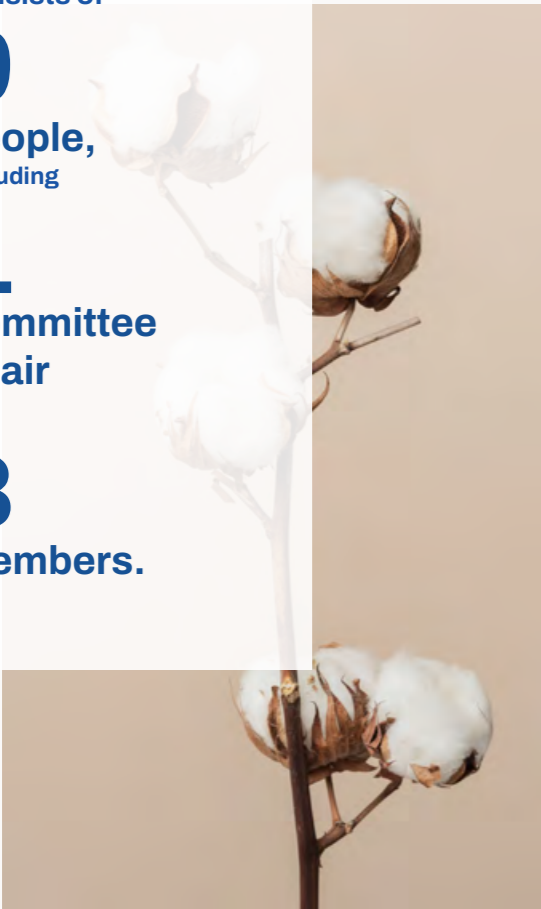
The LC Waikiki Sustainability Committee plays a critical role in achieving the Company’s sustainability goals and operates under the direct supervision of the Company Group Coordinator. The Committee consists of 9 people, including 1 committee chair and 8 members. This organization structure enables LC Waikiki to effectively manage and implement its sustainability commitments.

The Committee consists of

9 people, including

1 committee chair and

8 members.



LC Waikiki Group Coordinator closely monitors the activities of the Sustainability Committee and Sustainability Committee Working Groups. The Committee Chair periodically reports to the Group Coordinator about the Committee’s operations and progress. The LC Waikiki Sustainability Committee meets four times a year, with one meeting per quarter. These meetings provide an opportunity to review the Committee’s work, update its strategies, and set new targets. The regularity of these meetings is of the utmost importance to ensure the continuous progress and development of LC Waikiki’s sustainability commitments.

There are four working groups within the LC Waikiki Sustainability Committee:

1

Environment/Climate Working Group:



This group is responsible for monitoring LC Waikiki’s environmental policies and conducting environmental risk analyses and is tasked with developing and implementing strategies to reduce the Company’s carbon footprint to combat climate change.

2

Strategy Working Group:



Some of the main tasks of this group are developing and implementing sustainability strategies. The responsibilities of this working group include developing long-term plans for the Company to achieve its sustainability goals and ensuring the integration of these plans throughout the organization.

3

Compliance Working Group:



This group is responsible for ensuring the Company’s compliance with national and international sustainability standards and legal regulations. It is also responsible for maintaining ethical standards and improving governance practices.

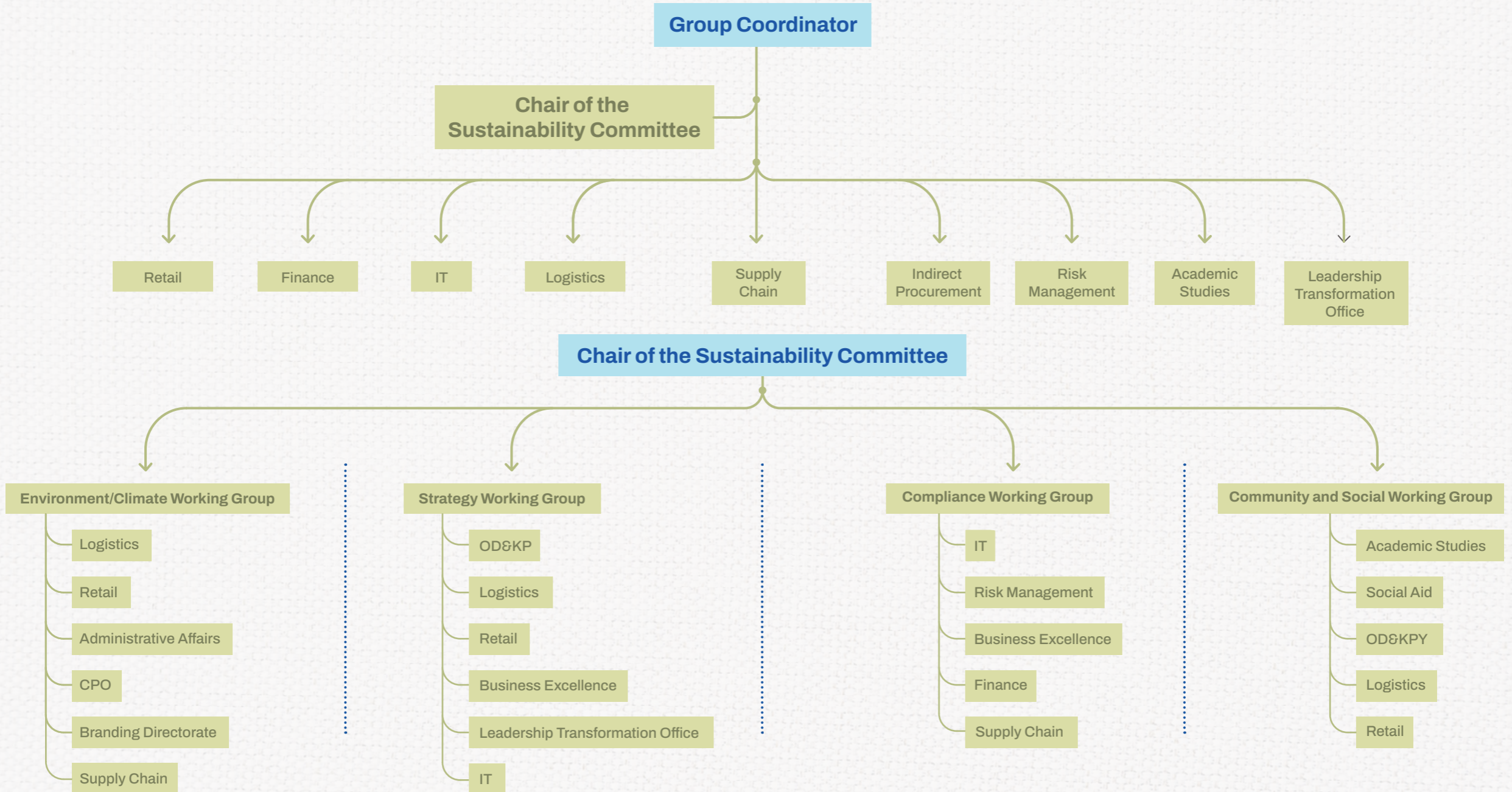
4

Community and Social Working Group:



This group manages social contribution and social responsibility projects. It also develops and implements programs focused on improving the welfare of employees and society.

Sustainability Committee



Stakeholder Engagement and Materiality

Stakeholder Engagement

LC Waikiki considers its wide stakeholder engagement network while developing and implementing its business strategy.

Within this framework, LC Waikiki considers all individuals and public legal entities that are directly or indirectly affected by the Company's activities within its inclusive definition of stakeholder. This definition of stakeholder includes employees, customers, suppliers, investors, shareholders, non-governmental organizations, academic institutions, financial institutions, and governmental and regulatory bodies.



“ LC Waikiki recognizes this diversity as a fundamental part of its business operations and strategic decisions, acknowledging and adapting to each stakeholder group's unique contribution and their critical impact on the Company. This approach enables the Company to engage in effective and meaningful dialogue with all stakeholders, fostering mutual understanding and collaboration and enabling all stakeholders to contribute to the Company's Economic, Social, and Governance (ESG) strategies.

Stakeholder Engagement and Materiality

Stakeholder Engagement

LC Waikiki considers its wide stakeholder engagement network while developing and implementing its business strategy.

The principles of transparency and accountability are the cornerstones of LC Waikiki's corporate governance approach. The Company is committed to establishing a constructive dialogue and collaborating with all its stakeholders, communicating with them through appropriate channels in line with their communication needs. Within the scope of ESG strategies, stakeholder interaction and the feedback mechanism play a critical role in formulating policies and practices. This approach contributes to mutual understanding and trust by accounting for the expectations and needs of stakeholders on the Company's sustainability journey.

This process allows the Company to shape its strategic decisions in light of stakeholders' opinions and suggestions. Accordingly, LC Waikiki reinforces its leading position in the sector by fulfilling the expectations of its stakeholders while meeting its corporate goals. Consequently, LC Waikiki's relations with stakeholders are conducted in a transparent, accountable and participatory manner, thereby improving the Company's sustainability performance and ensuring the support and trust of all stakeholders. This strategic approach helps LC Waikiki maintain its strong position in the market and take important steps in its sustainable growth journey with the support and contribution of its stakeholders.



The Company's stakeholder engagement strategy facilitates a continuous dialogue and feedback mechanism through periodic surveys, meetings, workshops and other participatory platforms.



Stakeholder Engagement and Materiality

Stakeholder Engagement Table

Stakeholder mapping is an important step that helps the Company determine an appropriate stakeholder engagement strategy and effectively meet the needs and expectations of its stakeholders. With this mapping, LC Waikiki is able to effectively assess the specific needs and expectations of each stakeholder group. This table comprehensively analyzes each stakeholder group's relationship with the Company, their level of interaction and impact areas. This analysis is instrumental in understanding the potential impact the stakeholders may have on the Company and vice versa, thereby improving the Company's communication with its stakeholders.

LC WAIKIKI STAKEHOLDER ENGAGEMENT TABLE				
Stakeholder Group	Stakeholder Needs and Expectations	Method of Engagement	Frequency of Engagement	Level of Engagement
Employees	Occupational safety and decent working conditions Fair salary and benefits Career development opportunities A working environment that respects human rights	Internal communication platforms (e.g. intranet) Regular meetings and workshops Email announcements Performance evaluations	Daily: Announcement e-mails, meetings Monthly: Internal newsletters, performance meetings Yearly: Performance evaluations, general briefings	Involve: Employees are crucial to the organization's success; therefore, it is important for them to be involved in the feedback loop.
Customers	Quality products Reasonable prices Good customer service Fashionable designs	Customer service and call center Surveys and feedback forms. Social media channels Website announcements	Daily: Social media engagement Monthly: E-mail newsletters, campaign announcements Yearly: Customer satisfaction surveys	Consult: Customer feedback is critical for the improvement of products and services. Answering customer questions and soliciting their ideas is important.

Stakeholder Engagement and Materiality

Stakeholder Engagement Table

LC WAIKIKI STAKEHOLDER ENGAGEMENT TABLE				
Stakeholder Group	Stakeholder Needs and Expectations	Method of Engagement	Frequency of Engagement	Level of Engagement
Suppliers	Fair and timely payment Transparent business relationships Sustainable and ethical production	Supplier portal and platforms Regular business meetings Email exchanges Supplier evaluations and meetings	Weekly: Production and procurement meetings Monthly: E-mail newsletters, campaign announcements Yearly: Customer satisfaction surveys	Transact: Identifying and monitoring supplier performance indicators is paramount. Certain expectations must be met through contracts.
Executives	Sustainable growth of the Company Risk management. Implementation of corporate governance principles Improved employee performance	Board meetings Strategy planning sessions Internal reporting mechanisms	Weekly: Workflow meetings, departmental meetings Aylık: Board meetings Yıllık: Annual general evaluation meetings	Involve: Involvement and feedback from management is essential to determine the organizational strategy.
Investors and Shareholders	Transparent financial reports Profitability and increased value Sustainable business strategies	Annual general assembly meetings Financial reporting Investor relations website and announcements	Quarterly: Financial reports Yearly: General assembly meeting	Inform: Informing shareholders about financial outputs, strategic plans, and decisions is important.
Non-Governmental Organizations	Environmentally friendly practices Social responsibility projects Adding value to society	Partnership and collaboration meetings Press releases and reports Online webinars and workshops	Monthly: Project and event announcements Yearly: Collaboration and partnership meetings	Negotiate: Two-way communication may be needed to reach a consensus on social responsibility projects, ethical standards and community investments.

Stakeholder Engagement and Materiality

Stakeholder Engagement Table

LC WAIKIKI STAKEHOLDER ENGAGEMENT TABLE				
Stakeholder Group	Stakeholder Needs and Expectations	Method of Engagement	Frequency of Engagement	Level of Engagement
Financial Institutions	Loans and financial relations Proper financial management Compliance with payment obligations	Loans and financial report meetings E-mails and official correspondence Regular financial report submissions	Monthly: Financial status reports Quarterly: Loan and debt status reports	Inform: Disclosure of financial reports, debt status and loan agreements is crucial.
Universities	R&D collaborations Training and internship opportunities Industrial know-how exchange	Academic collaboration and research meetings Training seminars and conferences Internships and collaboration programs	Monthly: Trainings and research meetings Yearly: Collaboration and internship evaluations	Collaborate: A two-way communication with universities should be fostered for academic research, internship programs, and collaboration projects.
Retail Stores/Store Managers	Sales and marketing support Product and service quality Optimization of business processes	Regional meetings and seminars Electronic newsletters Periodic communication channels with the headquarters	Weekly: Sales reports, regional meetings Monthly: Promotion and campaign announcements Yearly: Strategic planning and budget meetings	Transact: Store performance indicators must be identified and monitored on the basis of sales, inventory and promotional reports.
Community	Social investments Supporting local employment Ethical and responsible corporate behavior	Outdoor events and expos Press releases and local media Community engagement projects	Monthly: Community events and social responsibility projects Yearly: Annual community events report	Advocate: Disclosures about community projects, events or any changes that benefit the community are important.

Stakeholder Engagement and Materiality

Stakeholder Engagement Table

LC WAIKIKI STAKEHOLDER ENGAGEMENT TABLE				
Stakeholder Group	Stakeholder Needs and Expectations	Method of Engagement	Frequency of Engagement	Level of Engagement
Associations and Memberships	Sectoral collaborations Compliance with standards Contribution to industrial development	Sectoral conferences and expos Membership meetings Periodic newsletters and reports	Monthly: Sectoral reports, meetings Yearly: General assembly and evaluation meetings	Consult: Two-way communication may be needed to exchange information on industry trends, standards and changes.
Governmental Organizations	Full compliance with legal regulations and tax obligations Creating employment and contributing to the economy Social responsibility and compliance with environmental regulations	Official correspondence and reports Legal and regulatory meetings Public announcements and press releases	Monthly: Tax and financial reports Yearly: Legal obligation reports, permit and license renewals	Remain Passive: Mainly one-way communication is preferred due to legal and regulatory obligations.

*This table is in accordance with the AA1000 Stakeholder Engagement Standard.

Stakeholder Engagement and Materiality

Materiality Analysis

LC Waikiki utilizes the valuable contributions of its stakeholders and follows international organizations' guidelines to determine its sustainability strategy, which forms the basis of a sustainable future. The Company conducted a comprehensive materiality analysis to measure its operations' environmental, social and governance (ESG) impacts and to turn these impacts into a better sustainability strategy in the future.

The materiality analysis was conducted in line with the risks and material topics identified by prestigious international organizations such as the World Economic Forum (WEF), Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

Additionally, as part of its sustainability activities, LC Waikiki conducted a survey to understand its stakeholders' material topics and expectations and received 1,569 responses. Stakeholder responses were included in the materiality analysis under stakeholder contributions. The output of the analysis is transparently disclosed to all stakeholders via sustainability reports.

LC Waikiki adopts the Double Materiality approach in its materiality analysis and aims to measure the positive or negative impacts of its activities on society and the environment as well as the financial impacts. This approach brought a dual perspective to the Company's materiality analysis. This materiality analysis and the material topics identified based on the analysis provide LC Waikiki with a roadmap that helps it achieve its sustainability goals both locally and globally.



Materiality Analysis

The materiality analysis was conducted in line with the risks and material topics identified by prestigious international organizations such as the **World Economic Forum (WEF)**, **Morgan Stanley Capital International (MSCI)** and the **Sustainability Accounting Standards Board (SASB)**.

WORLD ECONOMIC FORUM **MSCI** **SASB STANDARDS**
Now part of IFRS Foundation

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Stakeholder Engagement and Materiality

Material Topics



1

**High
Priority**



**Socially Responsible
Procurement**

**Environmentally Responsible
Procurement**

Materials

Emissions

Energy

Economic Performance

Customer Health and Safety

Occupational Health and Safety



2

**Medium
Priority**

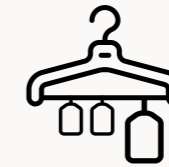


Employment

Education and Training

Water and Effluent

Waste



3

**Low
Priority**



Community Relations

**Combating Unethical
Financial Practices**

Marketing and Labelling

Indirect Economic Impacts

KPIs and Targets

LC Waikiki continues to take conscious and decisive steps to build a sustainable future. Accordingly, the Company aims to further its sustainability goals in 2024. The Company has identified its material topics, including its supply chain, energy use, waste management systems, and social responsibility projects. LC Waikiki's goal is to minimize its environmental footprint while contributing more to society and creating positive change. These goals aim to improve the Company's overall performance while also building a sustainable future together with all its stakeholders.

2024

The Company's 2024 goals are as follows:

1 My Business Partnership

Ensure **Carbon Footprint (Scope 1 and Scope 2) traceability** for at least **95%** of our strategic producers in the supply chain.

2 My Business Partnership

Ensure **Water Footprint traceability** for at least **95%** of our strategic producers in the supply chain.

3 My Business Partnership

Establish a **tracking system for fabric waste** in at least **95%** of our strategic producers in the supply chain.



KPIs and Targets

4



To achieve at least **30%** green energy transformation in our headquarters, logistics center, and stores.

5



To measure Scope 1 and Scope 2 carbon footprints at our headquarters, logistics center, and stores; to complete the necessary infrastructure for at least **60%** of the data collection within Scope 3.

