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SUGGESTIONS and COMPLAINTS

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**BAYKAN** DENİM**SUSTAINABILITY REPORT 2023**

fashion fades denim stays



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BAYKAN DENIM

www.baykandenim.com

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BAYKAN DENIM

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SUSTAINABLE
PERFORMANCE
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Social Performance Indicators
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ABOUT THE REPORT

We,

while focusing on people in every field in which we operate, we also care about the environment we live in as an inseparable part of it.

We always proceed by adhering to the principles of "Respect" and "Responsibility," which form the foundation of our ethical values. We accept it as our responsibility to leave a livable future and a better world behind.

We are aware that our responsibility is not limited only to our own field of activity.

That's why, we believe that our supply chain and stakeholders must also act with the same awareness.

Our journey, which started in Istanbul in 1998 and extended to Malatya, Georgia, and Egypt, continues to grow with this belief.

“All the flowers of tomorrow are in the seeds of today.”
– Chinese Proverb



BAYKAN DENIM

Because we have a promise to the future:

While signing good, beautiful, and right works, we aim to add value to human life and protect the world we live on.

This report is a reflection of our working approach that prioritizes future generations, the real owners of tomorrow and its resources, based on our belief in sustainable resources, nature, and our environment.

MESSAGE FROM THE CHAIRMAN OF THE BOARD



Osman BAYKAN

Chairman of the Board

Dear Stakeholders,

We are on a journey that reflects the deep respect we feel for the world and humanity in every step we take.

As Baykan Denim, we are working to carry our production forward in a more efficient way by avoiding the responsibility imposed on us by this sustainability-oriented journey and integrating innovative technologies and digital transformation processes into our business, under the guidance of circular economy principles.

Sustainability is not just a goal we integrate into our business processes; it is a tangible expression of the deep responsibility we feel towards this world, future generations, and society.

We are embracing a major transformation in the apparel industry. On this journey we have embarked upon, we are committed to environmental sensitivity, the power of technology, and our ethical values.

Our goal is not only to use today's resources consciously while thinking of tomorrow, but also to reduce our environmental impacts, strengthen our fight against climate change, and transform our production into a more sustainable structure under conditions that are more suitable for human dignity.

We are not alone on this journey. Together with our business partners, employees, and stakeholders, we are building and nurturing inspiring collaborations that will contribute to our vision for the future.

As Baykan Denim, we continue our efforts with the goal of leaving a more livable, fairer, and more sustainable world to future generations, without losing faith in our ability to do good at every moment of our lives.

With our corporate values in mind, we act by thinking, working, and producing accordingly—never straying from the principle of honesty and transparency, and we are proud to contribute to the development of our society.

I sincerely thank all our stakeholders who have walked with us on this journey.

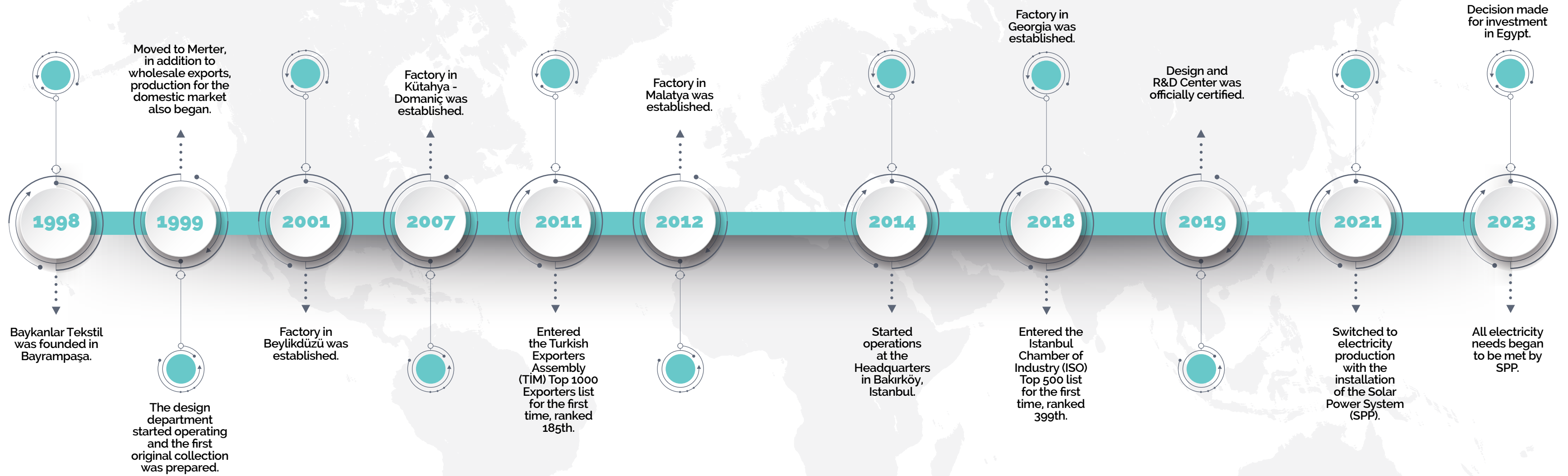
With love and respect,

Osman Baykan



BAYKAN DENIM

Milestones
Locations Where We Operate
Baykan Denim in Numbers



Locations Where We Operate

Number of Supplier Countries: **16**

Global Supplier Count: **63**

Number of Export Countries: **14**

Number of Global Customers: **27**

Number of Locations Where We Operate: **5**



A Strong Global Production and Export Network

Baykan Denim: A Global Brand

We continue to make a difference on the global stage with our production strength and extensive export network.

Baykan Denim
in Numbers

NUMBER OF
EMPLOYEES

1.626

FACTORY
CLOSED AREA

99.500m²

ANNUAL PRODUCTION
CAPACITY

15.000.000 Adet

TURNOVER

130M+ USD

NUMBER OF GLOBAL
CUSTOMERS

27



SPAIN	%44,5
USA	%15
NETHERLANDS	%13
ITALY	%7,8
SWEDEN	%5,2
GERMANY	%4
UNITED KINGDOM	%3,2
GEORGIA	%2
OTHER	%5,3

NUMBER OF EXPORT COUNTRIES	14	NUMBER OF SUPPLIER COUNTRIES	16	NUMBER OF SUPPLIERS	63
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Rank 479

AMONG TÜRKİYE'S
TOP 500 INDUSTRIAL
ENTERPRISES (ISO)

READY-TO-WEAR
AND APPAREL –
EXPORT RANKING

Rank 9

Rank 207

TÜRKİYE EXPORT
RANKING

READY-TO-WEAR
AND APPAREL –
MANUFACTURER &
EXPORTER – EXPORT
RANKING

Rank 3



CORPORATE GOVERNANCE

Corporate Governance Approach

Vision / Mission / Values

Organizational Structure

Compliance with Ethical Principles

Evaluation of Suggestions and Feedback

Customer Satisfaction

Risk Management

Sustainability Management

Sustainability Committee

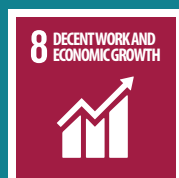
Sustainability Priorities

Sustainability Goals

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Memberships and Supporting Initiatives

Our Awards, Achievements, and Certifications



CORPORATE GOVERNANCE

Corporate Governance Approach

Our Vision

While offering our customers innovative and high-quality products, we aim to be a leading denim manufacturer that reshapes its production processes in line with sustainability principles by minimizing our environmental impact and integrating circular economy models into our production.

Our Mission

By prioritizing innovative and sustainable technologies along with R&D efforts, we aim to maintain our leadership in the denim manufacturing sector, offer our customers high-quality and innovative solutions, and move our competitiveness and sustainability to the highest level.



CORPORATE GOVERNANCE

Our Values

01

Reliability and Honesty

As BAYKAN DENIM, we aim to be a symbol of reliability and honesty towards all parties we interact with, including stakeholders, employees, competitors, the environment, society, the public, and in business relations. We, the employees of BAYKAN DENIM, believe that reliability and honesty are among our core values; that high moral values, honesty, and trust are among the greatest virtues. With this understanding, we maintain consistency between what we say and what we do.

Mutual Trust and Goodwill

We adopt mutual trust and goodwill as our foundation, avoiding prejudices and discrimination. As BAYKAN DENIM employees, we aim to strengthen the environment of trust with every step we take; we believe that overcoming challenges through cooperation and solidarity will turn "us" into a stronger "we."

02

03

Inclusiveness and Equal Opportunity

We adopt an inclusive and embracing approach that does not discriminate between our stakeholders based on special or individual circumstances. By ensuring equal opportunity in processes such as education, development, career, and performance for our employees, we create a transparent environment for equality and diversity.

Justice and Respect

In every field we operate in, we aim to display an approach based on justice and respect. We embrace the fair treatment of our customers, employees, and all our stakeholders. Regardless of race, color, religion, language, gender, age, class, ethnicity, disability, political opinion, or physical appearance, we believe that everyone should be respected equally. We act with the awareness that peaceful coexistence in every environment and in all areas of society is possible only through a culture of respect and an equal rights-based approach.

