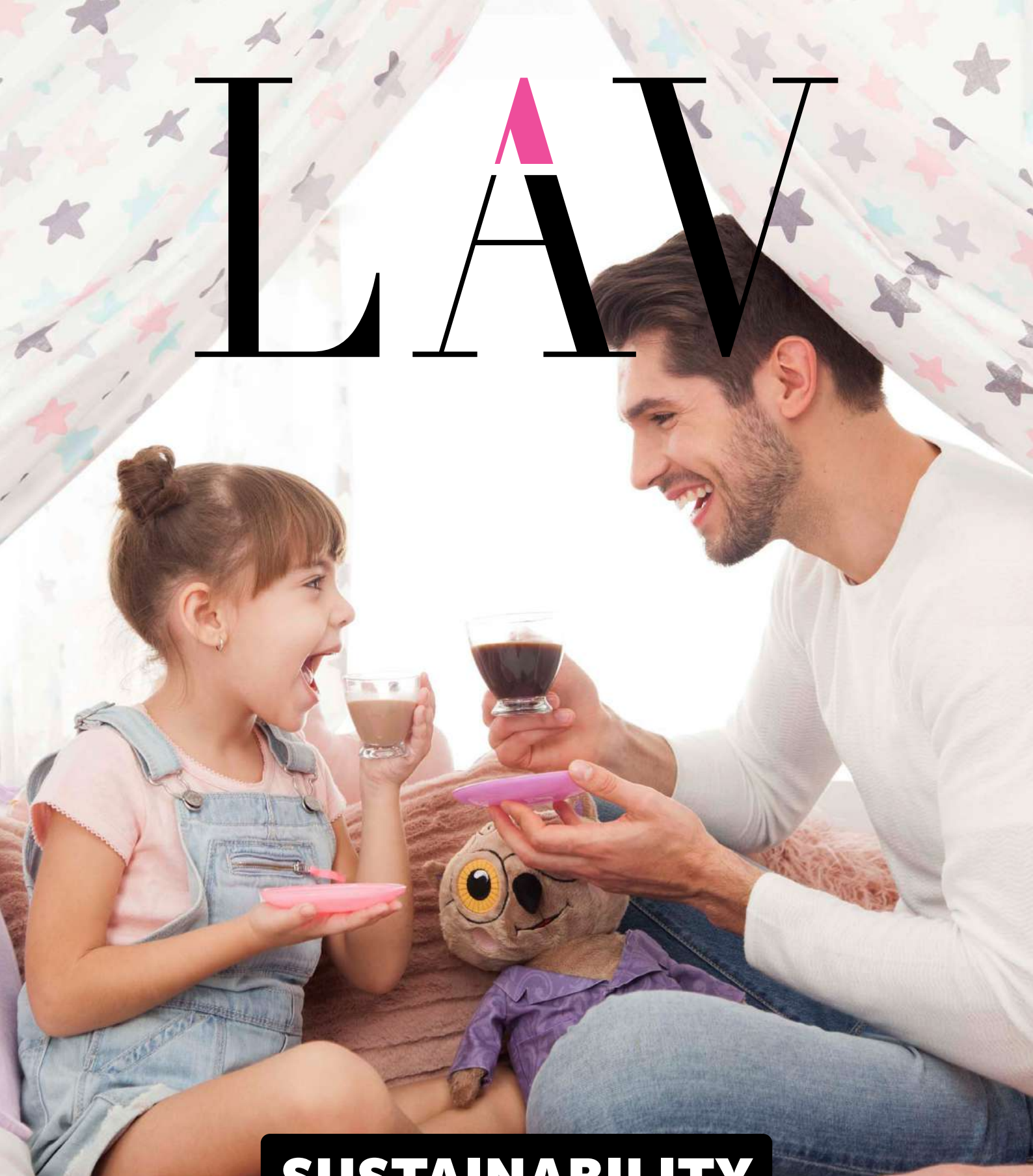


LAW



SUSTAINABILITY

REPORT

2020

CONTENTS

04

INTRODUCTION

About Our Report
 Message from Chairman of the Board
 Message from CEO
 Gürok Group
 About LAV

12

SUSTAINABILITY AT LAV: A JOURNEY THROUGH GLASS

28

BETTER WORLD

38

BETTER PRODUCTS

48

BETTER COMPANY

62

APPENDIX

Our Awards
 Key Performance Indicators
 GRI Content Index



ABOUT OUR REPORT

We are happy to share with you the first sustainability report of LAV. We prepared this report to explain how we integrated our understanding of sustainability, which we adopted as our way of doing business since the day The company was founded, into all our corporate processes. In the report, we included our sustainability strategy, priority areas, goals and corporate engagements.

Our performance, which is included in our report covering the period between January 1 and December 31, 2020, covers all our operations. This report is prepared in accordance with the GRI Standards: Core option. In the report, we, also, included the UN Sustainable Development Goals to which we contribute.

You can send all your opinions, suggestions and questions about our report to lav_gm@lav.com.tr



MESSAGE FROM CHAIRMAN OF THE BOARD



We aim for continuous development in all areas in which we operate. We define corporate success as sustainable growth that adds value to people, respects the environment, beyond financial success.

Dear Stakeholders,

At Gürk Group, we have been working to create added value for the Turkish economy for more than 70 years. We aim for continuous development in all areas in which we operate through our companies in the industry, tourism and real estate sectors. We define corporate success as sustainable growth that adds value to people, respects the environment, beyond financial success.

We are growing with the principles of efficiency, result-orientedness,

responsibility and continuity, which are the building blocks of our corporate culture. We put our business ethics principles, which we apply without compromising, on the basis of all our studies. We carry out innovative activities that create value for all our stakeholders, protect the environment and value people.

By building bridges between our future and our past, bringing different and unique perspectives to every sector we operate in, and keeping our trust-based relationships with all our stakeholders new, we will never

stop proceeding towards the better in our future as we do today. We will continue to grow by investing in people, our business and our environment.

We are proud to share the first sustainability report of our company, LAV, which is a world brand in the field of glassware. We aim for all our other companies to follow the activities initiated by LAV in the field of sustainability. On the occasion of this report, I would like to thank all the stakeholders of the Gürk Group.



MESSAGE FROM CEO

We export to
135
countries.

LAV produces 2 million pieces of 495 tons of glass per day at its two production facilities as of 2020. In addition to our 44,500 sales points in Turkey, we export to 135 countries around the world.



Tuğrul BARAN
LAV GENERAL MANAGER

Dear Stakeholders,

We are happy to share with you our first report, the 2020 LAV Sustainability Report. Our sustainability report covers our priorities, performance and targets in line with our sustainability strategy "Journey Through Glass" for the period 2020-2025.

Operating in the field of glass tableware under the umbrella of the Gürok Group, which has been providing added value to the Turkish economy for more than half a century, LAV is taking firm steps towards becoming a world

brand today. In LAV, which is the 5th largest producer of glass tableware in the world, we are producing 2 million pieces of glassware (approximately 495 tons of glass) per day with two production facilities as of 2020. In addition to our 44.500 sales points in the country, we export to 135 countries of the world. In the last ten years, our exports have increased by 450%. Our sustainable business style and investments play an important role in our success at LAV.

The year 2020, which we left behind, has passed with the fight against the COVID-19 epidemic,

which has affected both our country and the whole world. The whole world and our country entered a period of economic and social uncertainties. In this process, we focused on adapting our way of doing business at LAV to the new normal. We have taken precautions to protect our employees and business partners from the possible risks of the epidemic. Thanks to our digital infrastructure that we have developed, we have switched to the remote working model. We moved all our activities to digital world. Since the early days of the pandemic, we have created a strong awareness of social distancing and

hygiene throughout the company and among our suppliers.

Developments that we witness in the changing world, such as the destruction caused by climate change, economic uncertainties, population fluctuations and epidemics, reveal that sustainability should be considered by all institutions immediately. The definition of being a successful company is measured by the long-term value created for the stakeholders rather than the short-term financial gain. Companies with processes focused on the environment and people as social responsibility are more preferred by consumers. In this context, LAV is guided by our sustainability motto "A Journey with Glass" that we prepared in 2020. "A Journey through Glass", the product of collective intellect and action, is our roadmap that takes into account the risks and opportunities we encounter and may encounter, covers all our operational processes and makes sustainability a part of our daily operations in line with our purpose and corporate vision. In this roadmap, we focused our sustainability activities on "Better Company", "Better Products" and "Better World". We have identified our priorities corresponding to these areas and the UN Sustainable Development Goals to which we contribute. Our LAV Sustainability Scorecard includes our performance indicators that guide us on our sustainability journey, the targets we want to achieve, and our commitments.

Circular economy, energy and emission management and combating climate change are among our objectives for "Better

World". In this context, by trying to minimize our environmental impact, we returned 4,500 tons of paper and 365 tons of plastic packaging into the economy by recycling in 2020. As a result of the raw material and efficiency improvement projects we carried out, we reduced our natural gas consumption by 3.6% in 2020, compared to 2019. In the same period, our emissions decreased by about 5%.

Food waste is one of the most important global problems, both in Turkey and in the world and carries many problems with it. As a company that produces food contact materials, we have recently carried out an innovative research in order to prevent food waste at LAV. We are expanding our portfolio of storage containers in which food can be healthily stored for a long period of time. In 2021, we plan to implement a comprehensive project that will ensure that food remains healthy and safe for a longer period.

We do not compromise on quality and safety in our products that directly affect human health and are in contact with food. Our quality and safety work, which started with ISO 9001 Quality Management System, gained momentum with the adoption of the EFQM Excellence Model as a management approach in 2015. At LAV, where product quality and safety are ensured by national and international standards, 943 of our employees received quality training whereas 100 received product safety training.

We want women to be participatory and strong individuals in society and business life. We are taking steps towards empowering women

by supporting gender equality. To bring the importance we attach to gender equality to the level of international standards, we signed the UN Women's Empowerment Principles (UN WEPS) in 2015. We aim to establish a Gender Equality Working Group next year as part of our UN WEPS roadmap.

We do not limit sustainability to operations within LAV, therefore we act within the framework of sustainability throughout our supply chain. We monitor and report the environmental, social and economic performance of our approved suppliers on a monthly basis.

The concept of social citizenship is one of the most important building blocks of our corporate culture. In this direction, we continue our social responsibility projects at LAV hand in hand with data as results of research we carry out. Since 2015, we have been regularly making a "Social Impact Plan" that measures social perception and expectations and carrying out "Social Perception Survey". At the same time, we support the creation of quality education with the Ağaç Köy Education Project, the STEM-A Project and the Saint Pulcherie Design Competition.

I believe that we will continue taking firm steps forward in the coming years through the sustainability vision of "A Journey through Glass" which we present in our very first 2020 LAV Sustainability Report, and the actions we take in line with this vision. I would like to thank all my colleagues, business partners and stakeholders who contributed to the preparation of this report.

Best regards,

GÜROK GROUP

Gürok Group was established as a family business in Kütahya in 1948 and has become one of the most respected companies in the Turkish industry. With a revenue of 1.3 billion TL and 4,000 employees, the Group continues its operations in 7 sectors.



GÜROK GROUP COMPANIES

PRODUCTION AND GLASS



CONSTRUCTION PRODUCTS



MACHINERY



CONSTRUCTION



TOURISM



MINING AND ENERGY



IT



ABOUT LAV

As of 2020, we are producing 495 tons of glass per day with two production facilities in 120.000 m² closed area on 300.000 m² open area in LAV.

OUR OBJECTIVE

To add joy to every moment in life.

OUR VISION

To become the well-known and most liked cherished glassware brand in target markets with its profitable and agile structure.

OUR MISSION

To create value for its users with innovative glass products and digital services.

OUR KEY STRATEGIES

- Increasing Operational Efficiency
- Increasing Corporate Maturity
- Ensuring a brand oriented sustainability and profitability

To add joy to every moment in life; We value the principles of

- sustainability,
- being fair,
- market sensitivity,
- customer focus,
- innovation,
- corporate Consciousness
- Creating added value.

We increased our production capacity by more than 100% by adding another factory in Kütahya 1st Organized Industrial Zone in 2011, in addition to our Kütahya Factory, where we started our activities in 1996. As of 2020, we are producing 495 tons of glass per day with two production facilities in 120.000 m² closed area on 300.000 m² open area in LAV. We have a product range of 4,870 types. With our capacity to produce two million pieces per day, we are the 5th largest glass tableware producer in the world.

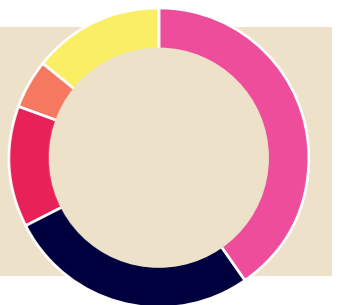
Brazil, China and the Philippines, especially France, Spain and England.

At LAV, we believe that the common point of giving pleasure to all our stakeholders is profitability, agility, awareness and preferability. With this awareness, we aim to be the most popular and widely known table glass brand in target markets, and we work to create value for our users with new glass and digital services. In order to achieve this vision, we organize our business processes in line with our main strategies.