6



To reduce the use of plastic and paper in domestic procurement, product lots and gelatin warehouses and to increase recycling rates.

7



To increase the rate of ensuring chemical compliance of products and wastewater within all dyeing, printing and washing producers in Türkiye and the top **10** producers on a country basis selected within the scope of our strategic producers abroad.



KPIs and Targets



8

To ensure the traceability of Digital Product Passport processes and to complete the infrastructure operations in this area.



9

My Business Partnership

Initiate a social sustainability self-management program within the scope of our strategic producers.



10

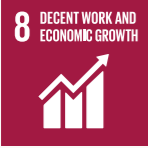
To ensure equal working conditions for disadvantaged employees, including immigrants and women.



11

To establish decent workplaces.





LC Waikiki

03

Our Business



Economic Performance

LC Waikiki has been the market leader in Türkiye since 2004 and has expanded on this success by exporting its retail experience from Türkiye to the rest of the world **by being the leader in 22 of the 54 countries in which it operates**. In 2022, the Company sold 570 million products; it plans to boost this number even more in the coming years. International operations provided half of its revenue. In line with this purpose, **the Company invested approximately 4 billion TL in 2022**. Positioned as the sixth largest fashion retail brand in Europe, LC Waikiki aims to become one of the three most successful fashion retail brands in Europe while focusing on emerging countries and new geographies on its way to becoming a global fashion icon.

The Company's collection management strategy considers the specific needs of each market. Customer understanding and cultural differences underpin the diversity and innovation of the collections. In particular, considering local demands allow the Company to offer products suitable for customer needs in different regions. With this approach, **2,049 LC Waikiki-branded products were sold per minute in 2022**. Franchise operations play a vital role in LC Waikiki's international expansion. The first overseas franchise store opened in Saudi Arabia has transformed into operations with **17 business partners in 20 countries by the end of 2022**. The franchise system accounts for roughly 20% of the Company's overseas sales and contributes to its expansion plan in this area.

While LC Waikiki reinforces its leading position in the industry with investments in quality control and digital transformation, the indirect economic impact of these processes on the overall economy is also significant. This quality-oriented approach encourages other companies in the supply chain to reach similar standards, helping to increase the quality of the textile industry in general.

IN 2022

570 million sold products



IN 2022

invested approximately **4 billion TL**



IN 2022

2,049 LC Waikiki-branded products were sold per minute



“The 10,000 tests performed on an average of 1,600 samples daily in the Company's laboratories and over 3 million tests performed on 360,000 samples annually play an important role in setting the quality standards of the textile industry. Performing approximately 400,000 ecological tests annually, especially for children's and baby products, contributes to raising health and safety standards in the sector.



Economic Performance

LC Waikiki's achievements in digital transformation **include operating Türkiye's largest single-brand e-commerce site and developing 85% of its software platforms locally**, demonstrating that it fosters innovation in the technology and retail sectors. This indirectly contributes to economic growth by encouraging other firms to invest in similar technologies.

Expansion and investments in logistics operations also have significant economic impacts. Employment and technological developments in the logistics and warehousing sectors are supported by 15 warehouses in Türkiye, which have 500,000 m2 of indoor space and a team of 6,500 people, and the operation of highly automated fashion retail warehouses. The construction of the new logistics center in Aksaray and the planned capacity increase directly contribute to regional economic development while raising efficiency and capacity standards in the logistics sector.

These developments affect not only the Company's internal dynamics but also LC Waikiki's investments in quality control, digital transformation, and logistics operations. They also raise innovation and quality standards in the sector through their indirect impact on the wider economy. From the supply chain to e-commerce, from employment to technological innovation, these impacts support economic growth and sustainable development.



500,000 m²
indoor space



15
warehouses



team of
6,500
people

Economic Performance

In 2022, LC Waikiki:

Sectoral Position and Growth

Recorded **101%** growth with a turnover of **74.3 billion TL**, equivalent to **4.4 billion USD**.

Achieved a turnover of **37.6 billion TL** in Türkiye and **36.7 billion TL** abroad.

Achieved a turnover of **4.9 billion TL** through e-commerce channels.



Investments and Sales Performance

Sold **570 million** units in total.

Sold an average of **2,049 products** per minute.

Generated **1.1 billion USD** in revenues through exported activities.



Invested **3.9 billion TL**, **75%** of which was domestic and **25%** international.

Turnover and Market Leadership

Is the **sixth most successful** fashion retail brand in Europe.

Is ranked as the **16th largest company** in Türkiye in the Capital 500 2022 survey.

Store Network and Global Presence

Performs **more than 2 million** physical and ecological tests per year.



Serves **more than 1,200 stores** in **59 countries on 4 continents** on a global scale.



Corporate Governance

Quality and Customer Satisfaction

LC Waikiki attaches extraordinary importance to quality processes and customer satisfaction, with the motto “Everyone Deserves to Dress Well.” This understanding forms the basis of all the Company’s business processes. It aims to meet customer needs and expectations, realize production in accordance with the legislation and product conditions, and present products to customers’ liking.

LC Waikiki adopts the **ISO 9001 Quality Management System Standard** as an effective form of quality management and acts with the awareness that these standards will carry the Company forward. Senior management is responsible and authorized for the establishment, implementation, continuous review, and improvement of the Quality Management System. With the Quality Manual prepared for this purpose, the Company outlines its Quality Management System and determines its basic principles. All organizational units carry out their activities in accordance with the Quality Management System requirements defined in the Quality Manual. All necessary activities are planned and put into practice, necessary resources are provided, and their effectiveness is periodically monitored to reach the determined targets.

Senior Management is responsible for preparing, reviewing, and ensuring an understanding of the quality policy, defining the organizational structure and duties and responsibilities, and periodically reviewing the Quality Management System. It is also authorized to determine and provide the resources required to maintain and improve the Quality Management System. The processes specified in the Quality Manual and shown in the LC Waikiki Corporate Value Flow Chart are carried out in accordance with ISO 9001:2015 standard requirements, and LC Waikiki Mağazacılık Hizmetleri Ticaret A.Ş.’s headquarters, logistics centers, domestic stores, and e-commerce online sales operate within the framework of these standards. This systematic approach plays a fundamental role in achieving LC Waikiki’s goal of becoming a leading and model company in its sector in terms of quality and customer satisfaction.

LC Waikiki first documented its commitment to quality management by obtaining the ISO 9001:2008 Quality Management System certificate in 2014. Then, in 2017, it switched to the ISO 9001:2015 Quality Management System. In 2020, due to scope expansion, it went through the certification process again. This process demonstrates LC Waikiki’s strict adherence to the Quality Management System and commitment to continuous improvement.



Corporate Governance

Quality and Customer Satisfaction

LC Waikiki operates in 54 countries on 4 continents with the mission of offering quality products at affordable prices to customers in the global fashion industry. In this vast geography, great importance is attached to product quality and safety to maintain customer satisfaction at the highest level. The Company's commitment to this area is especially embodied by LC Waikiki Laboratories.

LC Waikiki follows the idea of only providing its consumers with products that they would want for themselves and their loved ones. Before being placed on the shelf, the collections are regularly tested for allergies, carcinogens, and chemicals that cause hormonal disorders, with every aspect scrutinized for potential concerns. This strategy reflects LC Waikiki's unwavering commitment to quality and industry leadership.

LC Waikiki acts with the same diligence on Children's Product Safety and applies the rules of the Children's Product Safety Standard (EN 14682). It protects children against risks such as strangulation, suffocation, entanglement, and entrapment due to accidents caused by belts or drawstrings in line with these standards. Due to its sensitivity to the safety of children's products, the Company provides mandatory Child Product Safety training to its employees and suppliers. LC Waikiki's principles reflect the importance LC Waikiki attaches to the safety of children's products. Until the age of 1, the Company does not use glue beads in children's products, carefully selects components with the risk of ingestion, does not prefer long piles/ fluffy materials, and pays attention to the use of natural fibers for children's health.



Approximately **400,000 ecological tests** are conducted annually for children's and baby products, and products are examined down to the finest detail from the raw material to the dye, from the stitching to the zippers.

As an organization that places customer satisfaction and quality at the very core of its business processes, LC Waikiki has established a firm foothold in the global fashion market. While 2,049 LC Waikiki branded products are sold worldwide every minute, this success is based on in-depth understanding of its customers and rigorous management processes when entering new country markets. LC Waikiki considers factors such as the culture, standard of living, and seasonal conditions of each country when creating its collections and constantly innovates to meet the changing needs of its customers. This innovative approach enables LC Waikiki to create collections that are sensitive to local demands and uncover hidden potential.



Accredited in 2007 by UKAS (UK Accreditation Agency) and accredited by TURKAK (Turkish Accreditation Agency) since 2012, the laboratories set the quality standards of the sector and lead the industry. In the last year, more than 3 million tests were performed on 360,000 samples, with a daily average of 10,000 tests performed on 1,600 samples. As a result of these studies, the ecological performance of the laboratories was realized at a rate of 99.9%.

Corporate Governance

Quality and Customer Satisfaction

LC Waikiki's sub-brands and collections for 26 different personas appealing to different clothing styles are based on approximately 5,000 surveys conducted to understand the needs of its customers in functional and emotional dimensions, in line with the Company's motto that "Everyone Deserves to Dress Well." This in-depth expertise is supported by exclusive global license arrangements with the world's leading brands and personas to suit client demands and wants. In this approach, carefully made licensed collections are available at reasonable costs in stores around the world. LC Waikiki's industry-leading licensed product categories provide a diverse selection of products for newborns, children, women, and men.

These extensive and rigorous efforts demonstrate how important customer safety and satisfaction are in LC Waikiki's motivation to improve its quality processes. The Company not only ensures that every product offered to its customers complies with quality and safety standards but also aims to maximize customer satisfaction in the process. Customer satisfaction is the cornerstone of LC Waikiki's efforts to continuously improve its quality processes, a factor that further reinforces the Company's leading position in the industry.

“ LC Waikiki conducts e-commerce activities in 13 languages in 22 countries through operation centers established in 10 countries abroad. With its data analytics competencies and artificial intelligence solutions, LC Waikiki determines the products that will suit the tastes of its customers in different cultures and makes these products accessible when needed. In addition, LC Waikiki designs 87 thousands of products annually with its design team of 375 experts in their fields, creating innovative, aesthetic, and agile approaches that combine technology and fashion.



Corporate Governance

Quality and Customer Satisfaction

LC Waikiki takes important steps in this area by adopting strategic and innovative approaches to increase customer satisfaction. The actions carried out to maximize customer satisfaction are as follows:



Call Center Vendor Choice:

Great care is taken in choosing call center vendors to increase customer satisfaction, and KPI targets are set in all contracts with Turkcell Global Bilgi to protect the organization's customer focus and prestige. The Customer Services Group Department closely monitors performance, efficiency, and quality components.



Increasing Customer Contact Channels:

Communication channels with customers are continuously expanding, and many new service channels such as webchat, WhatsApp, chatbot, Google, Şikayetvar, and private customer lines have been put into use in the last 3 years.



Complaint Management:

A thorough analysis of customer complaints was conducted. The factors that precipitated over 100 complaints were determined and shared with the appropriate parties. Based on the findings, most of the underlying causes were solved.



Call Center Performance:

The call center prioritized customer satisfaction targets and customer service agents provided all required assistance to satisfy customers. The call scripts, content, and communication evaluation forms were updated, and incentive and penalty systems were implemented.



Technological Investments:

The CRM system was renewed end-to-end with a significant investment, and customer contact points were equipped with digitalization tools. 50% of customer contacts are answered by robots or artificial intelligence solutions.



Awards from Independent Organizations:

In the last three years, 10 awards were earned in customer satisfaction, highlighting its accomplishments in this area.



Corporate Governance

Quality and Customer Satisfaction

in 2020

Customer satisfaction rate was **72%**

Incoming chat contacts were answered within **13 seconds** on average.

in 2021

Customer satisfaction rate was **85%**

in 2022

Customer satisfaction rate was **90%**

Reaching a level where **9** out of every **10** customers are satisfied.

90% of incoming customer contacts are resolved within 24 hours.

90% of incoming customer calls were answered within the first 30 seconds.

90% of incoming social media contacts were responded to within the first 37 minutes.



Corporate Governance

Quality and Customer Satisfaction

LC Waikiki customer service uses an advanced CRM system to successfully manage client requests received via communication channels. This system significantly improves customer satisfaction and operational efficiency. Details of how these processes work are provided below:

Answering First Contact and Call Termination:

Customers who use customer service communication channels are answered 80% of the time, and the call is terminated on the first contact. This means that most clients obtain prompt responses to their problems or questions.

Record Management on the CRM System:

The customer's contact is recorded as "closed" on the CRM system, while the issues that need to be investigated or resolved are entered into the system as "open" records. This ensures that customer requests are managed in an organized and systematic way.

Appointments to Solution Teams:

Issues that are processed as "open" records are assigned to the relevant solution team via the CRM system. These teams include different units such as central customer service, warehouse, cargo, store, IT, product, and operations.

Solution Process:

The teams review the assigned record and return it to the call center solution team with a decision or solution note. This process ensures that customer requests are evaluated and resolved by the right units.

Customer Contact and Closing the Record:

After reviewing the open CRM record to which they were assigned, the agent calls the customer using the customer's contact information and shares the solution information. The agent then closes the record after confirming that customer satisfaction has been achieved.



This detailed process demonstrates LC Waikiki's commitment to efficiently managing customer requests and maximizing customer satisfaction. The strategic use of the CRM system in customer service operations ensures that problems are resolved quickly and the customer experience is continuously improved.

Corporate Governance

Customer Privacy and Security



Within the framework of the Information Security Management System and Personal Data Management System Policy, **LC Waikiki** ensures that personal data is protected and processed per the law to protect the reputation of all employees, customers, suppliers, and the brand in the public eye.



Within this framework, the Company stresses compliance with legal rules and agreements with business partners, as well as the confidentiality, integrity, and availability of its information assets. LC Waikiki's dependability in the field of information security is manifested in a wide range of activities, from the preparation of detailed disclosure and explicit consent texts for customers, employees, employee candidates, suppliers, and visitors in the scope of the KVKK (Personal Data Protection Law) to the creation of a personal data policy and sharing it with all relevant parties.

In accordance with the Company's Data Privacy and Security Policy,

All physical, electronic, and administrative measures are taken in secure environments to ensure the security of the LC Waikiki website and mobile application. All information is stored and backed up on secure servers in Türkiye and abroad.

E-training on personal data and data protection is provided to raise staff awareness of these laws. In addition, personnel's responsibilities regarding information security are committed in writing, and disciplinary processes are carried out when non-compliance with policies and procedures is detected.

Infrastructure systems are in place to detect data leaks, and the security of application and service-level data is ensured using encrypted protocols, firewalls, and access control mechanisms.

Data is classified and labeled, and physical security measures are taken to protect against external and environmental threats.

Changes made to information systems are recorded, and personal data is backed up in line with the data backup policy against data loss. Information systems are regularly subjected to security vulnerability scans, and identified vulnerabilities are eliminated.

LC Waikiki takes all necessary measures to ensure that its employees and all contracted institutions and organizations show the necessary sensitivity and have sufficient awareness regarding information security.

LC Waikiki ensures that all employees receive training on information security at the beginning of their employment and at subsequent stages and that their knowledge is kept up to date.

Corporate Governance

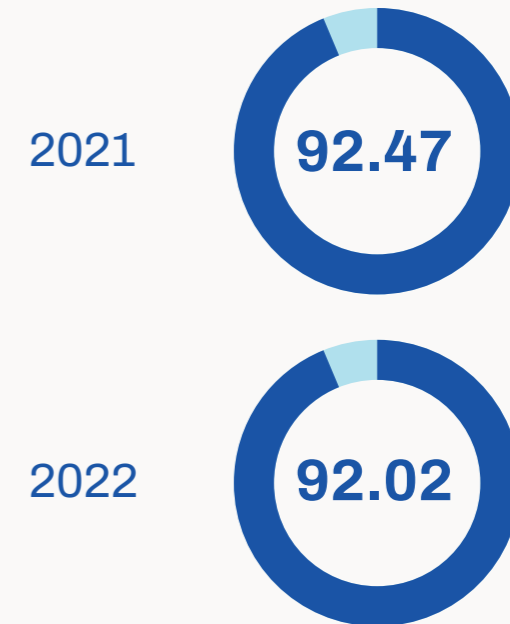
Customer Privacy and Security

The Company implements a clear process for determining the processing, retention periods, and purposes of personal data processing. LC Waikiki's notifications to VERBIS (Data Controllers Registry Information System) are regularly updated, and significant progress is being made in protecting personal data by strengthening administrative and technical measures.

Infrastructure security activities are critical to protecting the data of internal and external stakeholders. Continuous improvement of customer privacy and information security systems is crucial for the Company to be perceived as a reliable brand by all stakeholders, primarily its customers, and for the Company's brand reputation to grow exponentially. **In this regard, the Company has made investments to protect the data privacy of its stakeholders, including the Mobile Device Management (MDM) project, Multi-Factor Authentication (MFA) infrastructure, restriction of data transfers over USB ports, and Web Application Firewall (WAF) solutions to ensure the security of e-commerce websites.** These projects operate at international standards, driven by LC Waikiki's information security certifications, such as ISO 27001 Information Security Management System and PCI DSS (Payment Card Industry Data Security Standard).

Customer satisfaction with the internal activities of the Information Systems department is measured with surveys conducted through the ITSM application. The customer satisfaction rates obtained by these surveys were recorded as 92.47% in 2021 and 92.02% in 2022. These numerical data indicate that LC Waikiki has received full points from customers regarding customer privacy.

Customer Satisfaction Rate for Information Security Activities (%)



Corporate Governance

Customer Privacy and Security

As a responsible fashion retail brand, LC Waikiki prioritizes the health and safety of its customers as much as it prioritizes the privacy of its customers in the way it does business. While the Company continues its production with the motto of accessible fashion for everyone, it always wants to ensure that its products are safe and healthy. Accordingly, comprehensive tests are carried out in its laboratories to ensure the highest level of customer health and safety. Since the first day of its operations, the Company has been carrying out quality studies under the consultancy of professional teams and has established serious control stages in production processes. In its laboratories, an average of 4,000 ecological tests are performed daily, and studies are carried out to identify potentially harmful chemicals with Ecology Tests.