04

05

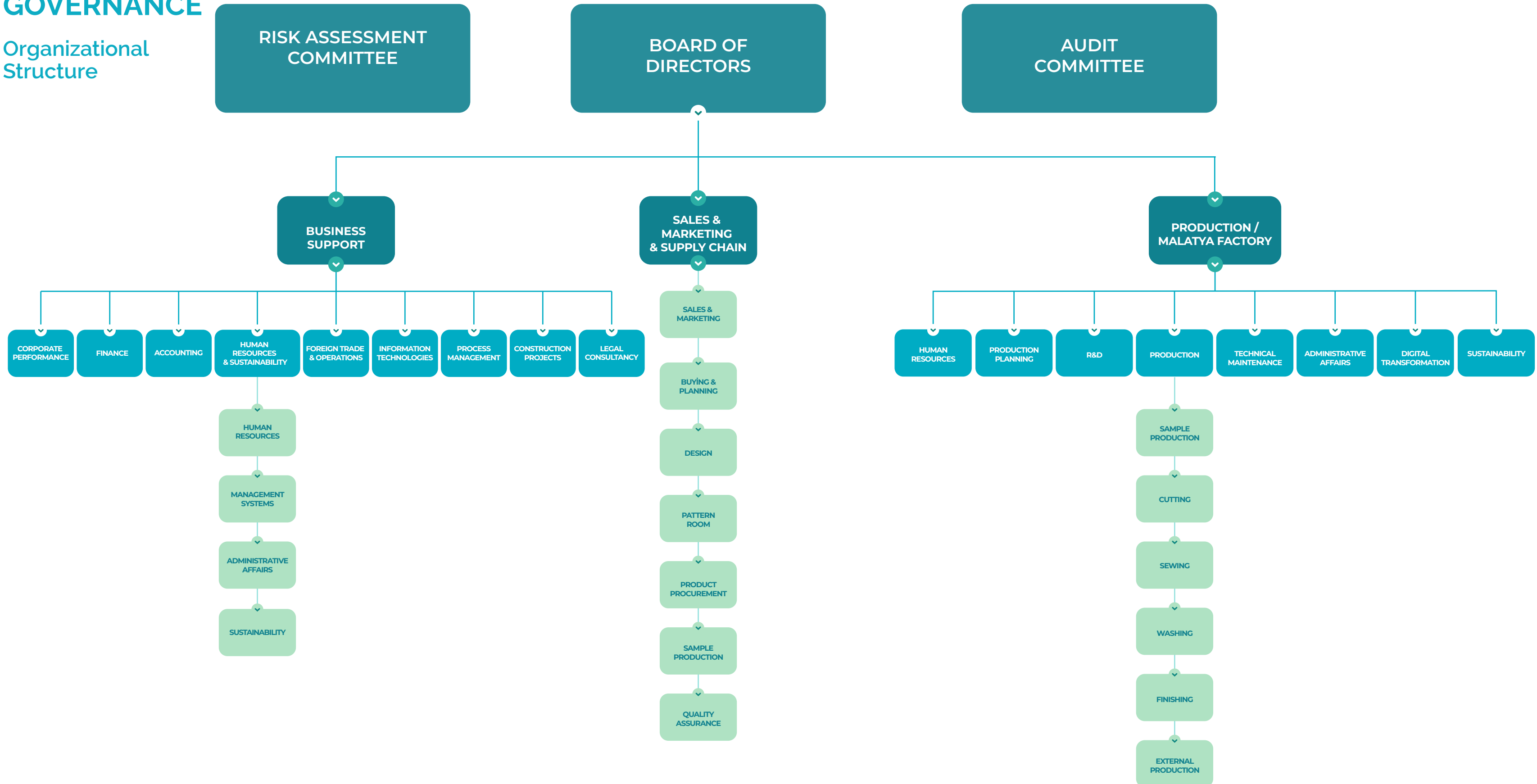
Agility and Innovation

We approach all our business processes with an agile and innovative perspective. We prepare ourselves for the future with an innovative culture and dynamic team spirit. We aim to build the future together with a shared mind and strength.



CORPORATE GOVERNANCE

Organizational Structure



CORPORATE GOVERNANCE

Compliance with Ethical Principles

Business Ethics and Code of Conduct Approach

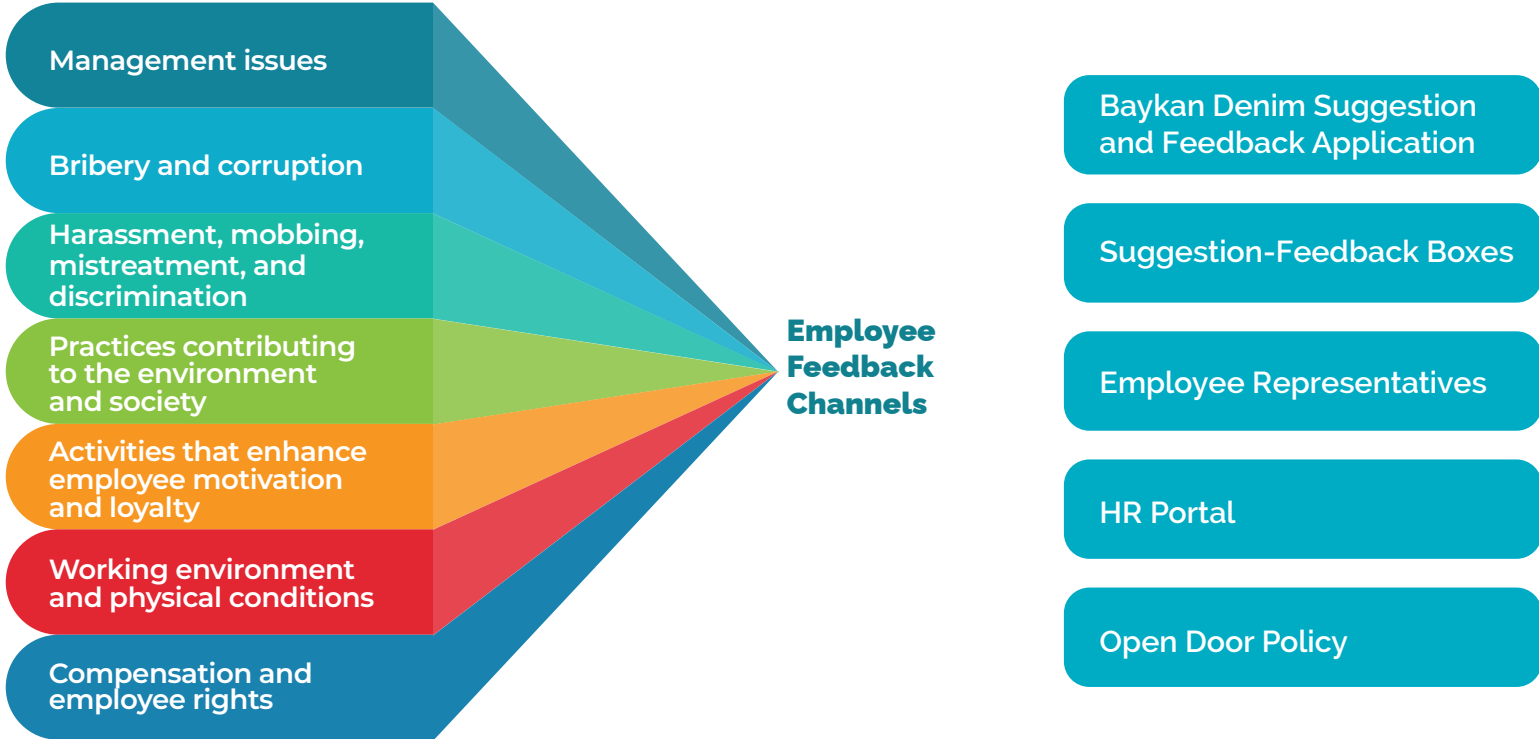
As BAYKAN DENIM, we have built our Business Ethics and Code of Conduct approach in all the countries we operate, upon the principles of the UN Global Compact.



Suggestion and Feedback Evaluation

As Baykan Denim, we carefully evaluate and conclude all suggestions and feedback received from our internal and external stakeholders within the framework of the **"Communication and Feedback Procedure"**.

Evaluated Suggestion and Feedback Topics



All notifications received, whether named or anonymous, are evaluated objectively, and no negative action is taken against any employee or representative.

As Baykan Denim, we see every feedback as a valuable development opportunity and care about creating a sustainable communication culture.

Contact Channels for Our External Stakeholders

Our stakeholders can directly send suggestions and feedback to the email addresses below: They can also deliver them to the relevant units in person via the human resources department, factory directorate, or other communication channels.

info@baykandenim.com

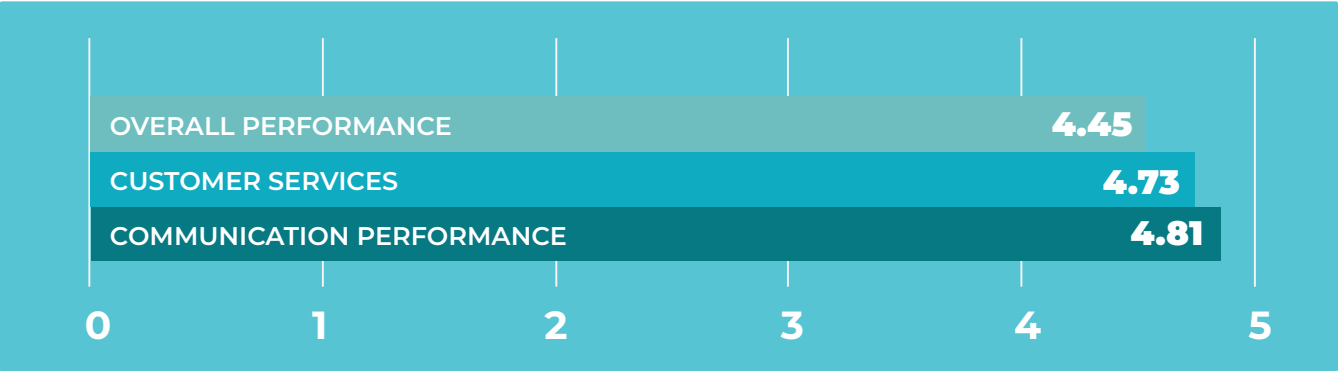
csr@baykandenim.com

etikhat@baykandenim.com

CORPORATE GOVERNANCE

Customer Satisfaction

We aim to continuously increase customer satisfaction. Each year, we regularly conduct surveys to collect feedback from our customers and focus on understanding their needs and expectations. This feedback serves as a guide in improving our business processes and strengthening our customer-centric approach.