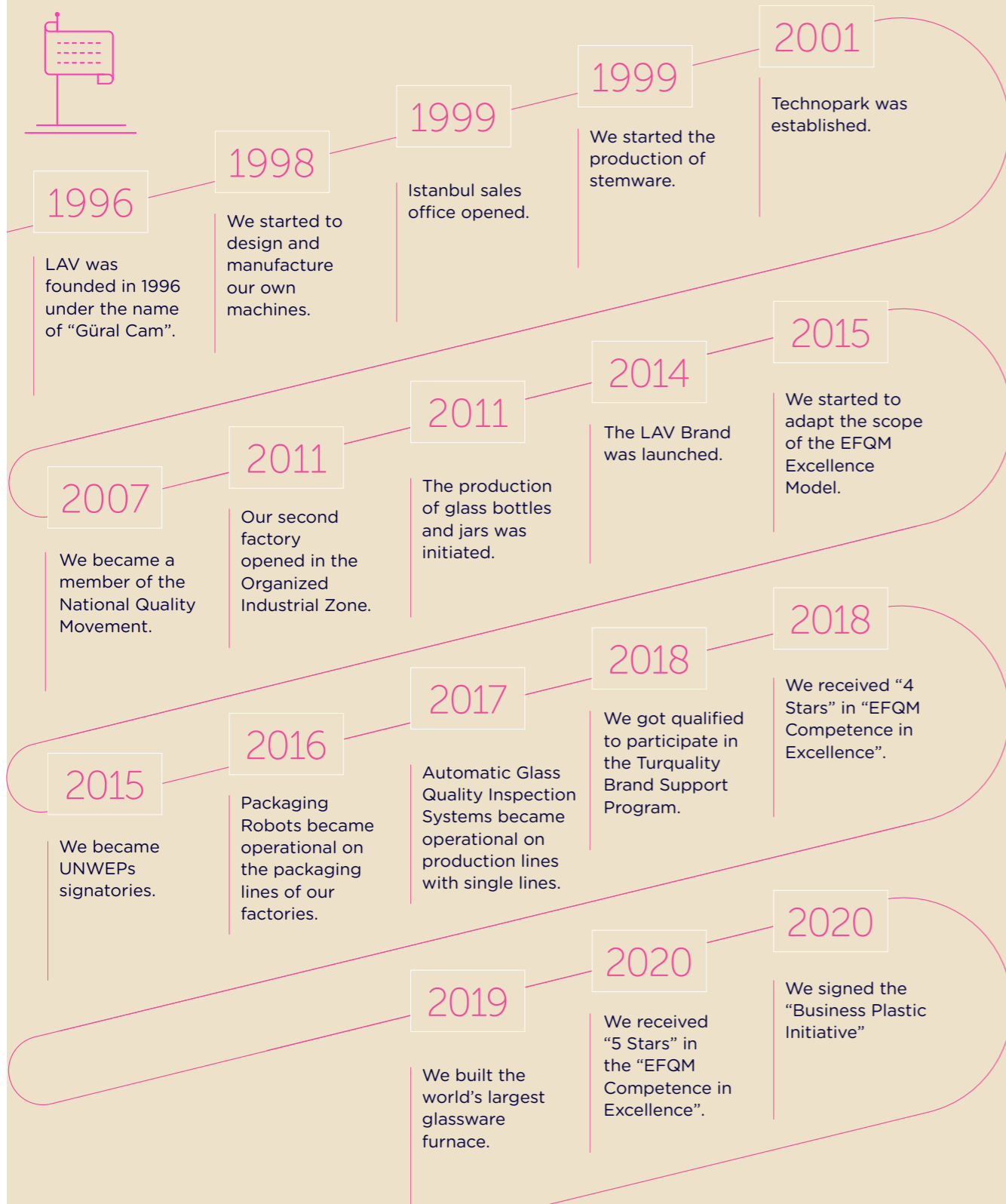
We have been continuing our sales and marketing activities in Lapis Han in Istanbul since 2014. We have approximately 44,500 sales points with 60 regional distributors in the country and retail markets throughout the country. We realize approximately 50% of our sales as exports. We export our products to 135 countries in the world such as

REVENUE DISTRIBUTION

- Europe 40%
- The Balkans and Central Asia 14%
- B2B 5%
- North and South America 13%
- The Middle East, Africa, Far East, Australia 27%



OUR MILESTONES



LAV in NUMBERS

2 Million pcs/day production

Export to **135** countries

295 business partners in foreign markets

250,000 retail distribution points worldwide

4 Centers

45% White-collar female employee rate

44,500 domestic distribution points

1,400 employees

97% Turkey brand awareness score

90% Penetration





SUSTAINABILITY AT LAV: A JOURNEY THROUGH GLASS

- 12 Initiatives We Support in the Field of Sustainable Development
- 14 Our Sustainability Motto: A JourneythroughGlass
- 17 Our Sustainability Priorities
- 19 LAV Sustainability Scorecard
- 22 Our Contribution to Sustainable Development Goals
- 24 Our Relations with Stakeholders



Incidents such as the havoc caused by climate change, global migration waves and epidemics are among the most urgent problems that all institutions should address. Increasing environmental and social problems put the sustainability of resources at the top of the business world's agenda. The definition of being a successful company is measured by the long-term

value created, beyond short-term financial gain. Companies that create value by producing not only good products but also produce them through processes that respect the environment and people are preferred. The mediums that provide instant access to information, the changing demands of young employees and consumers, compliance with increasing and changing regulations, the spread of green economy and responsible financing practices encourage institutions to create sustainability strategies integrated with their business processes.

At LAV, we closely follow all these developments in the world. We adopt an agile, participatory, innovative, reliable, environmentally conscious and ethical management approach. We perform multidimensional impact analyses of our products and operations. We are working to integrate our sustainability approach into all strategic and operational decision-making processes.

INITIATIVES WE SUPPORT IN THE FIELDS OF SUSTAINABLE DEVELOPMENT

At LAV, we believe in the power of common sense and action for sustainable development. For this reason, we support many local and global initiatives and work to be a part of the solution for global problems.

BUSINESS PLASTIC INITIATIVE

The Business Plastic Initiative (IPG) is a collaborative platform founded by Global Compact Turkey, SKD Turkey and TUSIAD that aims to encourage tangible actions by private sector organizations to reduce plastics; to bring together existing studies in line with the UN Sustainable Development Goals; to increase awareness and cooperation in this field; to pursue advocacy and support communication in the field. We became signatory for the IPG in 2020. We announced our commitments to plastic reduction until 2023 to our stakeholders. We aim to reduce plastic by 5% (1,5 tons) by 2022 and by 7% (2.1 tons) by 2023.

BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI)

The Business Social Compliance Initiative (BSCI) is a broad platform for social compliance monitoring and evaluation of the supply chain. BSCI Code of Ethics requires performance reporting on numerous issues such as legal compliance, non-discrimination, working conditions, occupational health and safety, prohibition of child labor, prohibition of forced and compulsory labor, environmental and safety issues.



In 2012, we started taking steps towards establishing a management system in LAV within the scope of BSCI's requirements. We have gradually brought our existing management systems in line with BSCI requirements such as occupational health and safety and environment, fair remuneration, evaluation of our suppliers with BSCI self-assessment surveys, on-site evaluation of our suppliers, and adding BSCI requirements to supplier selection and evaluation criteria. We have been taking regular independent third-party audits for BSCI since 2012.

SEDEX

Supplier Ethical Data Exchange Program (SEDEX) is an audit system designed to help businesses improve their responsible business processes and the performance of their supply chains. SEDEX stores data about responsible business practices and allows this information to be shared with multiple customers.

SEDEX SMETA Audits are a method used to ensure ethical trading. SMETA Audits are based on the ETI Codes, which include environment, health, safety, business ethics



and labor standards in the supply chain. We have been adopting SEDEX standards since 2009 and encourage our stakeholders to participate in these practices.

UN WOMEN'S EMPOWERMENT PRINCIPLES (UN WEPS)

WOMEN'S EMPOWERMENT PRINCIPLES

Ensuring the participation of women at all levels of working life contributes to the formation of more stable and just societies, the achievement of international goals in the fields of development, sustainability and human rights, the improving the quality of life of societies and the construction of strong economies. The UN Women's Empowerment Principles is an initiative to support joint action to achieve gender equality in business life.

We signed the UN WEPS principles in 2015. We aim to establish working groups in our company with a roadmap that we will create within the framework of UN WEPS principles in 2021. Our aim is to develop internal and external projects aimed at empowering women and to increase our women employee ratio.

Sustainability Management

LAV Sustainability Committee has the highest authority in the field of sustainability. LAV Sustainability Committee meets quarterly under the leadership of the General Manager and reviews the status of targets and practices. The committee is responsible for updating sustainability priorities, sharing them with all stakeholders, following good practices in priority areas, and ensuring that sustainability awareness is spread throughout all our employees and the families of our employees.



LAV's main guide in the field of sustainability is LAV Sustainability Policy. You can access our Sustainability Policy, which summarizes our approach in all our priority areas and the goals we want to achieve, at www.lav.com.tr. In addition to the Sustainability Policy, we manage our corporate processes with many corporate policies.



Policies that Regulate Corporate Life at LAV

- Information Technology Policy
- Environment Policy
- Digitalization Policy
- Communications Policy
- HR Policy
- Financial Affairs Policy
- Customer Relations Policy
- Marketing & Sales Policy
- Procurement Policy
- Technology Policy
- Production Policy



OUR SUSTAINABILITY MOTTO: A JOURNEY THROUGH GLASS

Our sustainability strategy "A Journey through Glass", which is prepared in 2020, is our roadmap that takes into account the risks and opportunities we face and may encounter, covers all our operational processes, and makes sustainability a part of our daily operations in the light of our values, vision and corporate strategies. Our strategy, which will be reviewed annually, defines our sustainability priorities, focused in LAV, in the period 2020-2025.

We have focused our activities on the field of sustainability based on "Better Company", "Better Products" and "Better World". We have identified our priorities corresponding to these areas and the UN Sustainable Development Goals to which we contribute. We prepared the LAV Sustainability Scorecard, consisting of the objectives, commitments, performance indicators and targets we want to achieve for all areas. This scorecard provides us with a roadmap to measure and improve our sustainability performance across all our operations.

BETTER WORLD

- ← Combating Climate Change
- ← Resource Efficiency and Circular Economy
- ← Gender Equality

BETTER PRODUCTS

- ← Environmentally Friendly Products and Food Safety
- ← Brand Recognition and Response to Consumer Expectations
- ← Product Safety
- ← R&D and Innovation

BETTER COMPANY

- ← Emergency Action Plan and Business Continuity
- ← Business Ethics
- ← Digitalization and Industry 4.0
- ← Occupational Health and Safety
- ← Sustainability in the Supply Chain
- ← Becoming a Preferred Employer



Sustainable Development Goals





The resources we resort while determining our sustainability strategy:

- Corporate strategies and goals
- Stakeholder expectations
- Global sustainability tendencies)
- UN Sustainable Development Goals
- Corporate engagements
- Corporate Values and Ethics
- Risk and Opportunity Analysis



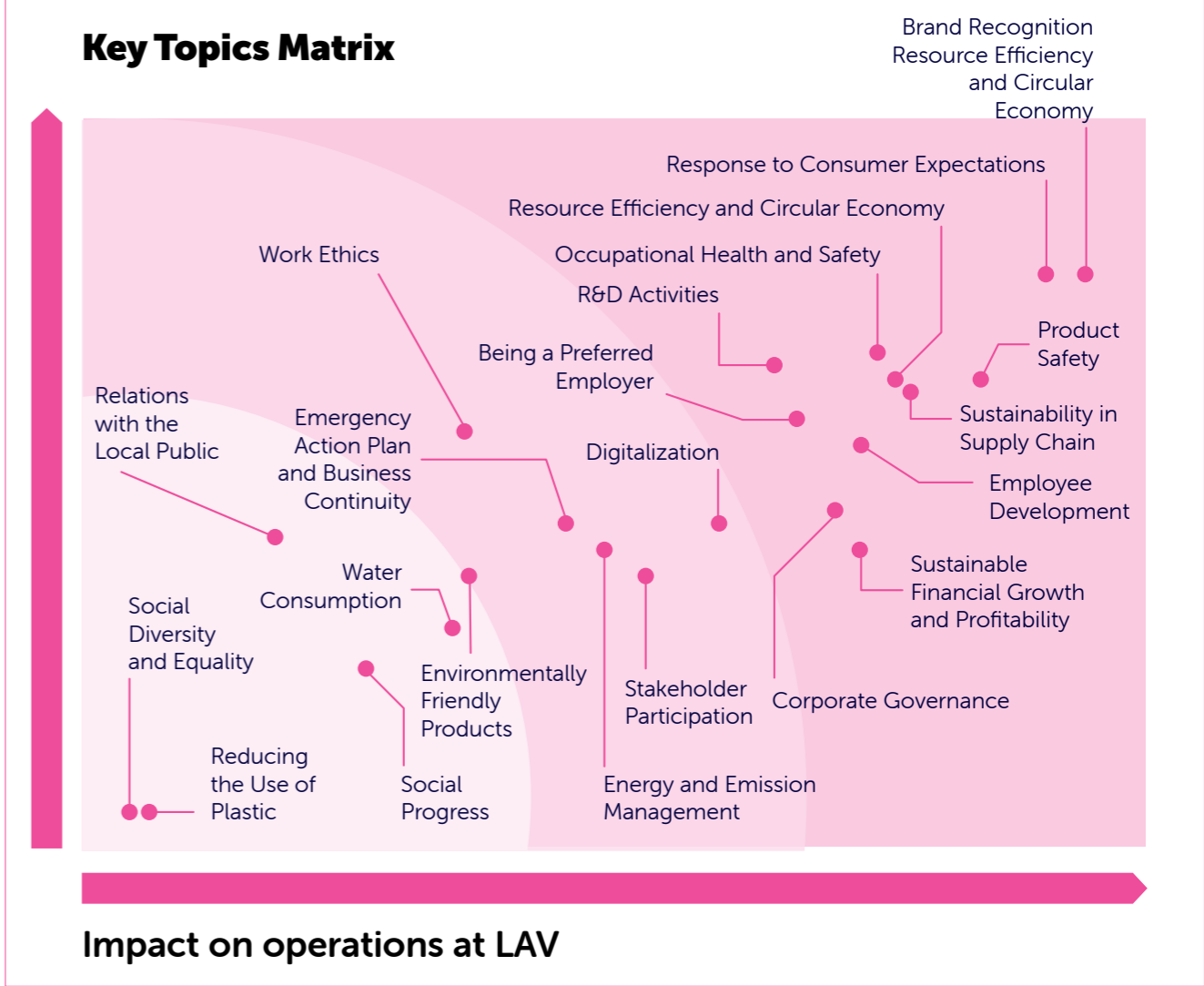
216
Employees
24
Stakeholders

216 employees and 24 stakeholders participated in the survey.