In addition to quality tests such as fastness and physical performance tests, the products also undergo fiber analysis tests related to product care. These tests are carried out in accordance with the requirements set by international and national standard organizations, and the laboratory's expert staff continues the testing processes by certifying the validity of methods developed in-house. LC Waikiki's laboratory, established at the Company headquarters, represents a first in Türkiye in the ready-to-wear retail sector. First accredited by UKAS in 2007, the laboratory has been working with TURKAK accreditation since 2012.

The tests performed in laboratories and their purposes are listed as follows:

Fastness Tests



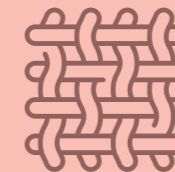
These tests are performed to determine the color change and staining properties of fabrics. These tests simulate real-life situations and measure the resistance of products to factors such as sunlight, sweat, washing, or friction.

Physical Strength Tests



These tests determine the resistance of fabrics to the physical conditions they are exposed to in daily life. They also evaluate the performance of the products in situations such as washing and abrasion after friction.

Fiber Analysis Tests



These tests are applied to accurately determine the fabric content of products and provide this information to consumers. Because of these tests, the fiber content of products is listed on product care labels and conveys information such as washing, drying, and ironing.



Corporate Governance

Customer Privacy and Security

Children’s clothing is one of LC Waikiki’s most prominent fields, and the Company adopts a very rigorous approach to the safety of children’s products. In this context, **the Children’s Product Safety Standard (EN 14682) rules are rigorously applied to protect children from elements that may cause accidents, such as belts or drawstrings. Health and safety are the top priority in children’s and baby products; therefore, the use of materials and accessories with sharp tips is avoided, and precautions are taken to minimize potential risks for children.**

The Company’s sensitivity in this field is further reinforced by making Child Product Safety training mandatory for all employees and suppliers. Children’s safety is kept at the highest level with practices such as not using glued beads in children’s products, especially for children under 1 year of age, carefully selecting components that carry the risk of ingestion, and paying particular attention to their tensile strength. In addition, LC Waikiki does not prefer materials with long fibers or piles in children’s products and pays attention to the use of natural fibers, which is an indication of the importance LC Waikiki attaches to children’s health. The organic cotton collection specially prepared for newborn babies also reflects the importance the Company attaches to product safety and human health.

In line with its commitment to protect consumer health, the Company only works with manufacturers committed to producing ecological products. Manufacturers that produce environmental and chemical products are informed through the Sustainable Denim Washing Handbook, Ecology Harmonization Handbook, Waste Management Handbook, and Apparel Waste Fabric Management Handbook, which are prepared in compliance with LC Waikiki’s standards, and only manufacturers that comply with the Company’s ecology policy are partnered with.

SUSTAINABLE DENIM WASHING HANDBOOK

This handbook was prepared for denim washing suppliers to carry out denim washing activities in accordance with LC Waikiki standards.

ECOLOGY HARMONIZATION HANDBOOK

This was prepared to help manufacturers comply with LC Waikiki standards in terms of environmental and chemical aspects.

WASTE MANAGEMENT HANDBOOK

This was prepared to ensure that the waste groups which are/may be generated in the headquarters, domestic stores, and logistics centers comply with LC Waikiki standards.

APPAREL WASTE FABRIC MANAGEMENT HANDBOOK

This handbook was prepared to inform producers about collecting and recycling waste fabrics in accordance with LC Waikiki standards.



Corporate Governance

Customer Privacy and Security



Producers are periodically audited regarding consumer health and safety, and in cases of non-compliance, the relevant authorities request corrective and preventive actions. Regular risk assessments are carried out on products according to their potential harm to human health and the environment, and the presence of prohibited chemicals is determined by testing samples taken before and after production.

While LC Waikiki follows globally accepted regulations in all its assessments and studies, it also considers its own specific standards and does not evaluate these standards below global norms.

LC Waikiki requires commitments from manufacturers guaranteeing not to use non-prohibited chemicals that are likely to harm the environment. This approach is also important to prevent the use of harmful chemicals that, while unlikely to create products that cause direct harm to human health, are likely to cause harm to the environment.

Within the DETOX movement, LC Waikiki carries out Zero Waste Discharge activities under the name of Ecology Harmonization and collaborates with manufacturers to raise their awareness and improve system development through systematic audits and training activities. In this context, LC Waikiki has conducted studies on 72 dyehouses, 42 printing facilities, and 25 washing facilities. Within the scope of Ecology Harmonization, the structuring of the value chain in this area, including carbon and water footprint studies, is continuously ongoing.

In addition, the findings are shared with producers found to use harmful substances, and practices are developed to replace chemicals that harm the environment and human health with harmless alternatives.

“
LC Waikiki actively participates in ISO and CEN international standard drafting committees as Türkiye’s representative in the studies on the detection methods of hazardous chemicals and the creation of new standards for these needs.



In post-production tests, products that may harm human health if banned chemicals are detected on surfaces that will come into direct and prolonged contact with the skin are not offered for sale even if production is completed.

Our Business

Ethics and Compliance

LC Waikiki attaches great importance to ethical standards and legal compliance as a fundamental element of corporate governance principles. Within this framework, the Company takes strategic steps to achieve the targets set to ensure full compliance with legal regulations and prevent any violations. In this context, a team of 21 experts has been assigned to manage legal compliance processes and prevent violations.

This team fulfills the following key responsibilities:



Monitoring and Auditing of Legal Changes:

The team continuously monitors sectoral legal regulations, identifies any changes that may affect the Company's operations, and informs the relevant departments about these changes. In addition, the team is also responsible for auditing internal compliance processes.



Risk Assessment:

Regular risk assessments are conducted to identify and manage potential legal risks.



Training and Awareness Program:

Regular training programs and awareness-raising activities are carried out to raise employee awareness of legal compliance.



Breach Examination:

Efforts are being made to effectively examine the violations that have occurred, take corrective measures, and prevent recurrences.

The activities carried out by this dedicated team represent an important structure for LC Waikiki to ensure full compliance with the law and to integrate ethical standards into the corporate culture.



Our Business

Ethics and Compliance

LC Waikiki has established its ethical and legal compliance process on a solid foundation and prioritized legal compliance and ethical behavior in all the Company's business conduct. The documents that form the framework of this process, such as Code of Ethics Guideline for Commercial Shopping Company Relations, LC Waikiki Domestic Commercial Relations Code of Ethics Commitment, Personnel Ethics Hotline Management and Operation Procedure and LC Waikiki Merchandizing Disciplinary Regulation, ensure that high ethical standards are maintained in all internal and external commercial relations of the Company.

The Personnel Ethics Hotline Management and Operation Procedure

provides a mechanism for all employees and suppliers to safely report internal and external misconduct and ethical non-compliance to the Company. This procedure aims to provide a transparent business environment in line with LC Waikiki's core values by covering the processes of evaluating and finalizing ethics reports.

Responsible parties identified within the scope of the procedure include Board Members, Executive Committee Members, Human Resources Directors, Process Development Directors, Employee Relations Directors, Audit Managers, Investigation Manager and Stores Inspection Unit Manager. This wide distribution of responsibilities has been established to ensure effective implementation of the procedure and a comprehensive evaluation process.

The Ethics Hotline Core Principles allow LC Waikiki employees and suppliers to report misconduct and ethical non-compliance via email, phone, or the website. An independent organization records the reports in detail and forwards them to company managers according to the subject matter. Managers evaluate the notifications by conducting investigations and ensuring that necessary actions are taken.

The Code of Ethics Guideline for Commercial Shopping Company Relations

clearly defines the ethical rules that company employees and managers must comply with in their business relationships. This guideline aims to ensure that employees of LC Waikiki and Taha Giyim act in accordance with the code of ethics in their interactions with companies with which they have commercial relations.

According to the field of implementation, the code of ethics determined in the relations between LC Waikiki Group companies and the companies with which commercial purchases are made must be rigorously applied. Some of these rules are as follows:

- Particular attention should be paid to the principle of impartiality in transactions with companies with which there is a relationship of kinship or close friendship in the exchange of products and services. It is essential that personnel or managers with such relationships should not play a decision-making role in the relevant transactions.
- When it is necessary to work with companies that are related by kinship or close friends, it is important that these relationships are known by senior management and that transactions are evaluated by an independent commission or a different manager according to the principle of transparency.
- Purchases from companies with which the Company has a kinship or close friendship should be open to audit and information requests and carried out by tender as much as possible. The audit and inspection departments should prioritize such transactions.
- It is strictly forbidden to use company resources and authorizations for personal gain. In this context, it is prohibited to obtain personal gain directly or indirectly from company activities, to work on behalf of companies with which commercial exchanges are made in return for a fee, commission or similar benefits.



Our Business

Ethics and Compliance

LC Waikiki's Domestic Commercial Relations Code of Ethics Commitment

is a document that aims to develop relationships with its suppliers based on mutual ethical values in line with the Company's vision and mission. This document emphasizes that LC Waikiki attaches great importance to ethical principles as well as the right strategies and systems while achieving its goals as a leading garment company in the sector.

LC Waikiki aims to establish sustainable and ethical relationships with its suppliers to achieve a reputable position in the global market. The purpose of the commitment letter prepared within this framework is to determine the standards of behavior and principles of working together in accordance with universal ethical values in all commercial activities internal and external to the Company.

Principles of Working Together:

- **Mutual Relations:** The parties undertake to conduct their relations in good faith, with honesty, fairness, and respect for moral values. These relationships are managed in accordance with financial and social security, and occupational health and safety legislation.
- **Communication and Decision-making:** Requests and expectations will be communicated verbally and in writing; these requests will be evaluated as soon as possible, and feedback will be provided in writing.
- **Professionalism:** A corporate and professional management approach underpins the relationship between the parties.
- **Bribe and Kickback:** It is strictly forbidden to accept or give any bribes or kickbacks or to provide any unfair personal gain or benefit.
- **Commercial Corporate Profit:** Any unfair commercial gain outside the terms of the agreement is prohibited.
- **Personnel Relations:** Any unfair advantage to the personnel of the parties is prohibited.
- **Not Making Negative Statements:** The parties shall not make negative and unfounded statements about each other.
- **Commercial Activities Outside of Business Hours:** The parties' personnel may not be used for commercial activities outside of working hours.
- **No Commercial Partnerships:** The establishment of commercial partnerships between employees is prohibited.
- **Use of Company Resources:** The parties are prohibited from using company resources for personal or family purposes.

LC Waikiki has the authority to conduct audits to ensure compliance with the principles set out in this commitment. This approach is understood, accepted, and practiced by all the Company's suppliers and manufacturers. The Company aims to provide ethical and responsible business management, considering the principles of ecological balance and environmental protection, human rights, and occupational health and safety.

LC Waikiki Merchandizing Disciplinary Regulation

aims to protect the work and working order of employees within the Company and to determine the disciplinary penalties to be applied for behaviors contrary to loyalty and actions and transactions contrary to generally accepted ethical and moral values or principles of care.

The Regulation identifies the behaviors of employees working in the business units of the employer that disrupt the work and working order, actions and transactions that are contrary to the generally accepted ethical and moral values or expectations in society and business life, as well as the principles of care and the general management understanding of the employer, and clearly determines the disciplinary penalties to be applied for such behaviors.



LC waikiki

Our Business

Ethics and Compliance

LC Waikiki has launched an ethics hotline where employees and other stakeholders can report unethical situations such as pressure, threats, blackmail, theft, fraud, deception, unfair gain, and misconduct within the **framework of confidentiality principles**. This service is **accessible at any time of the day**, and ethical violations can be reported via the e-mail address

lcwaikiki@etikhat.com

The ethics hotline is operated by an independent professional firm, thus maintaining the organization's impartiality and enabling employees to report with confidence. Ethical violations can be reported through the Ethics Hotline, including suppliers, competitors, personnel, and all other stakeholders. Incoming notifications are processed by Employee Relations Units and Investigation/Inspection Units under Risk Management, depending on the content of the issue and the location where it is communicated.

Fighting against bribery, kickbacks, unfair personal benefits, and unethical financial practices is included in all of LC Waikiki's ethics-related corporate documents, and this issue is a responsibility that the Company has undertaken especially at the senior management level. In this context, the Company has established an anti-bribery policy and shares this policy with all stakeholders through its website. LC Waikiki Mağazacılık Hizmetleri Ticaret A.Ş., Taha Giyim San. Ve Tic. A.Ş., and İsna Tekstil San. Ve Tic. A.Ş. takes a firm stance against bribery and unethical financial practices and attaches great importance to ethical principles and values in this regard. These companies apply the procedure of terminating relations with all related parties in case any situation related to bribery is detected. Since their establishment, compliance efforts to prevent bribery in accordance with ethical principles, values, and relevant legislation have been actively carried out, and continuous improvement and continuity of anti-bribery and governance systems have been ensured.

Senior Management provides leadership for the implementation of the requirements of the anti-bribery system at all levels of the organization and encourages raising the awareness of employees and other stakeholders in this process. Based on the principles of transparency and integrity, the aim is to prevent damage and reputational losses that may be caused by behaviors contrary to the Company's ethical principles and values. LC Waikiki and its group companies are committed to taking all necessary measures to eliminate bribery. This policy demonstrates the strict adherence of LC Waikiki and its group companies not only to legal regulations but also to high ethical standards. This decisive approach to combating bribery contributes to the sustainable success of the companies, as well as to increasing trust and reputation among stakeholders.

The Investigation Department provides on-the-job and ethics training within the Company, which contributes to raising employees' ethical awareness. The Customer Satisfaction team rigorously handles unethical cases experienced by customers.

“
Implementing these commitments, guidelines, procedures, and regulations ensures that LC Waikiki strictly adheres to ethical standards, creates a transparent business environment, and maintains high moral values in all business relationships. This approach strengthens not only LC Waikiki's commercial success but also its social responsibility and corporate reputation.

Our Business

Marketing and Labelling

LC Waikiki stands out in marketing and labeling with strategies based on customer focus, ethical values, transparency, and consumer safety. By using the **LC Waikiki Green** label for materials with sustainable ingredients, the Company aims to increase the promotion and awareness of sustainable products, especially raising customer awareness. This labeling offers consumers the opportunity to easily recognize and prefer sustainable products, provides transparent information about production processes, and emphasizes LC Waikiki's commitment to the use of environmentally friendly materials.

Providing clear and understandable information about the content, use, disposal and recycling of products, and adopting sustainability labeling practices play an important role in LC Waikiki's marketing and labeling processes. This approach enables consumers to make informed choices and contributes to the promotion of sustainable consumption habits. Fiber analysis tests conducted in LC Waikiki laboratories determine the fabric content of products, thus providing consumers with accurate information on the fiber content of products. In this sense, information such as washing, drying, ironing, etc., in accordance with the fiber content on the product care label can be accurately conveyed to consumers.

LC Waikiki strictly adheres to the principles of honesty and transparency in its marketing activities and avoids misleading or deceptive marketing techniques. These principles ensure that consumers' rights are protected and treated fairly while at the same time guaranteeing that they are provided with all the information necessary to make informed choices. Advertisements are prepared in accordance with social values and ethical standards, and discriminatory, sexist, or harmful content is strictly avoided.

The Company attaches great importance to customer feedback and complaint management. Accordingly, the Company has transparent and accessible complaint mechanisms where consumers can easily communicate their feedback and complaints. Consumer complaints and feedback are resolved quickly and fairly, and the information obtained is used to continuously improve products and services. This process is supported by practices such as call center vendor selection, expansion of customer contact channels, management of complaints and call center performance to increase customer satisfaction. Thanks to technological investments, customer contact points are digitized, and half of customer contacts are effectively responded to by robots or artificial intelligence solutions.



This holistic approach demonstrates how LC Waikiki prioritizes customer satisfaction, transparency and sustainability in its marketing and labeling processes. These strategies not only strengthen the brand image, but also provide consumers with safe and informed shopping experiences.

LC waikiki

04

Our Community



4

QUALITY
EDUCATION



5

GENDER
EQUALITY



8

DECENT WORK AND
ECONOMIC GROWTH



17

PARTNERSHIPS
FOR THE GOALS



Community Relations

LC Waikiki embraces social development and welfare as one of its primary missions. In line with this vision, the Company has made diversity, inclusion, and accessibility the cornerstones of its business model and adopted an approach that celebrates

everyone's uniqueness and authenticity. With this approach, LC Waikiki focuses on people with different life experiences and needs and offers innovative solutions to facilitate their daily lives.



Particularly with the LCW Limitless collection, LC Waikiki has implemented measures to directly improve the lives of people with disabilities.

This collection consists of specially designed pieces that simplify the process of getting dressed and aims to offer more freedom and comfort in the daily lives of people with disabilities. LCW Limitless was shaped based on users' feedback and experiences, emphasizing individual freedom and independence with every product. This collection shows LC Waikiki's unwavering commitment to appealing to all segments of society and improving the quality of life of every

individual. With this pioneering initiative, the Company positions itself as a brand in the fashion industry that cares not only about aesthetics and trends but also about social responsibility and sensitivity.

This and similar projects by the Company reflect its strong regard for society and the importance it gives to individual differences.



The Company aspires to raise social consciousness and enhance people's lives by putting diversity and inclusion ideals into practice, not only in theory.

Community Relations

With the “LC Waikiki’de İyilik Var” (There is Goodness at LC Waikiki) project in 2022, The Company’s objective of building and increasing community ties was accomplished. As part of the Company’s corporate social responsibility strategy, up to 15% of its profits were designated as a charity budget and used in conformity with laws and regulations. In the scope of the project:



689,155,755 in-kind and cash contributions were made to society in 2022. These aids were divided into two main categories: in-kind and cash aids. Within the scope of in-kind aid, 16,079,724 pieces of clothing were provided to those in need in various locations in Türkiye and worldwide, while 249,517 students were reached with special packages. Cash aid was categorized as personnel support, education aid, health aid, need assistance, and donations.



With a particular emphasis on educational aid, 15,227 students were supported, of which 45% were university students and 55% were primary and secondary school students. Together with the Social Assistance and Solidarity Foundation, the Turkish Red Crescent, and other organizations, 8,755 students were supported.