Regular Survey and Feedback Mechanisms

- Customer satisfaction surveys are conducted at least once a year.
- Survey results are shared with relevant department managers and senior management.
- Situations with low satisfaction scores are evaluated with customers and necessary actions are taken.

Impact of Feedback on the Company

Feedback plays an active role in strategic planning. It contributes to the development and renewal of projects.

Sustainability Projects

Projects are developed according to customer expectations.

Customer Services

Quality-enhancing processes are improved.

Communication Channels

Effective use of communication channels such as phone and e-mail is ensured.

Areas of Improvement

In line with customer feedback for the year 2023, improvement areas have been defined, and proactive steps have been taken to enhance sustainability, quality, and communication processes within our company.

Production Interruptions Due to Earthquake

Crisis management and customer communication were positively evaluated.

Product Quality

Quality standards were applied in a more comprehensive manner.

Sustainability Studies

Projects have been made more visible and effective.

CORPORATE GOVERNANCE

Risk Management

As Baykan Denim, we take rapid action on behalf of effective management by detecting risks early in order to protect our financial and operational integrity. We evaluate all risks based on their importance and probability, grade them according to their magnitude, and determine strategic steps accordingly.



Throughout the process, we actively use our communication and consultation mechanisms to assess not only our financial risks but also our environmental and social dimensions.

With this approach, we proactively manage risks and secure our sustainable growth.



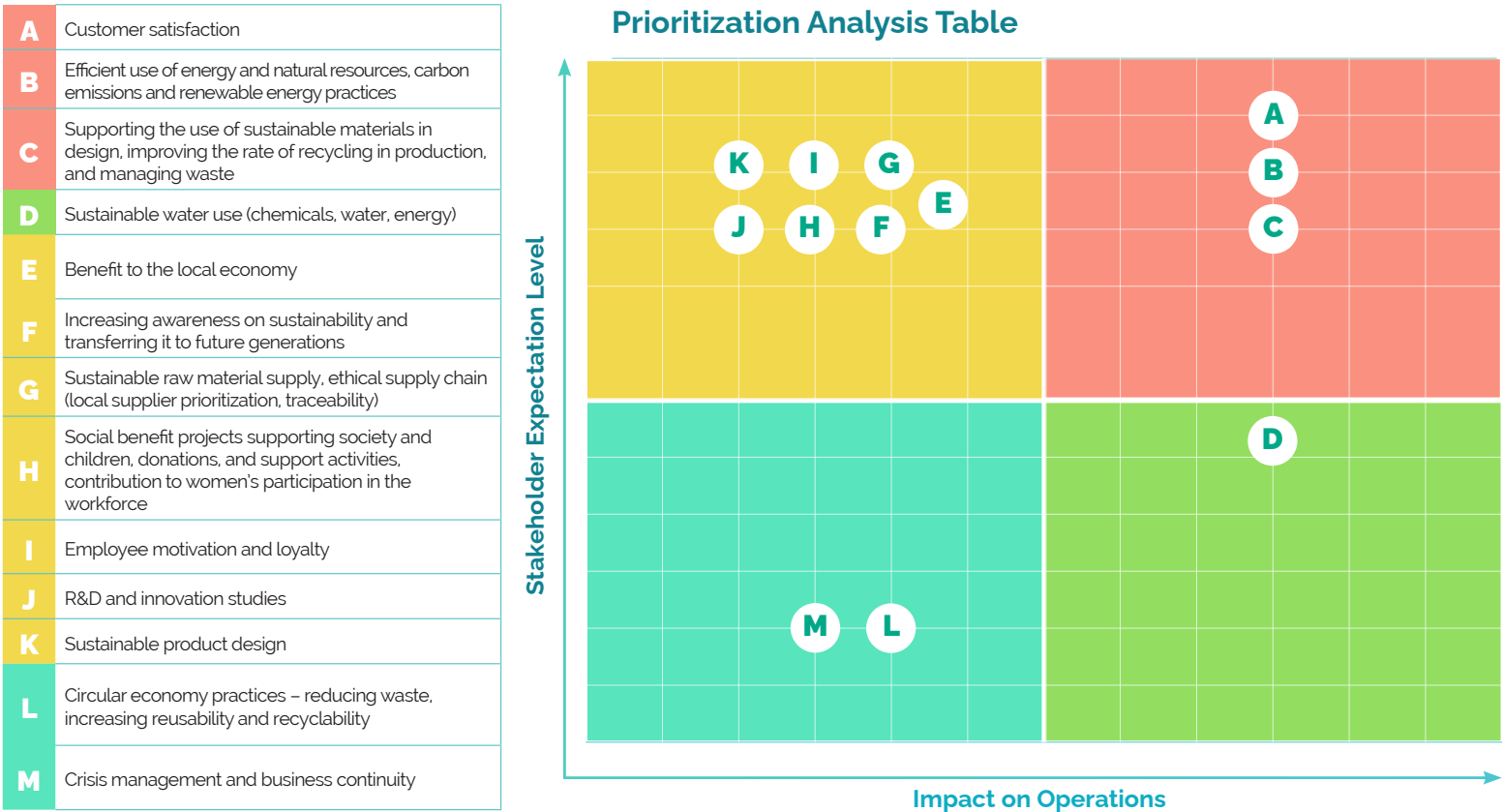
Stakeholder Relations

As Baykan Denim, in line with our sustainability vision, we pay special attention to building transparent, cooperation-based, and long-term relationships with all our stakeholders.

From our suppliers to our employees, shareholders, and customers, we aim to meet the needs and expectations of our stakeholders while creating environmental, social, and economic value. We aim to strengthen our collaborations with a sense of shared success and responsibility, and contribute to the future together.

Stakeholders	Purpose/Subject of Communication	Communication Frequency
CUSTOMERS	Collection of past year's feedback, expectations, and complaints	Annual
	Determination of sustainability priorities	Annual
	Sector trends, product development, collection creation	Annual
	Communication with current and new customers	Continuous
	Announcement of company innovations and achievements	When needed
EMPLOYEES	Training and development opportunities	Annual / When needed
	Company sustainability strategies	Monthly
	Evaluation of past year and conveying the vision for the following year	Annual
	Announcement of company policies and procedures	When needed
SUPPLIERS	Supplier self-assessment and audit	Semi-annual / Annual
	Product/service quality control, improvement and development suggestions	Annual / When needed
	Current situations, process updates	Quarterly
	Announcement of company policies and procedures	When needed
	Sustainable material supply chain, ethical sourcing	Annual
SHAREHOLDERS	Financial situation and performance	Quarterly / Annual
	Reports on the future of the company and risk	Annual
LOCAL SOCIETY & ADMINISTRATIONS	Information on activities and projects that will benefit the local community	Annual
GROUP COMPANIES	Synergy and joint projects	Quarterly
	Corporate social responsibility activities of group companies	Quarterly
PUBLIC INSTITUTIONS & ORGANIZATIONS	Legislative regulations, environmental laws, and other regulatory requirements	Monthly / When needed
	Corporate reporting and transparency activities	Annual
MEDIA	Corporate communication and press releases	Continuous
	Crisis management, corporate image	When needed

Prioritization Analysis



About Prioritization Rankings

Based on analyses carried out in line with our sustainability goals, priority issues for our company have been identified and placed in strategic planning:

1	2	3	4
High Priority	Priority	Medium Priority	Low Priority
Customer satisfaction, sustainability in production and operational integrity, environmental and social responsibility approaches.	Digital transformation, economic value-added projects, ethical supply chain practices, sustainable material use, and product innovation, R&D, employee satisfaction, etc.	Efficient use of resources and reduction of consumption.	Use of recycled materials, employment continuity in the context of economic impacts of crises.

CORPORATE GOVERNANCE

Memberships and Supported Initiatives



In addition to social compliance audits of our customers, regular SEDEX / AMFORI BSCI audits are carried out and reported. The results of the Higg FSLM self-assessment and subsequent verification are shared with our customers via the platform.



Business Social Compliance Initiative



Higg Facility Social & Labor Module

With the Higg FEM (Facility Environmental Module), we measure and verify our environmental sustainability performance and share the results with our customers via the platform. We continuously work to improve our score every year.



We are included in the BCI platform to increase the environmental, social, and economic sustainability of cotton production (content, origin, use and stock quantity of the cotton used).



Via the Zero Discharge of Hazardous Chemicals platform, we ensure the use of approved, safe, and restricted chemical-free chemical products. We also share audit reports conducted by ZDHC-approved laboratories via the platform.



With the Environmental Impact Measuring (EIM) program, we collect detailed information about the environmental impact of our products (such as water and chemical use, energy consumption, and worker health) and track them on a platform.



We ensure traceability from source to final product using standards such as OCS (Organic Content Standard), RCS (Recycled Claim Standard), GRS (Global Recycle Standard), and GOTS (Global Organic Textile Standard).