OUR SUSTAINABILITY PRIORITIES

We established our sustainability priorities in 2020 with a series of studies we carried out within the scope of establishing our strategy. In the first stage of the research, we reviewed global sustainability tendencies, peer company practices, our corporate strategic plans and created a wide content, consisting of 40 subjects. We re-evaluated these issues by considering their impact on company operations, the risks and opportunities they create, and prepared a list of 22 topics. We submitted this list to the opinions of our employees and external stakeholders through a survey. 216 employees and 24 stakeholders participated in the survey. The poll results were evaluated by the Sustainability Committee. Within the scope of the survey, we also sought the opinions of our stakeholders on the UN Sustainable Development Goals to which we are expected to contribute, and the sustainability risks and opportunities that are likely to affect our operations. The key topics that were identified formed the basis of the LAV Sustainability Strategy titled "A Journey throughGlass".

Key Topics Matrix



Paydaş Gruplarına göre Sürdürülebilirlik Beklentileri

	Employees	Group Companies	Shareholders	Our Customers	Suppliers	Our Business Partners
Emergency Action Plan and Business Continuity						✓
R&D Activities					✓	✓
Waste Management						✓
Employee Development	✓			✓		
Ecofriendly Products				✓		
Digitalization	✓			✓		
Energy and Emission Management					✓	
Work Ethic			✓	✓		
Occupational Health and Safety	✓	✓		✓	✓	
Resource Efficiency	✓		✓	✓	✓	
Corporate Governance				✓		
Brand Recognition	✓	✓	✓	✓	✓	✓
Sustainable Financial Growth and Profitability	✓		✓			✓
Sustainability in Supply Chain	✓		✓		✓	✓
Being a Preferred Employer			✓			
Response to Consumer Expectations	✓		✓	✓	✓	✓
Product Safety	✓		✓		✓	

LAV SUSTAINABILITY SCORECARD

We meticulously monitor our sustainability performance. We have determined our key performance indicators and 2025 targets in all our priority areas. By making the Sustainability Scorecard a part of the LAV Corporate Scorecard, we ensured that the goals were spread throughout the company, making it a part of the performance evaluation system.

You can access our Sustainability Scorecard from the main section headings in the report.



Global Sustainability Trends: Risks and Opportunities

Subject	Definition	LAV's Response: Work Carried Out Inside and Outside of the Institution
Epidemics	Global epidemics, in addition to their negative effects on human health, also cause disruptions in supply chains, significant economic losses and unemployment. The IMF predicts that the Covid 19 pandemic will cost the global economy \$28 billion.	<ul style="list-style-type: none"> *We inform our business partners about what needs to be done about the epidemic. *We created action plans by including epidemics among our OHS risks. *We received the COVID-19 Safe Production Certificate. *We created a flexible working hours. *We established remote working. *We created working methods according to risk groups. *We carried out information activities.
Economic Instability	For the past 10 years, what is described by the IMF as a "synchronous slowdown" in world economies has been the case as weak growth. Political tensions accompanying the devastating effects of the COVID-19 pandemic; decreased confidence in economic systems, high debt rates, global trade wars are among the indicators that this situation may continue. Extreme weather conditions and environmental disasters caused by climate change also cause significant economic adversities. These crises cause significant waves of unemployment and social unrest all over the world.	<ul style="list-style-type: none"> *We provide financial support to our business partners. *We maintain an effective cash management. *We prepare action plans according to alternative scenarios.
Circular Economy	Circular economy, which is one of the most important facts of the new "environmentally friendly economy", is to review the design, production and usage of products with a holistic approach and to ensure the repeated use of products, thus minimizing the use of raw materials and waste. Within the scope of the new economy strategy, the European Union has prepared the Circular Economy Package. For this purpose, regulations were also made in the legislation on waste in Turkey. The raise in the amount of collectible glass with the increasing awareness of the circular economy in consumers is an extremely positive development for LAV.	<ul style="list-style-type: none"> * We support recycling efforts and send our packaging waste to 100% recycling. *We are working on 100% recycling of process scrap.
Digitalization and Industry 4.0	New technologies bring many opportunities such as increased productivity, ease of tracking of work processes, automating/digitalizing non-value-added works, and paperless offices. However, these technologies also contain many risks such as cyberattacks, the disappearance of the human control mechanism, and adaptation difficulties.	<ul style="list-style-type: none"> *We digitize our processes and define new ones. *We are making technology investments in information security.
Natural Disasters	2020 has been a year in which news of disasters such as fire and flood spread all over the world. The increasing negative effects of climate change and natural disasters have negative environmental, social and economic consequences.	<ul style="list-style-type: none"> *We conduct drills within the scope of the Emergency Action Plan.
Disputes Between Countries	Today's turbulent political world exposes companies to many political risks. Disputes between countries bring trade to a standstill and cause significant disruptions in supply chains. Terrorism continues to take its place in global researches as a risk factor affecting the whole world.	<ul style="list-style-type: none"> *We are diversifying our supplier pool. *We are preparing alternative logistics and distribution channels.

Subject	Definition	LAV's Response: Work Carried Out Inside and Outside of the Institution
Climate Change and Extreme Weather Conditions	Climate change poses operational, economic and reputational risks for all companies. While extreme weather conditions make operations challenging, determination to fight climate change creates demands for new products and services. For young customers and employees, the environmental awareness of businesses can be a reason for preference. Compliance with new environmental regulations presents challenges for all companies.	<ul style="list-style-type: none"> *We make our facilities resistant to extreme weather conditions. *We reduce our energy consumption by using alternative raw materials. *We constantly control the gas emission values.
Food Crises	According to the Global Network Against Food Crises, 137 million people faced acute food shortages in 2020. Migration, extreme weather conditions and economic insufficiencies are among the main causes of food crises. As a company that manufactures food contact products, we develop strategies to play an active role in resolving food crises.	<ul style="list-style-type: none"> *We conduct informative activities to ensure that our consumers preserve food in a long-term and healthy way. *We work to reduce food waste. *We design products where food can be kept healthy.
Differences in Quality of Education	Good education is among the fundamental human rights and has an important place among the UN Sustainable Development Goals. However, there are serious inequalities in access to good education both globally and in Turkey. This inequality will also cause unemployment and unequal income distribution in the future. Companies compete for a small number of well-trained manpower.	<ul style="list-style-type: none"> *We develop education-oriented projects within the scope of our social responsibility activities. * We work to be an institution preferred by new graduates by cooperating with universities. *We create training plans to increase the competence of our employees.
Internet and Information Infrastructure Deficiencies	According to the WEF 2020 Report, 50% of the world's population is connected to the internet. 1 million new people go online every day, 2/3 of population have mobile devices. The 4th Industrial Revolution offers incredible opportunities. However, the digital inequality between countries and individuals also creates an economically vicious circle. Countries that dominate information technologies take the lead in the economic race, while countries and institutions with insufficient information infrastructure lag behind investment markets and innovation.	<ul style="list-style-type: none"> *We take audits from competent external organizations every year to keep our information technology infrastructure up to date and secure.
Increasing Expectation of Quality of Life	The expanding middle class, shrinking homes and families all over the world bring different lifestyles and consumption habits. The preferences of young employees and consumers make it necessary for companies to review the products and opportunities they offer. Developing user-friendly and environmentally friendly products creates an opportunity to gain competitive advantage.	<ul style="list-style-type: none"> * We design new products in accordance with changing consumption habits in target markets and renew our product range.
Unemployment Issue	Increasing digitalization and developments in information technologies reduce the need for human beings, especially in production processes. Inequalities in the quality of education prevent countries and individuals from benefiting equally from the new information economy. Combined with the global economic recession, these developments cause unemployment crises all over the world.	<ul style="list-style-type: none"> *We plan our on-the-job and in-house trainings in line with the changing employment profile.
Information Security and Cyber Attacks	Cyber-attacks against institutions are increasing day by day and are becoming more dangerous. Theft or loss of important information results in loss of money, reputation and legal sanctions to institutions. Companies that follow advanced technologies in the field of cyber security and give confidence to their stakeholders gain significant competitive advantage.	<ul style="list-style-type: none"> *We receive cyber security audits from competent external organizations every year. *We are improving information security restrictions.

OUR CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) is a call by the United Nations for governments, companies and non-governmental organizations to work collaboratively and take action in areas critical to the collective future. As LAV, we support the United Nations Sustainable Development Goals.

We see our contribution to these goals as an important part of creating value. Through our operations, we contribute directly to 7 goals:



Good Health and Well-being: As a manufacturing company, we manage the health and safety of our employees as our business priority and improve them through corrective and preventive actions. We follow the highest standards of Occupational Health and safety and organize various training programs. By contributing to proper food storage, in a way, we support our customers eat healthily.



Quality Education: We invest in the professional and personal development of our employees and prepare them for the future. We establish partnerships with universities. With the socially benefiting investments we make in the field of education, we contribute to children's access to education.



Gender Equality: We support women's participation in social and economic life. We are signatory to the UN Women's Empowerment Principles. We develop practices to improve our female employee and manager rates. We will implement social responsibility projects in order to spread gender equality to the whole society.



Decent Work and Economic Growth: Through our investments in R & D and innovation, we improve our economic added value and contribute to our region. We develop practices to prevent child and forced labor in our supply chain and to ensure fair working conditions. We improve our contribution to the country's economy with the importance we attach to local supply and support the development of domestic companies. We adopt and maintain international standards in order to provide our employees with the working conditions they deserve. We contribute to social prosperity through our social benefit investments.



Industry, Innovation and Infrastructure: We make investments to manufacture products with low environmental impact and high added value. We carry out many collaborations in the field of R&D and innovation. We have competitive advantage by producing our own machines. We follow the requirements of Industry 4.0 and digitize our processes.



Responsible Consumption and Production: We strive to manufacture better products by using less resources, without compromising on quality and safety. We share accurate information about our products. We support the circular economy. We support efforts to increase recycling of glass and look for ways to reduce our plastic usage.



Partnerships for the Goals: We closely follow all developments in the field of sustainability. We are partners and supporters of many sectoral, national and global initiatives. We believe in the power of joint action in sustainable development.

Stakeholder Relations

We aim to provide accurate and timely information to all our stakeholders. For this reason, we maintain our stakeholder communication on numerous platforms tailored to different stakeholder groups. By becoming member of non-governmental organizations, global and sectoral initiatives and supporting their activities, we improve our corporate



Communication Methods with Our Stakeholders

Our Stakeholders	Communications Platform	Communications Goal / Subject	Communication Frequency
Customers	Surveys Website press section Magazines and newspapers Social media Fairs	Communicating the information on developments in the company, sector and technology	Continuous
		Announcement of updates about the company with bulletins added to the website	Continuous
		Management of LAVmood communication campaigns on social media	Continuous
		Supply chain customer meetings	Six times a year
		Relaying the information on improvements, innovations and new developments in the company with bulletins and interviews in domestic and foreign publications	Continuous
		Meetings with existing and new customers	Continuous
Employees	Satisfaction survey Bizbize Magazine Social media	Announcing important updates about the company	Quarterly
		Whatsapp communication line	Continuous
		Internal communication meetings within the departments	Annually
		Interdepartmental meetings about internal communication	Annually
		Providing information about the company	Continuous
		,Communicating important developments	In case of need
		Sharing the developments within LAV by the General Manager	Twice a year
		Evaluating the previous year and conveying the vision of the year ahead	Annually
		Strategy Workshops	Annually
		Suggestions, Wishes and Complaints Platform	Continuous
Relaying the information on developments in the company, products and sector news	Continuous		
Suppliers	Face-to-face meetings Fairs E-mail Factory Visits Social Media	Discussing business matters	Continuous
		Supply chain supplier meetings	Six times a year
		Audits	Several times a year
		Relaying the information on developments in the company, products and sector news	Continuous
Shareholders	Board Meeting	Providing information about the company and conveying important developments	Twice a month
Local Communities and Administrations/ Public and Regulatory/ Non-Governmental Organizations/ Media	Press Releases Social Media	Communicating important developments in the company through media	In case of need
		Announcing important updates about the company	Several times a year
		Announcing important information	Continuous
Group Companies	Bizbize Magazine	Communicating developments and news about products	In case of need
		Communicating the important information	Quarterly



BETTER WORLD

- 29 We Embrace Circular Economy
- 32 Business Plastic Initiative (IPG)
- 32 We Support the Fight Against Climate Change
- 34 We Support Gender Equality
- 35 We Develop Projects to Support Social Welfare



At LAV, we believe that a cleaner, fairer and better world is possible for all. We strive to fulfill our responsibility by working to minimize our environmental impact, supporting gender equality and implementing social responsibility projects.