Personnel applications were evaluated, and 10,179 were received throughout 2022. 8,014 applications were approved, and 6,331 personnel were supported in Türkiye and abroad. LC Waikiki’s efforts demonstrate the importance the Company attaches to humanitarian values and its determination to touch lives in need of support in every geography.

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15.227 students

were supported

10,179 personnel applications

were received throughout 2022

Community Relations

Through social aid, the Company aims to respond to society’s diverse needs in various areas, from clothing to education, from health to humanitarian aid.

LC Waikiki’s comprehensive social aid activities deepen its relationship with the community and reinforce its commitment to its corporate values and social responsibility approach. One of the most important steps of LC Waikiki’s approach to social responsibility is the development of gender equality and women’s employment in the sector.

LC Waikiki’s “Stronger Future with the Women in Business” project aims to contribute to the development of women employees in the Company’s supplier ecosystem. The project aims to build a sustainable workforce for women in the LC Waikiki therapeutic ecosystem while promoting social change. Accordingly, the goal is to minimize women employees’ training deficits, reduce staff turnover, build a permanent workforce, and assist their professional development.

The project aims to promote gender equality and boost women’s presence in business leadership positions. The training programs aim to improve women employees’ professional and technical skills, promote personal development, and enhance their understanding of basic labor rights.

The training was provided by LC Waikiki Academy and conducted by teammates who are sustainability experts. Women employees were trained on sewing skills, machine use, understanding production processes, and optimizing workflow as part of the training program.

In personal development, themes such as emotional resilience, time and conflict management, being proactive, and negotiation skills were addressed.

The results of the project showed a 17% decrease in turnover of women employees and an 18% decrease in overall employee turnover. 5,443 women employees received training on basic labor rights and conditions, and 1,570 women employees received personal development training. In addition, one-on-one interviews were conducted with 1,000 women employees to determine whether they had been deprived of their rights, and these women were enabled to understand and protect their rights.

In 2021, the project started in 5 supplier companies, and while the number of women employees receiving basic training in the first year was 50, this number reached 6,000 in 2022, and the number of women receiving personal development training reached 2,000. By 2024, the number of women employees receiving basic training is expected to reach 3,000, the number of one-to-one meetings is expected to reach 2,000 people, and the number of supplier companies included in the project is expected to reach 250. In 2025, the number of supplier companies included is expected to reach 500. These numerical targets show that LC Waikiki is taking concrete and measurable steps in the development of women employees and social contribution.

Personal development training given to female employees by year

YEAR 2020

1570

YEAR 2021

2000

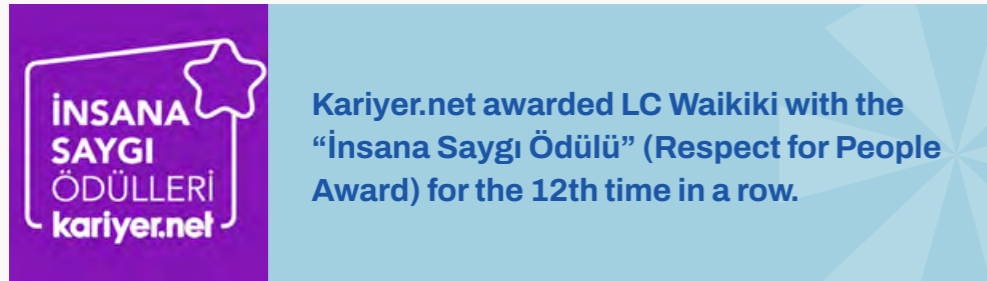
YEAR 2022

6000



Community Relations

LC Waikiki was recognized and awarded on various platforms for strengthening its community relations and enriching the customer experience:



Kariyer.net awarded LC Waikiki with the “İnsana Saygı Ödülü” (Respect for People Award) for the 12th time in a row.



LC Waikiki won the “Altın Pusula Ödülü” (Golden Compass Award) for its Limitless project, the first collection developed for people with disabilities in Türkiye.



In the 10th “Women Friendly Companies” survey conducted by Capital magazine, LC Waikiki became the leading company for the 8th time in both the Women Employees and Women Executives metrics.

“ LC Waikiki strengthens its ties with society and stands out as a pioneer of social innovation and sensitivity in its sector through its projects and responsive actions to improve community relations and contribute to community development. The Company’s strategic vision is built on its relations with society, increases the brand’s value, and contributes to the steps taken for a fairer and more inclusive world. In this process, LC Waikiki remains committed to supporting sustainable social development by emphasizing diversity and everyone’s unique contribution.



Human and Labour Rights

LC Waikiki takes a transparent and ethical attitude toward labor rights and develops essential practices in this area. The Company provides its employees with a broad variety of social and economic benefits.

The Company values gender equality and has implemented a policy of equal pay for equal work for women and men employees.

It prevents wage inequality by overseeing the proper management of salaries and social security premiums paid by its suppliers. LC Waikiki also provides shuttle buses and food allowances to its subcontracted employees and makes additional support allowances through its social responsibility department in line with the needs and controls.

LC Waikiki employs both permanent and subcontracted security personnel and ensures that these employees receive the necessary training to inform them about human rights. Security personnel receive repeated training every five years and are made aware of prominent issues such as human rights.

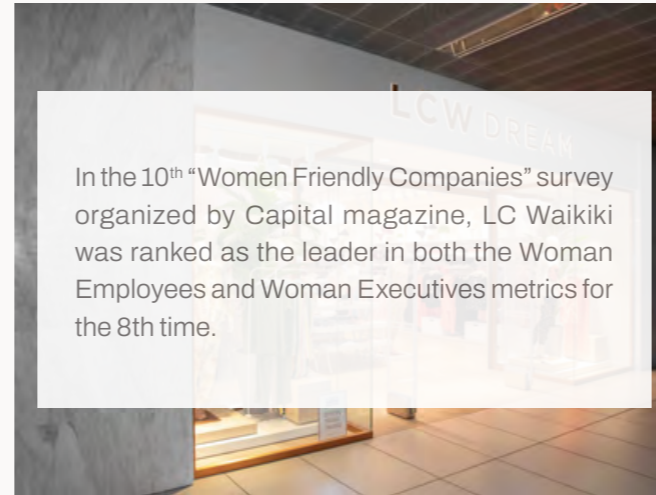
LC Waikiki has zero tolerance for child labor and determined its principles regarding the employment of young workers in accordance with the laws of the Republic of Türkiye, international agreements, and the United Nations Convention on the Rights of the Child. The Company strives to protect the fundamental rights and freedoms of all employees throughout the supply chain, and these principles must be implemented.

LC Waikiki does not accept any product produced in slavery and captivity or with illegal labor and firmly rejects all forms of physical and emotional violence, punishment, and harassment of its manufacturers' employees. LC Waikiki also takes a rigorous approach to occupational health and safety and expects businesses to take measures to protect workers' health and safety and always maintain workers' safety at the highest level. This approach demonstrates LC Waikiki's commitments and responsibilities in the area of Human and Labor Rights.

These rules include basic social benefits such as food or food allowances, shuttle buses or commuting allowance, family and child allowance for blue-collar employees, as well as extra benefits such as vehicle and communication support specific to the position and relocation assistance in case of position changes.

Human and Labour Rights

The Company considers a fair and equitable approach as one of the most important pillars of its values and ethical structure. With the human resources policies developed in line with these values, the Company is one of the leading companies in Türkiye with a high rate of women executives. LC Waikiki has 59% women employees and 44% women executives. These rates reflect the Company's commitment to gender equality and its efforts in this area. LC Waikiki stands out for its practices that encourage women to be empowered in business and to be more active in leadership positions, and it strives for ongoing improvement in this regard. In the 10th "Women Friendly Companies" survey organized by Capital magazine, LC Waikiki was ranked as the leader in both the Woman Employees and Woman Executives metrics for the 8th time. This award confirms the importance given by the Company's to women's employment and its determination to remove the obstacles faced by women employees and managers on their career paths.



“Stronger Future with the Women in Business”

The “Stronger Future with the Women in Business” project cements LC Waikiki's investments in the professional and personal development of women employees in the supplier ecosystem. Within the scope of the project, 5,443 women employees were trained on basic labor rights and conditions to eliminate the training deficiencies of women employees, reduce the turnover rate in the workforce, create a permanent workforce, and support their career development. 1,570 women employees received personal development training. In addition, one-on-one interviews were conducted with 1,000 women employees to determine whether they were deprived of their rights. Also, these women were enabled to protect their rights.

Women employee rate **59%**

Women executive rate **44%**

“Stronger Future with the Women in Business”

within the scope of the project, 5,443 women employees were trained



LC Waikiki Academy



LC Waikiki Academy took on an important responsibility to support the growth of the younger generation and invest in the future through its education and training strategies. By combining the energy and productivity of the Company's Generation Y and Z employees with the experience of seasoned employees, it hopes to ensure that everyone develops in the best way possible.

The Corporate Academy Department comprises of 600 internal trainers, coaches, and mentors who train employees in 20 languages. These training sessions are designed to help employees improve their knowledge and abilities while also advancing their careers. LC Waikiki guides most of its headquarters personnel and all field staff through internal promotion, ensuring continual development and learning:

- ▶ **Fashion Knowledge Development Program**
- ▶ **Sustainable Fiber Types e-Training**
- ▶ **Fashion Through Sustainability Lenses e-Training**
- ▶ **Waste Management e-Training**
- ▶ **New World Approach: Sustainability 2019**
- ▶ **Sustainable Denim Washing Training**
- ▶ **Sustainable Product Training**
- ▶ **Working with Chemicals Safely e-Training**

Training helps employees improve their professional and technical skills and raises awareness on important issues such as sustainability. LC Waikiki Academy aims to transform employees' existing skills into excellent performance through training and development activities tailored to the fashion retail

industry's unique needs. These training sessions are offered to employees in the field and headquarters through certificate programs customized according to their areas of expertise, thus creating a rich and layered structure for their professional development.

LC Waikiki successfully carries out training and development activities designed specifically for the apparel retail sector, aiming to transform the existing talents of all managers and employees within the Company into superior performance. To continuously improve its training and education contributions, the Company supports the professional development of its employees through certificate programs designed in accordance with their areas of expertise, regardless of whether they are in the field or in the headquarters. The Company's training and development activities have two main focuses: The first is training aimed at acquiring professional knowledge and skills for the fashion retail sector and merchandising. To improve the technical knowledge and skills of its employees, LC Waikiki offers training content prepared by its own internal trainers by making appropriate plans for the target audience. In this context, development programs specific to positions and the individual's learning method are implemented in the main fields of activity that are the heart of fashion retail, such as purchasing, planning, store merchandising, design, and product management. The second is competency development training for employees' personal development and leadership skills. LC Waikiki designs and offers training programs that regulate the interpersonal relations of its employees and managers. It ensures their individual development and improves their management and leadership skills, using multiple learning tools specific to their organization.

600
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LC Waikiki Academy

The Company's training and development activities have two main focuses: The first is training aimed at acquiring professional knowledge and skills for the fashion retail sector and merchandising.

The second is competency development training for employees' personal development and leadership skills.

Additionally, the Company cares that its employees have easy access to all resources whenever and wherever needed. Therefore, the Company established **the Self-Service Individual Development Platform infrastructure to enable its employees to follow their development processes through the digital library on the platform.**

With the Academy TV platform (video-based learning platform), LC Waikiki aims to contribute to the development of its employees by creating a learning environment for them to learn from each other. In this way, LC Waikiki designs training and promotion programs for store employees to develop both professional and behavioral competencies that will support their career journeys and prepare them for the next position. These strategic

approaches further strengthen LC Waikiki's leading position in the sector and contribute to the continuous development of its employees and managers.

In 2022, the Company invested heavily in the professional development of its employees. **LC Waikiki offered various training sessions to its employees in the areas of personal development, technical and professional skills, basic skills, and legal/required areas, with a total training volume of 988,020 hours.** In the same year, a total of **26,588** training hours were provided to suppliers. These training sessions aim to increase employees' and suppliers' sectoral and professional competencies, comply with legal requirements, and improve general business skills.



Self-Service Individual Development Platform

infrastructure to enable its employees to follow their development processes through the digital library on the platform.



LC Waikiki Academy

LC Waikiki adopts a comprehensive approach called the Development and Performance System (GPS) to evaluate the performance and development of its employees. This system consists of two main components: “What - Business Results” and “How - Way of Doing Business” and evaluates employee performance and potential with 360-degree concrete data on an annual basis. The Company uses different input sources for KPIs that indicate business results and principles that constitute the way of doing business, synthesizes and calibrates this data, and provides feedback to employees on their final performance. These

Field Practices:

After the training session, practical application of the subjects learned is provided with tasks to be fulfilled in the field.

Project Development:

Participants develop special projects with the knowledge gained in the training session and deepen their learning through these projects.

Workshops and Case Studies:

After the training session, participants participate in workshops and case studies to reinforce their skills in practice.

LC Waikiki Academy is active both internally and externally. Its activities include significant developments in corporate social responsibility projects and collaborations in the field of education. These projects aim to contribute to a sustainable future by providing training and development opportunities for various segments of society.

processes provide important inputs into employee performance, development, career, and compensation evaluation.

The Company has also adopted the OKR (Objectives and Key Results) process as a continuous performance method that encourages collaboration. Within the framework of this process, employees are subjected to quarterly performance monitoring. After the training session, the Company has developed a series of practical methods to ensure that the learning experience is not only theoretical:

Learning from Each Other with Q&A Sessions:

Participants engage in Q&A sessions on real business issues, learning from the moderator and other participants and exchanging knowledge.

Mentorship:

Mentoring programs under the guidance of experienced employees support the transfer of what is learned to business life.

Presentation and Sharing:

Presentations to share knowledge and skills with other employees contribute to reinforcing the learning process.



LC Waikiki Academy

LC Waikiki Corporate Academy's External Social Responsibility Projects:



Collaborations with the Ministry of National Education:

- ▶ Collaborations between LC Waikiki and the Ministry of National Education (MEB) Directorate of Vocational and Technical Education include important projects for students and teachers in fashion design and textile departments.
 - ▶ Four special books were written as part of the book writing project developed for the students of the Fashion Design and Textile Department.
 - ▶ The Koçvari Teacher Training Program was organized for teachers of the Fashion Design and Textile Department.



LCW-MEB MTEM Protocol:

- ▶ Financial aid was provided to 5 schools in 4 provinces where LC Waikiki has production operations, and scholarship support was given to 500 students.



Quality in Vocational and Technical Education (METEK) Project:

- ▶ This project was carried out in collaboration with the General Directorate of Vocational and Technical Education of the Ministry of National Education, the Ministry of Labor and Social Security, the Directorate for Financial Assistance to the European Union, and the Delegation of the European Union to Türkiye, with the aim to contribute to the training of qualified personnel for vocational course teachers in line with labor market demands.



University Collaborations and Mentorship Programs:

- ▶ LC Waikiki contributed to university curriculum studies in cooperation with YÖK and İTKİB and provided information about our recruitment processes through case studies to university students offering textile engineering education.
- ▶ In the İnovatif Fikir Maratonu (Innovative Idea Marathon) organized in partnership with İHKİB, high school students were mentored on vocational issues, and jury memberships were held.
- ▶ In cooperation with ATHİB, training was organized for the finalists of the Dokuma Kumaş Tasarım Yarışması (Woven Fabric Design Competition), and jury membership was added to the competition. eğitimler organize edilmiş ve yarışmada jüri üyeliği yapılmıştır.



Manufacturer Development Programs:

- ▶ Various training sessions were organized to support manufacturers' personal and professional development.



4 special books were written as part of the book writing project developed for the students of the Fashion Design and Textile Department.

The Koçvari Teacher Training Program was organized for teachers of the Fashion Design and Textile Department.

Financial aid was provided to **5 schools in 4 provinces** where LC Waikiki has production operations.



The Company's recruitment policy aims to provide equal opportunities to candidates for each position through a competency-based recruitment model based on scientific methods. LC Waikiki's principle of equality is organically integrated into every stage of business processes and is actively applied in recruitment, promotion, appointment, reassignment, remuneration, and benefits, as well as career development processes such as training, on-site learning, coaching, and mentoring.

Employment Procedures

LC Waikiki constitutes an extensive employment network with **56,231 employees**.

The Human Resources department manages the workforce by adopting working principles that are aligned with the Company's vision, mission, values, and principles. In this management approach, the primary goals include placing the right people in the correct positions, **fair, transparent, and equal opportunity-based** data evaluation processes, and ensuring that employees are assigned to roles that best suit their competencies. LC Waikiki continuously strives to recruit human resources that are aligned with current and needed skill and competency sets.

The Company's recruitment policy aims to provide equal opportunities to candidates for each position through a competency-based recruitment model based on scientific methods. LC Waikiki's principle of equality is organically integrated into every stage of business processes and is actively applied in recruitment, promotion, appointment, reassignment, remuneration, and benefits, as well as career development processes such as training, on-site learning, coaching, and mentoring.

LC Waikiki adopts a competency, principle-based selection and evaluation approach. The Company hires candidates by evaluating them according to their professional skills and compliance with company values without any discrimination. **In addition, the Company offers its employees a working**

environment where they can always express their opinions on any issue, ask for support, and where human values are prioritized.

Recruitment is carried out based on equal opportunity, based on candidates' qualifications, competencies, and expertise, in accordance with procedures and instructions such as "LC Waikiki Merchandising Values Principles and Basic Management Policies (LC Waikiki Constitution)," "Personnel Selection, Evaluation and Placement Procedure," and "Promotion and Change of Position Procedure." These procedures form the basis of the Company's employment practices. This comprehensive and disciplined approach aims to protect the interests of the Company and all its stakeholders.

LC Waikiki follows a transparent and fair process to support the career development of its employees. The Company conducts promotions, appointments, and reassignments in line with the competencies of employees and the needs of the Company, with an approach that is based on equal opportunity. This process is carried out in a structure in which internal candidates are evaluated first for each position opened depending on the demand for staff, and channels are established to provide access to open and current positions.

Employment Procedures

The purpose of the Personnel Selection, Evaluation, and Placement Procedure is to ensure that candidate selection and placement are carried out in accordance with the Human Resources policies. This procedure covers external candidate requests at LC Waikiki's head offices, retail centers, and Taha Giyim companies. The posting process is carried out by the Recruitment Officer in coordination with the manager, and job postings are published within the Company or on other career portals.