Our Membership Associations

Our Awards & Achievements & Certifications



R&D Center Certificate



Design Center Certificate



Environmental Label Certificate



ISO 9001:2015 Quality Management System Certificate



ISO 27001:2022 Information Security Management System Certificate



İHKİB Platinum Award



ISO 50001:2018 Energy Management System Certificate



SUSTAINABLE TALENT MANAGEMENT

Employee Rights, Diversity and Inclusion
Employee Development and Talent Management
Competency Model
Training Hours
Employee Engagement and Satisfaction
Suggestion and Feedback Mechanism
Occupational Health and Safety
Accident Frequency Rate and Injury Frequency Rate
Disaster and Emergency Management



SUSTAINABLE TALENT MANAGEMENT

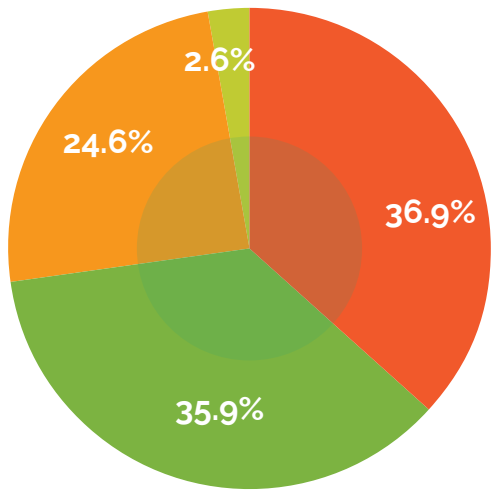
Employee Rights, Diversity and Inclusion

We, as Baykan Denim, see our employees as the cornerstone of our business and have adopted the development of their talents as our priority target. We build our achievements together with our strong human resource shaped by diversity, equality, and sustainability principles.



Baykan Denim
Employee Numbers

MEN	1.108
WOMEN	518
TOTAL	1.626



Age Distribution
of Employees

AGE RANGE	NUMBER OF PEOPLE
18-30	572
31-42	597
43-54	427
55-56	30

We support our commitment to providing our employees with a fair, inclusive, and safe working environment through various policies. We adopt approaches based on respect for human rights and the following principles:

Inclusiveness and Equal Opportunity

- Equal opportunity is ensured in employee education, development, career, and performance processes.
- An equal and transparent environment is provided.
- No discrimination is made based on language, religion, race, gender, age, or similar differences.



Employee Welfare and Safety

- A respectful working environment is provided based on honesty, reliability, and justice.
- A working environment compliant with occupational health and safety standards is ensured.
- Special conditions are provided for employees requiring private policy.
- Freedom of association and the right to collective bargaining are guaranteed.



SUSTAINABLE TALENT MANAGEMENT

Sustainable Organization

We focus on environmentally friendly practices, employee motivation, development, and engagement beyond sustainability applications.

Right Person for the Right Job

We identify directions open to development with performance evaluations and digital solutions, and match them with Baykan Denim competency model.

We ensure development planning in line with employee goals and career planning.

Development and Training Programs

We increase employees' sustainability-oriented knowledge and help them acquire future-ready competencies.

We aim to fill upper-level executive positions with internal candidates.

Investment in Young Talent

Our interns gain experience in environmentally friendly applications by participating in sustainability projects.

We meet young professionals who can contribute to our sustainability goals during their career journeys.

2024 Goals

We plan to build a stronger organization by expanding talent and performance management systems.

As Baykan Denim, we are determined to walk toward a sustainable future with the strength of our talented employees.



Employee Development and Talent Management Competency Model

We conduct competency assessments to monitor how our employees demonstrate development aligned with their goals.

We digitalize our HRPeak human resources processes; thus, we manage recruitment, training, development, and competencies more efficiently.

By analyzing our employees' competencies, we support not only proper placement but also making strategic decisions using existing workforce data.



CORE COMPETENCIES / PERSONAL COMPETENCIES

- Openness to Learning and Development
- Proactiveness and Result Orientation
- Teamwork and Collaboration
- Commitment to Ethical Principles
- Effective Communication

Know yourself, improve constantly, and stand out

FUNCTIONAL COMPETENCIES / JOB-ORIENTED COMPETENCIES

- Organization and Planning
- Creativity and Innovation
- Customer Orientation
- Agile Competence
- System and Process Creation
- Conflict Management

Right tools, efficient methods, effective outcomes

MANAGERIAL COMPETENCIES / LEADERSHIP COMPETENCIES

- Coaching and Delegation
- Representing Ability
- Strategic Thinking
- Initiative and Decision Making
- Diversity and Inclusive Management

Show the way, be there, move together

SUSTAINABLE TALENT MANAGEMENT

Employee Development and Talent Management Training Hours



Company-wide training sessions totaled 22.454 hours.

These trainings support the occupational and personal development of employees.

Total Training Hours

22.454

Training Hours per Person

13,81

Employee Engagement and Satisfaction

Baykan Denim regularly conducts surveys to measure employee engagement and satisfaction. Key findings from the 2023 satisfaction survey are as follows:



Participation Rate: %65

Overall Satisfaction: %65,2

Employee Loyalty: %61,6

Employee Motivation: %62,9

These results serve as a guide for continuously improving employee engagement and motivation levels within our company. In the upcoming period, **training, communication, and organizational development programs** are planned to increase satisfaction scores.

Suggestion and Feedback Mechanism

There are effective mechanisms within the company for employees to convey their feedback. Suggestions and complaints are evaluated effectively through the **employee representative practices** and **Open Door Policy**.

Occupational Health and Safety

In 2023, The accident frequency rate was **3,07** The injury frequency rate was recorded as **8,81** This data is used to evaluate the effectiveness of preventive measures and to reduce work accidents

Disaster and Emergency Management

Baykan Denim has developed a comprehensive management system for natural disasters and other emergencies. Regular drills are conducted to ensure the safety of employees.



SUSTAINABLE PRODUCTION MANAGEMENT

Energy and Emission Management
Water Management
Chemical Management
Waste Management
Sustainable Design
Product Quality and Safety
Raw Material Management
Supply Chain Management
R&D – Innovation & Design
Digital Transformation



SUSTAINABLE PRODUCTION MANAGEMENT

Energy and Emission Management

With our commitment to sustainability, we see energy efficiency not only as a goal but as a cornerstone of our way of doing business; by using our resources more efficiently, we contribute value both to the environment and to future generations.

Energy Consumption Data

Electricity

5,34 kWh/unit

Natural Gas:

0,41 m³/unit

Total Emitted Emission

5.751,95 TnCO₂e

Emission per Product

1 kg/unit



We continuously implement innovations and improvements to increase energy efficiency and reduce environmental impacts.

SUSTAINABLE PRODUCTION MANAGEMENT

Energy and Emission Management

Renewable Energy Sources

By using renewable energy sources, we adopt environmentally friendly solutions in the production of electrical energy and minimize emissions.

At the end of 2021, electricity generation began with the installation of a rooftop photovoltaic (PV) solar energy system (SPP) with an installed capacity of 4102 kWp.

In 2023, with the addition of new solar panels, the installed capacity of the existing solar energy system (SPP) reached 4290 kWp, and:

%95 of the electricity need was met from the SPP.

To neutralize the emissions of electricity used from the grid, emissions within Scope 2 were offset using IREC-certified electricity corresponding to 3300 MWh.



R&D Center Energy Efficiency

With the projects carried out in our R&D center, innovative solutions are developed to increase energy efficiency, and sustainable savings in resource usage are achieved.

Through the project titled:
Adaptation of Economizer System to Drum Dryer Machines with Pressurized Burner System for Flue Gas Waste Heat Recovery,

%20 natural gas saving was achieved in the dryers.

Another project:
Development of a Prototype Drying Machine to Reduce Energy Consumption by Converting the Drum Dryer Process to a Hybrid Process, resulted in:

30% reduction in energy consumption

10% reduction in drying time

Approximately 20% reduction in energy consumption within total production costs

SUSTAINABLE PRODUCTION MANAGEMENT

Energy and Emission
Management

ISO 50001 Energy Management System Certification

We crown energy efficiency with the ISO 50001 Energy Management System.



The increasing population, developing industry, and pollution threatening the natural resources of countries, along with environmental issues and energy costs, have become among the most important problems of humanity. Greenhouse gas accumulations in the atmosphere, in parallel with the industrialization of countries, are causing global warming. Efficient use of energy makes it possible to reduce energy costs and greenhouse gas emissions.

In this context, Baykan Denim, due to its energy consumption exceeding 1000 TOE, established the **ISO 50001:2018 Energy Management System** in March 2023, recruited an Energy Manager, and began conducting regular energy audits and implementing energy efficiency projects.

Digital Energy Monitoring System

With the digital monitoring system, we take a step toward a sustainable future by tracking energy consumption in real time.

Baykan Denim began monitoring electricity, natural gas, and water consumption in real time with a digital tracking system in 2023 and has initiated local improvement activities in many locations.



SUSTAINABLE PRODUCTION MANAGEMENT

Water Management

The greatest environmental impact in the denim industry systems from the amount of water used during washing processes. However, thanks to our sustainable production methods, we are taking significant steps to reduce water consumption.

Total Water Consumption

285.148 m³

Total Water Consumption per Product

51 liter/unit



SUSTAINABLE PRODUCTION MANAGEMENT

Chemical Management

Our sustainable production approach strengthens our responsibility to nature through innovative solutions that reduce chemical consumption.