Key Topic	KPI	2020 Performance	Objective	Date	
Circular Economy	Raw materials usage (ton)	103*	Determining the ways of reduction by mapping the plastic usage	2021	
	Water usage (m ³ /ton water consumption per ton)	5,6	Carrying out a water conservation efficiency project every year	2030	
	Hazardous waste Output (ton)	47.928	Reducing oil consumption	2030	
	Amount of plastic used (ton)	220			
Energy and Emission Management and Combatting Climate Change	Energy intensity (GJ/ton)	91,8*	Implementing an energy efficiency project every year	2030	
	Reduction of Energy usage (GJ)	100,66**	Involving the environmental impact of the project into the decision process in investment projects	2022	
	Greenhouse Gas (GHG) emissions (tCO ₂ e)	OIZ Factory: (tCO ₂ e) 94.569			
		Central Factory: (tCO ₂ e) 39.760			
Number of spills	0				
Gender Equality	Employee turnover rate (%)	0,41	Increasing the rate of white-collar female employees to 50% (2020: %45)	2025	
	Female executive rate (%)	45	Increasing the rate of blue-collar female employees to %20 (2020: %16)	2030	
	Ratio of entry-level female employee salaries to male employee salaries	1			
	Ratio of executive level female employee salaries to male employee salaries	1			

*Indexed compared to the previous year.
**Indexed to be 100 for the year 2017.



200
m³/day water treatment plant available

We recycle and reuse all of the industrial waste water generated as a result of our processes. We have a 200 m³/day domestic wastewater treatment plant for the treatment of domestic wastewater.

We Embrace Circular Economy

%100
Recovery and recycling rate of scrap materials

In 2020, we recycled 4,500 tons of paper and 365 tons of plastic packaging into the economy.

The circular economy is an economy model that eliminates waste and pollution at the design stage, keeps products and materials in use, and is based on the principle of improving natural systems. It is based on the principle of using the limited resources of the world with rational solutions. Glass, a material that can be recycled endlessly and used continuously, is among the important materials of the circular economy.

At LAV, products that do not meet the targeted standards at different stages of quality control are collected and recycled. We develop projects to use all resources more efficiently and sustainably, as well as to increase the amount of recycled glass used in production.

In this context:

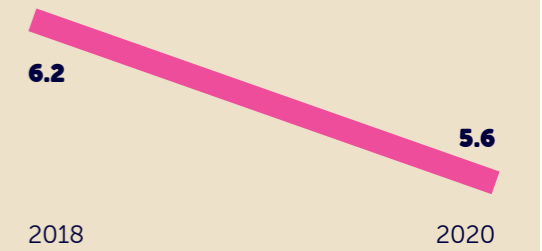
- We attach great importance to the sustainability of water, which is the main resource for glass production and used for cooling purposes. We recycle and reuse the industrial wastewater generated in our production processes.
- We have a domestic wastewater treatment plant with 200 m³/day capacity for the treatment of domestic wastewater.
- We recycle the packaging waste, thus, add value to the economy. In 2020, we recycled 4,500 tons of paper waste and 365 tons of plastic waste into the economy. Our recovery rate was 100%.
- We use the waste heat generated in the production processes to heat the business and administrative offices.
- We collect waste batteries in our businesses and administrative offices.
- As a result of digital needs analysis, we carry out digitalization projects that encourage the use of paperless offices.

Product Development Projects

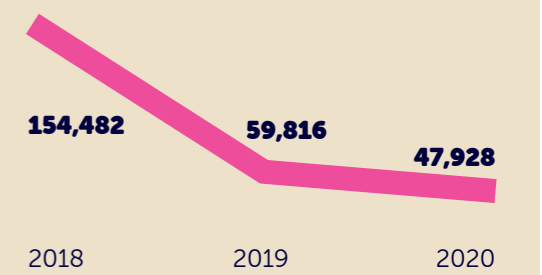
Within the scope of our product development projects, we aim to increase the efficiency in machine rpm, productivity and glass usage for the selected products and to improve production conditions. In the projects we started in 2018, we have achieved a total improvement of 14.4% in the production parameters of the products selected for improvement so far.



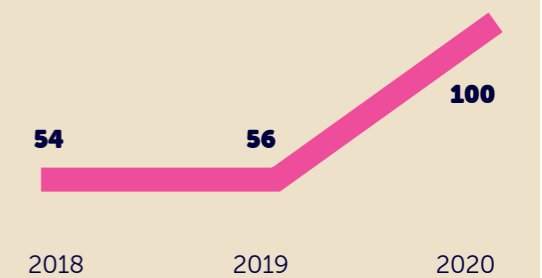
WATER CONSUMPTION (M³/TON)



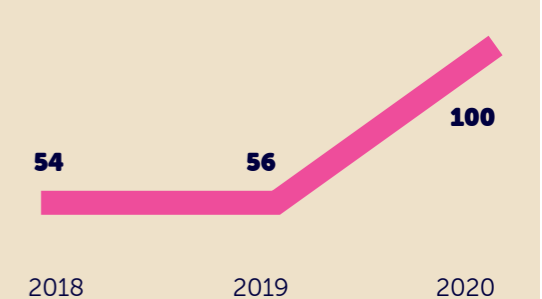
HAZARDOUS WASTE OUTPUT (TON)



PAPER RECOVERY RATE (%)



PLASTIC RECOVERY RATE (%)





We Support the Fight Against Climate Change

Glass manufacturing is an energy-intensive industry. Approximately 30% of the glass production cost is energy based. Improving energy efficiency has been an increasing priority for LAV in recent years. We aim to increase the competitiveness of our company by increasing energy efficiency while contributing to the fight against climate change. We also meticulously monitor the possible effects of climate change on our operations and evaluate environmental risks in our risk maps.

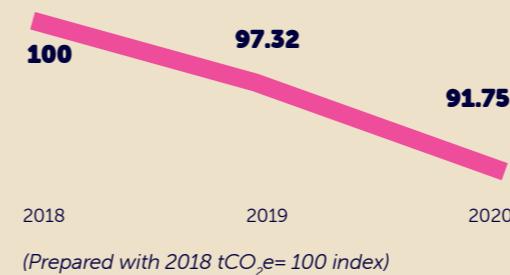
Energy management at LAV is the responsibility of the Energy Management Unit specialized in this field. This unit is responsible for measuring the usage, tracking targets, implementing legislation and improvement efforts.

We support the Turkey phase of the "Partnership in Preparedness for Carbon Markets" prepared by the World Bank to contribute to the efforts to reduce greenhouse gas emissions. This partnership program is of great importance in the global fight against climate change and ensuring the effective use of emission reduction mechanisms (Partnership for Market Readiness – PMR).

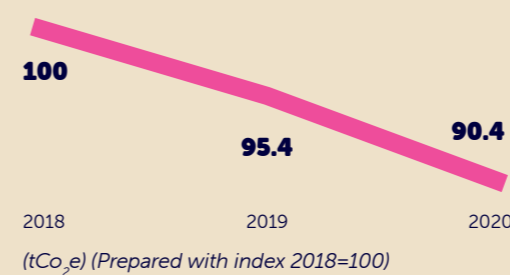
In 2020, our natural gas consumption decreased by 3.6% compared to 2019, and the amount of energy we consume per ton decreased by 8% compared to 2018. In the same period, our direct emissions decreased by about 10%.

The most energy-intensive stage of glass production is the melting of raw materials at temperatures between 1,300 and 1,650°C. At LAV, we use natural gas in this melting process. As a result of the raw material replacement and efficiency efforts, our natural gas consumption in 2020 decreased by 3.6% compared to 2019, and the amount of energy we consume per ton decreased by 8% compared to 2018. In the same period, our direct emissions decreased by about 10%.

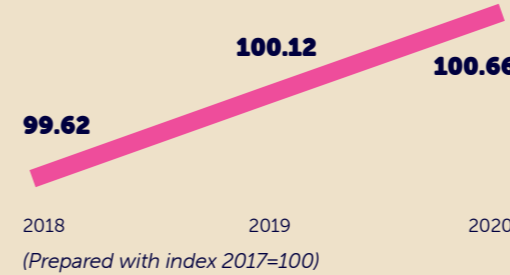
ENERGY CONSUMED PER TONS OF GLASS (GJOULE/TON)



DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1)



ENERGY SAVING IN PRODUCTION



Manufacturing Machinery and Furnace Improvement Projects

Following the projects initiated to reduce the total energy consumption during production, we achieved 4% reduction in energy consumption in the 2018-2020 period. Batch optimization and improvement of compressed air systems are among the objectives of the projects in the upcoming period.

Business Plastic Initiative (BPI)

Since plastics are strong, durable and versatile materials, they take place in every aspect of our daily lives. Plastic packaging protects products and helps to reduce carbon emissions by reducing fuel costs during transportation. The convenience and advantages provided in use have made plastic and plastic packaging an integral and important part of the global economy.

Plastic waste has become a growing global problem, as the reuse and recycling of plastics is not increasing at the same pace as its production. A significant amount of plastic waste is incinerated or sent to landfills, resulting in greenhouse gas emissions. While plastics mixed with nature threaten biodiversity, on the other hand, they potentially turn into microplastics, spreading to the entire ecosystem and threatening environmental health.

Founded in 2019 by Global Compact Turkey, SKD Turkey and TUSIAD and continuing its activities on a voluntary basis, BPI works with the vision of realizing the circular economy for plastics. BPI is the first and only initiative in Turkey that brings together plastics value chain actors, local governments and public affiliates, investors, NGOs, academia and citizens, namely multiple stakeholders of the entire plastics value chain.

As a BPI signatory company, we also support the international Collective Vision, which consists of widely accepted international principles.

Within the scope of IPG, we aim to reduce plastics by 5% (1.5 tons) until 2022 and by 7% (2.1 tons) until 2023.



We Support Gender Equality

We position LAV as “a brand that supports women”. We believe that the welfare of nation will increase with the equal participation of women in all areas of society. For this reason, we seek to improve the empowerment of women with the works we do in the company and the society.

In order to bring our commitment to gender equality into line with international standards, we signed the UN Women’s Empowerment Principles (UN WEPS) in 2015. In 2021, we aim to establish a gender equality working group within the scope of our UN WEPS roadmap. With this working group, we aim to better understand the demands and problems of our female employees and to produce solutions, as well as to develop social responsibility projects.

We aim to make LAV an employer of choice for women. 45% of our white-collar employees are women. We manage remuneration, career opportunities, selection and placement processes according to the principle of equality. We are developing projects to increase our female engineer ratio. We encourage our male employees with babies to use paternity leave. As part of our COVID 19 measures, we have given administrative leave to our employees who are pregnant and on maternity leave.

As part of the “Anatolian Scholarship Program”, we provide educational support to two female students from Koç University.

We Develop Projects to Support Social Welfare

At LAV, we pursue our social responsibility projects relying on data and research that we carry out. Since 2015, we have been regularly preparing a “Social Impact Plan” and organizing a “Social Perception Survey” (SPS).

Our Social Impact Plan is updated every year under the headings of “Impact on Society”, “Preventing Inconvenience and Harm” and “Conserving Resources”. Through TMA, we measure the social perception and expectations on the topics in the Social Impact Plan. We use the TMA results as the input for the next year’s Social Impact Plan.



AĞAÇKOY VILLAGE EDUCATION PROJECT

As a joint project in partnership with GCA, we sponsor the Arduino Robotic Coding and Lego Mindstorm Robotic programming training of primary and secondary school students in Kütahya Ağaç Köy. Through this project that initiated in 2018, 94 students were introduced to programming and robotic coding. Students exhibited their projects at the TUBITAK Science Fair held in March 2020.

STEM-A PROJECT

Our aim at LAV is to support our country to be among the countries that produce technology rather than just using it. For this purpose, we have been sponsoring the “STEM-A” Project, which we have implemented in partnership with TÜSİAD since 2018, as the “Golden Sponsor”. Our aim at this project is to contribute to raising an imaginative generation with high scientific and technological competencies. As part of the project, we organized a factory tour in 2019 and allowed 350 students from 13 different schools to see the technologies we use on site.

SAINT PULCHERIE DESIGN COMPETITION

Our aim in the design competition attended by 9th grade students of Saint Pulcherie French High School is to enable young people to use their talents in solving social problems. We determined the theme of the design competition held in 2020 as UN Sustainable Development Goals. We printed the winner design onto a glass and put it on sale, while donating the earnings to the Social Volunteer Foundation (TOG).

350
students

With the factory tour we organized in 2019, we made it possible for 350 students from 13 different schools to see the technologies we use on site.