Through these processes, LC Waikiki ensures that candidates are assigned to the most appropriate roles in line with the Company's goals and needs, as well as aims to increase

employee satisfaction and loyalty by offering vertical and horizontal career development opportunities. This reflects LC Waikiki's professional and corporate approach to employment practices.

LC Waikiki implements the Promotion and Change of Position Procedure to shape the career paths of its employees and provide them with opportunities for advancement in line with company needs and goals. **This procedure clearly defines the processes for job changes and promotions and ensures that these processes are implemented in a fair, transparent, and equitable manner.**

The steps applied in the recruitment process are as follows:

1. Interview:

Assessing candidates' professional and personal competencies

2. Human Resources Interview:

Determining the suitability of candidates to the Company culture and values

3. Manager Interview and Technical Exam:

Testing candidates' technical skills and expertise

4. Assessment Center:

Conducting the General Proficiency Exam, Personality Inventory, and Foreign Language assessments

5. Reference Check:

Confirming the candidate's prior experience and credentials

6. Offer Phase:

Making job offers to suitable candidates



Employment Procedures

The criteria considered in promotion processes are as follows:

▶ **Minimum Working Hours:**

Employees must have completed the minimum working period determined in their current positions. This period varies according to the nature of the position and the criteria set by the Company.

▶ **Promotion Periods:**

A minimum of two years of seniority is required for promotion from Assistant Specialist to Specialist, and a minimum of four years of seniority in Specialist positions is necessary for promotion to Executive positions.

▶ **Disciplinary Action:**

It is an essential criterion for promotion that the employee has not been disciplined in the last year.

▶ **Performance:**

Employees must demonstrate the minimum expected performance in the positions to which they have been assigned in the last two evaluation periods. Performance evaluation results are one of the determining factors in promotional decisions.

Based on these principles, LC Waikiki supports the career development of its employees and offers them opportunities for advancement within the Company. The promotion and reassignment processes are intended to fairly evaluate individuals' competencies,

performance, and contributions to the Company. Career development assessment is carried out within the framework of the Company's competency-based recruitment and talent management policy. In this process, the skills and abilities of employees are matched with the correct positions, allowing each individual to make the best use of their potential and advance in their career path. This procedure reflects LC Waikiki's professional and corporate approach to assessing its employees and guiding them on their career paths.

The Company does its best to transform this attention to its Human Resources strategies into employee loyalty, and accordingly, it implements various strategies to increase employee loyalty and satisfaction. These strategies are based on the General Employee Engagement Surveys, which are conducted on a regular basis and aim to measure employees' opinions, suggestions, and satisfaction levels in the workplace. After the survey results are reported to senior management, all relevant managers, relevant units, and function managers are asked to prepare action plans for the results. These action plans are monitored by Human Resources Business Partners and entered into the system. LC Waikiki's practices to increase employee satisfaction and loyalty are at the center of the Company's overall human resources strategy as part of its continuous improvement approach. These strategies contribute to the creation of an attractive employer brand not only for current employees but also for potential employees and all stakeholders.

Socially Responsible Procurement

Within the scope of responsible social procurement practices, LC Waikiki regularly evaluates the performance of suppliers and encourages compliance with ethical standards

This process covers suppliers in indirect material and service categories, both for the maximum benefit of the Company and for the continuation of sustainable business relationships. The Company’s training data for 2022 emphasizes the importance of ethics and sustainability training for suppliers; within the scope of this training, a total of 9,396 suppliers were trained, and 26,588 training hours were achieved. These training sessions are conducted with gender balance between male and female suppliers.

LC Waikiki’s supplier management attaches great importance to ethical and sustainability principles, periodically evaluates suppliers’ performance, and sets clear and measurable criteria for all stages of the process. With a total of 3,241 social compliance audits completed in 2022, suppliers’ compliance with ethical standards and performance were meticulously examined.

The Company prepared a Supplier Rules document to make supplier selection and evaluation rules an internal rule. This document was shared transparently with all stakeholders via the website. With the Supplier Rules, LC Waikiki aims to ensure the protection and sustainability of environmental and human

resources in its business activities with its business partners in line with its vision and mission. In this context, LC Waikiki requires all its suppliers to adopt and implement the Supplier Code. The Company is committed to continuing to work with suppliers who comply with these rules and continuously improve themselves. It also considers business relationships built around these principles to be the basis of long-term cooperation.

LC Waikiki’s Supplier Code is based on the Universal Declaration of Human Rights, the Universal Declaration of the Rights of the Child, the United Nations Charter, International Labor Organization (ILO) international conventions, local labor laws, Occupational Health and Safety Law and other relevant legal regulations, as well as the Company’s specific procedures and instructions. These rules set the ethical and legal standards LC Waikiki expects from its business partners. LC Waikiki is committed to protecting the fundamental rights and freedoms of all employees in its supply chain and does not accept any violation or limitation of these rights. The Company expects its suppliers to act in accordance with these rules and to implement these principles in their working environments. These principles are listed as follows:

9.396
suppliers
were trained

26.588
training hours

3.241
social compliance audits
completed in 2022

Transparency:

All manufacturers and suppliers must be honest and open in their business activities. They must provide accurate information to auditors and follow the established corrective action plan.

No Child Labor:

LC Waikiki does not accept child labor from its suppliers.

No Forced Labor:

LC Waikiki does not allow suppliers to use forced labor without the free will and individual consent of its employees.

Non-Discrimination:

Suppliers must not discriminate against their employees based on marital status, disability, age, religion, language, race, gender, sexual orientation, sect, political opinion, etc. All employees must be treated equally. No employee should be threatened in any way, referred to the Disciplinary Board, or dismissed from work for any reason that may be considered discriminatory.

Inhumane Treatment:

Suppliers may not mistreat, oppress, harass, physically or psychologically abuse or humiliate their employees. In their communications, they may not behave in a threatening, aggressive, humiliating, degrading, or offensive manner contrary to local customs and moral rules.

Right to Organize and Collective Bargaining:

Workers have the right, without discrimination, to join professional organizations, form an organization themselves, and bargain collectively. Employers must maintain an open attitude towards trade unions’ activities and organizational activities. Workers’ representatives may not be discriminated against in any way and have the right to continue to hold representative positions in the workplace.

Socially Responsible Procurement

Occupational Health:

Employee health protection methods must be followed. There must be enough first aid boxes and first aid certified individuals on site, and the working environment must be hygienic.

Employee Profile:

Employees with special circumstances must be provided with conditions in accordance with local legislation and LC Waikiki standards. Working conditions for young, pregnant, breastfeeding and disabled employees must be appropriate for their special circumstances.

Salary and Working Hours:

Workers' salaries and working hours must comply with local labor law. Employers must pay workers at least the minimum wage, and salaries must be paid regularly and on time. Regular and overtime hours must also comply with local labor law. Personnel files must be kept complete, and annual leave and other leave must be recorded.

Official Documents and Reports:

All official commercial and technical documents must be maintained in accordance with local laws. Suppliers must maintain official documents, licenses, work environment measurement reports, technical operator documentation, and work accident and injury records on a regular basis.

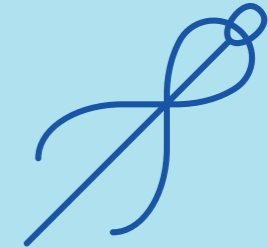
Management System:

LC Waikiki expects suppliers to have authorized, qualified, and named persons responsible for the social compliance management system.

With a total of

3.241

social compliance audits completed in 2022, suppliers' compliance with ethical standards and performance were meticulously examined.



The Company monitors whether its suppliers comply with these principles through audits. Any non-compliance identified during social compliance audits must be systematically addressed and resolved within the specified timeframe. LC Waikiki will continue to partner with manufacturers that adhere to social compliance norms and make continuous improvements in these areas. Regarding suppliers that do not comply with these rules, LC Waikiki may re-evaluate its production processes and reserves the right to terminate its commercial relations with these suppliers.

The Company established a transparent and accessible ethics reporting mechanism for employees and suppliers through the Personnel

Ethics Hotline Management and Operation Procedure.

This mechanism allows all employees and suppliers to safely and confidentially report misconduct and ethical non-compliance. The Ethics Hotline clearly defines the circumstances in which suppliers are required to report unethical behavior and protects the rights of those who are subjected to such behavior. In cases of unethical behavior towards suppliers, LC Waikiki takes the necessary steps to prevent material and moral damage and to protect ethical standards. If suppliers witness any unethical practices, they can report them through the Ethics Hotline, which aims to ensure the sustainability of ethical values and standards in the supply chain.

This mechanism allows all employees and suppliers to safely and confidentially report misconduct and ethical non-compliance.



Socially Responsible Procurement

Periodic Maintenance and Inspections:

Suppliers should have periodic inspection systems in place for all machinery and equipment with safety risks. Production machinery, industrial lifting and handling equipment, elevators, steam boilers, and compressors should be regularly maintained. Electrical installations and earthing systems should be maintained periodically.

Environment:

Suppliers' activities must be conducted in accordance with local environmental regulations. Discharge permits and other relevant environmental permits must be obtained from relevant authorities. Waste management systems must comply with environmental laws.

Occupational Safety:

Building Safety; Suppliers are expected to conduct their business in safe and appropriate buildings. High-pressure equipment should be isolated from workers and work areas.

Fire Safety; There must be sufficient exit doors within the facility, and these doors must always be kept open. Accurate evacuation plans must be in place in every department, and fire extinguishing equipment must be adequate and functional. Regular fire drills should be conducted, and employees should be trained in fire safety methods.

Electric Safety; Electrical installations, panels, cables, and ducts must be safe. Lighting systems must operate safely. Periodic checks of electrical systems must be carried out by accredited organizations or persons.

Working Conditions Safety; Machines must be equipped with the necessary protective equipment. Production machinery, industrial lifting and handling equipment, elevators, steam boilers, and compressors should be periodically maintained. When chemicals are used, the material data sheet must be prepared in the local language and posted in storage and usage areas.

“

The Company expects its suppliers to act in accordance with these rules and to implement these principles in their working environments.

These principles are listed as follows:

- **Occupational Safety**
- **Transparency**
- **No Child Labor**
- **No Forced Labor**
- **Non-Discrimination**
- **Inhumane Treatment**
- **Right to Organize and Collective Bargaining**
- **Occupational Health**
- **Employee Profile**
- **Salary and Working Hours**
- **Official Documents and Reports**
- **Periodic Maintenance and Inspections**
- **Management System**
- **Environment**

Socially Responsible Procurement

LC Waikiki is committed to protecting the fundamental rights and freedoms of every individual in its supply chain and requires all personnel working for its suppliers to have full access to these rights. Within this framework, LC Waikiki expects the following from suppliers:



Suppliers confirm that all individuals working in organizations that provide production and services for them are fully entitled to the rights and freedoms defined by the Constitution of the Republic of Türkiye and the Universal Declaration of Human Rights.



Ensure that all necessary precautions are taken in a timely and complete manner according to the nature of the work and possible risks are mitigated to protect occupational safety and the health of employees.



Demanding full compliance with Occupational Health and Safety legislation and acceptance of this practice as a primary condition for partnership.



The relevant laws and regulations of the Republic of Türkiye on issues such as working conditions and rights are applied by the producers. Not to produce anything that is not produced by free will (produced in slavery and captivity) or by illegal labor, no matter how low the price.



Not tolerating physical and emotional violence, punishment, and harassment of the employees of its direct or indirect manufacturers.

“

Ensuring that every individual in the supply chain has a working environment worthy of human dignity is one of the most important indicators of LC Waikiki’s sense of responsibility.

LC Waikiki considers these expectations of its suppliers not only as the fulfillment of legal obligations but also as a fundamental part of an ethical way of doing business. The Company adopts a proactive approach to protecting the rights of employees and suppliers while building the foundation of a sustainable and ethical supply chain. Ensuring that every individual in the supply chain has a working environment worthy of human dignity is one of the most important indicators of LC Waikiki’s sense of responsibility.

Socially Responsible Procurement

The Social Dialogue Committee Project

Within the scope of the Social Dialogue Committee Project, LC Waikiki has established an effective communication platform to ensure that all employees working at the Company's suppliers can regularly share their needs and suggestions with the management. This platform aims to increase employee loyalty and motivation, reduce employee turnover, and increase productivity and quality.

The Committee's establishment and function involve regular meetings between management and employee representatives and strengthening mutual communication. These meetings are expected to enable employees to discuss their needs and suggestions directly with management and contribute to the improvement of operational processes.

Launched in 2021 in 5 LC Waikiki supplier companies, this project is currently being implemented in 50 companies, and it is planned to increase the number of supplier companies included in the project to 450 in 2024 and the total number of LC Waikiki suppliers to 800 with 100% participation in 2025.

According to the results of the project, 537 out of 797 items (67.38%) raised by employees in regular meetings were resolved according to the wishes of the employees by communicating employee demands and expectations to company management through the 50 companies where the project was implemented. In addition, in the companies where the project was

implemented, improvements were made in conditions in line with sustainable development goals, the welfare level of employees was increased, and the feedback of employees who felt that they were subjected to injustice or inequality within the Company showed that significant progress was made in this area.

Other important project results include receiving suggestions and feedback from 862 interviews conducted among supplier employees and sharing project data with internal stakeholders at quarterly meetings, which generated positive feedback. Suppliers expressed their satisfaction with being part of the project.

This comprehensive and disciplined approach underpins LC Waikiki's responsible social procurement practices and enables the Company to promote sustainable and ethical business practices throughout its supply chain. By evaluating suppliers' performance in terms of ethics and sustainability, LC Waikiki aims to safeguard the interests of the Company and all its stakeholders.

**50 customers
in 2022**

**450 customers
in 2024**

**800 customers
in 2025**



In the companies where the project was implemented, improvements were made in conditions in line with sustainable development goals, the welfare level of employees was increased, and the feedback of employees who felt that they were subjected to injustice or inequality within the Company showed that significant progress was made in this area.

Socially Responsible Procurement

Community Relations

Supplier Training Data (2022)

Number of Trained Suppliers	Women	Men	Total
Number of Trained Suppliers	6,793	2,693	9,396
Training Hours	18,992	7,596	26,588

Supply Assessments (2022)

Total Completed Audits	Prior Approval	Main Audit	Follow-up Audit
Total	559	2,152	529

Number of Suppliers

Year	Domestic	International	Total
2021	1,702	125	1,827
2022	1,687	1,819	1,819



Occupational Health and Safety

LC Waikiki implements a formalized OHS Policy at the highest level, reflecting a commitment at the senior management level in the field of occupational health and safety (OHS). **This policy was prepared in full compliance with the Company’s operations and practices and provides a comprehensive and detailed framework for the clear identification, regular review, and continuous control of OHS objectives.** It also includes LC Waikiki’s commitments to continuously improve its OHS performance and guarantees full compliance with legal regulations during the execution of business processes. The Company adopts a transparent communication strategy for all relevant parties and actively announces its OHS Policy via e-mail, intranet, bulletin boards, and onboarding

raining. The Policy is also published on the Company’s website so that LC Waikiki’s OHS perspective can reach a wide audience, especially company employees, suppliers, customers, and visitors.

In terms of healthcare services, LC Waikiki implements critical practices such as rigorously assessing occupational health risks in its headquarters, conducting initial and periodic medical examinations of employees, and regularly monitoring these examinations. In stores with more than 48 employees, services such as health checks, prescribing medication, and referral procedures offered by workplace physicians are part of an approach that prioritizes the health and safety of employees.

OHS Performance Indicator	2022 Data
Number of Field Inspections	427
Rate of Employees Covered by OHS Management	100%
Percentage of Total Workforce Represented in OHS Committees	100%

In its overseas operations, LC Waikiki conducts recruitment and periodic health checks for all personnel in accordance with the legal requirements of each country in which it operates and supports these checks with workplace doctor services when necessary. In addition, accident insurance coverage for employees and customers demonstrates the Company’s

commitment to maintaining high OHS standards on a global level. Healthcare services for employees working in logistics centers and warehouses include assessment of occupational health risks, recruitment and periodic medical examinations, outpatient clinic services, and a continuous follow-up mechanism.



LC Waikiki’s OHS approach is based on protecting the safety, interests, and beliefs of all relevant parties, including employers, employees, suppliers, and customers, as well as the natural environment and society. This comprehensive approach ensures that the Company prioritizes safety and sustainability principles in all business processes, including end users.

Occupational Health and Safety

The Company continues its OHS activities in line with the important targets it has set within the scope of OHS management. These objectives can be listed as follows:

1. Controlling the Impact of Business Processes, Products, and Services on “Occupational Health and Safety”:

LC Waikiki takes proactive measures to protect the health and safety of employees and customers by observing occupational health and safety standards at all stages, from production to consumption. This aims to reduce potential hazards and prevent occupational accidents.

2. Reducing Risks:

The Company regularly conducts risk assessment processes in its workplaces, identifies potential hazards in advance, and develops strategies to mitigate these risks. This approach contributes to maintaining a safe working environment.

3. Increasing Efficiency and Productivity in Practices:

Efficient OHS practices minimize disruptions in business processes and increase employee productivity. LC Waikiki is aware that safe working environments have a direct impact on productivity and continuously improves accordingly.

4. Protecting Natural Resources:

OHS management is also closely linked to environmental sustainability. LC Waikiki adopts an environmentally sensitive approach by integrating efforts to reduce the environmental impact of business activities and protect natural resources with occupational health and safety policies.

5. Satisfying All Interested Parties:

Safe and healthy working conditions increase employee satisfaction and strengthen the Company’s reputation in the eyes of customers and suppliers. LC Waikiki aims to gain and maintain the trust of all stakeholders by adhering to its high standards in OHS.

6. Increasing Competitiveness and Profitability:

Effective OHS management can reduce operating costs, mitigate risks arising from legal liabilities, and minimize employee absenteeism. This directly increases LC Waikiki’s competitiveness and profitability.



Occupational Health and Safety



At LC Waikiki, the process of learning from and correcting mistakes is supported by a management approach that encourages open and clear communication of problems. Thanks to this understanding, employers, employees, and customers are encouraged to voice their complaints, and the necessary channels are allocated for this purpose.