Total Chemical Consumption

714.738 kg

Chemical Consumption per Product

0.13 kg/unit

Environmentally Friendly Chemical Consumption per Product

0.051 kg/unit

Reduction of Chemical Consumption

Automatic dosing systems are used, and environmentally friendly chemicals are preferred.



We are working for a sustainable future with production processes sensitive to the environment and human health.

SUSTAINABLE PRODUCTION MANAGEMENT

Chemical Management

We demonstrate our environmental sensitivity in our production processes as well, offering sustainable solutions with environmentally friendly bleaches.

Environmentally Friendly Bleaches

The oxidation reaction and chlorine gas emission used in traditional hypo bleaching processes create negative environmental impacts.

For this reason, instead of the hypo bleaching process, ozone gas bleaching technology is used, and environmentally friendly bleaches are preferred to ensure sustainable bleaching.

Similarly, instead of heavy metal-containing potassium permanganate, non-hazardous bleaching agents are used, thereby reducing environmental impacts.



Waterless Enzymes Instead of Pumice Stone

Instead of using pumice stone, the implementation of waterless enzymes has resulted in water savings and minimized environmental impacts.

This innovative approach contributes to more efficient water usage in our production processes and helps protect natural resources at the same time.

We adopt innovative approaches aimed at protecting natural resources and minimizing environmental impacts.



SUSTAINABLE PRODUCTION MANAGEMENT

Chemical Management

Flow Technology

With flow technology, we are making our production processes more efficient and maintaining our determination to reduce water consumption and minimize environmental impact.

To reduce water consumption, studies are being carried out on bleaching, effecting, and dyeing processes using flow technology.

This technology enables more efficient water use while significantly reducing the environmental impact of production processes.



Eliar Automation System

With the Eliar Automation System, we ensure the safe transfer of chemicals to machines, thereby increasing occupational safety.

Chemicals are safely transferred to machines via the Eliar Automation System, thus ensuring occupational safety and increasing efficiency in production processes.

From the perspective of Occupational Health and Safety, contact with chemicals that may cause health problems in case of manual handling has been prevented.

SUSTAINABLE PRODUCTION MANAGEMENT

Chemical Management

Laser and Ozone Technology

We prefer laser and ozone technologies in our washing processes to reduce our water footprint.

Waterless Enzyme Use

Within the scope of our R&D studies, we optimize our processes through the use of waterless enzymes.

Recipe Revisions and Automatic Dosing

With implemented recipe revisions and the automatic dosing system, we reduce water consumption to a minimum level.

Rewash Processes

Thanks to the automatic dosing system, we ensure 100% accurate application of recipes. Thus, by reducing rewash processes, we pave the way for saving water, chemicals, and energy.



SUSTAINABLE PRODUCTION MANAGEMENT

Waste Management

We shape our waste management processes with environmental responsibility awareness and contribute to our sustainable production goals with recycling and reuse-oriented solutions.

Hazardous Waste

16.489 kg

Non-Hazardous Waste

43.500 kg

Waste per Unit Product

0,01 kg/unit



SUSTAINABLE PRODUCTION MANAGEMENT

Waste Management

Zero Waste Certificate

By adopting waste management as an environmentally friendly approach, we aim to use resources efficiently and minimize environmental impacts.

The main elements of our Waste Management are implemented primarily in the form of reduction, reuse, recycling, and recovery. In this way, depletion of resources is prevented, and negative environmental impacts are minimized.

As a result of the studies we carried out within this scope, we were entitled to receive the Zero Waste Certificate in 2021, and a total of:

2.422 person/hours
of training

were provided to our employees, including waste responsible personnel, on Waste Management and Environmental Legislation.

Waste management at Baykan Denim is a matter addressed with sensitivity as an indispensable element of the Environmental Management System and Circular Economy.



Digital Waste Management

With Industrial Digital Waste Management, we minimize the amount of waste and strengthen sustainable production with digital solutions.

With the “Industrial Digital Waste Management” project, the foundations of which were laid in 2023, we aim to reduce our per-product waste amount by tracking waste distribution by production line, conducting financial analysis by waste type, and utilizing real-time data monitoring and reporting through digital infrastructure.

SUSTAINABLE PRODUCTION MANAGEMENT

Waste Management

Circular Economy Practices

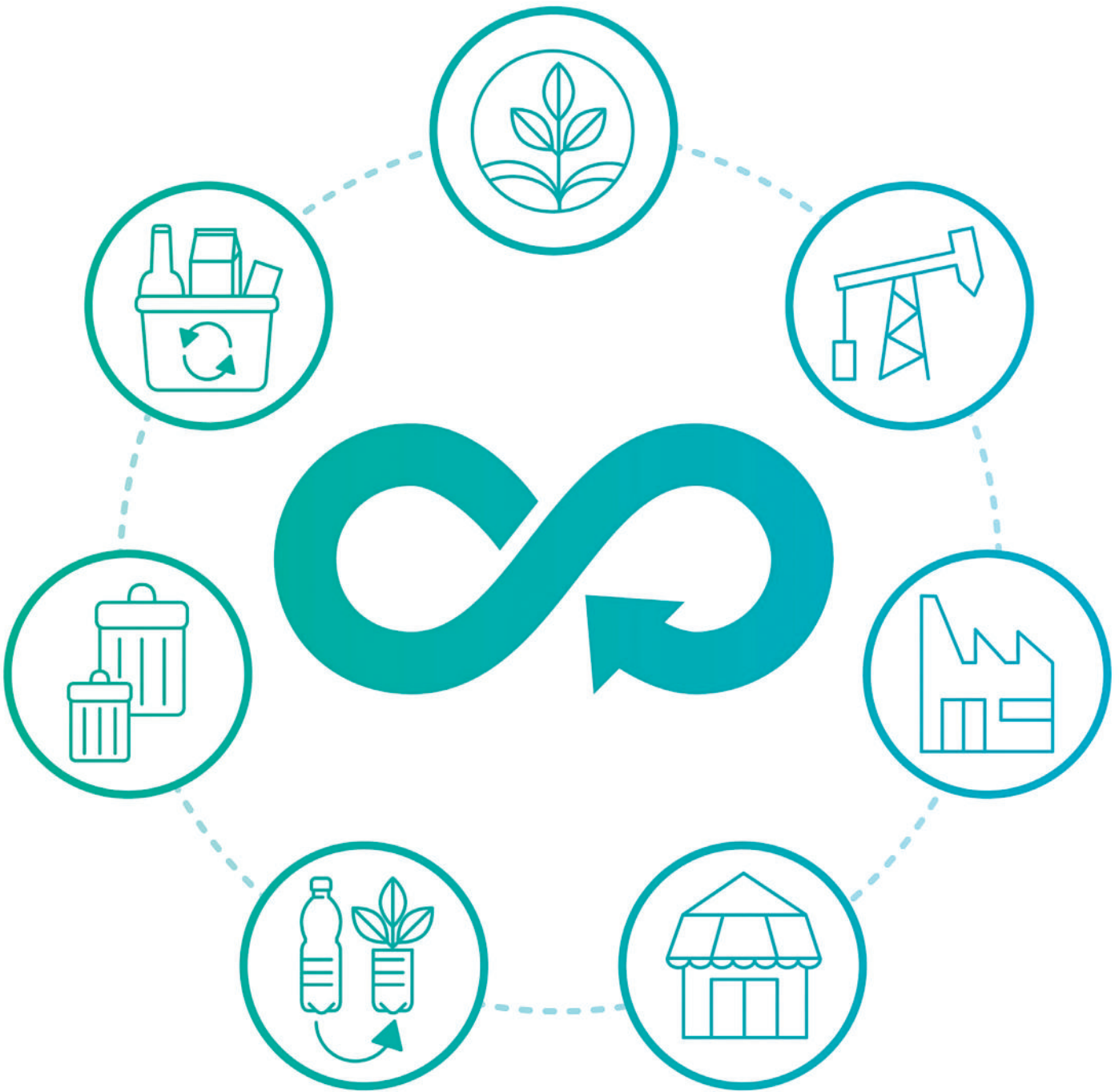
With the understanding of the circular economy, we contribute to sustainable production processes by converting denim wastes into raw materials.

In recent years, in parallel with the circular economy approach, awareness and demand for products made from recycled materials have increased in the textile market.

Within this understanding, we aim to convert the daily **2.5 – 5 tons** of apparel cutting waste (mainly cotton fabric) generated in our facilities into raw material through reassessment in accordance with the principles of the circular economy.



In this context, with the project developed by our R&D Center titled: **“Obtaining Usable Cotton Fibers in Yarn Production through Physical Recycling of Denim Apparel Wastes,”** we aimed to eliminate the challenges of recycling denim fabric wastes.



As part of the project completed in 2023, cotton fibers obtained from recycled denim wastes using our in-house opening system were used in yarn production with **20% recycled cotton fiber** content.

SUSTAINABLE PRODUCTION MANAGEMENT

Sustainable Design

Sustainable Design

By adopting the principles of the circular economy, it aims to systematically eliminate waste and surplus. This approach ensures the circular flow of resources by extending product lifespans.

The understanding of sustainable fashion aims not only for environmental responsibility but also for the development of innovative business models. Thanks to our circular economy vision, we contribute to the industry in areas such as increasing efficiency in resource use, optimizing product lifecycles, and reducing carbon footprint.



Baykan Denim Design Center operates with a focus on sustainable design and reshapes all its processes from production to design in line with environmental and social impacts.

Sustainable Fashion

Recycling of Denim Apparel Waste

Within the scope of projects implemented as of 2023, denim apparel waste has been processed through physical recycling methods and transformed into high-quality cotton fibers.