BETTER PRODUCTS

- 39 We Listen to Our Customers
- 41 We Produce Quality and Reliable Products
- 44 We Design Environmentally Friendly Products
- 45 We Work to Prevent Food Waste
- 45 We Invest in R&D and Innovation



We create value with our products manufactured with processes that respect the environment and human beings.

WE LISTEN TO OUR CUSTOMERS

Our effective customer relationship management is one of the important factors that strengthen our position in the market. For this reason, meeting consumer expectations at LAV is among our sustainability priorities. Today, rapidly changing trends affect consumers' expectations and purchasing preferences. We adapt to changing consumer expectations with the products and services we develop. At LAV, we offer collections that meet the preferences and expectations of consumers. We focus on a different theme in each of our product groups.

WE HAVE A VARIETY OF 4500 ITEMS IN OUR PRODUCTION LINE

We adopt a communication approach that enables us to take quick steps to solve problems related to products. We listen to requests and complaints from all customers through various channels (website, portal, phone, sikayetvar.com or face-to-face) and offer solutions to them accordingly. Incoming complaints are evaluated by the "Customer Complaints Board" and when necessary, we open a CPA (Corrective and Preventive Action) and relay them to the relevant department(s).

We use social media platforms to increase customer satisfaction. By better understanding consumer preferences through the campaigns we run through these channels, we consider these views as insights while determining our own strategy. We reached 33 million views on our Instagram account in Turkey and 1.6 million views on our US account.



250,000

Selling Points around the World

In addition to our 250,000 sales points around the world, we deliver our products to all of Turkey via our e-commerce sites and to all 50 states of the USA via lav-us.com.

Key Topic	KPI	2020 Performance	Objective	Date
Response to Consumer Expectations and Brand Recognition	Total number of products in the product range	4,870	Implementation of a new project for longer preservation of food	2021
	Total number of sales points (Türkiye)	44,500		
	Brand recognition research (%)	94		
Product Safety	Ürün güvenliği ihlali nedeniyle alınan cezalar	0	100% success rate of product safety tests	2030
	Product safety audit scores	8 Walmart FCCA Audit: 88.2 FCCA Audit: 89.5 Sainsbury's Technical Audit: 97 Nestle GMP Audit: Uyumlu Morrison's Technical Audit: 95 BiM Technical Audit: 88 A101 Technical Audit: 90 Migros IFS Audit: B		
Environmentally Friendly Products and Food Safety	Number of products with reduced weight	4		
R&D and Innovation	Number of university/industry R&D collaborations	3		
	Number of registered designs	3		
	Number of registered brands	4		

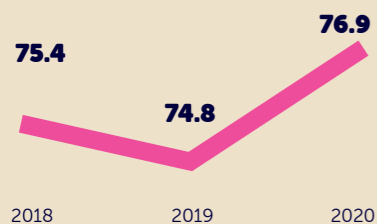
In addition to our 44.500 domestic sales points, we reach all of Turkey through our e-commerce site and we deliver our products to the 50 states of the USA via lav-us.com. With our digital showroom, which is planned to become active in the first half of 2021, we aim to enable our customers to receive more detailed information about the products they want to buy.

At LAV, we organize a Customer Satisfaction Survey (CSS) every two years to measure how well we meet our customers' expectations. We share the analysis of the survey results with the senior management and relevant departments, identify the issues that need improvement and review, and take the necessary actions. In the last survey conducted in 2019, there were 27 questions regarding the product, its packaging and product presentation, samples, shipments, customer relations and communication, problem solving/ complaint management, image and reputation, and loyalty.



We reached 33 million views on our Instagram account in Turkey and 1.6 million views on our US account.

CUSTOMER SATISFACTION SURVEY (%)



41 Madison New York

We have designed a LAV showroom that will reflect the brand in the most accurate way at an area of 206 m² in 41 Madison building in New York, where the world's leading glassware manufacturers are located.

While raising LAV's brand perception in line with our target country strategies, we communicate with our customers and manage their demands and expectations.

WE ARE WORKING TO INCREASE OUR BRAND RECOGNITION

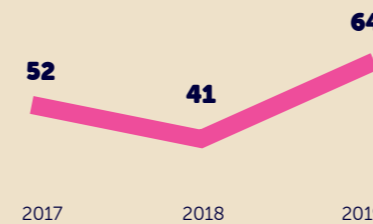
Ensuring brand-oriented sustainability and profitability is one of our main strategies. In this vein, we attach special importance to brand recognition efforts at LAV.

We organize visits, fairs and focus groups for our current and potential customers with the motto titled "Your coolest friend". We regularly attend international fairs such as Chicago – International Home & Housewear Show, Frankfurt-Ambiente, The New York Tabletop Show and HOMI The Lifestyle

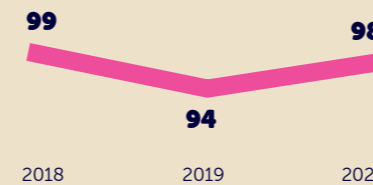
Trade Fair. We organize customized events for brand communication on special occasions. We carry out social media activities and perform special digital projects throughout the year. We track news follow-up throughout the year for PR, event and sponsorship activities, and from time to time we conduct PR events and advertorial work.

Within the scope of brand communication, we conduct market research such as availability, checkout, focus group, brand recognition and image value. We carry out checkout, brand recognition and image value throughout the year.

BRAND IMAGE SCORE (%)



TOTAL BRAND AWARENESS (%)

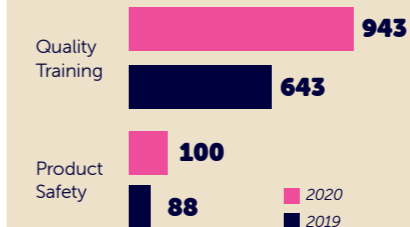


WE PRODUCE QUALITY AND RELIABLE PRODUCTS

Our products that come into contact with food affect food quality, shelf life and human health directly. For this reason, at LAV, we strive to produce better products without compromising quality and safety. Our work on quality and safety, which started with the ISO 9001 Quality Management System, gained momentum in 2015 with the adoption of the EFQM Excellence Model as a management approach.

At LAV, we ensure product quality and safety at national and international standards. We produce in accordance with the principles of the EU Council Directive (EC) 2023/2006. Our Quality Management System and processes comply with applicable standards that ensure product safety, such as BRC (British Retail Consortium Global Standards). We organize trainings for our newly recruited employees on product safety. During the reporting period, 943 employees received quality training while 100 of our employees received product safety training.

NUMBER OF EMPLOYEES WHO RECEIVED PRODUCT SAFETY AND QUALITY TRAINING



We measure the quality and durability of our products with a wide range of analyses and tests. All of our products go through five different quality control tests: hot control, cold control, tension tests, product control and quality control.

At LAV, we implement the following plans as part of our product quality and safety efforts:

- KYS.PL.001 Infrastructure and Working Environment Plan regarding infrastructure and working environment,
- ST.PL.002 Input Verification Plan in terms of compliance and controls of the inputs to be used in our products,
- KYS.PL.005 Identification and Traceability Plan in terms of traceability,
- KYS.PL.006 Internal Audit Plan in terms of monitoring the compliance status of processes,
- KYS.PL.008 Management Review Plan for the annual review of Management Systems and process management,
- KYS.PL.009 Recall Plan in order to determine what should be done in case of a situation that may threaten consumer health in terms of use after our products are shipped,
- KYS.PL.010 Hygiene Plan to support the provision of appropriate conditions for product safety in our processes,
- KYS.PL.011 Validation and Verification Plan regarding the verification activities to be carried out in terms of both product safety and sustainability of the Quality Management System,

- KYS.PL.014 Hazard Analysis Plan in order to evaluate and annually review the risks regarding product safety in our processes,
- KYS.PL.012 HACCP Plan on how to monitor, correct and verify the danger point that emerged as a result of the Risk Assessment made in terms of product safety,
- KYS.PL.013 Operational Prerequisite Plan, QMS, in which non-critical but potentially dangerous situations and control methods are evaluated in terms of our processes.,
- KYS.PL.015 Preliminary Requirement Plan for monitoring, correction, corrective action and verification issues regarding product safety in the building, our facilities and the working environment,
- KYS.PL.016 Waste Plan regarding the disposal of wastes that may occur as a result of our activities,
- KA.PL.001 Production Phase Monitoring and Measurement Plan regarding which controls and methods to be made in our processes during the production phase,
- KA.PL.002 Final Control Plan for the final controls of our packaged products,
- KYS.PL.007 Emergency Plan against emergencies that may affect product safety, human health and the functioning of our processes,
- KYS.PL.017 Product Safety Defense Plan regarding the product safety controls to be made in and around the facility.



We check the compliance of parts such as plastic and silicone caps used in our products regarding food contact and performance, through tests done in accredited third-party test laboratories. The methods and limits in the EU norms, legislation, the EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation and the internationally valid ISO standards are taken into account in the tests.



Regarding the decoration enamels and spray coating inks used in our products, we obtain documents from our suppliers to ensure that the enmales and inks they supply is in Compliance with EU Directive (EC) 1907/2006. We regularly send decorated and spray coated products for testing in accredited third-party laboratories to check the suitability for Food contact.

943
Quality training for 943 employees

During the reporting period, 943 employees received quality training while 100 of our employees received product safety training.

As a company that aims at continuous improvement, our Product Safety and Quality Management System is regularly evaluated every year by third-party organizations determined by our customers. We take the necessary actions regarding the findings in both our internal and independent evaluations.

The quality control of semi-finished products is carried out by using quality control machines that we design and produce in-house, and by using optical methods with machines purchased from global glass quality control machine manufacturers. Quality acceptance of products is determined by using the narrowest limits in the industry.

We also attach importance to the quality and product safety performance of our suppliers, from which we purchase materials that directly affect our final products. As part of the Supplier Evaluation Plan, we monitor the quality and safety performance of suppliers through ethical, social and technical audits. We conducted 4 ethical external audits to measure the performance of our suppliers. During the reporting period, we did not have a "product recall" due to a product safety violation.

Our Certificates Documenting Quality and Product Safety

- BSCI
- BRC Global Standards
- Lloyd's Register LRQA
- MID
- SEDEX
- BREEM





WE DESIGN ECO-FRIENDLY PRODUCTS

While pursuing the objective of designing durable products that respond to the needs of our customers, we also implement projects that reduce the environmental impact of our products. Every year, we increase the number of our products that use environmentally friendly enamels with reduced weight. We offer sustainable solutions that comply with the circular economy model and fully meet the needs of our customers through environmentally friendly products with reduced environmental impacts.

We also place emphasis on the safety of chemicals used in our internal processes. We keep an inventory of every chemical we use and record their use. In addition, we replace hazardous chemicals with chemical equivalents that are more environmentally friendly or non-hazardous as much as possible.



WE WORK TO PREVENT FOOD WASTE

About one-third of the food produced in the world is wasted each year. Increasing food waste in recent years brings with it many negative environmental, economic and social problems. As a company that produces food contact products, we have recently carried out new research in order to prevent food waste at LAV.

We have expanded our portfolio of storage containers in which food can be stored for a long time and in a healthy way. In this way, we contributed to prolonging the food lifespan. With our portable storage containers, we help our customers to carry their healthy home meals with them as they wish and to consume them safely. In 2021, we plan to implement a comprehensive project that will ensure that food remains healthy and safe for a longer period of time.



WE INVEST IN R&D AND INNOVATION

At LAV, we follow production-oriented technological developments and trends in order to gain competitive advantage and create a difference in the glassware market. With the innovation and new technology development meetings, we organize periodically, we create a technical knowledge pool for machinery and glass technology while developing innovative projects.

We support the innovative ideas of our employees at LAV, by providing them the appropriate technological confidentiality environment to present sustainable solutions in our center that hosts innovative products and processes.

We have lower environmental impact and competitive costs in our products with the help of alternative raw material and formulation studies. Creating lighter, environmentally friendly, innovative and high-durability products and materials are our strategic priorities in our R&D and innovation approach.

We follow intellectual property rights meticulously and apply trademark and industrial design registration procedures for every innovative project we develop. We made 15 trademark applications in 2020, 4 of our trademarks were registered. In addition, the registration process of our 3 new designs has been completed.

We create value inside and outside the organization by blending our sectoral knowledge with production technologies. We exchange ideas about innovative products and studies with our stakeholders who are experts in their fields. We support academic collaborations with universities while developing innovative products and services. In this context, we have realized various projects with Akdeniz University, Yeditepe University and Sheffield University.

Products for Long-Term Use



We have designed our Tasty product to be a more elegant alternative to the standard jars used for tomato paste and preserves. Thus, we ensured that the product is a long-lasting product that can be used repeatedly.

Durable Products



With the improvement of the sidewall distribution of the selected products in 2020, we increased the strength in the impact resistance of the products. At the same time, we managed to produce with 10.5% less carbon emissions.

Eco-friendly Steps



We use organic enamels in decor designs. We started to use recycled paper separator from scrap paper instead of bubble plastic separator in online orders. In this way, we have significantly reduced our single-use plastic consumption.