The Company's goal is to meet the expectations of employers, employees, customers, and legal regulations by continuously improving all inputs, processes, and practices. This process is a dynamic structure in which "Continuous Improvement" activities are carried out to ensure LC Waikiki's competitiveness and continuity, reduce hazards and risks, ensure compliance with laws, and increase efficiency.

The Company's occupational health and safety management is shaped by an OHS Board operating in a diversified structure under the support and direct commitment of senior management.

LC Waikiki's OHS Committee includes experts from various disciplines, such as the employer's representative, occupational safety experts, workplace physicians, human resources managers, and other administrative department heads, as well as employee representatives, and meets regularly with these participants at least once every three months. The decisions made at these meetings regarding OHS are monitored within the framework of action plans, and the aim is to improve the implementation continuously.

To encourage employees' participation in OHS processes, the Company ensures that employee representatives, who are elected by closed voting and open classification, are among the full board members.

Meeting agendas of the OHS Board are determined at least 48 hours prior to the meeting and announced on LCWPORTAL, which is accessible by all employees of LC Waikiki. While this approach increases the transparency of the Company's OHS practices, it also ensures that all employees are informed about OHS processes and reinforces their participation in these processes.

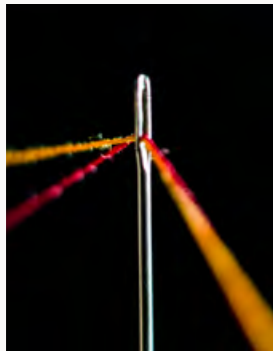
In stores with 48 or more employees, OHS meetings are organized on a quarterly basis by appointed experts, and the decisions taken are implemented by the stores in order of priority. The effectiveness and implementation of the decisions taken at these meetings are re-evaluated at the next meeting. In foreign operations, the convening of the OHS Board varies depending on the legal requirements of that country. LC Waikiki acts in line with the requirements and implements the decisions made under the supervision of the country's OHS expert.

Occupational Health and Safety

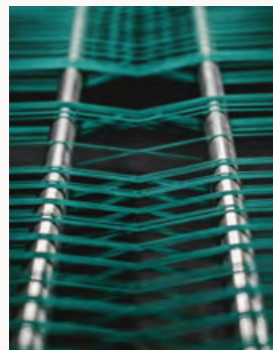
LC Waikiki supports its approach to prevent or mitigate occupational health and safety impacts through risk assessment analysis and identification of control measures. The Company systematically identifies and evaluates the hazards that exist in the workplace, or that may come from outside and takes the necessary measures to reduce risks to acceptable levels. The Company's approach to occupational health and safety management within the

scope of its activities, products, services, and business relationships is based on protecting the health and safety of both internal and external stakeholders. In this context, LC Waikiki follows a comprehensive process to proactively identify and analyze existing or potential external hazards in the workplace and to minimize the risks that may arise from these hazards.

Hazard and Risk Identification



The Company defines situations that have the potential to cause harm or damage that may affect people or the workplace as hazards, and the possibility of loss, injury, or other harmful consequences arising from the identified hazards is determined as risk.



This identification process is supported by comprehensive risk assessment analyses carried out from the design or establishment stage, and these analyses are carried out in accordance with OHS management system standards and legal and other requirements.

Risk Control and Prevention Strategies

To reduce risks to acceptable levels, the Company adopts and implements a hierarchy of control measures.

These measures include:

Elimination:

Eliminating the hazard at its source.

Replacement (Substitution):

Replacing the source of danger with a less dangerous alternative.

Engineering Controls:

Isolating the hazard from the working environment and reducing exposure to the hazard.

Personal Protective Equipment:

Providing personal protection when no other measures can be taken against the hazard.

Behavioral Approaches:

Setting rules and administrative measures to be followed in the workplace.

Occupational Health and Safety

Implementation and Monitoring

The effectiveness of the measures taken is continuously monitored, and risk assessment methods are partially or completely renewed depending on changes in current conditions. In addition, Incident Situation Hazard Tracking (ISHT) reports are kept for each situation experienced in the stores; the most frequent and most serious accidents are analyzed through these reports, evaluated in routine meetings with relevant stakeholders, and necessary actions are taken.

Identified Risks and Hazards

LC Waikiki adopts a comprehensive approach to OHS to prevent or mitigate adverse impacts on its operations, products, and services. This approach includes risk assessment studies, site observation and inspection, and identifying hazards that pose a risk of injury or accident through employee near misses and hazard reports.

Mitigation and Control Processes for Identified Risks

LC Waikiki manages these identified hazards through systematic risk assessment and control processes and takes effective measures to prevent potential injuries or accidents. These measures include:

- ▶ Information and awareness-raising activities,
- ▶ Creating and distributing training videos to employees,
- ▶ Encouraging the use of cardboard cup holders in tea shops,
- ▶ Hanging warning signs,
- ▶ Obtaining the approval of the OHS expert in architectural layout,
- ▶ Fixing mannequins and accessory devices.

Reported Occupational Diseases and Measures Taken

LC Waikiki identifies work-related hazards that carry risks that may adversely affect health and takes measures to address health problems caused by these hazards. Reported occupational diseases include respiratory diseases, musculoskeletal and connective tissue diseases, endocrine-nutritional and metabolic diseases, digestive system diseases, and musculoskeletal disorders caused by repetitive trauma. Actions to prevent or reduce the risks of health problems include:

- ▶ Providing training on safe working conditions,
- ▶ Sending parcels at specified standard weights,
- ▶ Regulating working hours and breaks.

LC Waikiki aims to prioritize the welfare of its employees and customers through continuous development and improvement efforts in the field of occupational health and safety. The Company places great importance on risk assessment and management processes and takes proactive measures to ensure a safe working environment. Employee participation and feedback in these processes play a critical role in increasing the effectiveness of the measures taken. LC Waikiki's diligent approach reflects its determination to fulfill its social responsibilities as an organization, exceeding its legal obligations. This attitude contributes to maintaining the Company's trust and reputation among employees and the general public.

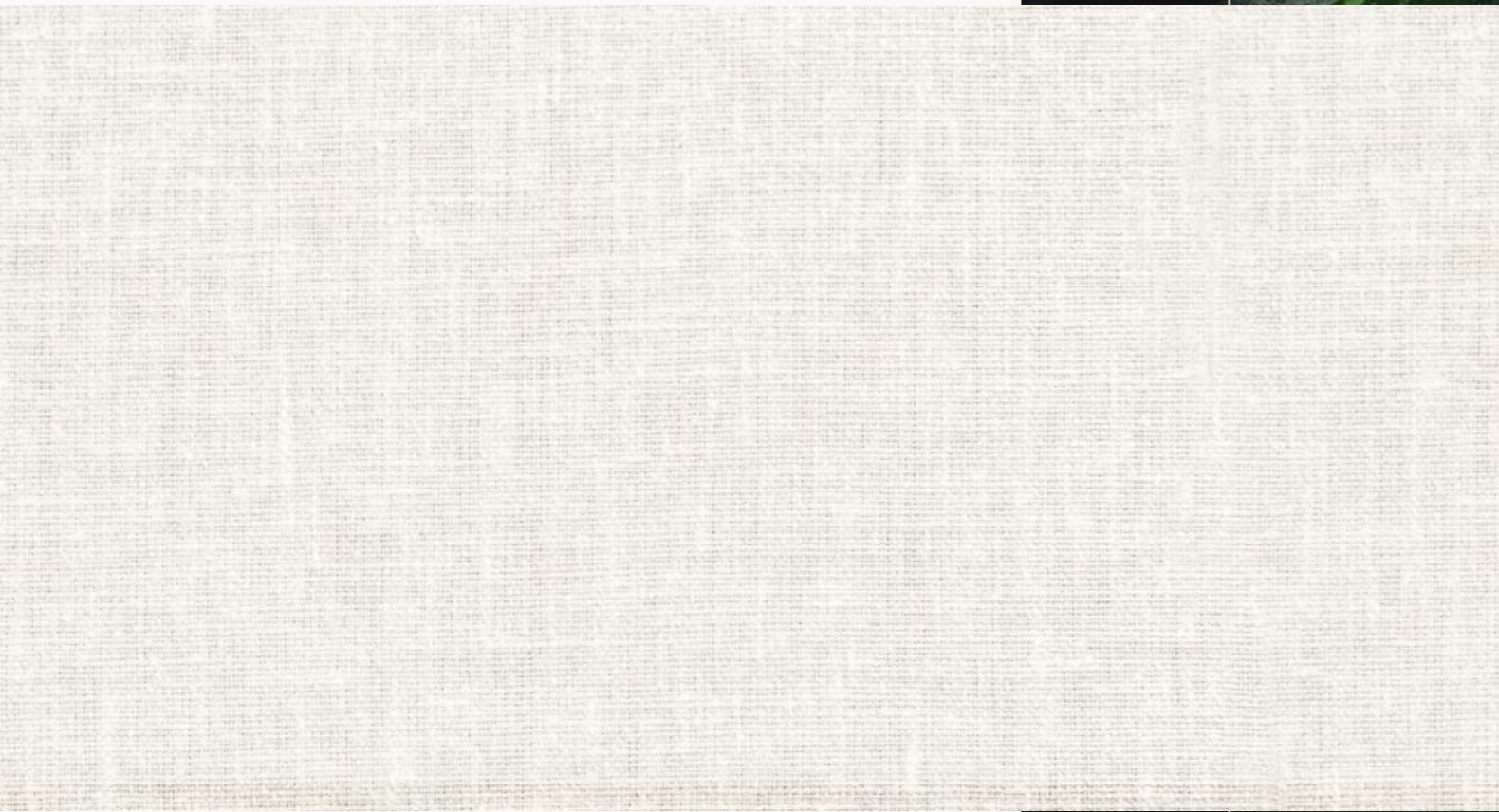




LC Waikiki

05

Our Environment



Water and Wastewater Management

LC Waikiki has placed the protection and effective use of water resources at the center of its sustainability vision in line with the requirements of the industry. Aware of the critical importance of water in production processes and the supply chain, the company has been meticulously conducting water and environmental analyses since 2015, analyzing water use and environmental impacts in detail. These analyses form the basis of water reduction projects and enable water monitoring through a traceability program called Lowscore.

During the product development process, innovative technologies were adopted to save up to 40% more water, especially for the denim products in the Green collection. Water efficiency measures taken at the facilities include converting faucets to sensor systems, reducing toilet tank capacities, and installing aerators that regulate water flow to all faucets.

LC Waikiki also takes important steps in wastewater management and recovers treated wastewater for reuse. This practice is one of the company's water efficiency projects. These projects are carefully managed with detailed planning, objectives, achieved or targeted water efficiency amounts, and budgets.



40% more

innovative technologies were adopted to save up to water.



Water management is one of the material topics in supply chain management and significant steps have been taken in this area since 2015. Conducting wastewater analyses for suppliers is part of this process. Instant samples were taken from suppliers and ZDHC (Zero Discharge of Hazardous Chemicals) wastewater analyses were performed by Labright.

Within the scope of these studies, a total of 176 suppliers, including 127 dyeing plants, 38 printing and 11 washing facilities, were tested. As of 2022, the water and chemical traceability of suppliers was increased with the Lowscore program used in denim washing processes.


In 2022, the company took an important step in the field of sustainability with the “**Self-Colored Natural Cotton Project**” carried out in cooperation with the General Directorate of Agricultural Research. This project enabled the production of self-colored cotton by ensuring the **continuity of ancestral seeds** and was used in our collection. **Thanks to the project, 30% less water was used, and pre-treatment/chemical use in production processes were reduced.**

Under the LC Waikiki Green label, LC Waikiki focuses on the economical use of water resources and aims to use less water and chemicals through methods such as the use of recycled cotton and polyester, vegetable dyeing techniques and the production of colored cotton from nature. These efforts have helped save 130,000 liters of water with women's jeans alone.

The use of recycled materials reduces the amount of water required to grow cotton, gives a second life to surplus cotton fabrics and discarded clothing, reduces soil-intensive production processes, and enables more efficient use of agricultural land. LC Waikiki continues to take steps towards a sustainable future with its commitment to protect and effectively use water resources.

 **127**
dyeing plants

 **11**
washing facilities

 **38**
printing facilities

Waste Management

LC Waikiki aims to minimize its environmental footprint by putting sustainability at the center of its vision. In this context, waste management policies and practices stand out as a clear reflection of the company's eco-friendly approach.



The products offered under the LC Waikiki Green label contribute to the circular economy with garments made from recycled cotton and polyester yarn. This collection is based on the reuse of waste such as plastic bottles, along with other steps to protect nature.



The company conducts independent audits on the ecological and social compliance of its products through internationally recognized certification programs. Certifications such as **GRS (Global Recycled Standard)** and **RCS (Recycled Claim Standard)** guarantee LC Waikiki's transparency and monitoring of recycling processes. These programs audit not only the recycled content of products, but also their ecological and social compliance at all stages of the production chain.



As part of its waste management strategies, the company has adopted the understanding that recycled materials are reusable resources. Waste clothing, fabric scraps and plastic bottles are recycled into fiber in a way that reduces the use of water, energy and chemical resources. This process ensures that waste that could pollute the environment is reintroduced into the economy, thus significantly reducing the resource consumption required to produce fiber from scratch.

Waste Management

The waste sorting and storage processes implemented in LC Waikiki's stores and head offices play a critical role in achieving zero waste targets. Hazardous and non-hazardous waste areas located in stores and head offices ensure that waste is segregated at the source and managed effectively. This waste is transported to temporary storage areas via zero waste bins and then disposed of through municipalities or licensed waste treatment facilities.



Completion of the zero-waste certification process, the projects for outgoing parcels, and awareness-raising efforts to reduce the use of disposable cups demonstrate LC Waikiki's commitment to fulfilling its environmental responsibility. These efforts are supported by face-to-face zero waste training provided to 600 employees, which increase the company's knowledge and awareness on sustainability.



LC Waikiki's commitment to zero waste targets and successful practices in this area have been officially recognized by the Republic of Türkiye's Provincial Ministry of Environment, Urbanization and Climate Change of the Governorship of Istanbul. The company's headquarters was awarded the Zero Waste Certificate in 2022. This certificate is an indication of compliance with the strict standards for the separation of waste at the source, reuse and disposal of waste without harming the environment within the scope of the Zero Waste Management System, which entered into force after being published in the Official Gazette dated 12 July 2019 and numbered 30829.



600

zero waste training
provided to
employees





LC Waikiki's waste management approach is developed within a strategic framework that aims to reduce its impact on the environment and achieve the zero-waste target. This framework aims to effectively establish and manage a zero-waste system in newly opened stores.

The company meticulously implements the processes required to obtain the Basic Level Zero Waste Certificate approved by the Provincial Ministry of Environment, Urbanization and Climate Change.

The establishment of a zero-waste management system starts with the effective management of waste such as glass, paper, metal, plastic, plastic, batteries and textiles left in the environment by customers and employees. LC Waikiki acts in accordance with the Waste Management Procedure for the management of waste from paper, cardboard parcels, and plastic bags resulting from product shipment. This procedure covers the evaluation of waste and actions towards the zero-waste target. The establishment and implementation of the zero-waste management system in the stores and head offices is carried out under the guidance of the Waste Management Team and the responsibility of Store Managers. In collaboration with the Waste Management Specialists and Training and Development Specialists, online training sessions on waste management are organized for all staff, and completion of these training sessions is mandatory.



A planned approach has been adopted for waste sorting and storage and for sending waste to municipalities and licensed waste treatment facilities. The collection of waste at stores and head offices and regular delivery to licensed waste processing facilities contracted by the municipality are carried out under the supervision of Store Managers. LC Waikiki fulfills all the procedures required for the Basic Level Zero Waste Certificate application and is ready for the audits that may be carried out by the Provincial Ministry of Environment, Urbanization and Climate Change. At the end of this process, the certificate is automatically generated for the systems deemed appropriate, and LC Waikiki's zero waste management system becomes official.

Focusing on LC Waikiki's sustainable environmental practices, the Waste Management Procedure aims to prevent waste, prevent or minimize waste generation, and manage waste effectively.

The procedure covers the separation, accumulation, collection, recycling, and recovery of waste by type, as well as disposal and post-disposal monitoring and auditing activities. In addition, obtaining the Basic Level Zero Waste certificate and its follow-up are an important part of the procedure.



Training and awareness-raising activities play a critical role in the success of waste management processes. LC Waikiki and Taha Giyim employees **are required to watch the training videos prepared by Waste Management Specialist and offered through "LCW Academy."** These training sessions aim to raise employee awareness on waste management and encourage best practices. If requested by the Ministry of Environment, Urbanization and Climate Change, information on the training received is provided by LCW Academy and shared with the ministry.

Control and monitoring processes are also an integral part of the Waste Management Procedure. The placement and color of waste bins in offices, corridors and common areas are monitored monthly by the Waste Management Specialist. When any deficiencies are detected, an action plan is created by the Waste Management Specialist and nonconformities are photographed and reported to the Materials Quality Assurance and Environmental Sustainability Group Manager.

Waste management practices are a tangible demonstration of the company's overall sustainability strategy and commitment to reducing its environmental impact. All these holistic practices underline that the company fulfills not only its legal obligations but also its social responsibilities as an organization.



Emissions Management

LC Waikiki shapes its emissions management strategies in line with the principles of environmental compatibility and sustainability, and it carries out its activities in this field with an approach focused on reducing global warming and its environmental impacts.

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In particular, considering the significant impact of gas emissions from air conditioning systems on global warming, the company has switched to gases that do not harm the ozone layer in air conditioning systems in all stores. This step was taken within the framework of the company's ecological compliance policies and stands out as an important initiative to reduce its environmental footprint.

In 2021, the company took its first steps in emissions management by conducting a pilot study through the Material Quality Assurance Department. This study aimed to calculate the company's Scope 1 and Scope 2 emissions, covering a wide range of gases including CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. The calculations were performed in accordance with ISO 14064-1:2019 and the GHG Protocol, and this process provided a basis for the company's future emission reduction strategies. The purpose of this pilot study was to provide a basis for the company's future emission calculations and to pave the way for LC Waikiki to take concrete steps to reduce its environmental impact. This effort is considered an important starting point in the company's environmental sustainability journey and sets the direction for future efforts to achieve emission reduction targets.