We are determinedly continuing our sustainability investments and projects with the goal of a more livable world for future generations.

SUSTAINABLE PRODUCTION MANAGEMENT

Sustainable Design

Our Sustainable Design and Circular Economy Approach

Our Design Center



Since 2019, we have been leading our sector with the projects developed on sustainable design.

We add value to the environment and the future with sustainability and innovative business models.

Sustainable Design

We take into account environmental, economic, and social impacts.

We aim for the efficient use of resources and the minimization of waste.



SUSTAINABLE PRODUCTION MANAGEMENT

Sustainable Design



Circular Economy

We focused on eliminating waste and surplus, extending product lifespans, and ensuring the circular flow of resources.

Baykan Denim's Approach



We shape all processes from production to design by considering their environmental and social impacts.



SUSTAINABLE PRODUCTION MANAGEMENT

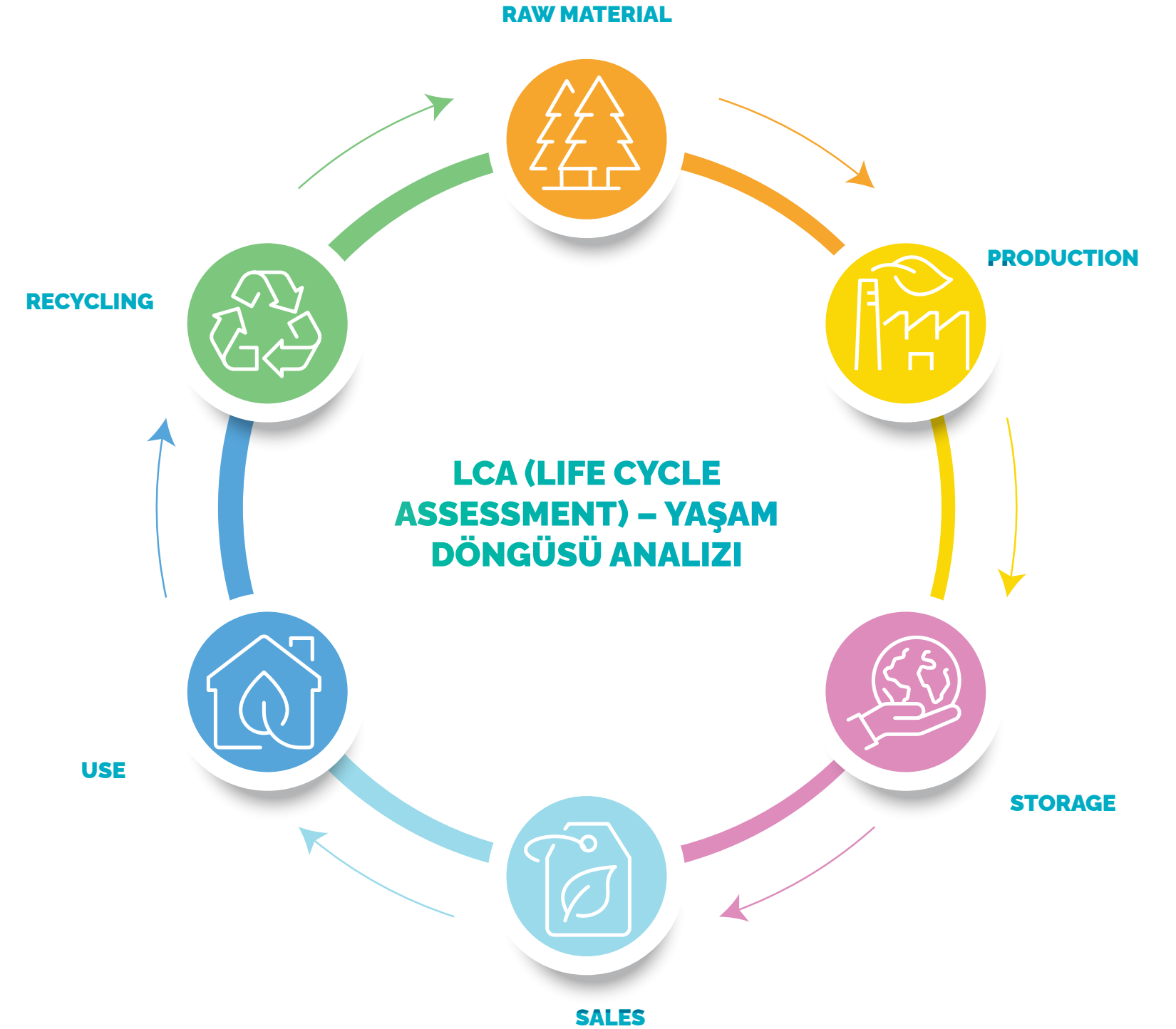
Sustainable Design
LCA – Life Cycle Assessment

LCA (Life Cycle Assessment)

At every moment of our lives, behind every product we use and every decision we make, there is a hidden story.

This story starts with raw material, goes through production processes, and eventually ends as waste after use by the consumer.

Life Cycle Assessment (LCA) allows us to see this story completely and accurately.



A denim jean's environmental impacts and the LCA analyses, which play a critical role in understanding these impacts and developing our sustainability strategies, not only help us calculate environmental effects; they also guide us in **protecting the right to life of future generations**.

SUSTAINABLE PRODUCTION MANAGEMENT

Sustainable Design – LCA

LCA (Life Cycle Assessment)

Purpose and Impact:

To carry out a detailed analysis of the environmental impacts of products.
To contribute to sustainability goals such as carbon footprint and resource efficiency.

To extend the lifespan of products in line with circular economy principles.

The LCA studies we have initiated with this awareness will guide us in shaping product and production processes in a sustainable manner.

Baykan Denim aims to integrate LCA analyses into all production processes in order to leave a more livable world to future generations.



SUSTAINABLE PRODUCTION MANAGEMENT

Supply Chain Management

Product Quality and Safety

As Baykan Denim, we evaluate high quality standards and sustainability goals together within our supply chain. With environmentally friendly materials and processes, we commit to offering our customers the safest and highest-quality products.

Certified Fabric Suppliers:

We procure materials from suppliers certified with **OCS, RCS, GRS, Lenzing, GOTS, BCI, OEKO-TEX.**

Accessory Safety:

Accessories that come into contact with the skin (buttons, zippers, labels, etc.) are free of harmful and prohibited metals.

Customer-Approved Accessory Suppliers:

Accessories that pass required safety tests are offered in accordance with customer demands.

Baykan Denim works with precision on high standards of product safety.

Responsible Procurement Processes

We adopt procurement processes that not only meet quality standards but also minimize our environmental and social impacts. In cooperation with our suppliers, we strengthen our value chain with a sustainability-centered approach and innovative methods.

Raw Material and Product Compliance:

We procure materials from certified suppliers such as **OCS, RCS, GRS, Lenzing, GOTS, BCI, OEKO-TEX.**

Quality-Focused Suppliers:

We work with carefully selected suppliers to ensure product safety at high standards.

Testing and Verification

Physical and Chemical Tests: Product safety is ensured with detailed tests conducted in accredited laboratories and internal laboratories.

Chemical Safety: All chemicals used in washing processes are environmentally friendly and **ZDHC** approved.

In our procurement processes, we improve our environmentally friendly approaches by increasing responsibility and transparency.

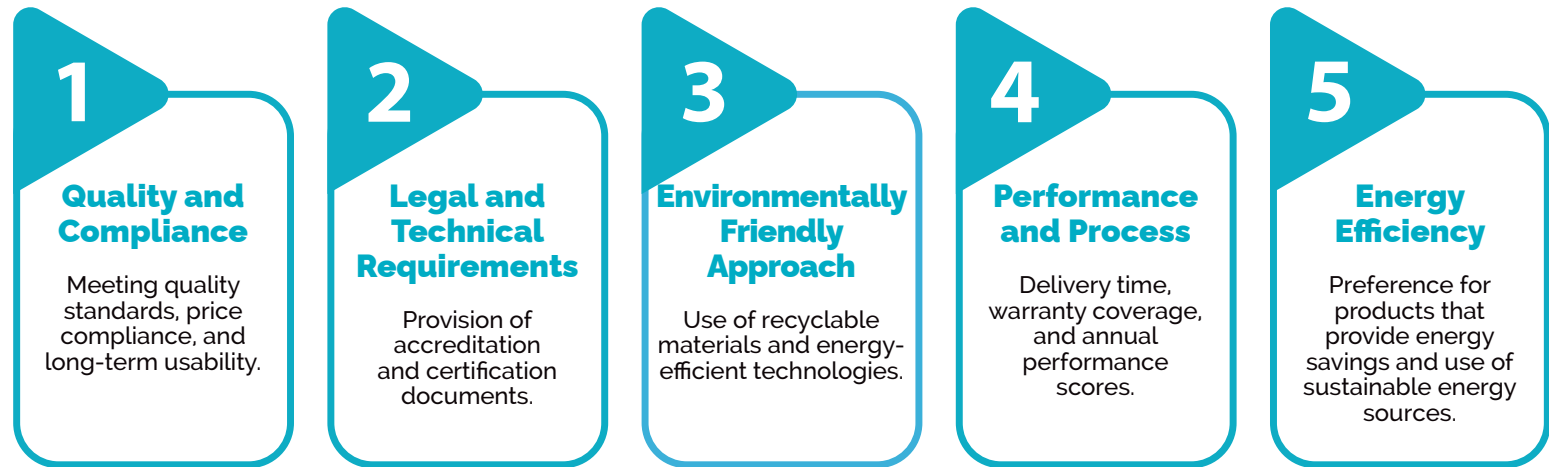
SUSTAINABLE PRODUCTION MANAGEMENT

Supply Chain Management

How do we work?