BETTER COMPANY

- 49 We Are Developing Our Perception of Being a Preferred Employer
- 52 We do not compromise on Occupational Health and Safety
- 53 We are committed to our Work Ethic Principles
- 53 We Follow the Developments In Industry 4.0
- 54 We Assure Our Business Continuity
- 55 Sustainability in the Supply Chain
- 56-57 Precautions we took in the context of COVID-19

With our fair, equal, open, and transparent approach, we continue to have a human resource that is proud to work at LAV. We closely follow the technological innovations brought by the 21st century and adapt to these innovations. We are working to build a safe working environment and to ensure continuous production. We aim to spread our sustainability understanding throughout the value chain we influence.

Key Topic	KPI	2020 Performance	Objective	Date
Becoming an Employer of Choice	Employee Trainings (personxhour)	2,792	Attending at least 5 career days each year	2030
	Number of employees that receive regular performance evaluation feedback	162	Cooperating with at least 3 universities aiming career development every year	
Occupational Health and Safety	OHS Trainings (person*hour)	15,712	Organizing online sustainability trainings for all our employees	
	Injury Rate	75		
	Accident Severity Rate	2.88		
	Occupational Disease Rate (ODR)	3		
	Lost Day Rate (LDR)	3.53		
Work Ethic	Work Ethic Trainings (number of persons)	787	Increasing the participation rate in signed or supported economic, environmental and social agreements, principles and other initiatives while monitoring new initiatives	
	The number of external audits received and external audit score	4 external audits. BSCI A, ICS 91, SMETA 4 Pillar, TCCC passing grade		
	Total amount of fines for non-compliance with laws (TL)	0		
Dijitalleşme ve Endüstri 4.0	Number of information security breaches	0		
Acil Durum Hazırlığı ve İş Sürekliliği	Emergency Trainings (person*hour)	35,027		
Tedarik Zincirinde Sürdürülebilirlik	Total number of suppliers	1,382	Increasing the number of alternative suppliers	2030
	Number of audited suppliers	55	Reducing the number of imported inputs that will support domestic production	



WE ARE DEVELOPING OUR PERCEPTION OF BEING A PREFERRED EMPLOYER

At LAV, we aim to be an employer of choice and attract suitable talents. We support our current employees to reveal their potential. We communicate transparently and openly with our employees and try to keep their loyalty and satisfaction at the highest level. We offer our employees a fair, safe and peaceful work environment where people are well-esteemed.

LAV: EMPLOYER BRAND

We take care to establish close relations with our potential employees and to introduce LAV to them in the most accurate way. We are developing various projects in order to attract young talents and introduce our company to university students. In this context, we take part in the Turkey Engineering Career Fair, organized during the career days of METU and ITU. We are doing sponsorship activities with Boğaziçi University ENSO (Engineering Society) club. By interactively managing the LinkedIn company page, we share our company culture with potential employees and try to increase our brand recognition.

In 2020, we established a partnership with anlatsin.com in order to transfer the experience and knowledge of current employees to potential employees. In this way, we started a process where our employees can share details about our company, themselves,

their career opportunities and job title descriptions at LAV with many new graduates or experienced jobseekers.

EMPLOYEE DEVELOPMENT

We aim to have a human resource that is happy to work at LAV by ensuring our employees have the highest possible satisfaction from the work they do. We aim to increase both individual and organizational quality by supporting their development.

As LAV, we adopt the principle of continuous development and adaptation to changes. As a requirement of being an organization in the process of learning, we attach great importance to education and training. Through training and development programs, we encourage our employees to learn continuously and to improve themselves and their work.

At LAV, we pursue performance monitoring and development plans of employees in line with the Performance Evaluation System. We prepare a Training Plan in accordance with the development needs of the employees determined within the scope of the Performance Evaluation System. When creating these programs, we take into account both the needs of the employee and the strategic goals of the company.

We support the development of our managers with the "Manager Development Program". We place emphasis on the training of our executives from within the company. We aim to present our employees with a career map that includes different options, with the practice of announcing the available positions within the company, which we will put into use in the coming years.

We pay attention to the development of leadership skills of our employees. Accordingly, we provide measurement of leadership styles, competencies, and effectiveness.

We cooperate with various universities in Turkey and execute project-based internship programs during the summer months. Students participating in the Project Internship Program have the opportunity to experience business life and also have possible employment opportunities.

In addition to technical, social, cultural, and psychological trainings, we also organize trainings on subjects that improve organizational effectiveness, business and management skills in accordance with the needs of employees. In 2018-2019, we provided trainings on the subjects such as technical training, mindfulness, training of the trainer, corporate culture, problem solving and decision-making techniques to our employees. In

2020, we organized sales trainings and Covid-19 trainings as part of our training activities.

We provide feedback to our employees through performance evaluation meetings that we hold twice a year. In this context, we provided performance feedback to all our white-collar employees in 2020.

EMPLOYEE LOYALTY

Ensuring employee satisfaction is one of the most important factors that increase employee loyalty. We monitor the satisfaction level of our employees via the employee satisfaction surveys we organize every two years. As a result of the survey conducted in 2019, the level of employee satisfaction was determined as 49 points for white collar employees and 53 points for blue collar employees. We create and implement annual action plans based on employee satisfaction surveys.

In order to increase the motivation of our employees, we also aim to contribute to the enrichment of their exercise regime. The annual traditional football tournament is among our efforts in this context.

35,027
person*hours of training

"In 2020, we provided 35,027 person*hours of training to 2,792 LAV employees."



EMPLOYEE COMMUNICATION

We believe that the right communication with employees plays an important role in strengthening mutual commitment. We use effective communication channels that enable our employees to stay in constant contact with the company and with each other. Through these channels, we also receive the opinions and suggestions of our employees and learn from them. We manage employee communication within the framework of the Internal Communication Process Plan and Communication Policy. Within the scope of the wishes and complaints procedure, employees can communicate with the Human Resources Department, either by name or anonymously, through the dialogue boxes in the factory site and offices.

Within the scope of our employee communication practices in 2020,

- By establishing a Whatsapp communication line, we created a platform where employees can convey their suggestions, requests and new ideas to Human Resources more quickly.
- After the first Covid-19 case was seen in our country in March, we organized general informative trainings on Covid-19 on online platforms in order to raise awareness of our employees and their families. In these trainings, we included conversations about the feelings, thoughts and experiences of the employees and their families.
- We delivered presentations and training contents to our employees who do not have internet access.
- We shared our corporate magazine, Bizbize, with our employees online and in print. We conveyed the developments and news about the company to our employees in the magazine published in Turkish and English.
- On April 23, May 19, October 29 and religious days we held online meetings with the participation of the members of the Board of Directors in

order to remember the meaning and importance of the day together and to reinforce the unity and solidarity of all employees.

- We held general evaluation meetings under the moderation of our General Manager, where department managers took the floor. At the meetings held over online platforms with the participation of all employees, we provided information about the targets, strategies, new developments, and the general situation of the company during the pandemic.
- We prepared videos for our employees who could not attend the informative meetings due to their shift schedule. We informed our employees with the videos broadcast on the televisions set in various locations.

"KIVILCIM" SUGGESTION SYSTEM

We have been using the Employee Suggestion System since 2013 to invite employees to participate in improvement efforts. Within the scope of our suggestion system, which we call KIVILCIM (SPARK), we collect and evaluate the ideas and suggestions of our employees that will improve internal processes and methods, increase quality and productivity. We encourage change and development by rewarding the suggestions that has gone through selection, approval and implementation, thus increasing the motivation of our employees. During the reporting period, our employees submitted 26 suggestions, 8 of which were implemented.

WE DO NOT COMPROMISE ON OCCUPATIONAL HEALTH AND SAFETY

We stand by "safety first" in all our processes. We offer our employees a safe working environment where employee health is protected. While determining the occupational health and safety rules, we manage them based on legal requirements and internationally accepted standards. We expect not only LAV employees, but also all subcontractor employees to comply with these rules.

For an effective occupational health and safety management, it is of great importance that the risks are defined. Our Risk Assessment team consists of occupational safety experts, workplace physicians, employee representatives and support staff and employer representatives who are knowledgeable about risks. The team carries out risk analysis work within the periods determined in the legislation. Necessary improvements are made as a result of the analysis. "Near miss" boxes were placed at many points in the factories to address the dangers and risks faced by employees, and all employees are

informed about the purpose of these boxes and forms.

We organize trainings in order to increase the awareness of our employees on health and safety issues and thus strengthen our OHS culture. In 2020, we provided 15,712 person*hour OHS training to 982 LAV employees.

We pay the same attention to ensuring the health and well-being of our employees as well as their safety. Before starting the job, the health status of the candidate employees is evaluated by the workplace physicians, and we provide occupational health trainings to the job candidates.

An OHS Board and 5 OHS Committees, which include employee representatives and members, operate at LAV. Other than the extraordinary circumstances, OHS Board meetings are held once a month. 17 volunteer members and 10 employee representatives took part in committees in the year 2020.

We evaluate the physical, chemical and biological risk factors that our employees face depending on their working environment with the help of workplace measurements done by accredited third-party and we keep their working environments under constant control. We are constantly making improvements with the Corrective and Preventive Action System against the identified hazards and risks.

Thanks to our meticulous and preventive approach to occupational health and safety, we did not have any work accidents with loss of limb or death in our operations during the reporting period.

OHS Indicators	2020
Accident Severity Rate	2.88
Accident Frequency Rate	22.11
Lost Day Rate	3.53

WE ARE COMMITTED TO OUR WORK ETHIC PRINCIPLES

The framework of our business ethics approach and practices is the LAV Work Ethic Rules Procedure. Our work ethic rules have been prepared by taking into account local laws, international norms and LAV Social Responsibility Policy. We expect our employees to act in accordance with ethical rules.

By establishing the LAV Ethics Committee in 2019, we prepared the LAV Ethical Principles guide. In this way, we aimed to ensure that new employees are informed about the Ethical Principles from the first moment, and to increase the awareness of business ethics among existing employees.

In addition to the Ethical Principles Guide, we regularly organize Corporate Social Responsibility Training every year. In these trainings, we inform our employees about their legal rights and unethical behaviors. With these awareness-raising trainings, we convey to our employees how

they should proceed when faced with unethical situations. We have an Ethics Committee where our employees can privately submit their complaints on ethical issues. Notifications to the Ethics Committee are only forwarded to the President of the Ethics Committee, and in the case of an investigation, confidentiality is ensured.

Through ethics trainings and Ethical Principles Guide, we aim to perpetuate a change not only among LAV employees, but also around their circle. In line with our goal of gradual impact, we added the Corporate Social Responsibility Assessment parameters to the selection and evaluation criteria of our suppliers. The results obtained by our suppliers within the scope of systems such as SMETA, BSCI, and ICS are also among our evaluation criteria.

In order to evaluate our Corporate Social Responsibility (CSR) management system in our factories, our conformity assessments in terms of SMETA 4 Pillar, BSCI, and ICS are made by independent international organizations. Nonconformities that arise both in these evaluations and in our internal evaluations are eliminated with the actions taken. Our aim is to provide continuous improvement.

Production Control and Packaging Improvement Projects

We aimed to digitize production processes with the help of projects designed to increase the efficiency of the packaging process and improve sustainability in product quality. Via the projects started in 2018, we have achieved 11% savings in labor times so far.

We aim to increase and strengthen our automation and digitalization efforts with our projects.

WE FOLLOW THE DEVELOPMENTS IN INDUSTRY 4.0

We closely follow the technologies and developments around the world in the field of digitalization and Industry 4.0. We manage our work in this area within the framework of Digitalization Policy.

We aim to increase in-house digitalization maturity. We organize status quo assessment meetings on digital transformation and information technologies once a month. As part of our digitalization efforts, we are working on the digitization of our business processes. In addition, we are moving our services to the digital environment.

While Industry 4.0 introduces the whole world to brand new opportunities, it also brings various risks. In a competitive environment where mastery of information technologies is increasingly critical, the issue of how these technologies are managed takes precedence. As LAV, we are working to integrate the technological innovations brought by Industry 4.0 into our business processes and business methods.

One of the risks created by digitalization is information security and privacy. As LAV, we sensitively protect the information of our employees, customers and business partners and take various measures to ensure information security. During the reporting period, we did not receive any complaints regarding the violation of customer information privacy.



WE ASSURE OUR BUSINESS CONTINUITY

Emergency preparedness and business continuity, which are also important indicators of operational reliability, are among our key topics.

We provide emergency trainings in order to ensure that employees act safely in case of emergencies. Emergency trainings are included in the occupational health and safety training curriculum in operation every year.

We organize emergency drills in order to minimize the negative effects of natural disasters such as earthquakes, floods, fires and risks such as power cuts. We conduct emergency drills once a year in all our campuses in accordance with the Emergency Action Plan. We also provide informative training to employees during emergency drills.

We are working to ensure the supply security of our customers. In order to ensure business continuity, we constantly monitor the indicators of production and stoppage of production targets. We take appropriate actions in cases that adversely affect the targets.

We configure and manage information system in a way that it supports our strategic plans and ensures business continuity. We provide information technology equipment to employees in accordance with their title descriptions. We create "disaster recovery" scenarios for the operation of systems in a way that they do not interrupt processes. We provide physical conditions (air conditioning, fire extinguishing, uninterrupted power supply) that will not be affected by environmental factors for the storage of information. We protect the places where the information is stored, the cables and systems on which it is carried, from the intervention of unauthorized persons and from any damage or power interruption.

We aim to ensure security in the supply chain as well as LAV operations.