LC Waikiki's strategies for recycling and sustainable resource utilization are directly linked to its emissions management efforts. Discarded clothing, fabric scraps from garment processes, and plastic bottles are recycled into fibers through mechanical and chemical methods. This process indirectly reduces emissions and contributes to the protection of natural resources by reducing the use of water, energy and chemical resources required to produce new fibers. For a sustainable future, LC Waikiki's emissions management strategies take a holistic approach to efforts in areas such as environmental footprint reduction, environmental compliance and chemical control.

Energy Management



LC Waikiki prioritizes its sustainability vision in all its activities and addresses it under the principle of ecological harmonization using two perspectives, both environmental and chemical. Within this framework, LC Waikiki continues its environmental compliance activities by regularly auditing manufacturers in areas such as water management, energy management, wastewater management and compliance with environmental legislation. In addition, more than 1,000 online and in-class training sessions are organized annually through the LC Waikiki Academy with a staff of 600 internal trainers and mentors.

600
internal trainers and mentors

1000+
online and in-class training sessions

To reduce dependence on fossil fuels and improve energy efficiency, the company began investing in solar power plants at its headquarters and logistics warehouses. The conversion of signage and light fixtures in stores to LED has resulted in annual savings of 16,400,000 KWh of electricity, equivalent to the annual electricity demand of approximately 5,500 houses. In addition, the conversion of automated electrical systems in stores saved an additional 8,500,000 KWh of electricity, equivalent to the annual demand of 2,850 homes. Pilot studies in 50 stores have demonstrated the effectiveness of our savings efforts in this sphere.

16,400,000 kWh
Units of electrical energy saved through LED conversion

8,500,000 kWh
Units of electrical energy saved through automated electrical systems

The LED conversion of store signage and light fixtures is an important step in energy savings. The LED conversion saved 3 million KWh and the light fixture conversion saved 13.5 million KWh of energy. These initiatives are critical to achieving LC Waikiki's energy management and sustainability goals, and the company's efforts in this area continue unabated.

Energy Management

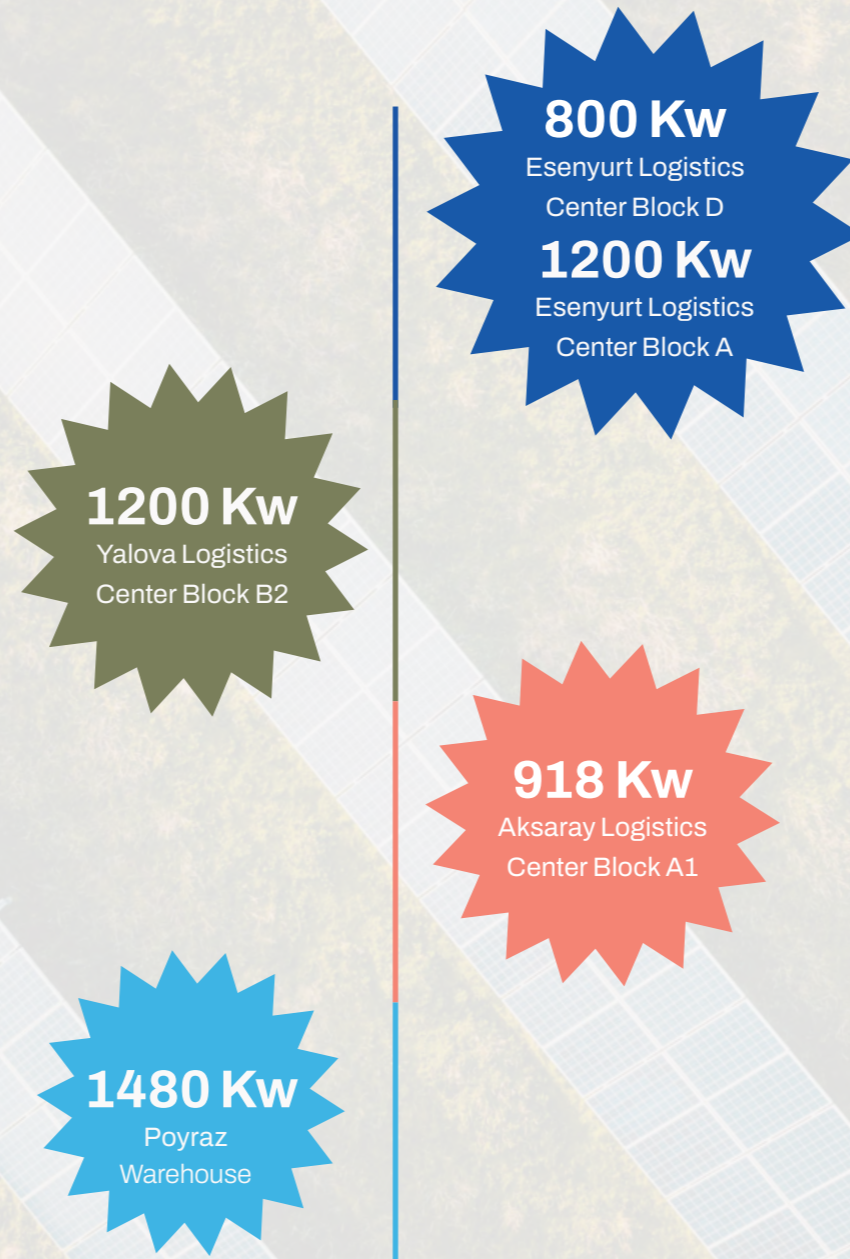
LC Waikiki's energy management efforts focus on the reduction and efficiency of energy consumption in the company's operations. In this context, energy transformation to save energy is **supported by important steps such as Solar Energy Systems (SPP)** installed on the roof in addition to LED lighting conversions. Lighting throughout the building is turned off at certain hours, parking lot and floor hallway lighting has been converted to sensor systems, exterior lighting has been reduced, and sockets with timers have been installed to ensure that projections and in-office TVs are not left on unnecessarily. In addition, personnel assigned by administrative affairs walk around the buildings during the day to turn off unnecessary devices. Turning off coolers and boiler systems at the end of working hours in the evening also contributes to energy savings.

LC Waikiki attaches great importance to the use of renewable energy sources and has embarked on a significant energy efficiency process with its rooftop SPP installation.

SPP projects were initiated with a capacity of 800 Kw at the Esenyurt Logistics Center Block D, 1480 Kw at the Poyraz Warehouse, 1200 Kw at the Yalova Logistics Center Block B2, 918 Kw at the Aksaray Logistics Center Block A1 and 1200 Kw at the Esenyurt Logistics Center Block A. These projects make significant contributions to the company's goals of increasing the use of renewable energy and reducing its environmental impact.

LC Waikiki's energy efficiency efforts have achieved tangible results through various projects carried out in its domestic and international stores. These projects aim to reduce energy consumption, lower costs and contribute to environmental sustainability.

Initiated solar power projects and capacities;



Domestic Store Operations:

KNX Automation Project:

This project lasted for 10 months starting from April 2022, with an investment of 15 million TL. While saving 2.5 million TL per month, a gain of 820,000 KW in energy efficiency was achieved.

Lighting Savings Operation:

Starting from December 2022 and continuing for 3 months, this study was carried out at no additional cost and provided monthly savings from 7.2 million TL before October to 8.6 million TL after October. Energy efficiency gains amounted to 2.3 million KW.

International Store Operations:

Lighting Savings Operation:

This project was carried out for 3 months starting from December 2022 at a cost of 113,000 USD. Monthly savings amounted to 116,000 USD and 1.15 million KW was achieved in energy efficiency.

The aim of these projects is to effectively manage LC Waikiki's energy consumption and optimize its costs while reducing its environmental impact. The KNX Automation and Lighting Operation projects stand out with their high energy savings and efficiency. These efforts demonstrate the concrete steps taken by the company in the field of energy management and its commitment to its sustainability goals.

These energy management efforts contribute to LC Waikiki's goals of reducing energy consumption, integrating renewable energy sources, and promoting environmental sustainability, as well as being beneficial actions in the context of climate change and environmental risk management. In addition to stores, the use of electric forklifts in warehouses instead of diesel forklifts is part of this sustainable approach.

Climate Change and Environmental Risk Management

LC Waikiki takes climate change risks seriously and bears responsibility for environmental risk management both for all stakeholders and for the long-term existence of the company.

The company's efforts in this area are shaped by the vision of protecting the world's resources and passing on a healthy environment to the next generations. Within the framework of this vision, LC Waikiki's ecological product policy is based on information transfer and data-based transparency to ensure that products are produced in accordance with the requirements of human health and in an environmentally sensitive manner. This approach is based on the adoption of sustainable production and consumption practices.

The commitments determined within this scope solidify the steps taken by the company to fulfill its environmental and ecological responsibilities. LC Waikiki aims to share its environmental and ecological product policy with all its stakeholders, including suppliers, sub-suppliers, employees and customers, and to raise social awareness with this information. In this process, the company aims to partner with suppliers and producers who adopt the company's values, work transparently and in accordance with ecological principles, and create new and sustainable value chains.

The steps taken by LC Waikiki in the use of environmentally friendly materials and sustainable production processes are supported by the following actions:

- Ensuring that the ecological product and environmental policy is understandable and accessible, the values and principles are openly and clearly communicated to all producers and suppliers, providing necessary training on this subject and raising awareness,
- Conducting on-site audits of high-risk producers and suppliers and creating a value chain risk map,
- Controlling the use of water and energy resources and establishing traceable systems to ensure efficiency,
- Reducing waste generation and maximizing recovery through controlled use of raw materials,
- Calculating carbon and water footprints, especially determining the chemical footprint and making improvements.

In line with these actions, LC Waikiki aims to reduce the use of raw materials that have negative impacts on the environment and human health and to increase the use of sustainable materials. In this process, an approach based on certification programs and scientific risk analyses has been adopted and a comprehensive framework for the development and delivery of sustainable products has been established.

Environmentally Friendly Materials

LC Waikiki takes a broad approach to the development of environmentally friendly materials. The company's chemical management activities aim to reduce its chemical footprint and ensure that the chemicals used have ingredients that do not harm the environment and human health.



In this context, the use of chemicals that are harmful to human health, such as AZO, phthalates, heavy metals and formaldehyde, is strictly prohibited in production processes. Detailed tests are also conducted for APEO, persistent organic pollutants and heavy metal chemicals that pose a risk to environmental health. These tests are carried out in our internationally accredited laboratories, which are audited by independent organizations. In the last year, more than 3 million ecological tests were conducted on 360,000 samples to assess whether the chemicals used in production pose a risk.

The Green collection emphasizes the use of recycled cotton and polyester yarn as a reflection of the sustainable production approach. With this collection, the company offers environmentally friendly products with less water and chemical use, vegetable dyeing techniques and the production of naturally colored cotton. LC Waikiki has also taken an important step towards reducing gas emissions from air conditioning systems and updated the air conditioning systems in all its stores to use gases that do not harm the ozone layer.

“

The use of organic cotton contributes to the protection of biodiversity and supports sustainable agricultural practices. LC Waikiki certifies its organic products under internationally recognized certification programs such as the Global Organic Textile Standard and the Organic Content Standard, guaranteeing the ecological and social compliance of the products. As part of its animal-friendly production policies, LC Waikiki restricts the use of materials of animal origin and prefers alternative materials that do not harm animals. For materials such as goose down, LC Waikiki pays attention to RDS (Responsible Down Standard) certification and responsible sourcing, while avoiding the use of genuine leather and fur and opting for alternative materials that are ecological and harmless to human health.

These comprehensive strategies demonstrate LC Waikiki's commitment to reducing its environmental footprint, promoting sustainable resource use and contributing to the preservation of ecological balance. The company reinforces its leading position in the industry through the development of environmentally friendly materials and sustainable production practices, while prioritizing its responsibility to the environment and human health.

LC Waikiki's efforts to develop sustainable materials are supported by the company's detailed instructions for identifying, tracking and labeling sustainable products.

The "Sustainable Materials Guideline" forms the basis of these processes and ensures that the company focuses on materials produced with sustainable resources and production processes. The purpose of this guideline is to identify sustainable products and provide comprehensive information on the certification programs and requirements for these products. The scope includes materials from sustainable sources and the sustainable production processes which produce these materials.

Environmentally Friendly Materials

The process of labeling products made from sustainable materials is carried out in accordance with LC Waikiki's "Rules to be Considered in the Use of Card Labels" Guideline. In this process, purchasing teams assume an important responsibility to ensure that labeling is done correctly and to raise customer awareness of sustainable products. The labels to be used in accordance with sustainable materials and processes are determined by the purchasing team and the suitability of these labels is confirmed with the information received from the Material Quality Assurance Department.



LC Waikiki contributes to the promotion and awareness of sustainable products by using the LC Waikiki Green label specially designed for materials with sustainable materials. This labeling practice enables consumers to easily recognize and prefer sustainable products and emphasizes the importance LC Waikiki attaches to the use of sustainable materials.



As part of LC Waikiki's approach to eco-friendly material development and sustainable production, the Sustainable Materials Guideline plays an important role in achieving the company's sustainability goals. **This guideline aims to raise consumer awareness by using sustainable materials and correctly labeling products.**

- LC Waikiki uses organic cotton in its children's products, thus supporting sustainable agricultural practices and reducing environmental impact.
- Within the scope of the rPET project, 30% of polyester staple fiber is used as recycled raw material and approximately 625 million plastic bottles are recycled annually.
- At least 50% of returned textile products are brought back into use.
- 99% of the products entering the warehouse are considered safe within the context of chemicals.
- In 2021, 7,600 tons of fabric collected from suppliers were reused for the company's own products, contributing to the collection.
- The circular economy business model ensures the traceability and recycling of fabric waste at garment suppliers.
- Recycled paper is used in production processes, which is an inherently green perspective.



Environmentally Responsible Procurement

LC Waikiki carries out responsible environmental procurement practices and uses data-driven approaches to support its progress in these processes. **Since 2015, the company has attached great importance to water and environmental analyses in its supply chain management processes and has focused on suppliers' water management practices such as wastewater analyses.**

The company's supplier performance assessment procedure provides a comprehensive structure for evaluating suppliers in terms of environmental criteria and ensuring the continuity of these assessments. In 2020, the percentage of new suppliers assessed for environmental criteria was 24%, which increased to 28% in 2021. Likewise, the overall assessment of suppliers improved to 90% in 2020 from 63% in 2021 and 74% in 2022. This data demonstrates LC Waikiki's commitment to environmental criteria and its determination to improve its performance in this area.

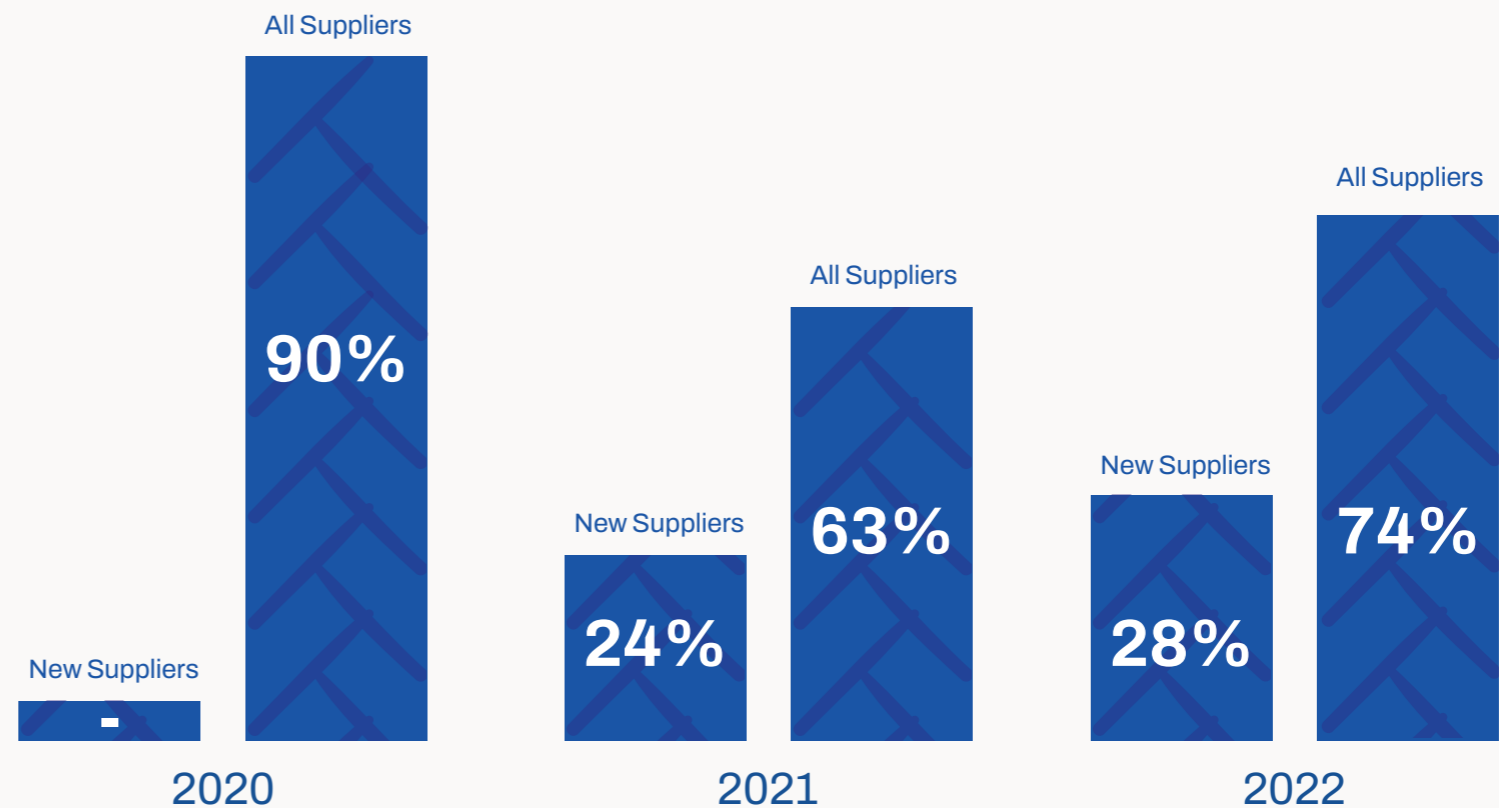
Within the framework of LC Waikiki's supplier rules, suppliers' activities must be carried out in accordance with local environmental regulations. Suppliers must have the necessary discharge permits and other environmental permits obtained from official authorities. In addition, waste management systems must comply with environmental laws. These rules are set to ensure that sustainability and environmental protection standards are applied consistently throughout the supply chain. If these rules are not complied with, the company has the right to terminate its relationship with the supplier.