When selecting our suppliers, we prioritize quality, environmental, and legal compliance criteria.

Our Selection Criteria:



Supplier Audits

- Capacity to meet quality expectations
- Price compliance
- Product lifespan/durability
- Compliance with technical and legal requirements
- Accreditation and certification documents
- Delivery time and warranty coverage
- Use of environmentally friendly technology and materials
- Use of recyclable and renewable energy sources

Suppliers evaluated as a result of the audits are included in the **"Approved Supplier List"** based on their performance scores and are followed up regularly.

Number of Approved Suppliers

60+



Procurement / Purchasing Figures

12.900.000 meters
of fabric purchased



11.000.000 meters

compliant with sustainability criteria

750 million units of accessories purchased



550 milyon units

compliant with sustainability criteria

We support our production with environmentally friendly and high-volume sustainable material usage. We consider recycled raw materials as an important source for production and develop products accordingly.

SUSTAINABLE PRODUCTION MANAGEMENT

R&D, Innovation, Design

R&D Center Establishment Date:
15 January 2019

One of our primary goals is to strengthen our position in the industry and develop projects focused on sustainable production, eco-friendly technologies, and innovative solutions.

We Provide Local Contribution

We applied to the **SAYEM 1832** call to integrate local hemp into the textile sector.

We Protect Our Intellectual Property

We manage patent processes under the **"Idea Is Property"** unit established within our R&D center.

We Improve Our Employees

We organize periodic and comprehensive special training for our R&D colleagues.

What Are We Doing?

Sustainability

We develop projects focused on reducing our ecological footprint.

Industry 4.0

We rapidly continue our digital transformation preparations and develop smart solutions to increase efficiency.

Innovation and Efficiency

We evaluate our production processes with recycling and upcycling (advanced recycling) principles.

We improve energy efficiency and optimize production processes with automation solutions. We work on alternative bleaching chemicals.

Our R&D Activities in 2023

Energy Efficiency and Eco-Friendly Projects

**TÜBİTAK
1707
Project**

We transformed drum dryer machines into hybrid systems.

Result:

30%
reduction in energy consumption

10%
reduction in drying time.

Impact: Carbon footprint reduced.

**Recycling
of Denim
Waste**

We recovered usable cotton fibers for yarn production.

We repurposed fiber waste from the finishing line in different industries.

**Reduction
of Chemical
Consumption**

75%
reduction in sodium hypochlorite usage

30%
reduction in hydrogen peroxide usage

We created innovative wash effects on denim fabrics using electrochemical methods.

**Use of
Ozone
Gas**

We developed an environmentally friendly bleaching process with ozone gas instead of hypochlorite.

Result:

Carbon footprint reduced by
30%.

We continue to lead the sector with innovative and sustainable solutions that increase energy efficiency and minimize environmental impact.



SUSTAINABLE PRODUCTION MANAGEMENT

R&D, Innovation, Design

Design Center Establishment Date:
17 January 2019

Our Design Center blends the traces of the past with today's design approach, combining the simplicity of natural textures with the delicacy of modern technology. While bringing together aesthetics and functionality in the fashion industry, we take significant steps to support an environmentally conscious design approach. All our design work is registered and protected under intellectual and industrial property rights.



What Are We Doing?

Sustainable Design

We produce sustainable designs using natural materials and environmentally friendly production techniques. We are inspired by nature. While achieving delicate washing effects on denim fabrics, we reduce chemical usage and waste by using recycled materials in our designs.

Modern Technologies

We add an innovative touch to our designs by using laser technology. With laser-engraved patterns and stitch-free embroidery effects, we save time and costs while enriching our collections with modern touches.

Fusion of Traditional and Modern

We reinterpret traditional printing and embroidery techniques from a modern perspective. By bringing nostalgic textures to today's trends with refined details, we produce timeless styles that combine past and future.

Attention to Detail

We attach great importance to details in our designs. We combine lace details with modern silhouettes. We create striking effects with metallic embroidery in our designs.

Our 2023 Design Works

Use of Natural Materials

We integrated natural materials such as hemp, organic cotton, and recycled fibers into our designs and created environmentally friendly collections.

Innovative Designs with Laser Technology

Thanks to laser patterning and stitch-free embroidery techniques, we both saved time and added a unique touch to our designs.

Modern Interpretation of Traditional Techniques

We reinterpreted traditional printing and embroidery techniques from a modern perspective and created designs that blend the past and the future.

Techniques That Reduce Water Consumption

With dry processing techniques, we minimized water consumption and maintained our environmentally conscious approach.

Our Design Center continues to lead the fashion industry with sustainable and innovative designs. While shaping the future, we remain committed to our design philosophy that respects nature.

SUSTAINABLE PRODUCTION MANAGEMENT

Digital Transformation

Transition to Uyumsoft LioXHR

We aimed to increase the efficiency of digitalization and Human Resources processes, reduce paper consumption, and enable our employees to create Human Resources-related requests 24/7.

What Did We Do?

- We launched a self-service mobile system where our employees can carry out all their requests.
- We enabled our managers to view all HR operations of their teams via the web and mobile systems.
- We ensured transparency and traceability.
- We allowed personnel files to be stored digitally.



Goals

A

Establish a real-time performance and reward system.

B

Make data-driven decisions with Human Resources Analytics.

C

Make reporting processes more efficient with AI support.

D

Save time through digitalization and enable HR personnel to carry out more field visits.



Our Achievements

10 Tons of Paper Saved

We made a significant environmental contribution with our eco-conscious approach.

Operational Efficiency

We accelerated our processes through digitalization and made our operations more efficient.

Result: With our digitalized systems, we contribute to both environmental and operational efficiency.

SUSTAINABLE PRODUCTION MANAGEMENT

Digital Transformation

Nexera Project: “A New Step in Digitalization and Efficiency”

Purpose:

Within the scope of **Industry 4.0**, we developed innovative solutions to increase efficiency through digitalization and to make fast decisions with real-time data management by using **artificial intelligence**, optimizing our processes in production and resource management.

What Are We Doing?



Lean Data Management

We deliver the necessary information quickly to the right people, preventing unnecessary data complexity.



Real-Time Monitoring

We monitor production processes through tablets, PCs, and information screens. We manage our washing machines by integrating them with existing software.



Automatic Line Balancing

To prevent bottlenecks in our production line, we analyze past data, operator competencies, and machine characteristics to make decisions.



Savings We Achieved:

We completely eliminated the consumption of barcode paper, adhesive labels, and printer toner.

Goals:

To develop systems that will detect anomalies in electricity and water consumption and intervene instantly. To create forecasting and decision-support systems supported by artificial intelligence.



Our Achievements:

Disaster Recovery Center: We increased our data security with the system established in Istanbul.

VPN Performance: We improved system performance by increasing VPN connection speeds.

Information Security:

We ensured information confidentiality and access control with ISO-27001 certification. We actively manage regular backups and firewall applications.

Result:

We increase efficiency, ensure resource savings, and prepare for the future with the power of digitalization.

SUSTAINABLE PRODUCTION MANAGEMENT

Digital Transformation

Water and Energy Monitoring Systems: Smart Monitoring, Sustainable Future!

Purpose:

As Baykan Denim, we make our production processes more efficient by utilizing digital technologies in water and energy management. We take firm steps toward our sustainability goals with real-time data tracking and smart analysis systems.



Datazen

Digital Transformation in Water Management

Datazen, which monitors and manages our water consumption in real time, helps us collect real-time data and perform analysis to optimize our water usage. This allows us to prevent waste and strengthen our sustainable production model.

Makel

Smart Monitoring in Energy Consumption

We use the **Makel** system to monitor our energy consumption more effectively. This system, which enables remote meter reading, helps us analyze our consumption habits and detect anomalies by identifying unnecessary consumption, thus contributing to energy savings.

Energy Doctor

Continuous Performance Monitoring

To ensure energy savings and reduce costs, we benefit from the **Energy Doctor** monitoring system. This system continuously tracks energy consumption data, helping us make operations more efficient and reduce our environmental impact by identifying energy inefficiencies.

Solarify

Maximum Efficiency in Solar Energy

Solarify, which monitors the energy generation from our solar panels, analyzes variables such as real-time weather conditions, panel angles, and light intensity to determine the best production strategies. In this way, we maximize our use of renewable energy.

With our technology-supported smart monitoring systems, we manage our water and energy consumption efficiently and act with responsibility toward nature.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY

As Baykan Denim, we aim to build a sustainable future with projects that are sensitive to society and the environment. Here are some of the social responsibility projects we have carried out:

45th Istanbul Marathon

We participated in the charity run on behalf of the TEMA Foundation.



September 17 Beach Cleanup Day

Through our event at Sarıyer Kısırkaya Beach, we collected half a ton of waste.



October 11 – International Day of the Girl Child

We organized events and support activities to raise awareness.



December 3 – International Day of Persons with Disabilities

We organized a special meal event for individuals with disabilities and fostered solidarity and awareness.



Breast Cancer Awareness Day

We held events and support activities to raise awareness.



2023 Earthquake Relief Efforts

Following the earthquake disaster in February 2023, we provided aid to the local population, villages, and our employees in the Malatya region.