Within the scope of compliance with Global Security Verification(GSV) and Walmart Supply Chain Security audit programs;

- We established physical security controls for employees, visitors, incoming vehicles and cargo.
- We defined the area where products are stocked as a sensitive area, and we keep the entrances and exits under control.
- We installed security cameras in various parts of our factory.
- We conduct 7-point checks and keep records for the safety of containers and transport vehicles.
- We use seals that comply with standards for container sealing.
- As part of the Threat Awareness Program, we regularly provide training to both our newly recruited and existing employees.



SUSTAINABILITY IN THE SUPPLY CHAIN

We prefer to work with suppliers that have the same business culture as LAV. We select our suppliers according to the Supplier Selection and Evaluation Procedure. Our working principles with suppliers are within the scope of ethical values.

We establish long-term relationships with our suppliers based on mutual trust, cooperation, and communication. We support the development of our suppliers by providing continuous feedback through supplier audits and evaluations.

We prioritize local suppliers in our supply chain to strengthen local economic development. While 90% of our suppliers are local suppliers in 2020; 85% of our purchasing budget is allocated to local purchasing.

We do not limit sustainability to LAV operations, we act within the framework of sustainability throughout our supply chain. We conduct on-site inspections for our suppliers that affect the final product, within the scope

of the Supplier Evaluation Plan, which is prepared in accordance with quality and product safety standards. In line with the scores obtained in the audits, we make evaluations in varying periods and carry out supplier development practices.

OUR MANAGEMENT STRUCTURE

LAV is a family company with 100% domestic capital. 2 independent members serve on the LAV Board of Directors. LAV's management structure is process-oriented. LAV receives support from Gurok Corporation for Human Resources Process, Financial Affairs Process, and Information Systems Process. Human Resources Directorate, Finance Directorate, and IT Directorate in Gurok Group supports the respective processes.

LAV is composed of two directorates, namely Factory (production) and Sales, and 7 managements (Human Resources, Financial Affairs, Planning and Purchasing, Finished Product Warehouses and Shipment, Systems Development and Improvement, Technopark, R&D and Projects) that report directly to the General Manager, and an administration (Stores and Copyrights).

The institutionalization journey that started at LAV in 1997 with ISO 9001 studies was enriched with the Total Quality approach in 2013 and accelerated in 2015 with the adoption of the EFQM Excellence Model as a management approach.

The journey of excellence continues with the work within the scope of the project called "Volkan'19". Within

the scope of excellence work, a process management approach was adopted and all processes were redesigned in order to manage works with a process perspective.

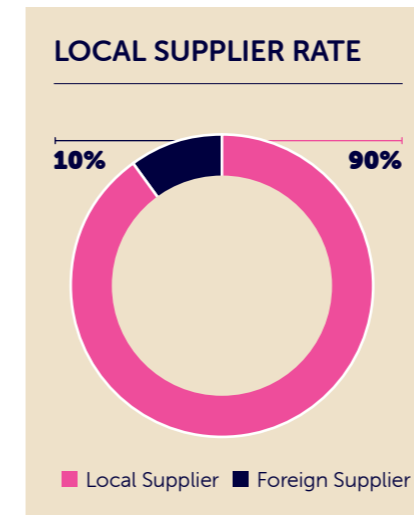
PERFORMANCE MANAGEMENT

At LAV, corporate performance is monitored with the "Corporate Scorecard" and "Process Performance Indicators" within the Main Strategy Scorecard.

LAV's corporate performance is measured through the annual "Corporate Scorecard". The Scorecard is prepared in light of the institutional priorities that emerge during the strategy development workshop carried out every year. This implementation, which has been in effect since 2008, was revised in 2015 and updated to include topics related to all stakeholders. The Scorecard was also associated with the individual performance of the employees.

Key Performance Indicators (KPIs) enable corporate performance to be monitored on the basis of sub-processes. This data pool, which includes leading and lagging indicators, is reviewed annually as a strategic input.

LAV publishes the "Strategic Management Calendar", which includes annual strategic management activities, in September each year. Managers and above attend the Strategy Workshop held every year. In the workshop, opportunities (O) and threats (T) are determined related to the external environment, and strengths (S) and weaknesses (W) are determined related to internal performance.



We Support Declaring 2022 as the International Year of Glass

As LAV, together with GCA, we support 2022 to be the "International Year of Glass" to emphasize the sustainable, economic, technological, and scientific importance of glass today. In this context, we are working with many countries, academia, industrial organizations and the International Glass Commission (ICG) to declare 2022 as the "International Year of Glass" at the United Nations (UN).

We are certain that glass, which makes a difference with its use in diverse areas, has an important potential for a sustainable future, adopting most of UN Sustainable Development Goals, such as health and well-being, quality education, gender equality, clean water and sanitation, accessible and clean energy, industry, innovation and infrastructure, sustainable cities and communities, responsible production and consumption, climate action and life below water.



PRECAUTIONS WE TOOK IN THE CONTEXT OF COVID-19:

The year 2020, in which the pandemic spread rapidly, made it necessary to take brand new health and safety measures for institutions. At LAV, we have ensured the health and safety of our employees in our offices and factories during the COVID-19 period with numerous precautions we have taken.

✓ We continued our work from our homes for a while. We held our meetings online. As of June 1, 2020 we gradually returned to our offices and shared with our employees the personal measures we need to take in order to protect our health. We provided hand sanitizers, wet wipes and towel papers on office desks, enabling people to disinfect their desks before they start working and to access

personal hygiene products during the day if needed.

✓ By providing all the necessary health and hygiene conditions in our factories, we were entitled to receive the TSE COVID-19 Safe Production Certificate.

✓ We took social distance rules seriously. We ended external visits. We organize internal meetings with 5 or more participants via Zoom.

✓ In order to protect our health, we took a break from the organizational and training activities that we were eagerly waiting for. All possible events from April to July have been postponed, while others have been cancelled. Instead of these, announcements of workshops, meetings and webinars where online participation is possible have been shared, and special day celebrations are also held digitally via zoom.

In Common Areas:

- We increased information, precautions and hygiene practices regarding COVID-19 in common areas where the risk is high.
- We placed posters related to "14 Rules and Proper Hand Washing" in common areas.
- We temporarily closed the canteens in our factories. We reduced crowds in the locker rooms by adding additional dressing rooms.
- We changed the seating arrangement in the cafeterias.
- We laid paper on food trays, and offered spoons, forks and knives in paper packages.
- We switched to disposable cardboard cups instead of glass cups and started to use single-use packaged water. Instead of common sauces and seasonings, we offered disposable salt and spices.
- We started to use hand sanitizers widely in our factories and offices.
- We placed devices on doors so that they can be opened without hand contact.
- We placed posters about proper hand washing in toilets inside our buildings.
- We placed warnings on the floor to draw attention to the social distance rule.

- Within the scope of the measures taken in shuttles, the shuttles of our blue-collar employees are disinfected each shift every day before and after. Shuttles used by white-collar employees are disinfected at night.
- In order to observe the social distance rule, we increased the number of shuttles and only one person was allowed to sit on the seats.
- We increased the number of shuttles. Thus, we provided transportation with half capacity in shuttles.
- The carpets in the masjids were removed, and the employees were allowed to pray on their own prayer mats.
- We placed the posters about the correct use of masks in places that attract attention.
- We published important messages on COVID-19 measures to inform our employees from the screens at the entrances of the enterprises.
- We tried to detect potential risks beforehand by measuring body temperature at the entrance to all our working environments.

HUMAN RESOURCES PRACTICES:

- ✓ As LAV, we included epidemics among our OHS risks and created an action plan. We informed our employees about the measures that can be taken during the pandemic.
- ✓ We have given administrative leave to all our employees, who are defined as a risk group (pregnant, lactating, chronically ill, over 65 years old) with an official report, from the first moment the epidemic was heard in our country.
- ✓ All of our employees who had been to abroad continued their work from their homes by providing personal isolation during the 14-day quarantine period.
- ✓ In line with our principle of continuous development and change at LAV, we continued to support the development of our employees during the pandemic. In the duration of home-office, we took successful steps for the professional and personal development of our colleagues with online training and activities. We made overall situation assessment presentations at the Strategy Workshop, Scrum, and under the leadership of the General Manager and relevant managers.
- ✓ We employed regulations aiming to protect the health of our employees in shifts. We switched from 3 shifts to 2 shifts. Thus, it was aimed that the same people always work with each other. Employees who worked 12 to 12, 4 days a week rested for 3 days.
- ✓ In addition to our ongoing private health insurance privileges, we announced the new services added to our employees.
- ✓ Among the decisions taken within the scope of the Product Warehouse and Shipment Process, the undertaking titled "Foreign Personnel COVID-19 Protection Instruction" was published for its implementation in warehouse and shipping areas since they were considered as risky areas.
- ✓ Payment of Continuity Bonus: It was decided not to deduct this bonus payment of our blue-collar employees who had to stay home for 14 days because they were in the risk group due to the COVID-19 pandemic, came from abroad in the last 14 days, had a suspected illness in the last 14 days or had a relative who returned from abroad, had received a report with suspicion of illness until the extraordinary conditions cease.



AWARDS WE HAVE RECEIVED SO FAR

Felis 2016 Marketing Impact Division Real Estate & Decoration & Building (Strategic Impact - New Product Launch) Category 1st – "Make Space in Your Life"

2016 Transform Awards Mena - Best Brand Development to Reflect Changed Mission / Values / Positioning - Silver (Lander for its work with Gürallar LAV)

Effie 2017 Turkey Bronze Effie in "Durable Goods, Small Home Appliances, Glassware, Toys" category

International Home & Housewares Show – DineDecor category "Excellence in Booth Design Awards"

Plaques given by the Kütahya Revenue Office for being in the top three in the "Corporate Tax" tax record holder list every year since 2014



PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

Employee Demographics	2018	2019	2020
Total Number of Employees	1,364	1,288	1,343
Total Number of Employees by Gender			
Female	221	206	208
Male	1,143	1,082	1,135
Total Number of Employees by Status			
White-Collar Female	76	73	79
White-Collar Male	89	92	99
Blue-Collar Female	145	133	129
Blue-Collar Male	1,054	990	1,036
Total Number of Employees by Age Group			
18-30	411	384	401
30-50	925	879	918
50+	28	25	24
Total Number of Senior Executives	21	24	23
Total Number of Senior Executives by Gender			
Female	4	5	5
Turkish Citizen Executives	21	24	23
Total Number of Senior Executives by Age Group			
18-30	0	0	0
30-50	21	24	23
50+	0	0	0
Employee Development	2018	2019	2020
Employee Trainings- Participation (number of people)			
Blue- Collar	1,296	1,209	1,221
White-Collar	176	172	175
Female	256	225	213
Male	1,216	1,156	1,183
Employee Trainings- Total Hours (person*hour)			
Blue-Collar Female	3,753	3,142	2,835
White-Collar Female	4,818	5,842	5,269
Blue-Collar Male	26,849	28,892	23,265
White-Collar Male	5,793	6,429	3,658
Number of Employees Provided Performance Feedback			
White-Collar Female	67	70	76
White-Collar Male	86	79	86

Employee Turnover	2018	2019	2020
Newly Hired Employees (Number)			
Female	57	15	14
Male	228	108	113
18-30	139	67	94
30-50	144	53	31
50+	2	3	2
Leaving Employees (Number)			
Female	45	25	10
Male	190	115	54
18-30	96	67	35
30-50	131	69	26
50+	8	4	3
Employee Rights	2018	2019	2020
Rate of returning to and staying at work after maternity leave by gender			
Number of Female Employees on Maternity Leave	5	5	6
Number of Male Employees on Paternity Leave	78	74	52
Number of Female Employees Returning from Maternity Leave	3	5	5
Number of Male Employees Returning from Paternity Leave	78	74	52
Occupational Health and Safety	2018	2019	2020
Occupational Health and Safety Committees	5	5	5
Number of OHS Committee	17	17	17
Number of OHS Committee Members	10	10	10
Number of Employee Representatives in OHS Committee			27
Occupational Health and Safety Trainings	17,168	17,104	15,712
OHS Trainings- Total Hour (person*hour)	1,073	1,069	982
OHS Trainings- Participation (number of people)			1,300
Occupational Health and Safety Indicators			
Injury Rate	67.11	73	75
Accident Severity Rate	0.55	1.39	2.88
Occupational Disease Rate	2	3	3
Lost Workday Rate	1.32	1.01	3.53
Fatalities	0	0	0
Number of People Working in Environments or Tasks with a High Risk of Accident or Occupational Disease	947	947	947
Direct Employee	909	885	789
Contractor Employee	38	62	158

ECONOMIC PERFORMANCE INDICATORS

	2018	2019	2020
Number of Registered Designs	44	19	3
Number of Registered Brands	1	-	4
Number of Active Suppliers			1,382
Ratio of total local purchases in the purchasing budget (%)			85%
Total local suppliers in the purchasing budget (%)			90%

ENVIRONMENTAL PERFORMANCE INDICATORS

Material Use	2018	2019	2020
Raw materials usage (ton)	100.00	101.80	103.17
Recycled/Recovered Raw Material Used as Input			
<i>Broken Glass Usage Rate (%)</i>	100	100	100
<i>Paperboard(ton)</i>	2,641	2,565	4,500
<i>Paper Recovery Rate (%)</i>	54	56	100
<i>Plastic (ton)</i>	388	325	365
<i>Plastic Recovery Rate (%)</i>	54	56	100

Energy and Emissions	2018	2019	2020
Total Energy Consumption	200.92	205.10	209.19
Direct Energy Consumption			
<i>Natural Gas-m³</i>	100.05	105.33	103.18
Indirect Energy Consumption			
<i>Electricity-kwh</i>	100.87	99.77	106.01
Energy Intensity (energy consumed per ton of glass- GJ/ton)	100	97.32	91.75
Greenhouse Gas Emissions (scope 1- tCO ₂ e)	100	95.4	90.4
Emission Intensity (emission per ton of glass-tCO ₂ e)			
<i>OIZ Factory (tCO₂e)</i>			94,569
<i>Central Factory (tCO₂e)</i>			39,760
Energy Saving (GJ)*	99.62	100.12	100.66
Energy Consumption (GJ/ton)			91.8**

Water Consumption	2018	2019	2020
Water Withdrawal by Source (m ³)			
<i>Underground Water</i>	100	91.1	92.2
Water Intensity (water consumed per ton of glass- m ³ /ton)	6.2	5.2	5.6
Recovered and Reused Water Rate (%)	0	0	100%

Waste Generation (ton)	2018	2019	2020
Hazardous waste Output (ton)	154,482	59,816	47,928
<i>Total Recovery</i>	154,410	59,600	47,800
<i>Disposal</i>	72	216	128
Non-Hazardous Waste Output (ton)	701	1,310	1,122
Number of Significant Spills and Leakage	0	0	0
Environmental Trainings	2018	2019	2020
Environmental trainings for company employees (hour/year)			1,300
Number of employees provided environmental trainings	-	-	1,472
Total number of contractors provided environmental training	0	0	0
Environmental Management	2018	2019	2020
Environmental Expenditures			2,700,000
<i>Environmental management expenditures</i>			0
<i>Environmental investment expenditures</i>	88	110	100

**Indexed according to 2019.

* The year 2017 is indexed to be 100.