LC Waikiki's sustainable production processes and the use of environmentally friendly materials have been reinforced with concrete actions such as the reevaluation and use of 7,600 tons of fabric collected from suppliers in 2021. These actions include clearly explaining the ecological product and environmental policy to all manufacturers and suppliers, providing the necessary training and raising awareness. Creating a supply chain risk map and conducting on-site audits are the cornerstones of the company's environmental procurement practices.

In conclusion, LC Waikiki maintains its environmental procurement practices with a systematic approach and aims for continuous improvement in this area. The company's dedication to fulfilling its sustainability commitments is demonstrated by the evaluation of supplier performance and the classification system based on environmental criteria. This approach reinforces LC Waikiki's environmental leadership in the sector and aims to create value for all stakeholders.



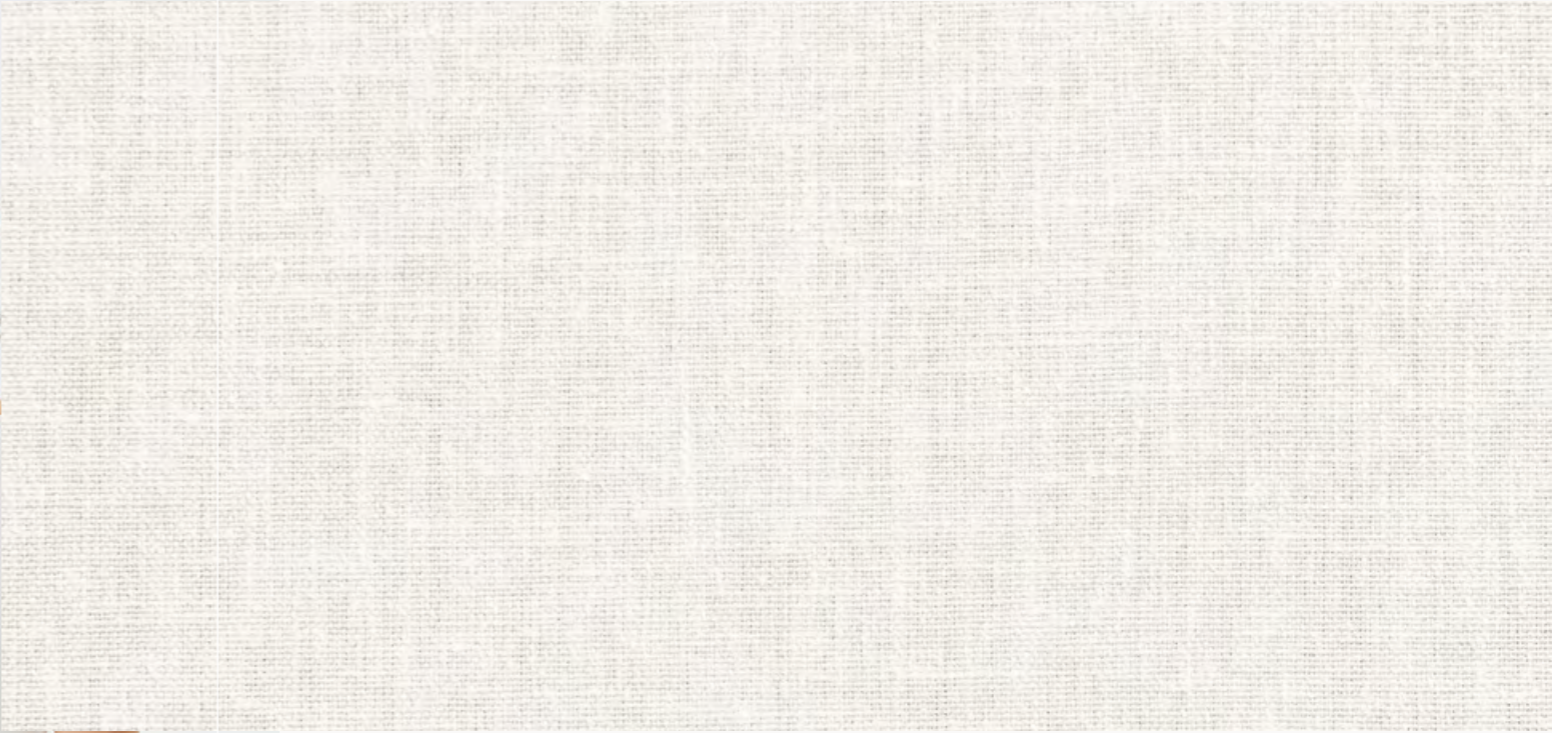
Percentage of suppliers assessed with environmental criteria;





06

Appendices



Social Performance Indicators

LC WAIKIKI EMPLOYEE PROFILE							
2022	Employees - Total	Employees - Women	Employees - Men	Employees - White Collar	Employees - Blue Collar	Employees - Full Time	Employees - Part Time
Distribution by Location:							
Center	5,102	2,897	2,205	4,943	159	5,063	39
Merchandising Center	708	356	352	697	11	700	8
Logistics	7,327	1,617	5,710	629	6,698	7,313	14
Countries (Office + Store)	15,561	9,959	5,602	13,535	2,026	10,577	4,984
Taha Giyim	2,354	946	1,408	1,273	1,081	2,354	0
Domestic Stores	25,179	18,038	7,141	23,727	1,452	14,123	11,056
Total Number of Employees:	56,231	33,813	22,418	44,804	11,427	40,130	16,101

LC WAIKIKI MANAGEMENT STRUCTURE	
2022	Number of People
Number of Women	8
Number of Men	31
18 - 30	0
31 - 50	27
50+	12

Social Performance Indicators

LC WAIKIKI PARENTAL LEAVE

2022	Number of People
Number of Women Employees on Parental Leave	818
Number of Men Employees on Parental Leave	783
Number of Women Employees Returning from Parental Leave	800
Number of Men Employees Returning from Parental Leave	782
Number of Women Still Working in the Company 12 Months After Returning from Parental Leave	556
Number of Men Still Working in the Company 12 Months After Returning from Parental Leave	649

**This includes the leave data of employees excluding Taha Giyim and those outside the organization.*

LC WAIKIKI EMPLOYEE TURNOVER RATES

2022	Kadın	Erkek	Toplam
Rate of Newly Hired Employees	52%	45%	-
Turnover Rate - Involuntary	3%	6%	-
Turnover Rate - Voluntary	34%	25%	-
Employee Turnover Rate - Total	-	-	41%

Social Performance Indicators

LC WAIKIKI TRAINING DATA			
2022	Number of Employees who Received Training		
Women	13,920		
Men	17,052		
White Collar	21,906		
Blue Collar	9,066		
Total:	30,972		
2022	Total Hours and Types of Training Provided to Women Employees	Total Hours and Types of Training Provided to Men Employees	Total Hours of Training Provided to Employees
Personal Development	31,373	33,288	-
Technical and Professional Skills	71,990	41,751	-
Basic Skills	15,535	13,014	-
Legal/Mandatory	4,675	5,230	-
Total:	123,573	93,284	216,857

**Data excluding merchandising and logistics*

Social Performance Indicators

LC WAIKIKI TRAINING DATA - MERCHANDISING			
2022	Number of Employees who Received Training		
Women	808,965		
Men	368,284		
Total:	1,177,249		
2022	Total Hours and Types of Training Provided to Women Employees	Total Hours and Types of Training Provided to Men Employees	Total Hours of Training Provided to Employees
Personal Development	2,954	1,765	-
Technical and Professional Skills	399,091	179,996	-
Basic Skills	32,505	13,943	-
Legal/Mandatory	61,308	25,647	-
Total:	-	-	717,208

Social Performance Indicators

LC WAIKIKI TRAINING DATA - LOGISTICS			
2022	Number of Employees who Received Training		
Women	78,159		
Men	306,004		
Total:	384,163		

2022	Total Hours and Types of Training Provided to Women Employees	Total Hours and Types of Training Provided to Men Employees	Total Hours of Training Provided to Employees
Personal Development	2,359	12,380	-
Technical and Professional Skills	1,860	9,830	-
Basic Skills	-	-	-
Legal/Mandatory	5,129	22,397	-
Total:	-	-	53,955

LC WAIKIKI TRAINING DATA - SUPPLIERS		
2022	Number of Employees who Received Training	Training Hours
Women	6,793	18,992
Men	2,603	7,596
Total:	9,396	26,588

Social Performance Indicators

LC WAIKIKI OCCUPATIONAL HEALTH AND SAFETY DATA	
	2022
Number of Accidents with Lost Time	190
Lost Time Accident Frequency Rate	2.71
Number of Lost Working Days	804
Lost Time Accident Severity Rate	11.45
Number of Recordable Accidents	219
Recordable Accident Frequency Rate	3.12
Total Accident Rate	12.92
Ratio of Employees Covered by OHS Management System	100%
Number of Field Inspections	427
Number of Occupational Diseases	0

**Center and domestic retailing data.*

Social Performance Indicators

LC WAIKIKI PROCUREMENT DATA		
	2021	2022
Total Completed Inspections - Pre-Approval	-	559
Total Completed Inspections - Main Inspection	-	2,152
Total Completed Inspections - Follow-up Inspection	-	529
Total Completed Inspections:	-	3.241
Number of Suppliers - Domestic	1.702	1.687
Number of Suppliers - International	125	132
Total Number of Suppliers:	1.827	1.819

Environmental Performance Indicators

LC WAIKIKI ENERGY CONSUMPTION DATA				
	Unit	2020	2021	2022
Total Electricity Consumption	kWh	12,770,134	12,966,550	14,368,494
Electricity Consumption per Employee	GJ	0.57	0.52	0.44

LC WAIKIKI WATER CONSUMPTION DATA				
	Unit	2020	2021	2022
Total Water Consumption	m ³	74,297	87,515	90,851
Water Consumption per Employee	m ³	2.5	3.02	3.17

LC WAIKIKI WASTE DATA				
	Unit	2020	2021	2022
Amount of Waste Generated by Type - Stores				
Waste Glass	kg	-	-	210
Waste Paper	kg	-	-	70,466
Waste Batteries	kg	-	-	5
Waste Plastic	kg	-	-	11,155
Waste Textile	kg	-	-	47
Mixed (Plastic, Paper, Glass, Metal)	kg	-	-	82,017
Composite Waste	kg	-	-	186
Total	kg	-	-	164,086

Environmental Performance Indicators

LC WAIKIKI WASTE DATA				
	Unit	2020	2021	2022
Amount of Waste Generated by Type - Logistics Centers - Istanbul				
Wood	kg	448,863	817,155	127,740
Waste Accumulators	kg	-	20,500	13,500
Waste Paper	kg	5,005,520	4,610,090	2,835,550
Waste Metal	kg	61,340	113,320	72,160
Waste Plastic	kg	132,040	416,140	152,890
Hazardous Waste	kg	-	-	420
Toner - Cartridge	kg	-	-	708
Total:	kg	5,647,763	5,977,205	3,202,968
Amount of Waste Generated by Type - Lc Waikiki Mağazacılık Hizmetleri Ticaret Anonim Şirketi - Giyimkent Branch				
Waste Paper	kg	-	-	6,096
Waste Metal	kg	-	-	39
Waste Plastic	kg	-	-	2,433
Total	kg	-	-	8,568*

**Since the Giyimkent Branch was opened in 2023, data for 2021 and 2022 are not available.*

Environmental Performance Indicators

LC WAIKIKI WASTE DATA				
	Unit	2020	2021	2022
Amount of Waste Generated by Type - Lc Waikiki Mağazacılık Hizmetleri TİC. A.Ş.				
Waste Glass	kg	-	526	902
Waste Paper	kg	6,145	10,634	33,113
Waste Metal	kg	1,125	150	895
Waste Plastic	kg	2,225	4,856	5,066
Total:	kg	9,495	16,166	39,976
LC WAIKIKI OTHER DATA				
	Birim	2020	2021	2022
Percentage of New Suppliers Assessed for Environmental Criteria	%	-	24%	28%
Percentage of All Suppliers Assessed for Environmental Criteria	%	90%	63%	74%
Green Products				
Percentage of Denim Products	%	-	-	40%
Organic Products - Baby	%	-	-	2%
Use of Recycled Cotton				
Domestic	%	-	-	20%
International	%	-	-	30%

GRI Content Index

Statement of use	LC Waikiki Mağazacılık Hiz. A.Ş. has reported in accordance with the GRI Standards for the period 1 January 2022 - 31 December 2022.	
GRI 1 used	GRI 1: Foundation 2021	
<p>For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the Turkish version of the report.</p>		

GRI Standard	Disclosure	Subject Heading	Page Number, Sources and/or Direct Answers	Additional Information/ Reasons of Omission
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report	5	
	2-2 Entities included in the organization's sustainability reporting	About Lc Waikiki	5	
	2-3 Reporting period, frequency and contact point	About the Report	5	
	2-4 Restatements of information		Since this is the first Sustainability Report of the Company, no change has been observed.	
	2-5 External assurance	About the Report	5	
	2-6 Activities, value chain and other business relationships	About Lc Waikiki	7-11	
	2-7 Employees	Employment Procedures, Social Performance Indicators	62, 89-95	
	2-8 Workers who are not employees	Social Performance Indicators	89-95	
	2-9 Governance structure and composition	Sustainability Committee, Human and Labor Rights, Social Performance Indicators	23-24, 57, 89	
	2-10 Nomination and selection of the highest governance body	Message from the CEO, Sustainability Governance, Sustainability Committee	6, 22, 23-24	
	2-11 Chair of the highest governance body	Message from the CEO, Sustainability Governance, Sustainability Committee	6, 22, 23-24	
	2-12 Role of the highest governance body in overseeing the management of impacts	Message from the CEO, Sustainability Governance, Sustainability Committee	6, 22, 23-24	

GRI Content Index

GRI Standard	Disclosure	Subject Heading	Page Number, Sources and/or Direct Answers	Additional Information/Reasons of Omission	
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	Sustainability Governance, Sustainability Committee	22, 23-24	
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, Sustainability Committee	22, 23-24	
	2-15	Conflicts of interest	Ethics and Compliance	51-54	
	2-16	Communication of critical concerns	Ethics and Compliance	51-54	
	2-17	Collective knowledge of the highest governance body	Message from the CEO, Sustainability Governance, Sustainability Committee	6, 22, 23-24	
	2-18	Evaluation of the performance of the highest governance body	Employment Procedures	69	
	2-19	Remuneration policies	Human and Labor Rights, Lc Waikiki Academy	61, 65	
	2-20	Process to determine remuneration	Human and Labor Rights, Lc Waikiki Academy	61, 65	
	2-21	Annual total compensation ratio			Privacy restrictions: Due to the confidentiality of personal information, it cannot be shared.
	2-22	Statement on sustainable development strategy	Message from the CEO, KPIs and Targets, Economic Performance	6, 33, 38	
	2-23	Policy commitments	Human and Labor Rights, Socially Responsible Procurement	62, 70-74	
	2-24	Embedding policy commitments	Human and Labor Rights, Socially Responsible Procurement	62, 70-74	
	2-25	Processes to remediate negative impacts	Ethics and Compliance	51-54	
	2-26	Mechanisms for seeking advice and raising concerns	Ethics and Compliance, Socially Responsible Procurement	51-54, 70-74	
	2-27	Compliance with laws and regulations	Customer Privacy and Security, Ethics and Compliance	47-50, 51-54	
	2-28	Membership associations	Stakeholder Engagement Table	27-30	
2-29	Approach to stakeholder engagement	Stakeholder Engagement and Materiality	25-30		
2-30	Collective bargaining agreements	Socially Responsible Procurement	70		

GRI Content Index

GRI Standard	Disclosure	Subject Heading	Page Number, Sources and/or Direct Answers	Additional Information/Reasons of Omission
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis	31	
	3-2 List of material topics	Material Topics	32	
ECONOMIC PERFORMANCE, INDIRECT ECONOMIC IMPACTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance	37-39	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance	37-39	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Human and Labor Rights	61	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Corporate and Social Responsibility Overview	13	
	203-2 Significant indirect economic impacts	"Corporate and Social Responsibility Overview, Economic Performance"	13, 37-39	
SOCIALLY RESPONSIBLE PROCUREMENT				
GRI 3: Material Topics 2021	3-3 Management of material topics	Socially Responsible Procurement	70-74	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Community Relations	75	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Socially Responsible Procurement	70	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Socially Responsible Procurement	70	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Socially Responsible Procurement	70	

GRI Content Index

GRI Standard	Disclosure	Subject Heading	Page Number, Sources and/or Direct Answers	Additional Information/Reasons of Omission
SOCIALLY RESPONSIBLE PROCUREMENT				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Socially Responsible Procurement, Community Relations	70-74, 75	
	414-2 Negative social impacts in the supply chain and actions taken	Socially Responsible Procurement	70-74	
COMBATING UNETHICAL FINANCIAL PRACTICES				
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and Compliance, Socially Responsible Procurement	54, 71	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Ethics and Compliance, Socially Responsible Procurement	54, 71	
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance, Socially Responsible Procurement	54, 71	
MATERIALS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmentally Friendly Materials	90-91	
GRI 301: Materials 2016	301-2 Recycled input materials used	"Environmentally Friendly Materials, Environmentally Responsible Procurement"	91, 92	
	301-3 Reclaimed products and their packaging materials	"Environmentally Friendly Materials, Environmentally Responsible Procurement"	91, 92	
ENERGY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Management	87-88	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Performance Indicators	101	
	302-4 Reduction of energy consumption	Energy Management	88	
	302-5 Reductions in energy requirements of products and services	Energy Management	87	

GRI Content Index

GRI Standard	Disclosure	Subject Heading	Page Number, Sources and/or Direct Answers	Additional Information/Reasons of Omission
WATER AND EFFLUENT				
GRI 3: Material Topics 2021	3-3 Management of material topics	Water and Wastewater Management	82	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water and Wastewater Management	82	
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