- A container city was built to serve 200 families.
- Containers were equipped with bunk beds, mattresses, heaters, and blankets.
- We distributed hot meals three times a day.
- We delivered food packages to those in need.
- We provided toys, stationery, and clothing to children.

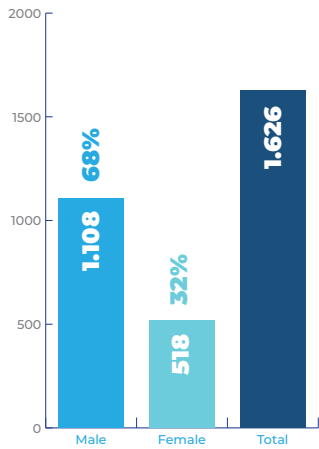
We continue to contribute to a more sustainable world and add value to society through our projects.



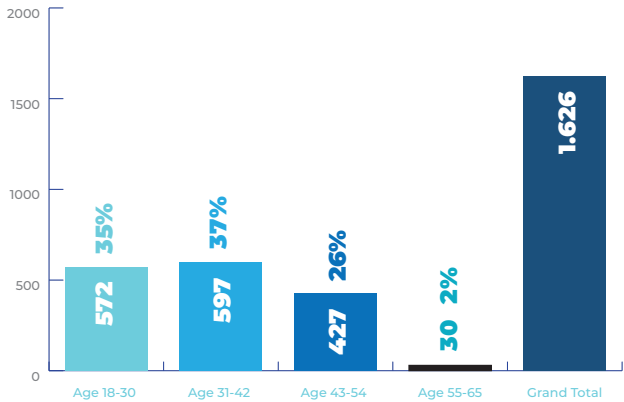
SUSTAINABLE PERFORMANCE MANAGEMENT

SOCIAL PERFORMANCE INDICATORS

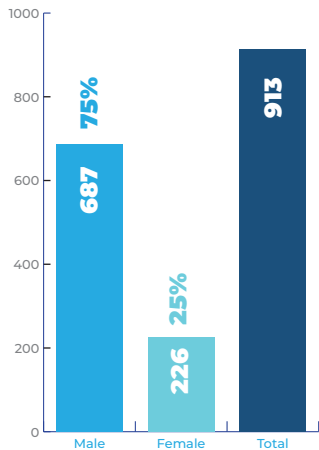
TOTAL NUMBER OF EMPLOYEES



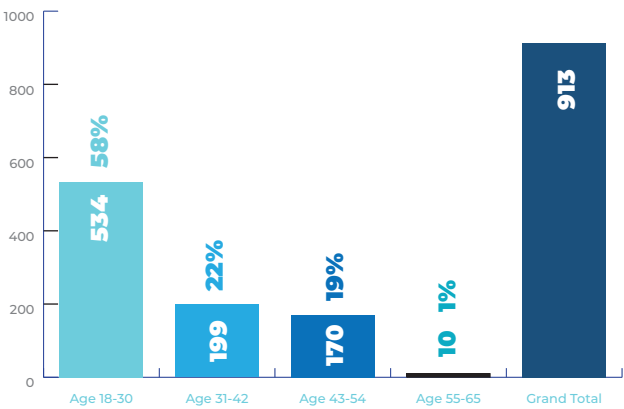
AGE DISTRIBUTION



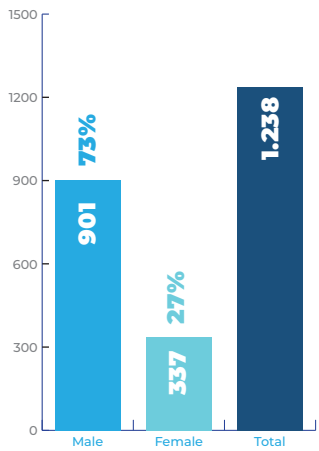
NUMBER OF HIRES



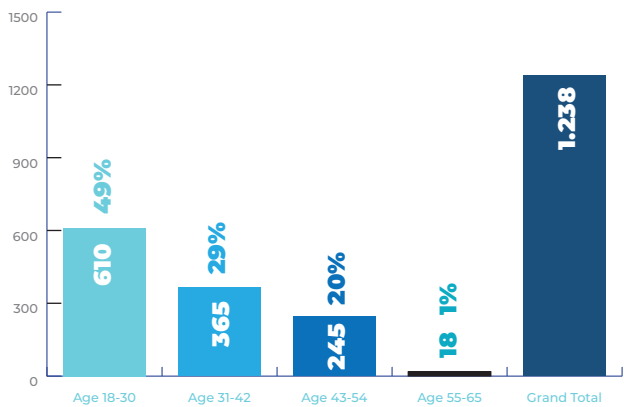
AGE RANGE OF HIRED EMPLOYEES



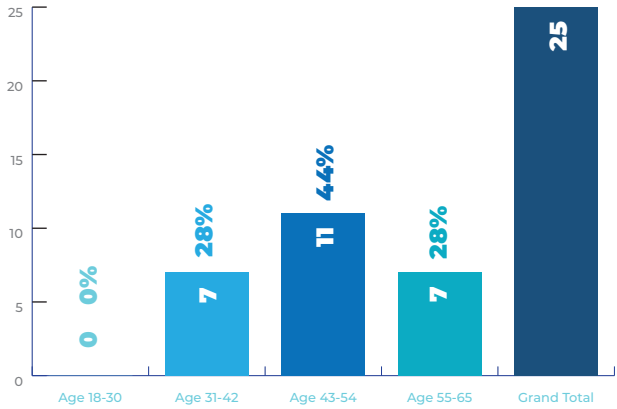
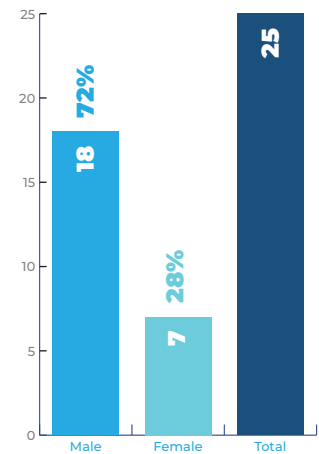
NUMBER OF DEPARTURES



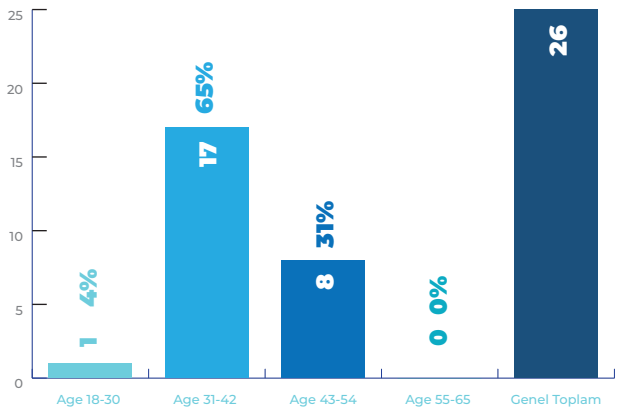
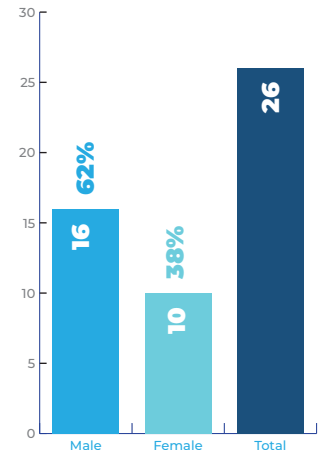
AGE RANGE OF DEPARTED EMPLOYEES



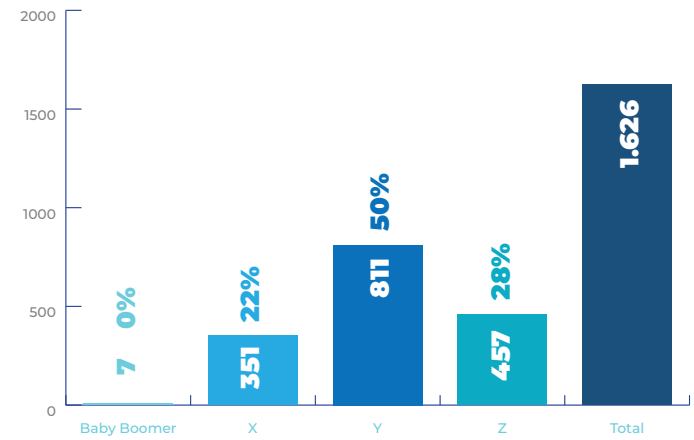
TOP LEVEL



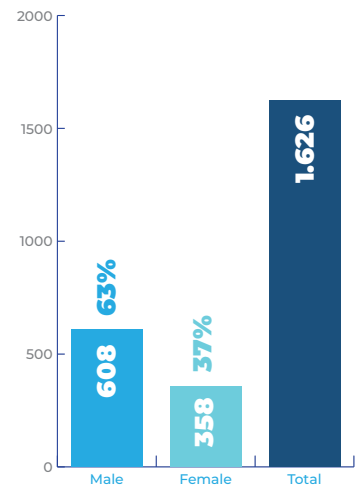
ENTRY LEVEL



GENERATION DISTRIBUTION



PERFORMANCE



ENVIRONMENTAL PERFORMANCE INDICATORS





This report is a natural product of our working philosophy shaped with the aim of protecting natural resources, ensuring environmental sustainability, and safeguarding the well-being of future generations with hope.

This report has been prepared with deep respect and responsibility for the ancient bond between humanity and nature.

In every line, you will find traces of our steps aiming for a more livable world; to produce better and higher quality while consuming less.