GRI CONTENT INDEX



Disclosures	Descriptions and Page Numbers
GRI 101: Foundation 2016	
GRI 102: General Disclosures 2016	
Corporate Profile	
102-1	About Our Report, page:3
102-2	About LAV, page: 9-10
102-3	Contact, page: 71
102-4	About LAV, Page: 9
102-5	About LAV, Page: 9
102-6	About LAV, Page: 9
102-7	About LAV, page: 9-11; Key Performance Indicators, page: 62
102-8	Key Performance Indicators, page: 62
102-9	Sustainability in Supply Chain, page: 57; Key Performance Indicators, page: 64
102-10	GRI Content Index: LAV 2021 Sustainability Report is the first report of LAV.
102-11	Global Sustainability Trends: Risks and Opportunities, page: 22-23; We Assure Our Business Continuity, page: 56
102-12	Initiatives We Support In The Fields Of Sustainable Development, page: 14-15
102-13	Initiatives We Support In The Fields Of Sustainable Development, page: 14-15
Strategy	
102-14	Message from Chairman of the Board, page: 4; Message from CEO, page: 6-7
102-15	Global Sustainability Trends: Risks and Opportunities, page: 22-23
Ethics and Integrity	
102-16	About LAV , page: 9; We Are Committed To Our Work Ethic Principles , page: 55
102-17	We Are Committed To Our Work Ethic Principles, page: 55
Governance	
102-18	Our Management Structure, page: 57

Disclosures	Descriptions and Page Numbers
102-19	Sustainability Management, page: 15
102-20	Sustainability Management, page: 15
102-21	Stakeholder Relations, page: 26-27; Our Sustainability Priorities, page: 19
102-29	Our Sustainability Priorities, page: 19
102-30	Our Sustainability Priorities, page: 19
102-31	Our Sustainability Priorities, page: 19
102-32	Sustainability Management, page: 15; Our Sustainability Priorities, page: 19
Stakeholder Engagement	
102-40	Stakeholder Relations, page: 27
102-41	GRI Content Index: There is no collective bargaining agreement at LAV.
102-42	Stakeholder Relations, page: 27
102-43	Stakeholder Relations, page: 27
102-44	Our Sustainability Priorities, page: 19 ;Sustainability Expectations by Stakeholder Group, page: 20; Stakeholder Relations, page: 27
Reporting Practices	
102-45	About LAV, page: 9
102-46	About Our Report, page:3
102-47	Our Sustainability Priorities, page: 19
102-48	GRI Content Index: No change.
102-49	GRI Content Index: No change.
102-50	About Our Report, page:3
102-51	GRI Content Index: LAV 2020 Sustainability Report is Silverline's first report.
102-52	GRI Content Index: Reporting is carried out annually.
102-53	About Our Report, page:3
102-54	About Our Report, page:3
102-55	GRI Content Index, page: 66
102-56	GRI Content Index: No external audit received.

Material Issues		
Standard	Disclosures	Descriptions and Page Numbers
Fight Against Climate Change		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Support the Fight Against Climate Change, page:34
	103-2 The Management Approach and its Components	We Support the Fight Against Climate Change, page:34-35
	103-3 Evaluation of the Management Approach	We Support the Fight Against Climate Change, page:34-35

Standard	Disclosures	Descriptions and Page Numbers
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Global Sustainability Trends: Risks and Opportunities, page: 22-23
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	Key Performance Indicators, page: 64
	305-4 GHG Emissions Intensity	Key Performance Indicators, page: 64
	305-5 Reduction of GHG Emissions	We Support the Fight Against Climate Change, page:34-35
GRI 302: Energy 2016	302-1 Energy Consumption within the Organization	Key Performance Indicators, page: 64
	302-2 Energy Consumption outside of the Organization	Key Performance Indicators, page: 64
	302-3 Energy Intensity	Key Performance Indicators, page: 64
	302-4 Reduction of Energy Consumption	We Support the Fight Against Climate Change, page: 34-35; Key Performance Indicators, page: 64
	302-5 Reductions in Energy Requirements of Products and Services	We Embrace Circular Economy, page: 31
Resource Efficiency and Circular Economy		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Embrace Circular Economy, page: 31-33
	103-2 The Management Approach and its Components	We Embrace Circular Economy, page: 31-33
	103-3 Evaluation of the Management Approach	We Embrace Circular Economy, page: 31-33
GRI 301: Materials 2016	301-1 Materials Used by Weight or Volume	Key Performance Indicators, page: 64
	301-2 Recycled Input Materials Used	We Embrace Circular Economy, page: 31-33 ; Key Performance Indicators, page: 64
GRI 303: Water and Effluents 2018	303-1 Interactions with Water as a Shared Resource	We Embrace Circular Economy, page: 31-33
	303-3 Water Withdrawal	Key Performance Indicators, page: 64
	303-5 Water Consumption	We Embrace Circular Economy, page: 31-33 ; Key Performance Indicators, page: 64
GRI 306: Waste 2020	306-2 Waste Generation and Significant Waste-Related Impacts	Key Performance Indicators, page: 65
	306-3 Waste Generated	GRI Content Index: There were no significant spills/leakage during the reporting period.
	306-5 Waste Directed to Disposal	GRI Content Index: There is no water source that is significantly affected as a result of the activities.
Gender Equality		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Support Gender Equality, page: 36
	103-2 The Management Approach and its Components	We Support Gender Equality, page: 36
	103-3 Evaluation of the Management Approach	We Support Gender Equality, page: 36
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	GRI Content Index: There is no discrimination in our wages based on gender. We act with the principle of equal pay for equal work for all our employees.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Key Performance Indicators, page: 62
	405-2 Ratio of basic salary and remuneration of women to men	GRI Content Index: There is no salary difference on the basis of gender at LAV. The principle of equal pay for equal work is applied.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This service was carried out through the Turkish version of the report.

Standard	Disclosures	Descriptions and Page Numbers
Product Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Produce Quality and Reliable Products, page: 43-45
	103-2 The Management Approach and its Components	We Produce Quality and Reliable Products, page: 43-45
	103-3 Evaluation of the Management Approach	We Produce Quality and Reliable Products, page: 43-45
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	We Produce Quality and Reliable Products, page: 43-45
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Content Index: No such non-compliance has occurred during the reporting period.
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	GRI Content Index: No such non-compliance has occurred during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	GRI Content Index: No such non-compliance has occurred during the reporting period.
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	GRI Content Index: No such penalty was received during the reporting period
Business Ethics		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Are Committed To Our Work Ethic Principles , page: 55
	103-2 The Management Approach and its Components	We Are Committed To Our Work Ethic Principles , page: 55
	103-3 Evaluation of the Management Approach	We Are Committed To Our Work Ethic Principles , page: 55
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	GRI Content Index: There was no case of corruption in the reporting period.
	205-2 Communication and training about anti-corruption policies and procedures	We Are Committed To Our Work Ethic Principles , page: 55
Sustainability in the Supply Chain		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability in the Supply Chain, page: 57
	103-2 The Management Approach and its Components	Sustainability in the Supply Chain, page: 57
	103-3 Evaluation of the Management Approach	Sustainability in the Supply Chain, page: 57
GRI 204: Procurement Practices 2016	GRI 204: Satın Alma Uygulamaları 2016	Sustainability in the Supply Chain, page: 55; Performance Indicators, page: 62
GRI 414: Supplier Social Assessment 2016	414-1 Sosyal kriterler kullanılarak denetlenen yeni tedarikçilerin oranı ve sayısı	Better Company, page: 50
Being a Preferred Employer		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Are Developing Our Perception of Being a Preferred Employer, page: 51-53
	103-2 The Management Approach and its Components	We Are Developing Our Perception of Being a Preferred Employer, page: 51-53
	103-3 Evaluation of the Management Approach	We Are Developing Our Perception of Being a Preferred Employer, page: 51-53
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	GRI Content Index: All senior executives are Turkish Citizens.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Key Performance Indicators, page: 63
	401-3 Parental Leave	Key Performance Indicators, page: 63

Standard	Disclosures	Descriptions and Page Numbers
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	GRI Content Index: Legal notice periods are taken into account for important operational changes.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development, page: 52; Key Performance Indicators, page: 62
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development, page: 51-52
	404-3 Percentage of employees receiving regular performance and career development reviews	Key Performance Indicators, page: 62
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	GRI Content Index: There was no case of discrimination during the reporting period.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Our Contribution to Sustainable Development Goals, page: 25
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our Contribution to Sustainable Development Goals, page: 25
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	GRI Content Index: All security personnel have completed the required legal training.
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We do not compromise on Occupational Health and Safety, page: 54
	103-2 The Management Approach and its Components	We do not compromise on Occupational Health and Safety, page: 54
	103-3 Evaluation of the Management Approach	We do not compromise on Occupational Health and Safety, page: 54
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	We do not compromise on Occupational Health and Safety, page: 54
	403-2 Hazard identification, risk assessment, and incident investigation	We do not compromise on Occupational Health and Safety, page: 54
	403-3 Occupational health services	We do not compromise on Occupational Health and Safety, page: 54
	403-4 Worker participation, consultation, and communication on occupational health and safety	We do not compromise on Occupational Health and Safety, page: 54; Key Performance Indicators, page: 63
	403-5 Worker training on occupational health and safety	We do not compromise on Occupational Health and Safety, page: 54; Key Performance Indicators, page: 63
	403-6 Promotion of worker health	We do not compromise on Occupational Health and Safety, page: 54
	403-8 Workers covered by an occupational health and safety management system	We do not compromise on Occupational Health and Safety, page: 54
	403-9 Work-related injuries	We do not compromise on Occupational Health and Safety, page: 54; Key Performance Indicators, page: 63
	403-10 Work-related ill health	We do not compromise on Occupational Health and Safety, page: 54; Key Performance Indicators, page: 63

Standard	Disclosures	Descriptions and Page Numbers
Digitalization and Industry 4.0		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Follow the Developments In Industry 4.0, page: 55
	103-2 The Management Approach and its Components	We Follow the Developments In Industry 4.0, page: 55
	103-3 Evaluation of the Management Approach	We Follow the Developments In Industry 4.0, page: 55
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI Content Index: A case of breach of customer privacy and losses of customer data during the reporting period has not occurred.
R&D and Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Invest in R&D and Innovation, page: 47
	103-2 The Management Approach and its Components	We Invest in R&D and Innovation, page: 47
	103-3 Evaluation of the Management Approach	We Invest in R&D and Innovation, page: 47
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	We Invest in R&D and Innovation, page: 45; We Develop Projects to Support Social Welfare, page: 35
Other Material Issues		
Environmentally Friendly Products and Food Protection		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Design Environmentally Friendly Products, page: 46
	103-2 The Management Approach and its Components	We Design Environmentally Friendly Products, page: 46
	103-3 Evaluation of the Management Approach	We Design Environmentally Friendly Products, page: 46
Emergency Preparedness and Business Continuity		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Assure Our Business Continuity, page: 56
	103-2 The Management Approach and its Components	We Assure Our Business Continuity, page: 56
	103-3 Evaluation of the Management Approach	We Assure Our Business Continuity, page: 56
Brand Awareness and Response to Consumer Expectations		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	We Are Working to Increase Our Brand Recognition, page: 42-43
	103-2 The Management Approach and its Components	We Are Working to Increase Our Brand Recognition, page: 42-43
	103-3 Evaluation of the Management Approach	We Are Working to Increase Our Brand Recognition, page: 42-43

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